

SENATE BILL No. 1111

October 22, 2014, Introduced by Senators ANANICH, ANDERSON, YOUNG, HOPGOOD and HOOD and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 507, 528, 561, and 1311/ (MCL 380.507, 380.528, 380.561, and 380.1311/), sections 507, 528, and 561 as amended by 2011 PA 277 and section 1311/ as added by 1999 PA 23.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

8 (c) Establish the method of selection, length of term, and

1 number of members of the board of directors of each public school
2 academy that it authorizes. The authorizing body shall ensure that
3 the board of directors includes representation from the local
4 community.

5 (d) Oversee each public school academy operating under a
6 contract issued by the authorizing body. The oversight shall be
7 sufficient to ensure that the board of directors is in compliance
8 with the terms of the contract and with applicable law.

9 (e) Develop and implement a process for holding a public
10 school academy accountable for meeting applicable academic
11 performance standards set forth in the contract and for
12 implementing corrective action for a public school academy that
13 does not meet those standards.

14 (f) Take necessary measures to ensure that the board of
15 directors of a public school academy operates independently of any
16 educational management company involved in the operations of the
17 public school academy.

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

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

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

27 (3) The authorizing body for a public school academy is the

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

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

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

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

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

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

26 (5) Except for a public school academy that is an alternative
27 school serving a special student population, if the superintendent

1 of public instruction determines that a public school academy site
2 that has been operating for at least 4 years is among the lowest
3 achieving 5% of all public schools in this state, as defined for
4 the purposes of the federal incentive grant program created under
5 sections 14005 and 14006 of title XIV of the American recovery and
6 reinvestment act of 2009, Public Law 111-5, is in year 2 of
7 restructuring sanctions under the no child left behind act of 2001,
8 Public Law 107-110, not to include the individualized education
9 plan subgroup, and is not currently undergoing reconstitution under
10 this section, the superintendent of public instruction shall notify
11 the public school academy's authorizing body. If an authorizing
12 body receives notice from the superintendent of public instruction
13 under this subsection, the authorizing body shall amend the public
14 school academy's contract to eliminate the public school academy's
15 authority to operate the existing age and grade levels at the site
16 and the public school academy shall cease operating the existing
17 age and grade levels at the site, effective at the end of the
18 current school year. If the public school academy operates at only
19 1 site, and the authorizing body receives notice from the
20 superintendent of public instruction under this subsection, the
21 authorizing body shall revoke the public school academy's contract,
22 effective at the end of the current school year.

23 (6) The decision of an authorizing body to issue, not issue,
24 or reconstitute a contract under this part, or to terminate or
25 revoke a contract under this section, is solely within the
26 discretion of the authorizing body, is final, and is not subject to
27 review by a court or any state agency. An authorizing body that

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

7 (7) Except as otherwise provided in subsection (5), before an
8 authorizing body revokes a contract, the authorizing body may
9 consider and take corrective measures to avoid revocation. An
10 authorizing body may reconstitute the public school academy in a
11 final attempt to improve student educational performance or to
12 avoid interruption of the educational process. An authorizing body
13 shall include a reconstituting provision in the contract that
14 identifies these corrective measures, including, but not limited
15 to, canceling a contract with an educational management
16 organization, if any, withdrawing approval of a contract under
17 section 506, or appointing a new board of directors or a trustee to
18 take over operation of the public school academy.

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

1 school in which the pupils enroll after the revocation pursuant to
2 a methodology established by the department and the center for
3 educational performance and information.

