

HOUSE BILL No. 6097

December 18, 2014, Introduced by Rep. Roberts and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 502, 503, 522, 523, 552, 553, 1311d, and 1311e
(MCL 380.502, 380.503, 380.522, 380.523, 380.552, 380.553,
380.1311d, and 380.1311e), sections 502, 503, 522, 523, and 553 as
amended by 2011 PA 277, section 552 as amended by 2012 PA 129,
section 1311d as added by 1999 PA 23, and section 1311e as amended
by 2009 PA 205.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 502. (1) A public school academy shall be organized and
2 administered under the direction of a board of directors in
3 accordance with this part and with bylaws adopted by the board of
4 directors. A public school academy corporation shall be organized
5 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to

1 450.3192, except that a public school academy corporation is not
2 required to comply with sections 170 to 177 of 1931 PA 327, MCL
3 450.170 to 450.177. To the extent disqualified under the state or
4 federal constitution, a public school academy shall not be
5 organized by a church or other religious organization and shall not
6 have any organizational or contractual affiliation with or
7 constitute a church or other religious organization.

8 (2) ~~Any~~ **IF THE ISSUANCE OF THE CONTRACT IS APPROVED BY THE**
9 **STATE BOARD UNDER SECTION 503, ANY** of the following may act as an
10 authorizing body to issue a contract to organize and operate 1 or
11 more public school academies under this part:

12 (a) The board of a school district that operates grades K to
13 12. However, the board of a school district shall not issue a
14 contract for a public school academy to operate outside the school
15 district's boundaries, and a public school academy authorized by
16 the board of a school district shall not operate outside that
17 school district's boundaries.

18 (b) An intermediate school board. However, the board of an
19 intermediate school district shall not issue a contract for a
20 public school academy to operate outside the intermediate school
21 district's boundaries, and a public school academy authorized by
22 the board of an intermediate school district shall not operate
23 outside that intermediate school district's boundaries.

24 (c) The board of a community college. However, except as
25 otherwise provided in this subdivision, the board of a community
26 college shall not issue a contract for a public school academy to
27 operate in a school district organized as a school district of the

1 first class, a public school academy authorized by the board of a
2 community college shall not operate in a school district organized
3 as a school district of the first class, the board of a community
4 college shall not issue a contract for a public school academy to
5 operate outside the boundaries of the community college district,
6 and a public school academy authorized by the board of a community
7 college shall not operate outside the boundaries of the community
8 college district. The board of a community college also may issue a
9 contract for not more than 1 public school academy to operate on
10 the grounds of an active or closed federal military installation
11 located outside the boundaries of the community college district,
12 or may operate a public school academy itself on the grounds of
13 such a federal military installation, if the federal military
14 installation is not located within the boundaries of any community
15 college district and the community college has previously offered
16 courses on the grounds of the federal military installation for at
17 least 10 years.

18 (d) The governing board of a state public university. However,
19 the combined total number of contracts for public school academies
20 issued by all state public universities shall not exceed ~~300~~
21 ~~through December 31, 2012 and shall not exceed 500~~ through December
22 31, 2014. After December 31, 2014, there is no limit on the
23 combined total number of contracts for public school academies that
24 may be issued by all state public universities.

25 (e) Two or more of the public agencies described in
26 subdivisions (a) to (d) exercising power, privilege, or authority
27 jointly pursuant to an interlocal agreement under the urban

1 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
2 124.512.

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

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

8 (b) Subject to the resolution adopted by the authorizing body
9 under section 503(5), a list of the proposed members of the board
10 of directors of the public school academy and a description of the
11 qualifications and method for appointment or election of members of
12 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 public school academy.

16 (ii) The purposes for the public school academy corporation.
17 This language shall provide that the public school academy is
18 incorporated pursuant to this part and that the public school
19 academy corporation is a governmental entity.

20 (iii) The name of the authorizing body.

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

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

25 (d) A copy of the proposed bylaws of the public school
26 academy.

27 (e) Documentation meeting the application requirements of the

1 authorizing body, including at least all of the following:

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

3 (ii) A copy of the educational goals of the public school
4 academy and the curricula to be offered and methods of pupil
5 assessment to be used by the public school academy. The educational
6 goals shall include demonstrated improved pupil academic
7 achievement for all groups of pupils. To the extent applicable, the
8 progress of the pupils in the public school academy shall be
9 assessed using at least a Michigan education assessment program
10 (MEAP) test or the Michigan merit examination under section 1279g,
11 as applicable.

12 (iii) The admission policy and criteria to be maintained by the
13 public school academy. The admission policy and criteria shall
14 comply with section 504. This part of the application also shall
15 include a description of how the applicant will provide to the
16 general public adequate notice that a public school academy is
17 being created and adequate information on the admission policy,
18 criteria, and process.

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

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

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

23 (g) For an application to the board of a school district, an
24 intermediate school board, or board of a community college,
25 identification of the local and intermediate school districts in
26 which the public school academy will be located.

27 (h) An agreement that the public school academy will comply

1 with the provisions of this part and, subject to the provisions of
2 this part, with all other state law applicable to public bodies and
3 with federal law applicable to public bodies or school districts.

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

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

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

26 (6) An authorizing body shall not charge a fee, or require
27 reimbursement of expenses, for considering an application for a

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

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

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

20 Sec. 503. (1) An authorizing body is not required to issue a
21 contract to any person or entity. Subject to subsection (2), public
22 school academy contracts shall be issued on a competitive basis.
23 **THE ISSUANCE OF THE CONTRACT MUST BE APPROVED BY THE STATE BOARD**
24 **BEFORE THE CONTRACT MAY BE ISSUED. THE AUTHORIZING BODY SHALL APPLY**
25 **TO THE STATE BOARD FOR THAT APPROVAL IN THE FORM AND MANNER**
26 **PRESCRIBED BY THE STATE BOARD.** In deciding whether to issue a
27 contract for a proposed public school academy, an authorizing body

1 shall consider all of the following, **AND IN DECIDING WHETHER TO**
2 **APPROVE THE ISSUANCE OF THE CONTRACT, THE STATE BOARD SHALL**
3 **CONSIDER ALL OF THE FOLLOWING:**

4 (a) The resources available for the proposed public school
5 academy.

