

# SENATE BILL No. 676

November 30, 2017, Introduced by Senator HOPGOOD and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 503, 523, and 553 (MCL 380.503, 380.523, and 380.553), as amended by 2011 PA 277.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 503. (1) An authorizing body is not required to issue a  
2 contract to any person or entity. Subject to subsection (2), public  
3 school academy contracts shall be issued on a competitive basis. In  
4 deciding whether to issue a contract for a proposed public school  
5 academy, an authorizing body shall consider all of the following:

6           (a) The resources available for the proposed public school  
7 academy.

8           (b) The population to be served by the proposed public school

1 academy.

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

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

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

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

10 (g) The number of schools in the proximity of a proposed  
11 location of the proposed public school academy that are on the list  
12 under section 1280c(1) of the public schools in this state that the  
13 department has determined to be among the lowest achieving 5% of  
14 all public schools in this state.

15 (h) The number of pupils on waiting lists of public school  
16 academies in the proximity of a proposed location of the proposed  
17 public school academy.

18 (2) An authorizing body may give priority to a proposed public  
19 school academy that is intended to replace a public school academy  
20 that has been closed pursuant to section 507(5), that will operate  
21 all of the same grade levels as the public school academy that has  
22 been closed, and that will work toward operating all of grades 9 to  
23 12 within 6 years after it begins operations unless a matriculation  
24 agreement has been entered into with another public school that  
25 provides grades 9 to 12.

26 (3) If a person or entity applies to the board of a school  
27 district for a contract to organize and operate 1 or more public

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

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

20 (5) An authorizing body shall adopt a resolution establishing  
21 the method of selection, length of term, and number of members of  
22 the board of directors of each public school academy subject to its  
23 jurisdiction. The resolution shall be written or amended as  
24 necessary to include a requirement that each member of the board of  
25 directors must be a citizen of the United States.

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

1 (a) The educational goals the public school academy is to  
2 achieve and the methods by which it will be held accountable. The  
3 educational goals shall include demonstrated improved pupil  
4 academic achievement for all groups of pupils. To the extent  
5 applicable, the pupil performance of a public school academy shall  
6 be assessed using at least a Michigan ~~education assessment program~~  
7 ~~(MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the  
8 Michigan merit examination under section 1279g, as applicable.

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

12 (c) A description of the process for amending the contract  
13 during the term of the contract.

14 (d) All of the matters set forth in the application for the  
15 contract.

16 (e) Procedures for revoking the contract and grounds for  
17 revoking the contract, including at least the grounds listed in  
18 section 507.

19 (f) A description of and address for the proposed physical  
20 plant in which the public school academy will be located. An  
21 authorizing body may include a provision in the contract allowing  
22 the board of directors of the public school academy to operate the  
23 same configuration of age or grade levels at more than 1 site if  
24 each configuration of age or grade levels and each site identified  
25 in the contract are under the direction and control of the board of  
26 directors.

27 (g) Requirements and procedures for financial audits. The

1 financial audits shall be conducted at least annually by a  
2 certified public accountant in accordance with generally accepted  
3 governmental auditing principles.

4 (h) The term of the contract and a description of the process  
5 and standards for renewal of the contract at the end of the term.  
6 The standards for renewal shall include increases in academic  
7 achievement for all groups of pupils as measured by assessments and  
8 other objective criteria as the most important factor in the  
9 decision of whether or not to renew the contract.

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

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

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

25 (l) A requirement that the board of directors of the public  
26 school academy 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 (m) A requirement that the board of directors of the public  
3 school academy 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 public school  
7 academy:

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

10 (ii) A list of currently serving members of the board of  
11 directors of the public school academy, including name, address,  
12 and term of office; copies of policies approved by the board of  
13 directors; board meeting agendas and minutes; a 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 public school academy 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 public  
27 school academy.

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

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

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

27           (ii) That the open enrollment period for the public school

1 academy is for a duration of at least 2 weeks and that the  
2 enrollment times include some evening and weekend times.