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

9 (10) **IF A PUBLIC SCHOOL ACADEMY'S CONTRACT TERMINATES OR IS**
10 **REVOKED, TITLE TO ALL REAL AND PERSONAL PROPERTY, INTEREST IN REAL**
11 **OR PERSONAL PROPERTY, AND OTHER ASSETS OWNED BY THE PUBLIC SCHOOL**
12 **ACADEMY SHALL REVERT TO THE STATE. THIS PROPERTY SHALL BE**
13 **DISTRIBUTED IN ACCORDANCE WITH THE FOLLOWING:**

14 (A) **WITHIN 30 DAYS FOLLOWING THE TERMINATION OR REVOCATION,**
15 **THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY SHALL HOLD A**
16 **PUBLIC MEETING TO ADOPT A PLAN OF DISTRIBUTION OF ASSETS AND TO**
17 **APPROVE THE DISSOLUTION OF THE PUBLIC SCHOOL ACADEMY CORPORATION,**
18 **ALL IN ACCORDANCE WITH CHAPTER 8 OF THE NONPROFIT CORPORATION ACT,**
19 **1982 PA 162, MCL 450.2801 TO 450.2864.**

20 (B) **THE PUBLIC SCHOOL ACADEMY SHALL FILE A CERTIFICATE OF**
21 **DISSOLUTION WITH THE BUREAU OF COMMERCIAL SERVICES WITHIN 10**
22 **BUSINESS DAYS FOLLOWING BOARD APPROVAL.**

23 (C) **SIMULTANEOUSLY WITH THE FILING OF THE CERTIFICATE OF**
24 **DISSOLUTION UNDER SUBDIVISION (B), THE PUBLIC SCHOOL ACADEMY BOARD**
25 **OF DIRECTORS SHALL PROVIDE A COPY OF THE BOARD OF DIRECTORS' PLAN**
26 **OF DISTRIBUTION OF ASSETS TO THE STATE TREASURER FOR APPROVAL.**
27 **WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL**

1 REVIEW AND APPROVE THE BOARD OF DIRECTORS' PLAN OF DISTRIBUTION OF
2 ASSETS. IF THE PROPOSED PLAN OF DISTRIBUTION OF ASSETS IS NOT
3 APPROVED WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER
4 DESIGNEE, SHALL PROVIDE THE BOARD OF DIRECTORS WITH AN ACCEPTABLE
5 PLAN OF DISTRIBUTION OF ASSETS.

6 (D) THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL MONITOR
7 THE PUBLIC SCHOOL ACADEMY'S WINDING UP OF THE DISSOLVED CORPORATION
8 IN ACCORDANCE WITH THE PLAN OF DISTRIBUTION OF ASSETS APPROVED OR
9 PROVIDED UNDER SUBDIVISION (C).

10 (E) AS PART OF THE PLAN OF DISTRIBUTION OF ASSETS, THE PUBLIC
11 SCHOOL ACADEMY BOARD OF DIRECTORS SHALL DESIGNATE THE DIRECTOR OF
12 THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, OR HIS OR HER
13 DESIGNEE, TO DISPOSE OF ALL REAL PROPERTY OF THE PUBLIC SCHOOL
14 ACADEMY CORPORATION IN ACCORDANCE WITH THE DIRECTIVES DEVELOPED FOR
15 DISPOSITION OF SURPLUS LAND AND FACILITIES UNDER SECTION 251 OF THE
16 MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1251.

17 (F) IF THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY FAILS
18 TO TAKE ANY NECESSARY ACTION UNDER THIS SECTION, THE STATE
19 TREASURER, OR HIS OR HER DESIGNEE, MAY SUSPEND THE PUBLIC SCHOOL
20 ACADEMY BOARD OF DIRECTORS AND APPOINT A TRUSTEE TO CARRY OUT THE
21 BOARD'S PLAN OF DISTRIBUTION OF ASSETS. UPON APPOINTMENT, THE
22 TRUSTEE SHALL HAVE ALL THE RIGHTS, POWERS, AND PRIVILEGES UNDER LAW
23 THAT THE PUBLIC SCHOOL ACADEMY BOARD OF DIRECTORS HAD BEFORE BEING
24 SUSPENDED.