6 (b) The population to be served by the proposed public school
7 academy.

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

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

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

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

16 (g) The number of schools in the proximity of a proposed
17 location of the proposed public school academy that are on the list
18 under section 1280c(1) of the public schools in this state that the
19 department has determined to be among the lowest achieving 5% of
20 all public schools in this state.

21 (h) The number of pupils on waiting lists of public school
22 academies in the proximity of a proposed location of the proposed
23 public school academy.

24 (2) An authorizing body may give priority to a proposed public
25 school academy that is intended to replace a public school academy
26 that has been closed pursuant to section 507(5), that will operate
27 all of the same grade levels as the public school academy that has

1 been closed, and that will work toward operating all of grades 9 to
2 12 within 6 years after it begins operations unless a matriculation
3 agreement has been entered into with another public school that
4 provides grades 9 to 12.

5 (3) If a person or entity applies to the board of a school
6 district for a contract to organize and operate 1 or more public
7 school academies within the boundaries of the school district and
8 the board does not issue the contract, the person or entity may
9 petition the board to place the question of issuing the contract on
10 the ballot to be decided by the school electors of the school
11 district. The petition shall contain all of the information
12 required to be in the contract application under section 502 and
13 shall be signed by a number of school electors of the school
14 district equal to at least 5% of the total number of school
15 electors of that school district. The petition shall be filed with
16 the school district filing official. If the board receives a
17 petition meeting the requirements of this subsection, the board
18 shall have the question of issuing the contract placed on the
19 ballot at its next regular school election held at least 60 days
20 after receiving the petition. If a majority of the school electors
21 of the school district voting on the question vote to issue the
22 contract, the board shall issue the contract.

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

26 (5) An authorizing body shall adopt a resolution establishing
27 the method of selection, length of term, and number of members of

1 the board of directors of each public school academy subject to its
2 jurisdiction. The resolution shall be written or amended as
3 necessary to include a requirement that each member of the board of
4 directors must be a citizen of the United States.

5 (6) A contract issued to organize and administer a public
6 school academy shall contain at least all of the following:

7 (a) The educational goals the public school academy is to
8 achieve and the methods by which it will be held accountable. The
9 educational goals shall include demonstrated improved pupil
10 academic achievement for all groups of pupils. To the extent
11 applicable, the pupil performance of a public school academy shall
12 be assessed using at least a Michigan education assessment program
13 (MEAP) test or the Michigan merit examination under section 1279g,
14 as applicable.

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

18 (c) A description of the process for amending the contract
19 during the term of the contract.

20 (d) All of the matters set forth in the application for the
21 contract.

22 (e) Procedures for revoking the contract and grounds for
23 revoking the contract, including at least the grounds listed in
24 section 507.

25 (f) A description of and address for the proposed physical
26 plant in which the public school academy will be located. An
27 authorizing body may include a provision in the contract allowing

1 the board of directors of the public school academy to operate the
2 same configuration of age or grade levels at more than 1 site if
3 each configuration of age or grade levels and each site identified
4 in the contract are under the direction and control of the board of
5 directors.

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

10 (h) The term of the contract and a description of the process
11 and standards for renewal of the contract at the end of the term.
12 The standards for renewal shall include increases in academic
13 achievement for all groups of pupils as measured by assessments and
14 other objective criteria as the most important factor in the
15 decision of whether or not to renew the contract.

16 (i) A certification, signed by an authorized member of the
17 board of directors of the public school academy, that the public
18 school academy will comply with the contract and all applicable
19 law.

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

23 (k) A requirement that the board of directors of the public
24 school academy shall prohibit specifically identified family
25 relationships between members of the board of directors,
26 individuals who have an ownership interest in or who are officers
27 or employees of an educational management organization involved in

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

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

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

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

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

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

25 (iv) A current list of teachers and school administrators
26 working at the public school academy that includes their individual
27 salaries as submitted to the registry of educational personnel;

1 copies of the teaching or school administrator's certificates or
2 permits of current teaching and administrative staff; and evidence
3 of compliance with the criminal background and records checks and
4 unprofessional conduct check required under sections 1230, 1230a,
5 and 1230b for all teachers and administrators working at the public
6 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 contracts
13 approved by the board of directors.

14 (ix) All health and safety reports and certificates, including
15 those relating to fire safety, environmental matters, asbestos
16 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 (n) A requirement that the authorizing body must review and
22 may disapprove any agreement between the board of directors of the
23 public school academy and an educational management organization
24 before the agreement is final and valid. An authorizing body may
25 disapprove an agreement described in this subdivision only if the
26 agreement is contrary to the contract or applicable law.

27 (o) A requirement that the board of directors of the public

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

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

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

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

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

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

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

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

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

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

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

26 (8) A public school academy and its incorporators, board
27 members, officers, employees, and volunteers have governmental

1 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
2 authorizing body and its board members, officers, and employees are
3 immune from civil liability, both personally and professionally,
4 for an act or omission in authorizing a public school academy if
5 the authorizing body or the person acted or reasonably believed he
6 or she acted within the authorizing body's or the person's scope of
7 authority.

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

25 (10) A public school academy may acquire by purchase, gift,
26 devise, lease, sublease, installment purchase agreement, land
27 contract, option, or by any other means, hold and own in its own

1 name buildings and other property for school purposes, and
2 interests therein, and other real and personal property, including,
3 but not limited to, interests in property subject to mortgages,
4 security interests, or other liens, necessary or convenient to
5 fulfill its purposes. For the purposes of condemnation, a public
6 school academy may proceed under the uniform condemnation
7 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding
8 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other
9 applicable statutes, but only with the express, written permission
10 of the authorizing body in each instance of condemnation and only
11 after just compensation has been determined and paid.

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

17 Sec. 522. (1) An urban high school academy shall be organized
18 and administered under the direction of a board of directors in
19 accordance with this part and with bylaws adopted by the board of
20 directors. An urban high school academy corporation shall be
21 organized under the nonprofit corporation act, 1982 PA 162, MCL
22 450.2101 to 450.3192, except that an urban high school academy
23 corporation is not required to comply with sections 170 to 177 of
24 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
25 under the state or federal constitution, an urban high school
26 academy shall not be organized by a church or other religious
27 organization and shall not have any organizational or contractual

1 affiliation with or constitute a church or other religious
2 organization.