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

8 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,  
9 THE BOARD OF DIRECTORS OF THE PUBLIC SCHOOL ACADEMY SHALL POST ON  
10 ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL  
11 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A  
12 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A  
13 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC  
14 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE  
15 PUBLIC SCHOOL ACADEMY OR BY AN EDUCATIONAL MANAGEMENT ORGANIZATION  
16 ON BEHALF OF THE PUBLIC SCHOOL ACADEMY, ALL COSTS ASSOCIATED WITH  
17 THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY THE PUBLIC SCHOOL  
18 ACADEMY OR BY THE EDUCATIONAL MANAGEMENT ORGANIZATION, DESCRIPTIONS  
19 OF ANY TARGETED RECRUITMENT PLANS, AND DESCRIPTIONS OF ALL DATA  
20 USED TO DETERMINE RECRUITMENT TARGETING. FOR THE PURPOSES OF THIS  
21 SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND "SCHOOL  
22 FISCAL YEAR" MEAN THOSE TERMS AS DEFINED IN SECTION 503C AND  
23 "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO ADVERTISE OR MARKET THE  
24 PUBLIC SCHOOL ACADEMY.

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

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

1 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
2 15.246.

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

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

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

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

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

19 (9) A public school academy is exempt from all taxation on its  
20 earnings and property. Instruments of conveyance to or from a  
21 public school academy are exempt from all taxation including taxes  
22 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property  
23 is already fully exempt from real and personal property taxes under  
24 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,  
25 property occupied by a public school academy and used exclusively  
26 for educational purposes is exempt from real and personal property  
27 taxes levied for school operating purposes under section 1211, to

1 the extent exempted under that section, and from real and personal  
2 property taxes levied under the state education tax act, 1993 PA  
3 331, MCL 211.901 to 211.906. A public school academy may not levy  
4 ad valorem property taxes or another tax for any purpose. However,  
5 operation of 1 or more public school academies by a school district  
6 or intermediate school district does not affect the ability of the  
7 school district or intermediate school district to levy ad valorem  
8 property taxes or another tax.

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

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

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

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

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

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

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

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

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

25           (a) The educational goals the urban high school academy is to  
26 achieve and the methods by which it will be held accountable. The  
27 educational goals shall include demonstrated improved pupil

1 academic achievement for all groups of pupils. To the extent  
2 applicable, the pupil performance of an urban high school academy  
3 shall be assessed using at least a Michigan ~~education assessment~~  
4 ~~program (MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)**  
5 or the Michigan merit examination developed under section 1279g, as  
6 applicable.

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

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

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

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

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

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

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

1 15.330.

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

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

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

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

23 (ii) A list of currently serving members of the board of  
24 directors of the urban high school academy, including name,  
25 address, and term of office; copies of policies approved by the  
26 board of directors; board meeting agendas and minutes; copy of the  
27 budget approved by the board of directors and of any amendments to

1 the budget; and copies of bills paid for amounts of \$10,000.00 or  
2 more as they were submitted to the board of directors.

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

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

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

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

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

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

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

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

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

27 (l) A requirement that the authorizing body must review and

1 may disapprove any agreement between the board of directors and an  
2 educational management company before the agreement is final and  
3 valid. An authorizing body may disapprove an agreement described in  
4 this subdivision only if the agreement is contrary to the contract  
5 or applicable law.

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

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

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

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

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

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

25 (n) A requirement that the board of directors shall prohibit  
26 any individual from being employed by the urban high school academy  
27 in more than 1 full-time position and simultaneously being

1 compensated at a full-time rate for each of those positions.

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

5 (p) The term of the contract and a description of the process  
6 and standards for renewal of the contract at the end of the term.  
7 The standards for renewal shall include increases in academic  
8 achievement for all groups of pupils as measured by assessments and  
9 other objective criteria as the most important factor in the  
10 decision of whether or not to renew the contract.