25 (G) FOLLOWING THE SALE OF THE REAL OR PERSONAL PROPERTY OR
26 INTERESTS IN THE REAL OR PERSONAL PROPERTY, AND AFTER PAYMENT OF
27 ANY PUBLIC SCHOOL ACADEMY DEBT SECURED BY THE PROPERTY OR INTEREST

1 IN PROPERTY, WHETHER REAL OR PERSONAL, THE PUBLIC SCHOOL ACADEMY
2 BOARD OF DIRECTORS, OR A TRUSTEE APPOINTED UNDER THIS SECTION,
3 SHALL FORWARD ANY REMAINING MONEY TO THE STATE TREASURER. FOLLOWING
4 RECEIPT, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL DEPOSIT
5 THIS REMAINING MONEY IN THE STATE SCHOOL AID FUND.

6 (H) THE AUTHORIZING BODY FOR THE PUBLIC SCHOOL ACADEMY SHALL
7 TAKE CUSTODY OF ALL STUDENT RECORDS OF THE PUBLIC SCHOOL ACADEMY,
8 SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS REQUIRED BY LAW
9 FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE RECORDS ARE
10 TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS AFTER THE
11 TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY LAW.

12 (11) IF AN AUTHORIZING BODY REVOKES A PUBLIC SCHOOL ACADEMY
13 CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS REVOKED THE
14 AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION REPORT TO THE
15 SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST THE CONTRACT
16 REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT REVOCATION REPORT
17 SHALL BE SUBMITTED IN THE FORM AND MANNER PRESCRIBED BY THE
18 SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL INCLUDE AT LEAST ALL
19 OF THE FOLLOWING:

20 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE PUBLIC
21 SCHOOL ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
22 REASONS FOR THE REVOCATION.

23 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
24 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

25 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
26 SUBSECTIONS (9) AND (10).

27 Sec. 528. (1) An authorizing body that issues a contract for

1 an urban high school academy under this part shall do all of the
2 following:

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

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

7 (c) Adopt a resolution establishing the method of selection,
8 length of term, and number of members of the board of directors of
9 each urban high school academy that it authorizes. The resolution
10 shall be written or amended as necessary to include a requirement
11 that each member of the board of directors must be a citizen of the
12 United States.

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

21 (e) Develop and implement a process for holding an urban high
22 school academy board of directors accountable for meeting
23 applicable academic performance standards set forth in the contract
24 and for implementing corrective action for an urban high school
25 academy that does not meet those standards.

26 (f) Take necessary measures to ensure that an urban high
27 school academy board of directors operates independently of any

1 educational management company involved in the operations of the
2 urban high school academy.

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

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

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

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

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

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

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

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

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

11 (5) Except for an urban high school academy that is an
12 alternative school serving a special student population, if the
13 superintendent of public instruction determines that an urban high
14 school academy site that has been operating for at least 4 years is
15 among the lowest achieving 5% of all public schools in this state,
16 as defined for the purposes of the federal incentive grant program
17 created under sections 14005 and 14006 of title XIV of the American
18 recovery and reinvestment act of 2009, Public Law 111-5, is in year
19 2 of restructuring sanctions under the no child left behind act of
20 2001, Public Law 107-110, not to include the individualized
21 education plan subgroup, and is not currently undergoing
22 reconstitution under this section, the superintendent of public
23 instruction shall notify the urban high school academy's
24 authorizing body. If an authorizing body receives notice from the
25 superintendent of public instruction under this subsection, the
26 authorizing body shall amend the urban high school academy's
27 contract to eliminate the urban high school academy's authority to

1 operate the existing age and grade levels at the site and the urban
2 high school academy shall cease operating the existing age and
3 grade levels at the site, effective at the end of the current
4 school year. If the urban high school academy operates at only 1
5 site, and the authorizing body receives notice from the
6 superintendent of public instruction under this subsection, the
7 authorizing body shall revoke the urban high school academy's
8 contract, effective at the end of the current school year.