3 (2) ~~The~~ **IF THE ISSUANCE OF THE CONTRACT IS APPROVED BY THE**
4 **STATE BOARD UNDER SECTION 523, THE** governing board of a state
5 public university may act as an authorizing body to issue a
6 contract for the organization and operation of an urban high school
7 academy under this part.

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

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

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

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

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

27 (i) The name of the proposed urban high school academy to which

1 the contract will be issued.

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

7 (iii) The name of the authorizing body.

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

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

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

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

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

17 (ii) A copy of the educational goals of the urban high school
18 academy and the curricula to be offered and methods of pupil
19 assessment to be used by the urban high school academy. The
20 educational goals shall include demonstrated improved pupil
21 academic achievement for all groups of pupils. To the extent
22 applicable, the progress of the pupils in the urban high school
23 academy shall be assessed using at least a Michigan education
24 assessment program (MEAP) test or the Michigan merit examination
25 under section 1279g, as applicable.

26 (iii) The admission policy and criteria to be maintained by the
27 urban high school academy. The admission policy and criteria shall

1 comply with section 524. This part of the application also shall
2 include a description of how the applicant will provide to the
3 general public adequate notice that an urban high school academy is
4 being created and adequate information on the admission policy,
5 criteria, and process.

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

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

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

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

16 (5) If a particular state public university issues a contract
17 that allows an urban high school academy to operate the same
18 configuration of grades at more than 1 site, as provided in section
19 524(1), each of those sites shall be under the direction of the
20 board of directors that is a party to the contract.

21 (6) If the superintendent of public instruction finds that an
22 authorizing body is not engaging in appropriate continuing
23 oversight of 1 or more urban high school academies operating under
24 a contract issued by the authorizing body, the superintendent of
25 public instruction may suspend the power of the authorizing body to
26 issue new contracts to organize and operate urban high school
27 academies. A contract issued by the authorizing body during the

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

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

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

12 (i) Considering applications and issuing or administering
13 contracts.

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

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

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

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

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

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

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

27 (b) An authorizing body may provide other services for an

1 urban high school academy and charge a fee for those services, but
2 shall not require such an arrangement as a condition to issuing the
3 contract authorizing the urban high school academy.

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

7 Sec. 523. (1) An authorizing body is not required to issue a
8 contract to any entity. Urban high school academy contracts shall
9 be issued on a competitive basis taking into consideration the
10 resources available for the proposed urban high school academy, the
11 population to be served by the proposed urban high school academy,
12 and the educational goals to be achieved by the proposed urban high
13 school academy. In evaluating if an applicant is qualified, the
14 authorizing body shall examine the proposed performance standards,
15 proposed academic program, financial viability of the applicant,
16 and the ability of the proposed board of directors to meet the
17 contract goals and objectives. **THE ISSUANCE OF THE CONTRACT MUST BE**
18 **APPROVED BY THE STATE BOARD BEFORE THE CONTRACT MAY BE ISSUED. THE**
19 **AUTHORIZING BODY SHALL APPLY TO THE STATE BOARD FOR THAT APPROVAL**
20 **IN THE FORM AND MANNER PRESCRIBED BY THE STATE BOARD. IN DECIDING**
21 **WHETHER TO APPROVE THE ISSUANCE OF THE CONTRACT, THE STATE BOARD**
22 **SHALL CONSIDER ALL OF THE FACTORS CONSIDERED BY THE AUTHORIZING**
23 **BODY AND THE QUALIFICATIONS OF THE APPLICANT.** An authorizing body
24 **AND THE STATE BOARD** shall give priority to applicants that
25 demonstrate all of the following:

26 (a) The proposed school will operate at least all of grades 9
27 through 12 within 5 years after beginning operation.

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

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

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

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

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

11 (a) The educational goals the urban high school academy is to
12 achieve and the methods by which it will be held accountable. The
13 educational goals shall include demonstrated improved pupil
14 academic achievement for all groups of pupils. To the extent
15 applicable, the pupil performance of an urban high school academy
16 shall be assessed using at least a Michigan education assessment
17 program (MEAP) test or the Michigan merit examination developed
18 under section 1279g, as applicable.

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

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

26 (d) A certification, signed by an authorized member of the
27 urban high school academy board of directors, that the urban high

1 school academy will comply with the contract and all applicable
2 law.

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

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

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

11 (h) A requirement that the board of directors shall ensure
12 compliance with the requirements of 1968 PA 317, MCL 15.321 to
13 15.330.

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

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

27 (k) A requirement that the board of directors of the urban

1 high school academy shall collect, maintain, and make available to
2 the public and the authorizing body, in accordance with applicable
3 law and the contract, at least all of the following information
4 concerning the operation and management of the urban high school
5 academy:

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

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

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

17 (iv) A current list of teachers working at the urban high
18 school academy that includes their individual salaries as submitted
19 to the registry of educational personnel; copies of the teaching
20 certificates or permits of current teaching staff; and evidence of
21 compliance with the criminal background and records checks and
22 unprofessional conduct check required under sections 1230, 1230a,
23 and 1230b for all teachers and administrators working at the urban
24 high school academy.

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

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

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

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

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

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

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

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

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

21 (i) That the urban high school academy has made a reasonable
22 effort to advertise its enrollment openings.

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

26 (A) Reasonable efforts to advertise all enrollment openings to
27 organizations and media that regularly serve and advocate for

1 individuals with disabilities within the boundaries of the
2 intermediate school district in which the urban high school academy
3 is located.

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

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

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

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

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

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

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

26 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
27 15.246.

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

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

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

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

5 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL
6 141.421 to 141.440a.

7 (h) The revised municipal finance act, 2001 PA 34, MCL
8 141.2101 to 141.2821.

9 (i) The ~~federal~~-no child left behind act of 2001, Public Law
10 107-110. ~~, 115 Stat. 1425.~~

11 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and
12 1280.