11 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,  
12 THE BOARD OF DIRECTORS OF THE URBAN HIGH SCHOOL ACADEMY SHALL POST  
13 ON ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL  
14 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A  
15 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A  
16 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC  
17 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE  
18 URBAN HIGH SCHOOL ACADEMY OR BY AN EDUCATIONAL MANAGEMENT  
19 ORGANIZATION ON BEHALF OF THE URBAN HIGH SCHOOL ACADEMY, ALL COSTS  
20 ASSOCIATED WITH THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY  
21 THE URBAN HIGH SCHOOL ACADEMY OR BY THE EDUCATIONAL MANAGEMENT  
22 ORGANIZATION, DESCRIPTIONS OF ANY TARGETED RECRUITMENT PLANS, AND  
23 DESCRIPTIONS OF ALL DATA USED TO DETERMINE RECRUITMENT TARGETING.  
24 FOR THE PURPOSES OF THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT  
25 ORGANIZATION" AND "SCHOOL FISCAL YEAR" MEAN THOSE TERMS AS DEFINED  
26 IN SECTION 523C AND "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO  
27 ADVERTISE OR MARKET THE URBAN HIGH SCHOOL ACADEMY.

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

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

4 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
5 15.246.

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

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

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

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

10 (g) The uniform budgeting and accounting act, 1968 PA 2, MCL  
11 141.421 to 141.440a.

12 (h) The revised municipal finance act, 2001 PA 34, MCL  
13 141.2101 to 141.2821.

14 (i) The ~~federal~~-no child left behind act of 2001, Public Law  
15 107-110. ~~7-115 Stat. 1425.~~

16 (j) Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274, and  
17 1280.

18 (k) Laws concerning participation in state assessments, data  
19 collection systems, state level student growth models, state  
20 accountability and accreditation systems, and other public  
21 comparative data collection required for public schools.

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

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

4 (5) An urban high school academy is exempt from all taxation  
5 on its earnings and property. Unless the property is already fully  
6 exempt from real and personal property taxes under the general  
7 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property  
8 occupied by an urban high school academy and used exclusively for  
9 educational purposes is exempt from real and personal property  
10 taxes levied for school operating purposes under section 1211, to  
11 the extent exempted under that section, and from real and personal  
12 property taxes levied under the state education tax act, 1993 PA  
13 331, MCL 211.901 to 211.906. Instruments of conveyance to or from  
14 an urban high school academy are exempt from all taxation,  
15 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An  
16 urban high school academy may not levy ad valorem property taxes or  
17 any other tax for any purpose.

18 (6) An urban high school academy may acquire by purchase,  
19 gift, devise, lease, sublease, installment purchase agreement, land  
20 contract, option, or any other means, hold, and own in its own name  
21 buildings and other property for school purposes, and interests  
22 therein, and other real and personal property, including, but not  
23 limited to, interests in property subject to mortgages, security  
24 interests, or other liens, necessary or convenient to fulfill its  
25 purposes. For the purposes of condemnation, an urban high school  
26 academy may proceed under the uniform condemnation procedures act,  
27 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of that

1 act, MCL 213.56 to 213.59, or other applicable statutes, but only  
2 with the express, written permission of the authorizing body in  
3 each instance of condemnation and only after just compensation has  
4 been determined and paid.

5 Sec. 553. (1) An authorizing body is not required to issue a  
6 contract to any person or entity. Schools of excellence contracts  
7 shall be issued on a competitive basis taking into consideration  
8 the resources available for the proposed school of excellence, the  
9 population to be served by the proposed school of excellence, the  
10 educational goals to be achieved by the proposed school of  
11 excellence, and the applicant's track record, if any, in operating  
12 public school academies or other public schools.

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

1 after receiving the petition. If a majority of the school electors  
2 of the school district voting on the question vote to issue the  
3 contract, the board shall issue the contract.

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

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

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

15 (a) The educational goals the school of excellence is to  
16 achieve and the methods by which it will be held accountable. The  
17 educational goals shall include demonstrated improved pupil  
18 academic achievement for all groups of pupils. To the extent  
19 applicable, the pupil performance of a school of excellence shall  
20 be assessed using at least a Michigan ~~education assessment program~~  
21 ~~(MEAP) test~~ **STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the  
22 Michigan merit examination under section 1279g, as applicable.

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

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

1 (d) All of the matters set forth in the application for the  
2 contract.