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

20 (7) Except as otherwise provided in subsection (5), before an
21 authorizing body revokes a contract, the authorizing body may
22 consider and take corrective measures to avoid revocation. An
23 authorizing body may reconstitute the urban high school academy in
24 a final attempt to improve student educational performance or to
25 avoid interruption of the educational process. An authorizing body
26 shall include a reconstituting provision in the contract that
27 identifies these corrective measures, including, but not limited

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

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

17 (9) If an authorizing body revokes a contract issued under
18 this part, the authorizing body may issue a new contract within the
19 1-year period following the revocation without the new contract
20 counting toward the maximum number of contracts that may be issued
21 under this part.

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

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

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

12 (b) The urban high school academy shall file a certificate of
13 dissolution with the bureau of commercial services within 10
14 business days following board approval.

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

25 (d) The state treasurer, or his or her designee, shall monitor
26 the urban high school academy's winding up of the dissolved
27 corporation in accordance with the plan of distribution of assets

1 approved or provided under subdivision (c).

2 (e) As part of the plan of distribution of assets, the urban
3 high school academy board of directors shall designate the director
4 of the department of technology, management, and budget, or his or
5 her designee, to dispose of all real property of the urban high
6 school academy corporation in accordance with the directives
7 developed for disposition of surplus land and facilities under
8 section 251 of the management and budget act, 1984 PA 431, MCL
9 18.1251.

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

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

27 **(H) THE AUTHORIZING BODY FOR THE URBAN HIGH SCHOOL ACADEMY**

1 SHALL TAKE CUSTODY OF ALL STUDENT RECORDS OF THE URBAN HIGH SCHOOL
2 ACADEMY, SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS
3 REQUIRED BY LAW FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE
4 RECORDS ARE TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS
5 AFTER THE TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY
6 LAW.

7 (12) IF AN AUTHORIZING BODY REVOKES AN URBAN HIGH SCHOOL
8 ACADEMY CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS
9 REVOKED THE AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION
10 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST
11 THE CONTRACT REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT
12 REVOCATION REPORT SHALL BE SUBMITTED IN THE FORM AND MANNER
13 PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL
14 INCLUDE AT LEAST ALL OF THE FOLLOWING:

15 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE URBAN HIGH
16 SCHOOL ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
17 REASONS FOR THE REVOCATION.

18 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
19 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

20 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
21 SUBSECTIONS (10) AND (11).

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

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

27 (b) Within 10 days after issuing the contract, submit to the

1 department a copy of the contract.

2 (c) Establish the method of selection, length of term, and
3 number of members of the board of directors of each school of
4 excellence that it authorizes. The authorizing body shall ensure
5 that the board of directors includes representation from the local
6 community.

7 (d) Oversee the operations of each school of excellence
8 operating under a contract issued by the authorizing body. The
9 oversight shall be sufficient to ensure that the school of
10 excellence is in compliance with the terms of the contract and with
11 applicable law. This subdivision does not relieve any other
12 governmental entity of its enforcement or supervisory
13 responsibility.

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

19 (f) Take necessary measures to ensure that a school of
20 excellence board of directors operates independently of any
21 educational management organization involved in the operations of
22 the school of excellence.

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

26 (h) Ensure that the board of directors of the school of
27 excellence maintains and releases information as necessary to

1 comply with applicable law.

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

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

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

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

24 (b) Failure of the school of excellence to comply with all
25 applicable law.

26 (c) Failure of the school of excellence to meet generally
27 accepted public sector accounting principles and demonstrate sound

1 fiscal stewardship.

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

4 (5) Except for a school of excellence that is an alternative
5 school serving a special student population, if the superintendent
6 of public instruction determines that a school of excellence site
7 that has been operating for at least 4 years is among the lowest
8 achieving 5% of all public schools in this state, as defined for
9 the purposes of the federal incentive grant program created under
10 sections 14005 and 14006 of title XIV of the American recovery and
11 reinvestment act of 2009, Public Law 111-5, is in year 2 of
12 restructuring sanctions under the no child left behind act of 2001,
13 Public Law 107-110, not to include the individualized education
14 plan subgroup, and is not currently undergoing reconstitution under
15 this section, the superintendent of public instruction shall notify
16 the school of excellence's authorizing body. If an authorizing body
17 receives notice from the superintendent of public instruction under
18 this subsection, the authorizing body shall amend the school of
19 excellence's contract to eliminate the school of excellence's
20 authority to operate the existing age and grade levels at the site
21 and the school of excellence shall cease operating the existing age
22 and grade levels at the site, effective at the end of the current
23 school year. If the school of excellence operates at only 1 site or
24 is a cyber school, and the authorizing body receives notice from
25 the superintendent of public instruction under this subsection, the
26 authorizing body shall revoke the school of excellence's contract,
27 effective at the end of the current school year.