13 (k) Laws concerning participation in state assessments, data
14 collection systems, state level student growth models, state
15 accountability and accreditation systems, and other public
16 comparative data collection required for public schools.

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

26 (5) An urban high school academy is exempt from all taxation
27 on its earnings and property. Unless the property is already fully

1 exempt from real and personal property taxes under the general
2 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property
3 occupied by an urban high school academy and used exclusively for
4 educational purposes is exempt from real and personal property
5 taxes levied for school operating purposes under section 1211, to
6 the extent exempted under that section, and from real and personal
7 property taxes levied under the state education tax act, 1993 PA
8 331, MCL 211.901 to 211.906. Instruments of conveyance to or from
9 an urban high school academy are exempt from all taxation,
10 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An
11 urban high school academy may not levy ad valorem property taxes or
12 any other tax for any purpose.

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

27 Sec. 552. (1) An authorizing body may issue contracts under

1 this subsection to organize and operate a school of excellence. All
2 of the following apply to the issuance of a contract by an
3 authorizing body under this subsection:

4 (a) The issuance of the contract must be approved by the
5 ~~superintendent of public instruction. The superintendent of public~~
6 ~~instruction shall~~ **STATE BOARD. THE STATE BOARD MAY** approve issuance
7 of a contract if ~~he or she~~ **IT** determines that the proposed school
8 of excellence is modeled after a high-performing school or program.

9 (b) The first 5 contracts issued by all authorizing bodies
10 under this subsection shall be for schools of excellence that offer
11 1 or more of high school grades 9 to 12, or any combination of
12 those grades, as specified in the contract.

13 (c) A school of excellence authorized under this subsection
14 shall not be located in a school district that has a graduation
15 rate of over 75%, on average, for the most recent 3 school years
16 for which the data are available, as determined by the department.

17 (2) Subject to the limitations in this subsection and
18 subsection (14), **AND IF THE ISSUANCE OF THE CONTRACT IS APPROVED BY**
19 **THE STATE BOARD**, an authorizing body may issue contracts under this
20 subsection for 1 or more schools of excellence that are cyber
21 schools. ~~Until December 31, 2013, the combined total number of~~
22 ~~contracts that may be issued by all statewide authorizing bodies~~
23 ~~under this subsection for schools of excellence that are cyber~~
24 ~~schools shall not exceed 5.~~ Until December 31, 2014, the combined
25 total number of contracts that may be issued by all statewide
26 authorizing bodies under this subsection for schools of excellence
27 that are cyber schools shall not exceed 10. After December 31,

1 2014, the combined total number of contracts issued by all
2 statewide authorizing bodies under this subsection for schools of
3 excellence that are cyber schools shall not exceed 15. The board of
4 a school district, an intermediate school board, the board of a
5 community college that is not a statewide authorizing body, or 2 or
6 more public agencies acting jointly as described in subsection
7 (6)(e) may not act as the authorizing body for more than 1 school
8 of excellence that is a cyber school. An authorizing body shall not
9 issue a contract for a school of excellence that is a cyber school
10 unless the school of excellence that is a cyber school meets all of
11 the following requirements:

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

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

14 (c) The entity applying for the school of excellence that is a
15 cyber school demonstrates experience in delivering a quality
16 education program that improves pupil academic achievement. In
17 determining whether this requirement is met, an authorizing body
18 shall refer to the standards for quality online learning
19 established by the national association of charter school
20 authorizers or other similar nationally recognized standards for
21 quality online learning.

22 (d) The enrollment in the school of excellence that is a cyber
23 school is limited to not more than 2,500 pupils in membership for
24 the first school year of operation of the school of excellence that
25 is a cyber school, not more than 5,000 pupils in membership for the
26 second school year of operation of the school of excellence that is
27 a cyber school, and not more than 10,000 pupils in membership for

1 the third and subsequent school years of operation of the school of
2 excellence that is a cyber school. As used in this subdivision,
3 "membership" means that term as defined in section 6 of the state
4 school aid act of 1979, MCL 388.1606.

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

8 (3) For a public school academy operating under part 6a that
9 meets the requirements of subsection (4), with the approval of its
10 authorizing body, the board of directors of the public school
11 academy may adopt a resolution choosing to convert the public
12 school academy to a school of excellence under this part. If the
13 board of directors of a public school academy that meets the
14 requirements of subsection (4) is issued a contract as a school of
15 excellence under this subsection, all the following apply:

16 (a) The public school academy shall cease to operate as a
17 public school academy under part 6a and shall operate as a school
18 of excellence upon the issuance of a contract or at another time as
19 determined by the authorizing body.

20 (b) The public school academy shall be considered to be a
21 school of excellence for all purposes upon the issuance of a
22 contract or at another time as determined by the authorizing body,
23 but shall retain its corporate identity.

24 (c) The conversion of a public school academy under part 6a to
25 a school of excellence operating under this part shall not impair
26 any agreement, mortgage, loan, bond, note or other instrument of
27 indebtedness, or any other agreement entered into by a public

1 school academy while it was operating under part 6a.

2 (d) The contract issued to the public school academy under
3 part 6a shall automatically terminate upon the issuance of a
4 contract or at another time as determined by the authorizing body.

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

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

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

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

24 (b) If the public school academy operates grades 9 to 12, at
25 least 80% of the school's pupils graduate from high school or are
26 determined by the department to be on track to graduate from high
27 school, the school has at least 80% average attendance, and the

1 school has at least an 80% postsecondary enrollment rate.

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

13 (6) ~~Any~~ **IF THE ISSUANCE OF THE CONTRACT IS APPROVED BY THE**
14 **STATE BOARD UNDER SECTION 553, ANY** of the following may act as an
15 authorizing body to issue a contract to organize and operate 1 or
16 more schools of excellence under this part:

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

27 (b) An intermediate school board. However, except as otherwise

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

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

1 the community college has previously offered courses on the grounds
2 of the federal military installation for at least 10 years.

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

4 (e) Two or more of the public agencies described in
5 subdivisions (a) to (d) exercising power, privilege, or authority
6 jointly pursuant to an interlocal agreement under the urban
7 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
8 124.512.