3 (e) Procedures for revoking the contract and grounds for  
4 revoking the contract, including at least the grounds listed in  
5 section 561.

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

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

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

21 (i) A requirement that the board of directors shall ensure  
22 compliance with the requirements of 1968 PA 317, MCL 15.321 to  
23 15.330.

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

1 organization involved in the operation of the school of excellence,  
2 and employees of the school of excellence. The contract shall  
3 identify the specific prohibited relationships consistent with  
4 applicable law.

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

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

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

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

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

26 (iv) A current list of teachers and school administrators  
27 working at the school of excellence that includes their individual

1 salaries as submitted to the registry of educational personnel;  
2 copies of the teaching or school administrator's certificates or  
3 permits of current teaching and administrative staff; and evidence  
4 of compliance with the criminal background and records checks and  
5 unprofessional conduct check required under sections 1230, 1230a,  
6 and 1230b for all teachers and administrators working at the school  
7 of excellence.

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

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

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

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

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

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

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

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

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

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

6 (ii) That the school of excellence has made the following  
7 additional efforts to recruit pupils who are eligible for special  
8 education programs and services or English as a second language  
9 services to apply for admission:

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

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

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

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

26 (p) A requirement that, if requested, the board of directors  
27 shall report to the authorizing body the total compensation for

1 each individual working at the school of excellence.

2 (Q) A REQUIREMENT THAT, NOT LATER THAN AUGUST 1 OF EACH YEAR,  
3 THE BOARD OF DIRECTORS OF THE SCHOOL OF EXCELLENCE SHALL POST ON  
4 ITS WEBSITE, WITH A LINK FROM THE HOMEPAGE, AN ANNUAL PUPIL  
5 RECRUITMENT REPORT COVERING THE PRECEDING SCHOOL FISCAL YEAR. AT A  
6 MINIMUM, THE ANNUAL PUPIL RECRUITMENT REPORT SHALL INCLUDE, IN A  
7 FORM AND MANNER PRESCRIBED BY THE SUPERINTENDENT OF PUBLIC  
8 INSTRUCTION, A DESCRIPTION OF ALL RECRUITMENT MEASURES USED BY THE  
9 SCHOOL OF EXCELLENCE OR BY AN EDUCATIONAL MANAGEMENT ORGANIZATION  
10 ON BEHALF OF THE SCHOOL OF EXCELLENCE, ALL COSTS ASSOCIATED WITH  
11 THOSE RECRUITMENT MEASURES THAT WERE PAID FOR BY THE SCHOOL OF  
12 EXCELLENCE OR BY THE EDUCATIONAL MANAGEMENT ORGANIZATION,  
13 DESCRIPTIONS OF ANY TARGETED RECRUITMENT PLANS, AND DESCRIPTIONS OF  
14 ALL DATA USED TO DETERMINE RECRUITMENT TARGETING. FOR THE PURPOSES  
15 OF THIS SUBDIVISION, "EDUCATIONAL MANAGEMENT ORGANIZATION" AND  
16 "SCHOOL FISCAL YEAR" MEAN THOSE TERMS AS DEFINED IN SECTION 553C  
17 AND "RECRUITMENT MEASURES" MEANS ALL EFFORTS TO ADVERTISE OR MARKET  
18 THE SCHOOL OF EXCELLENCE.

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

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

22 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
23 15.246.

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

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

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

27 (f) Laws concerning participation in state assessments, data

1 collection systems, state level student growth models, state  
2 accountability and accreditation systems, and other public  
3 comparative data collection required for public schools.

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

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

1 ability of the school district or intermediate school district to  
2 levy ad valorem property taxes or another tax.

3 (9) A school of excellence 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 school of  
11 excellence may proceed under the uniform condemnation procedures  
12 act, 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of  
13 that act, MCL 213.56 to 213.59, or other applicable statutes, but  
14 only with the express, written permission of the authorizing body  
15 in each instance of condemnation and only after just compensation  
16 has been determined and paid.

17 Enacting section 1. This amendatory act takes effect 90 days  
18 after the date it is enacted into law.