1 (6) Except for a contract issued by a school district pursuant
2 to a vote by the school electors on a ballot question under section
3 553(2), the decision of the authorizing body to issue, not issue,
4 or reconstitute a contract under this part, or to terminate or
5 revoke a contract under this section, is solely within the
6 discretion of the authorizing body, is final, and is not subject to
7 review by a court or any other state agency. If the authorizing
8 body issues, does not issue, or reconstitutes a contract under this
9 part, or terminates or revokes a contract under this section, the
10 authorizing body is not liable for that action to the school of
11 excellence, the school of excellence corporation, a pupil of the
12 school of excellence, the parent or guardian of a pupil of the
13 school of excellence, or any other person.

14 (7) Except as otherwise provided in subsection (5), before the
15 authorizing body revokes a contract, the authorizing body may
16 consider and take corrective measures to avoid revocation. The
17 authorizing body may reconstitute the school of excellence in a
18 final attempt to improve student educational performance or to
19 avoid interruption of the educational process. The authorizing body
20 shall include a reconstituting provision in the contract that
21 identifies these corrective measures, including, but not limited
22 to, canceling a contract with an educational management
23 organization, if any, withdrawing approval to contract under
24 section 560, or appointing a new board of directors or a trustee to
25 take over operation of the school of excellence.

26 (8) If the authorizing body revokes a contract, the
27 authorizing body shall work with a school district or another

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

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

16 (10) If a school of excellence's contract terminates or is
17 revoked, title to all real and personal property, interest in real
18 or personal property, and other assets owned by the school of
19 excellence shall revert to the state. This property shall be
20 distributed in accordance with the following:

21 (a) Within 30 days following the termination or revocation,
22 the board of directors of a school of excellence shall hold a
23 public meeting to adopt a plan of distribution of assets and to
24 approve the dissolution of the school of excellence corporation,
25 all in accordance with chapter 8 of the nonprofit corporation act,
26 1982 PA 162, MCL 450.2801 to 450.2864.

27 (b) The school of excellence shall file a certificate of

1 dissolution with the bureau of commercial services within 10
2 business days following board approval.

3 (c) Simultaneously with the filing of the certificate of
4 dissolution under subdivision (b), the school of excellence board
5 of directors shall provide a copy of the board of directors' plan
6 of distribution of assets to the state treasurer for approval.
7 Within 30 days, the state treasurer, or his or her designee, shall
8 review and approve the board of directors' plan of distribution of
9 assets. If the proposed plan of distribution of assets is not
10 approved within 30 days, the state treasurer, or his or her
11 designee, shall provide the board of directors with an acceptable
12 plan of distribution of assets.

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

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

24 (f) If the board of directors of a school of excellence fails
25 to take any necessary action under this section, the state
26 treasurer, or his or her designee, may suspend the school of
27 excellence board of directors and appoint a trustee to carry out

1 the board's plan of distribution of assets. Upon appointment, the
2 trustee shall have all the rights, powers, and privileges under law
3 that the school of excellence board of directors had before being
4 suspended.

5 (g) Following the sale of the real or personal property or
6 interests in the real or personal property, and after payment of
7 any school of excellence debt secured by the property or interest
8 in property, whether real or personal, the school of excellence
9 board of directors, or a trustee appointed under this section,
10 shall forward any remaining money to the state treasurer. Following
11 receipt, the state treasurer, or his or her designee, shall deposit
12 this remaining money in the state school aid fund.