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

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

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

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

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

22 (ii) The purposes for the school of excellence corporation.
23 This language shall provide that the school of excellence is
24 incorporated pursuant to this part and that the school of
25 excellence is a governmental entity.

26 (iii) The name of the authorizing body.

27 (iv) The proposed time when the articles of incorporation will

1 be effective.

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

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

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

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

8 (ii) A copy of the educational goals of the school of
9 excellence and the curricula to be offered and methods of pupil
10 assessment to be used by the school of excellence. The educational
11 goals shall include demonstrated improved pupil academic
12 achievement for all groups of pupils. To the extent applicable, the
13 progress of the pupils in the school of excellence shall be
14 assessed using at least a Michigan education assessment program
15 (MEAP) test or the Michigan merit examination under section 1279g,
16 as applicable.

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

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

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

27 (f) Descriptions of staff responsibilities and of the school

1 of excellence governance structure.

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

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

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

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

24 (9) If the superintendent of public instruction finds that an
25 authorizing body is not engaging in appropriate continuing
26 oversight of 1 or more schools of excellence operating under a
27 contract issued by the authorizing body, the superintendent of

1 public instruction may suspend the power of the authorizing body to
2 issue new contracts to organize and operate schools of excellence.
3 A contract issued by the authorizing body during the suspension is
4 void. A contract issued by the authorizing body before the
5 suspension is not affected by the suspension.

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

16 (11) A school of excellence shall be presumed to be legally
17 organized if it has exercised the franchises and privileges of a
18 public school academy for at least 2 years.

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

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

27 ~~———— (14) If the department determines that the combined total~~

~~statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for the 2012-2013 state fiscal year exceeds a number equal to 1% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then all of the following apply:~~

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

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

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

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

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

1 (c) If the department determines that the combined total
2 statewide final audited membership for all pupils in membership in
3 schools of excellence that are cyber schools for a state fiscal
4 year does not exceed a number equal to 2% of the combined total
5 statewide final audited membership for all pupils in membership in
6 public schools for the 2011-2012 state fiscal year, then
7 subdivisions (a) and (b) do not apply for a school year that begins
8 after that determination is made unless the department makes a new
9 determination that the membership limits under this subsection have
10 been exceeded.

11 (15) ~~(16)~~ For the purposes of ~~subsections (14) and (15), not~~
12 ~~later than July 1, 2012, and~~ **SUBSECTION (14)**, by not later than
13 July 1 of each year, ~~thereafter,~~ the department shall determine the
14 percentage of the combined total statewide final audited membership
15 for all pupils in membership in public schools that are pupils in
16 membership in schools of excellence that are cyber schools for the
17 state fiscal year that includes that July 1.

18 (16) ~~(17)~~ As used in this section:

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

21 (b) "Statewide authorizing body" means the governing board of
22 a state public university or the board of a federal tribally
23 controlled community college that is recognized under the tribally
24 controlled colleges and universities assistance act of 1978, 25 USC
25 1801 to 1852, and is determined by the department to meet the
26 requirements for accreditation by a recognized regional accrediting
27 body.

~~1 (18) Not later than October 1, 2012, If a district, an
2 intermediate school district, a public school academy, or the
3 education achievement system offers online learning, the board or
4 board of directors of the district, intermediate school district,
5 or public school academy, or the education achievement system,
6 shall submit to the department a report that details the per pupil
7 costs of operating the online learning. The report shall include,
8 on a per pupil basis, at least all of the following costs:~~

~~9 (a) Textbooks, instructional materials, and supplies,
10 including electronic instructional material.~~

~~11 (b) Computer and other electronic equipment, including
12 internet and telephone access.~~

~~13 (c) Salaries and benefits for the online learning employees.~~

~~14 (d) Purchased courses and curricula.~~

~~15 (e) Fees associated with oversight and regulation.~~

~~16 (f) Travel costs associated with school activities and
17 testing.~~

~~18 (g) Facilities costs.~~

~~19 (h) Costs associated with special education.~~

~~20 (19) Not later than December 31, 2012, the department shall
21 issue a report to the legislature including the following:~~

~~22 (a) A review of the data submitted under subsection (14).~~

~~23 (b) A comparison with costs of substantially similar programs
24 in other states and relevant national research on the costs of
25 online learning.~~

~~26 (c) Any conclusions concerning factors or characteristics of
27 online learning programs that make a difference in the costs of~~

1 ~~operating the programs.~~

2 (17) ~~(20)~~ The board of directors of a school of excellence
3 that is a cyber school, or the board of a school district,
4 intermediate school district, or public school academy that
5 operates an online or other distance learning program, shall submit
6 a monthly report to the department, in the form and manner
7 prescribed by the department, that reports the number of pupils
8 enrolled in the school of excellence that is a cyber school, or in
9 the online or other distance learning program, during the
10 immediately preceding month.

11 (18) ~~(21)~~ The board of directors of a school of excellence
12 that is a cyber school shall ensure that, when a pupil enrolls in
13 the school of excellence that is a cyber school, the pupil and his
14 or her parent or legal guardian are provided with a parent-student
15 orientation. If the pupil is at least age 18 or is an emancipated
16 minor, the orientation may be provided to just the pupil.

17 Sec. 553. (1) An authorizing body is not required to issue a
18 contract to any person or entity. Schools of excellence contracts
19 shall be issued on a competitive basis taking into consideration
20 the resources available for the proposed school of excellence, the
21 population to be served by the proposed school of excellence, the
22 educational goals to be achieved by the proposed school of
23 excellence, and the applicant's track record, if any, in operating
24 public school academies or other public schools. **THE ISSUANCE OF**
25 **THE CONTRACT MUST BE APPROVED BY THE STATE BOARD BEFORE THE**
26 **CONTRACT MAY BE ISSUED. THE AUTHORIZING BODY SHALL APPLY TO THE**
27 **STATE BOARD FOR THAT APPROVAL IN THE FORM AND MANNER PRESCRIBED BY**

1 THE STATE BOARD. IN DECIDING WHETHER TO APPROVE THE ISSUANCE OF THE
2 CONTRACT, THE STATE BOARD SHALL CONSIDER ALL OF THE FACTORS
3 CONSIDERED BY THE AUTHORIZING BODY AND THE QUALIFICATIONS OF THE
4 APPLICANT.

