

Act No. 179
Public Acts of 2003
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**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

**Introduced by Senators Kuipers, Johnson, Cropsey, Stamas, McManus, Bishop, Allen, Sikkema,
Hammerstrom, Garcia, Cassis and Birkholz**

ENROLLED SENATE BILL No. 393

AN ACT to amend 1976 PA 451, entitled "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; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, and intermediate school districts; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts," 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:

TITLE

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, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and parts of acts.

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

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

(3) “Nonpublic school” means a private, denominational, or parochial school.

(4) “Objectives” means measurable pupil academic skills and knowledge.

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

(6) “Public school academy” means a public school academy established under part 6a and, except as used in part 6a, also includes an urban high school academy established under part 6c and a strict discipline academy established under sections 1311b to 1311l.

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

(8) “Reorganized intermediate school district” means an intermediate school district formed by consolidation or annexation of 2 or more intermediate school districts under sections 701 and 702.

(9) “Rule” means a rule promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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

(2) As used in this part:

(a) “Authorizing body” means any of the following that issues a contract as provided in this part:

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

(ii) An intermediate school board.

(iii) The board of a community college.

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

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

(c) “Community college” means a community college organized under the community college act of 1966, 1966 PA 331, MCL 389.1 to 389.195, or a federal tribally controlled community college that is recognized under the tribally controlled community college assistance act of 1978, Public Law 95-471, 92 Stat. 1325, and is determined by the department to meet the requirements for accreditation by a recognized regional accrediting body.

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

(e) “Entity” means a partnership, nonprofit or business corporation, labor organization, or any other association, corporation, trust, or other legal entity.

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

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

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

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

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

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

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

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

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

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

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

PART 6C

URBAN HIGH SCHOOL ACADEMIES

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

(2) As used in this part:

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

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

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

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

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

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

Sec. 522. (1) An urban high school academy shall be organized and administered under the direction of a board of directors in accordance with this part and with bylaws adopted by the board of directors. An urban high school academy corporation shall be organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, except that an urban high school academy corporation is not required to comply with sections 170 to 177 of 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified under the state or federal constitution, an urban high school academy shall

not be organized by a church or other religious organization and shall not have any organizational or contractual affiliation with or constitute a church or other religious organization.

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

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

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

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

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

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

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

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

(iii) The name of the authorizing body.

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

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

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

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

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

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

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

(iv) The school calendar and school day schedule.

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

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

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

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

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

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

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

(i) Considering applications and issuing or administering contracts.

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

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

(iv) Technical assistance to urban high school academies.

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

(vi) Evaluation of urban high school academy performance.

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

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

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

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

Sec. 523. (1) An authorizing body is not required to issue a contract to any entity. Urban high school academy contracts shall be issued on a competitive basis taking into consideration the resources available for the proposed urban high school academy, the population to be served by the proposed urban high school academy, and the educational goals to be achieved by the proposed urban high school academy. In evaluating if an applicant is qualified, the authorizing body shall examine the proposed performance standards, proposed academic program, financial viability of the applicant, and the ability of the proposed board of directors to meet the contract goals and objectives. An authorizing body shall give priority to applicants that demonstrate all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) A requirement that the board of directors shall prohibit specifically identified family relationships between members of the board of directors, individuals who have an ownership interest in or who are officers or employees of an educational management company involved in the operation of the urban high school academy, and employees of the urban high school academy. The contract shall identify the specific prohibited relationships consistent with applicable law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) A requirement that the board of directors shall demonstrate all of the following to the satisfaction of the authorizing body with regard to its pupil admission process:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (g) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.
- (h) The revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
- (i) The federal no child left behind act of 2001, Public Law 107-110, 115 Stat. 1425.
- (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and 1280.

(4) An urban high school academy and its incorporators, board members, officers, employees, and volunteers have governmental immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An authorizing body and its board members, officers, and employees are immune from civil liability, both personally and professionally, for any acts or omissions in authorizing or oversight of an urban high school academy if the authorizing body or the person acted or reasonably believed he or she acted within the authorizing body's or the person's scope of authority.

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

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

Sec. 523a. (1) An agreement, mortgage, loan, or other instrument of indebtedness entered into by an urban high school academy and a third party does not constitute an obligation, either general, special, or moral, of this state or an authorizing body. The full faith and credit or the taxing power of this state or any agency of this state, or the full faith and credit of an authorizing body, may not be pledged for the payment of any urban high school academy bond, note, agreement, mortgage, loan, or other instrument of indebtedness.

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

Sec. 524. (1) An urban high school academy may be located in all or part of an existing public school building. Except as otherwise provided in this subsection, an urban high school academy shall not operate at a site other than the single site requested for the configuration of grades that will use the site, as specified in the contract. However, an authorizing body may include a provision in the contract allowing an urban high school academy to operate the same configuration of grades at more than 1 site. If an urban high school academy operates the same configuration of grades at more than 1 site, each of those sites shall be considered to be operated under a separate contract, and the operation shall be equivalent to the issuance of a contract, for the purposes of the limitation in section 522(2) on the number of contracts that may be issued under this part. For the purposes of this subsection, if an urban high school academy operates classes at more than 1 location, the urban high school academy shall be considered to be operating at a single site if all of the locations are within a 1-mile radius of the urban high school academy's central administrative office and if the total number of pupils enrolled in any particular grade at all of the locations does not exceed 125.

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

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

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

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

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

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

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

- (a) To sue and be sued in its name.
- (b) Subject to section 523a, to acquire, hold, and own in its own name real and personal property, or interests in real or personal property, for educational purposes by purchase, gift, grant, devise, bequest, lease, sublease, installment purchase agreement, land contract, option, or condemnation, and subject to mortgages, security interests, or other liens; and to sell or convey the property as the interests of the urban high school academy require.
- (c) To receive, disburse, and pledge funds for lawful purposes.
- (d) To enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the urban high school academy.
- (e) To incur temporary debt in accordance with section 1225.
- (f) To solicit and accept any grants or gifts for educational purposes and to establish or permit to be established on its behalf 1 or more nonprofit corporations the purpose of which is to assist the urban high school academy in the furtherance of its public purposes.
- (g) To borrow money and issue bonds in accordance with section 1351a and in accordance with part VI of the revised municipal finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the borrowing of money and issuance of bonds by an urban high school academy are not subject to section 1351a(4) or section 1351(2) to (4). Bonds issued under this section shall be full faith and credit obligations of the urban high school academy, pledging the general funds or any other money available for such a purpose. Bonds issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

Sec. 526. (1) Except as otherwise provided by law, an urban high school academy shall use certificated teachers according to state board rule.

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

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

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

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

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

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

- (a) Ensure that the contract and the application for the contract comply with the requirements of this part.
- (b) Within 10 days after issuing the contract, submit to the department a copy of the contract.
- (c) Adopt a resolution establishing the method of selection, length of term, and number of members of the board of directors of each urban high school academy that it authorizes.
- (d) Oversee the operations of each urban high school academy operating under a contract issued by the authorizing body. The oversight shall be sufficient to ensure that the urban high school academy is in compliance with the terms of the contract and with applicable law. An authorizing body may enter into an agreement with 1 or more other authorizing bodies to oversee an urban high school academy operating under a contract issued by the authorizing body.
- (e) Develop and implement a process for holding an urban high school academy board of directors accountable for meeting applicable academic performance standards set forth in the contract and for implementing corrective action for an urban high school academy that does not meet those standards.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Participate in the recruiting, interviewing, and nominating process for urban high school academy board members.

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

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

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Dany E. Randall

Clerk of the House of Representatives

Approved _____

Governor