13 (H) THE AUTHORIZING BODY FOR THE SCHOOL OF EXCELLENCE SHALL
14 TAKE CUSTODY OF ALL STUDENT RECORDS OF THE SCHOOL OF EXCELLENCE,
15 SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS REQUIRED BY LAW
16 FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE RECORDS ARE
17 TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS AFTER THE
18 TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY LAW.

19 (11) IF AN AUTHORIZING BODY REVOKES A CONTRACT, NOT LATER THAN
20 90 DAYS AFTER THE CONTRACT IS REVOKED THE AUTHORIZING BODY SHALL
21 SUBMIT A CONTRACT REVOCATION REPORT TO THE SUPERINTENDENT OF PUBLIC
22 INSTRUCTION AND SHALL POST THE CONTRACT REVOCATION REPORT ON ITS
23 WEBSITE. THE CONTRACT REVOCATION REPORT SHALL BE SUBMITTED IN THE
24 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC
25 INSTRUCTION AND SHALL INCLUDE AT LEAST ALL OF THE FOLLOWING:

26 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE SCHOOL OF
27 EXCELLENCE, THE EFFECTIVE DATE OF THE REVOCATION, AND THE REASONS

1 FOR THE REVOCATION.

2 (B) A DESCRIPTION OF THE MEASURES TAKEN UNDER SUBSECTION (8)
3 TO ENSURE A SMOOTH TRANSITION FOR THE AFFECTED PUPILS.

4 (C) A DESCRIPTION OF THE MEASURES TAKEN TO COMPLY WITH
5 SUBSECTIONS (9) AND (10).

6 Sec. 1311/. (1) The authorizing body for a strict discipline
7 academy is the fiscal agent for the strict discipline academy. A
8 state school aid payment for a strict discipline academy shall be
9 paid to the authorizing body that is the fiscal agent for that
10 strict discipline academy, which shall then forward the payment to
11 the strict discipline academy. An authorizing body has the
12 responsibility to oversee a strict discipline academy's compliance
13 with the contract and all applicable law. A contract issued under
14 sections 1311b to 1311/ may be revoked by the authorizing body that
15 issued the contract if the authorizing body determines that 1 or
16 more of the following has occurred:

17 (a) Failure of the strict discipline academy to abide by and
18 meet the educational goals set forth in the contract.

19 (b) Failure of the strict discipline academy to comply with
20 all applicable law.

21 (c) Failure of the strict discipline academy to meet generally
22 accepted public sector accounting principles.

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

25 (2) The decision of an authorizing body to revoke a contract
26 under this section is solely within the discretion of the
27 authorizing body, is final, and is not subject to review by a court

1 or any state agency. An authorizing body that revokes a contract
2 under this section is not liable for that action to the strict
3 discipline academy, strict discipline academy corporation, a pupil
4 of the strict discipline academy, the parent or guardian of a pupil
5 of the strict discipline academy, or any other person.

6 (3) IF AN AUTHORIZING BODY REVOKES A CONTRACT, THE AUTHORIZING
7 BODY SHALL WORK WITH A SCHOOL DISTRICT OR ANOTHER PUBLIC SCHOOL, OR
8 WITH A COMBINATION OF THESE ENTITIES, TO ENSURE A SMOOTH TRANSITION
9 FOR THE AFFECTED PUPILS. IF THE REVOCATION OCCURS DURING THE SCHOOL
10 YEAR, THE AUTHORIZING BODY, AS THE FISCAL AGENT FOR THE STRICT
11 DISCIPLINE ACADEMY UNDER THIS PART, SHALL RETURN ANY SCHOOL AID
12 FUNDS HELD BY THE AUTHORIZING BODY THAT ARE ATTRIBUTABLE TO THE
13 AFFECTED PUPILS TO THE STATE TREASURER FOR DEPOSIT INTO THE STATE
14 SCHOOL AID FUND. THE STATE TREASURER SHALL DISTRIBUTE FUNDS TO THE
15 PUBLIC SCHOOL IN WHICH THE PUPILS ENROLL AFTER THE REVOCATION
16 PURSUANT TO A METHODOLOGY ESTABLISHED BY THE DEPARTMENT AND THE
17 CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION.