5 (2) If a person or entity applies to the board of a school
6 district for a contract to organize and operate 1 or more schools
7 of excellence within the boundaries of the school district and the
8 board does not issue the contract, the person or entity may
9 petition the board to place the question of issuing the contract on
10 the ballot to be decided by the school electors of the school
11 district. The petition shall contain all of the information
12 required to be in the contract application under section 552 and
13 shall be signed by a number of school electors of the school
14 district equal to at least 5% of the total number of school
15 electors of that school district. The petition shall be filed with
16 the school district filing official. If the board receives a
17 petition meeting the requirements of this subsection, the board
18 shall have the question of issuing the contract placed on the
19 ballot at its next regular school election held at least 60 days
20 after receiving the petition. If a majority of the school electors
21 of the school district voting on the question vote to issue the
22 contract, the board shall issue the contract.

23 (3) Within 10 days after issuing a contract for a school of
24 excellence, the authorizing body shall submit to the superintendent
25 of public instruction a copy of the contract.

26 (4) An authorizing body shall adopt a resolution establishing
27 the method of selection, length of term, and number of members of

1 the board of directors of each school of excellence subject to its
2 jurisdiction. The resolution shall be written or amended as
3 necessary to include a requirement that each member of the board of
4 directors must be a citizen of the United States.

5 (5) A contract issued to organize and administer a school of
6 excellence shall contain at least all of the following:

7 (a) The educational goals the school of excellence is to
8 achieve and the methods by which it will be held accountable. The
9 educational goals shall include demonstrated improved pupil
10 academic achievement for all groups of pupils. To the extent
11 applicable, the pupil performance of a school of excellence shall
12 be assessed using at least a Michigan education assessment program
13 (MEAP) test or the Michigan merit examination under section 1279g,
14 as applicable.

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

18 (c) A description of the process for amending the contract
19 during the term of the contract.

20 (d) All of the matters set forth in the application for the
21 contract.

22
23 (e) Procedures for revoking the contract and grounds for
24 revoking the contract, including at least the grounds listed in
25 section 561.

26 (f) A description of and address for the proposed physical
27 plant in which the school of excellence will be located. An

1 authorizing body may include a provision in the contract allowing
2 the board of directors of the school of excellence to operate the
3 same configuration of age or grade levels at more than 1 site if
4 each configuration of age or grade levels and each site identified
5 in the contract are under the direction and control of the board of
6 directors.

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

11 (h) A certification, signed by an authorized member of the
12 school of excellence board of directors, that the school of
13 excellence will comply with the contract and all applicable law.

14 (i) A requirement that the board of directors shall ensure
15 compliance with the requirements of 1968 PA 317, MCL 15.321 to
16 15.330.

17 (j) A requirement that the board of directors shall prohibit
18 specifically identified family relationships between members of the
19 board of directors, individuals who have an ownership interest in
20 or who are officers or employees of an educational management
21 organization involved in the operation of the school of excellence,
22 and employees of the school of excellence. The contract shall
23 identify the specific prohibited relationships consistent with
24 applicable law.

25 (k) A requirement that the board of directors of the school of
26 excellence shall make information concerning its operation and
27 management available to the public and to the authorizing body in

1 the same manner as is required by state law for school districts.

2 (l) A requirement that the board of directors of the school of
3 excellence shall collect, maintain, and make available to the
4 public and the authorizing body, in accordance with applicable law
5 and the contract, at least all of the following information
6 concerning the operation and management of the school of
7 excellence:

8 (i) A copy of the contract issued by the authorizing body for
9 the school of excellence.

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

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

19 (iv) A current list of teachers and school administrators
20 working at the school of excellence that includes their individual
21 salaries as submitted to the registry of educational personnel;
22 copies of the teaching or school administrator's certificates or
23 permits of current teaching and administrative staff; and evidence
24 of compliance with the criminal background and records checks and
25 unprofessional conduct check required under sections 1230, 1230a,
26 and 1230b for all teachers and administrators working at the school
27 of excellence.

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

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

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

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

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

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

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

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

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

24 (i) That the school of excellence has made a reasonable effort
25 to advertise its enrollment openings.

26 (ii) That the school of excellence has made the following
27 additional efforts to recruit pupils who are eligible for special

1 education programs and services or English as a second language
2 services to apply for admission:

3 (A) Reasonable efforts to advertise all enrollment openings to
4 organizations and media that regularly serve and advocate for
5 individuals with disabilities or children with limited English-
6 speaking ability within the boundaries of the intermediate school
7 district in which the school of excellence is located.

8 (B) Inclusion in all pupil recruitment materials of a
9 statement that appropriate special education services and English
10 as a second language services will be made available to pupils
11 attending the school as required by law.

12 (iii) That the open enrollment period for the school of
13 excellence is for a duration of at least 2 weeks and that the
14 enrollment times include some evening and weekend times.

15 (o) A requirement that the board of directors shall prohibit
16 any individual from being employed by the school of excellence in
17 more than 1 full-time position and simultaneously being compensated
18 at a full-time rate for each of those positions.

19 (p) A requirement that, if requested, the board of directors
20 shall report to the authorizing body the total compensation for
21 each individual working at the school of excellence.

22 (6) A school of excellence shall comply with all applicable
23 law, including all of the following:

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

25 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
26 15.246.

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

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

2 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

3 (f) Laws concerning participation in state assessments, data
4 collection systems, state level student growth models, state
5 accountability and accreditation systems, and other public
6 comparative data collection required for public schools.

7 (7) A school of excellence and its incorporators, board
8 members, officers, employees, and volunteers have governmental
9 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
10 authorizing body and its board members, officers, and employees are
11 immune from civil liability, both personally and professionally,
12 for an act or omission in authorizing a school of excellence if the
13 authorizing body or the person acted or reasonably believed he or
14 she acted within the authorizing body's or the person's scope of
15 authority.