18 (4) NOT LATER THAN 10 DAYS AFTER A STRICT DISCIPLINE ACADEMY'S
19 CONTRACT TERMINATES OR IS REVOKED, THE AUTHORIZING BODY SHALL
20 NOTIFY THE SUPERINTENDENT OF PUBLIC INSTRUCTION IN WRITING OF THE
21 NAME OF THE STRICT DISCIPLINE ACADEMY WHOSE CONTRACT HAS TERMINATED
22 OR BEEN REVOKED AND THE DATE OF CONTRACT TERMINATION OR REVOCATION.

23 (5) IF A STRICT DISCIPLINE ACADEMY'S CONTRACT TERMINATES OR IS
24 REVOKED, TITLE TO ALL REAL AND PERSONAL PROPERTY, INTEREST IN REAL
25 OR PERSONAL PROPERTY, AND OTHER ASSETS OWNED BY THE STRICT
26 DISCIPLINE ACADEMY SHALL REVERT TO THE STATE. THIS PROPERTY SHALL
27 BE DISTRIBUTED IN ACCORDANCE WITH THE FOLLOWING:

1 (A) WITHIN 30 DAYS FOLLOWING THE TERMINATION OR REVOCATION,
2 THE BOARD OF DIRECTORS OF A STRICT DISCIPLINE ACADEMY SHALL HOLD A
3 PUBLIC MEETING TO ADOPT A PLAN OF DISTRIBUTION OF ASSETS AND TO
4 APPROVE THE DISSOLUTION OF THE STRICT DISCIPLINE ACADEMY
5 CORPORATION, ALL IN ACCORDANCE WITH CHAPTER 8 OF THE NONPROFIT
6 CORPORATION ACT, 1982 PA 162, MCL 450.2801 TO 450.2864.

7 (B) THE STRICT DISCIPLINE ACADEMY SHALL FILE A CERTIFICATE OF
8 DISSOLUTION WITH THE BUREAU OF COMMERCIAL SERVICES WITHIN 10
9 BUSINESS DAYS FOLLOWING BOARD APPROVAL.

10 (C) SIMULTANEOUSLY WITH THE FILING OF THE CERTIFICATE OF
11 DISSOLUTION UNDER SUBDIVISION (B), THE STRICT DISCIPLINE ACADEMY
12 BOARD OF DIRECTORS SHALL PROVIDE A COPY OF THE BOARD OF DIRECTORS'
13 PLAN OF DISTRIBUTION OF ASSETS TO THE STATE TREASURER FOR APPROVAL.
14 WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL
15 REVIEW AND APPROVE THE BOARD OF DIRECTORS' PLAN OF DISTRIBUTION OF
16 ASSETS. IF THE PROPOSED PLAN OF DISTRIBUTION OF ASSETS IS NOT
17 APPROVED WITHIN 30 DAYS, THE STATE TREASURER, OR HIS OR HER
18 DESIGNEE, SHALL PROVIDE THE BOARD OF DIRECTORS WITH AN ACCEPTABLE
19 PLAN OF DISTRIBUTION OF ASSETS.

20 (D) THE STATE TREASURER, OR HIS OR HER DESIGNEE, SHALL MONITOR
21 THE STRICT DISCIPLINE ACADEMY'S WINDING UP OF THE DISSOLVED
22 CORPORATION IN ACCORDANCE WITH THE PLAN OF DISTRIBUTION OF ASSETS
23 APPROVED OR PROVIDED UNDER SUBDIVISION (C).