16 (8) A school of excellence is exempt from all taxation on its
17 earnings and property. Unless the property is already fully exempt
18 from real and personal property taxes under the general property
19 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a
20 school of excellence and used exclusively for educational purposes
21 is exempt from real and personal property taxes levied for school
22 operating purposes under section 1211, to the extent exempted under
23 that section, and from real and personal property taxes levied
24 under the state education tax act, 1993 PA 331, MCL 211.901 to
25 211.906. Instruments of conveyance to or from a school of
26 excellence are exempt from all taxation including taxes imposed by
27 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not

1 levy ad valorem property taxes or another tax for any purpose.
2 However, operation of 1 or more schools of excellence by a school
3 district or intermediate school district does not affect the
4 ability of the school district or intermediate school district to
5 levy ad valorem property taxes or another tax.

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

20 Sec. 1311d. (1) A strict discipline academy shall be organized
21 and administered under the direction of a board of directors in
22 accordance with sections 1311b to ~~1311f~~ **1311m** and with bylaws
23 adopted by the board of directors. A strict discipline academy
24 corporation created to operate a strict discipline academy shall be
25 organized under the nonprofit corporation act, 1982 PA 162, MCL
26 450.2101 to 450.3192, except that the strict discipline academy
27 corporation is not required to comply with sections 170 to 177 of

1 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
2 under the state or federal constitution, a strict discipline
3 academy shall not be organized by a church or other religious
4 organization and shall not have any organizational or contractual
5 affiliation with or constitute a church or other religious
6 organization.

7 (2) ~~Any~~ **IF THE ISSUANCE OF THE CONTRACT IS APPROVED BY THE**
8 **STATE BOARD UNDER SECTION 1311E, ANY** of the following may act as an
9 authorizing body to issue a contract to organize and operate 1 or
10 more strict discipline academies under sections 1311b to ~~1311f~~.
11 **1311M:**

12 (a) The board of a school district that operates grades K to
13 12. However, the board of a school district shall not issue a
14 contract for a strict discipline academy to operate outside the
15 school district's boundaries, and a strict discipline academy
16 authorized by the board of a school district shall not operate
17 outside that school district's boundaries.

18 (b) An intermediate school board. However, the board of an
19 intermediate school district shall not issue a contract for a
20 strict discipline academy to operate outside the intermediate
21 school district's boundaries, and a strict discipline academy
22 authorized by the board of an intermediate school district shall
23 not operate outside that intermediate school district's boundaries.

24 (c) The board of a community college. However, except as
25 otherwise provided in this subdivision, the board of a community
26 college shall not issue a contract for a strict discipline academy
27 to operate in a school district organized as a school district of

1 the first class, a strict discipline academy authorized by the
2 board of a community college shall not operate in a school district
3 organized as a school district of the first class, the board of a
4 community college shall not issue a contract for a strict
5 discipline academy to operate outside the boundaries of the
6 community college district, and a strict discipline academy
7 authorized by the board of a community college shall not operate
8 outside the boundaries of the community college district. The board
9 of a community college also may issue a contract for not more than
10 1 strict discipline academy to operate on the grounds of an active
11 or closed federal military installation located outside the
12 boundaries of the community college district, or may operate a
13 strict discipline academy itself on the grounds of such a federal
14 military installation, if the federal military installation is not
15 located within the boundaries of any community college district and
16 the community college has previously offered courses on the grounds
17 of the federal military installation for at least 10 years.

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

19 (3) To obtain a contract to organize and operate 1 or more
20 strict discipline academies, 1 or more persons or an entity may
21 apply to an authorizing body described in subsection (2). The
22 application shall include at least all of the following:

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

24 (b) Subject to the resolution adopted by the authorizing body
25 under section 1311e, a list of the proposed members of the board of
26 directors of the strict discipline academy and a description of the
27 qualifications and method for appointment or election of members of

1 the board of directors.

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

4 (i) The name of the proposed strict discipline academy.

5 (ii) The purposes for the strict discipline academy corporation
6 that will operate the strict discipline academy. This language
7 shall provide that the strict discipline academy is established
8 pursuant to sections 1311b to ~~1311f~~-**1311M** and that the strict
9 discipline academy corporation is a governmental entity.

10 (iii) The name of the authorizing body.

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

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

15 (d) A copy of the proposed bylaws of the strict discipline
16 academy.

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

19 (i) The governance structure of the strict discipline academy.

20 (ii) A copy of the educational goals of the strict discipline
21 academy and the curricula to be offered and methods of pupil
22 assessment to be used by the strict discipline academy. To the
23 extent applicable, the progress of the pupils in the strict
24 discipline academy shall be assessed using at least a Michigan
25 education assessment program (MEAP) test or ~~an assessment~~
26 ~~instrument developed under section 1279 for a state endorsed high~~
27 ~~school diploma.~~ **THE MICHIGAN MERIT EXAMINATION UNDER SECTION 1279G,**

1 **AS APPLICABLE.**

2 (iii) The admission policy and criteria to be maintained by the
3 strict discipline academy. The admission policy and criteria shall
4 comply with section 1311g. This part of the application also shall
5 include a description of how the applicant will provide to the
6 general public adequate notice that a strict discipline academy is
7 being created and adequate information on the admission policy,
8 criteria, and process.

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

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

11 (vi) The type of pupils to be enrolled in the strict discipline
12 academy, as described in section ~~1311g(3) and (4)~~. **1311G(3) TO (5)**.

13 (f) Descriptions of staff responsibilities and of the strict
14 discipline academy's governance structure.

15 (g) For an application to the board of a school district, an
16 intermediate school board, or board of a community college,
17 identification of the local and intermediate school districts in
18 which the strict discipline academy will be located.

19 (h) An agreement that the strict discipline academy will
20 comply with the provisions of sections 1311b to ~~1311f~~ **1311M** and,
21 subject to the provisions of these sections, with all other state
22 law applicable to public bodies and with federal law applicable to
23 public bodies or school districts.

24 (i) For a strict discipline academy authorized by a school
25 district, an assurance that employees of the strict discipline
26 academy will be covered by the collective bargaining agreements
27 that apply to other employees of the school district employed in

1 similar classifications in schools that are not strict discipline
2 academies.

3 (j) A description of and address for the proposed physical
4 plant in which the strict discipline academy will be located.

5 (4) An authorizing body shall oversee, or shall contract with
6 an intermediate school district, community college, or state public
7 university to oversee, each strict discipline academy operating
8 under a contract issued by the authorizing body. The oversight
9 shall be sufficient to ensure that the authorizing body can certify
10 that the strict discipline academy is in compliance with statute,
11 rules, and the terms of the contract.

12 (5) If the state board finds that an authorizing body is not
13 engaging in appropriate continuing oversight of 1 or more strict
14 discipline academies operating under a contract issued by the
15 authorizing body, the state board may suspend the power of the
16 authorizing body to issue new contracts to organize and operate
17 strict discipline academies. A contract issued by the authorizing
18 body during the suspension is void. A contract issued by the
19 authorizing body before the suspension is not affected by the
20 suspension.

21 (6) An authorizing body shall not charge a fee, or require
22 reimbursement of expenses, for considering an application for a
23 contract, for issuing a contract, or for providing oversight of a
24 contract for a strict discipline academy in an amount that exceeds
25 a combined total of 3% of the total state school aid received by
26 the strict discipline academy in the school year in which the fees
27 or expenses are charged. An authorizing body may provide other

1 services for a strict discipline academy and charge a fee for those
2 services, but shall not require such an arrangement as a condition
3 to issuing the contract authorizing the strict discipline academy.

4 (7) A strict discipline academy shall be presumed to be
5 legally organized if it has exercised the franchises and privileges
6 of a strict discipline academy for at least 2 years.

7 Sec. 1311e. (1) An authorizing body is not required to issue a
8 contract to any person or entity. Contracts for strict discipline
9 academies shall be issued on a competitive basis taking into
10 consideration the resources available for the proposed strict
11 discipline academy, the population to be served by the proposed
12 strict discipline academy, and the educational goals to be achieved
13 by the proposed strict discipline academy. **THE ISSUANCE OF THE**
14 **CONTRACT MUST BE APPROVED BY THE STATE BOARD BEFORE THE CONTRACT**
15 **MAY BE ISSUED. THE AUTHORIZING BODY SHALL APPLY TO THE STATE BOARD**
16 **FOR THAT APPROVAL IN THE FORM AND MANNER PRESCRIBED BY THE STATE**
17 **BOARD. IN DECIDING WHETHER TO APPROVE THE ISSUANCE OF THE CONTRACT,**
18 **THE STATE BOARD SHALL CONSIDER ALL OF THE FACTORS CONSIDERED BY THE**
19 **AUTHORIZING BODY AND THE QUALIFICATIONS OF THE APPLICANT.**

20 (2) If a person or entity applies to the board of a school
21 district for a contract to organize and operate 1 or more strict
22 discipline academies within the boundaries of the school district
23 and the board does not issue the contract, the person or entity may
24 petition the board to place the question of issuing the contract on
25 the ballot to be decided by the school electors of the school
26 district. The petition shall contain all of the information
27 required to be in the contract application under section 1311d and

1 shall be signed by a number of school electors of the school
2 district equal to at least 15% of the total number of school
3 electors of that school district. The petition shall be filed with
4 the secretary of the board. If the board receives a petition
5 meeting the requirements of this subsection, the board shall place
6 the question of issuing the contract on the ballot at its next
7 annual school election held at least 60 days after receiving the
8 petition. If a majority of the school electors of the school
9 district voting on the question vote to issue the contract, the
10 board shall issue the contract.

11 (3) Within 10 days after issuing a contract for a strict
12 discipline academy, the board of the authorizing body shall submit
13 to the state board a copy of the contract and of the application
14 under section 1311d.

15 (4) An authorizing body shall adopt a resolution establishing
16 the method of selection, length of term, and number of members of
17 the board of directors of each strict discipline academy subject to
18 its jurisdiction.

19 (5) A contract issued to organize and administer a strict
20 discipline academy shall contain at least all of the following:

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

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

1 strict discipline academy's compliance with applicable law and its
2 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.

5 (d) All of the matters set forth in the application for the
6 contract.

7 (e) For a strict discipline academy authorized by a school
8 district, an agreement that employees of the strict discipline
9 academy will be covered by the collective bargaining agreements
10 that apply to employees of the school district employed in similar
11 classifications in schools that are not strict discipline
12 academies.

13 (f) Procedures for revoking the contract and grounds for
14 revoking the contract, including at least the grounds listed in
15 section 1311/.

16 (g) A description of and address for the proposed physical
17 plant in which the strict discipline academy will be located.

18 (h) Requirements and procedures for financial audits. The
19 financial audits shall be conducted at least annually by a
20 certified public accountant in accordance with generally accepted
21 governmental auditing principles.

22 (i) The term of the contract and a description of the process
23 and standards for renewal of the contract at the end of the term.
24 The standards for renewal shall include student growth as measured
25 by assessments and other objective criteria as a significant factor
26 in the decision of whether or not to renew the contract.

27 (6) A strict discipline academy shall comply with all

1 applicable law, including all of the following:

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

3 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to
4 15.246.

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

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

7 (e) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and 1274.

8 (f) Except for part 6a, all provisions of this act that
9 explicitly apply to public school academies established under part
10 6a.

11 (7) A strict discipline academy and its incorporators, board
12 members, officers, employees, and volunteers have governmental
13 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An
14 authorizing body and its board members, officers, and employees are
15 immune from civil liability, both personally and professionally,
16 for any acts or omissions in authorizing a strict discipline
17 academy if the authorizing body or the person acted or reasonably
18 believed he or she acted within the authorizing body's or the
19 person's scope of authority.

20 (8) A strict discipline academy is exempt from all taxation on
21 its earnings and property. Instruments of conveyance to or from a
22 strict discipline academy are exempt from all taxation including
23 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict
24 discipline academy may not levy ad valorem property taxes or any
25 other tax for any purpose. However, operation of 1 or more strict
26 discipline academies by a school district or intermediate school
27 district does not affect the ability of the school district or

1 intermediate school district to levy ad valorem property taxes or
2 any other tax.

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