24 (E) AS PART OF THE PLAN OF DISTRIBUTION OF ASSETS, THE STRICT
25 DISCIPLINE ACADEMY BOARD OF DIRECTORS SHALL DESIGNATE THE DIRECTOR
26 OF THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, OR HIS OR
27 HER DESIGNEE, TO DISPOSE OF ALL REAL PROPERTY OF THE STRICT

1 DISCIPLINE ACADEMY CORPORATION IN ACCORDANCE WITH THE DIRECTIVES
2 DEVELOPED FOR DISPOSITION OF SURPLUS LAND AND FACILITIES UNDER
3 SECTION 251 OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL
4 18.1251.

5 (F) IF THE BOARD OF DIRECTORS OF A STRICT DISCIPLINE ACADEMY
6 FAILS TO TAKE ANY NECESSARY ACTION UNDER THIS SECTION, THE STATE
7 TREASURER, OR HIS OR HER DESIGNEE, MAY SUSPEND THE STRICT
8 DISCIPLINE ACADEMY BOARD OF DIRECTORS AND APPOINT A TRUSTEE TO
9 CARRY OUT THE BOARD'S PLAN OF DISTRIBUTION OF ASSETS. UPON
10 APPOINTMENT, THE TRUSTEE SHALL HAVE ALL THE RIGHTS, POWERS, AND
11 PRIVILEGES UNDER LAW THAT THE STRICT DISCIPLINE ACADEMY BOARD OF
12 DIRECTORS HAD BEFORE BEING SUSPENDED.

13 (G) FOLLOWING THE SALE OF THE REAL OR PERSONAL PROPERTY OR
14 INTERESTS IN THE REAL OR PERSONAL PROPERTY, AND AFTER PAYMENT OF
15 ANY STRICT DISCIPLINE ACADEMY DEBT SECURED BY THE PROPERTY OR
16 INTEREST IN PROPERTY, WHETHER REAL OR PERSONAL, THE STRICT
17 DISCIPLINE ACADEMY BOARD OF DIRECTORS, OR A TRUSTEE APPOINTED UNDER
18 THIS SECTION, SHALL FORWARD ANY REMAINING MONEY TO THE STATE
19 TREASURER. FOLLOWING RECEIPT, THE STATE TREASURER, OR HIS OR HER
20 DESIGNEE, SHALL DEPOSIT THIS REMAINING MONEY IN THE STATE SCHOOL
21 AID FUND.

22 (H) THE AUTHORIZING BODY FOR THE STRICT DISCIPLINE ACADEMY
23 SHALL TAKE CUSTODY OF ALL STUDENT RECORDS OF THE STRICT DISCIPLINE
24 ACADEMY, SHALL MAINTAIN THESE RECORDS IN THE SAME MANNER AS
25 REQUIRED BY LAW FOR A SCHOOL DISTRICT, AND SHALL ENSURE THAT THESE
26 RECORDS ARE TRANSFERRED TO THE SCHOOL IN WHICH A PUPIL ENROLLS
27 AFTER THE TERMINATION OR REVOCATION IN THE MANNER PRESCRIBED BY

1 LAW.

2 (6) IF AN AUTHORIZING BODY REVOKES A STRICT DISCIPLINE
3 ACADEMY'S CONTRACT, NOT LATER THAN 90 DAYS AFTER THE CONTRACT IS
4 REVOKED THE AUTHORIZING BODY SHALL SUBMIT A CONTRACT REVOCATION
5 REPORT TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL POST
6 THE CONTRACT REVOCATION REPORT ON ITS WEBSITE. THE CONTRACT
7 REVOCATION REPORT SHALL BE SUBMITTED IN THE FORM AND MANNER
8 PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND SHALL
9 INCLUDE AT LEAST ALL OF THE FOLLOWING:

10 (A) IDENTIFICATION OF THE NAME AND LOCATION OF THE STRICT
11 DISCIPLINE ACADEMY, THE EFFECTIVE DATE OF THE REVOCATION, AND THE
12 REASONS FOR THE REVOCATION.

13 (B) A DESCRIPTION OF THE MEASURES TAKEN TO ENSURE A SMOOTH
14 TRANSITION FOR THE AFFECTED PUPILS.