

HOUSE BILL NO. 5851

February 24, 2022, Introduced by Reps. Scott, Kuppa, Weiss, Sowerby, Stone, Steckloff, Cavanagh, Cherry, Steenland, Neeley, Brabec, Breen, Garza, Liberati, O'Neal, Clemente, Pohutsky, Cynthia Johnson, Rabhi, Tyrone Carter, Bolden, Rogers, Brenda Carter, Young, Haadsma, Koleszar, Aiyash, Thanedar, Ellison, Peterson, Hood, Puri, Jones, Anthony, Camilleri, Hertel and Whitsett and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending sections 507, 528, and 561 (MCL 380.507, 380.528, and
380.561), as amended by 2018 PA 601.

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

1 contract comply with the requirements of this part.

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

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

9 (d) Oversee each public school academy operating under a
10 contract issued by the authorizing body. The oversight ~~shall~~**must**
11 be sufficient to ensure that the board of directors is in
12 compliance with the terms of the contract and with applicable law.

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

18 (f) Take necessary measures to ensure that the board of
19 directors of a public school academy operates independently of any
20 educational management company involved in the operations of the
21 public school academy.

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

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

28 **(i) Ensure that a representative of the authorizing body**
29 **attends each meeting of the board of directors of the public school**

1 academy.

2 (j) For each meeting of the board of directors of the public
3 school academy, prepare a report detailing the authorizing body's
4 efforts to provide oversight of the public school academy as
5 required under subdivision (d) and section 502(4).

6 (k) Present the most recent report prepared under subdivision
7 (j) at each meeting of the board of directors of the public school
8 academy.

9 (l) Ensure that the bylaws adopted by the board of directors of
10 a public school academy include a requirement that any act of the
11 board of directors be approved by a majority of the members serving
12 on the board.

13 (m) Oversee all contracts entered into by a public school
14 academy to ensure that all terms and conditions of the contract are
15 fulfilled.

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

19 (3) The authorizing body for a public school academy is the
20 fiscal agent for the public school academy. A state school aid
21 payment for a public school academy ~~shall~~**must** be paid to the
22 authorizing body that is the fiscal agent for that public school
23 academy, and the authorizing body shall then forward the payment to
24 the public school academy. Within 30 days after a contract is
25 submitted to the department by an authorizing body under subsection
26 (1), the department shall issue a district code to the public
27 school academy for which the contract was issued. If the department
28 does not issue a district code within 30 days after a contract is
29 filed, the state treasurer shall assign a temporary district code

1 in order for the public school academy to receive funding under the
2 state school aid act of 1979.

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

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

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

11 (c) Failure of the public school academy to meet generally
12 accepted public sector accounting principles and demonstrate sound
13 fiscal stewardship.

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

16 (5) Except for a public school academy that is an alternative
17 school serving a special student population, if the department
18 determines that a public school academy site that has been
19 operating for at least 4 years is among the lowest achieving public
20 schools in this state for the immediately preceding 3 school years,
21 as determined under **former** section 1280c or **section** 1280g, as
22 applicable, not to include any individualized education plan
23 subgroup, the department shall notify the public school academy's
24 authorizing body. Subject to subsection (6), if an authorizing body
25 receives notice from the department under this subsection, the
26 authorizing body shall notify the public school academy and amend
27 the public school academy's contract to eliminate the public school
28 academy's authority to operate the existing age and grade levels at
29 the site and the public school academy shall cease operating the

1 existing age and grade levels at the site, effective at the end of
2 the current school year. Subject to subsection (6), if the public
3 school academy operates at only 1 site, and the authorizing body
4 receives notice from the department under this subsection, the
5 authorizing body shall notify the public school academy and revoke
6 the public school academy's contract, effective at the end of the
7 current school year.

8 (6) For a public school academy or site that is subject to a
9 notice to its authorizing body under subsection (5), the department
10 shall consider other public school options available to pupils in
11 the grade levels offered by the public school academy or site who
12 reside in the geographic area served by the public school academy
13 or site. If the department determines that closure of the public
14 school academy or site would result in an unreasonable hardship to
15 these pupils because there are insufficient other public school
16 options reasonably available for these pupils, the department may
17 rescind the notice. If the department rescinds a notice subjecting
18 a public school academy or site to closure, the department shall do
19 so before the end of the school year. If the department rescinds a
20 notice subjecting a public school academy or site to closure, the
21 department shall require the public school academy or site to
22 implement a school improvement plan that includes measures to
23 increase pupil growth and improve pupil proficiency, with growth
24 and proficiency measured by performance on state assessments.

25 (7) Except as otherwise provided in section 502 or 503, the
26 decision of an authorizing body to issue, not issue, or
27 reconstitute a contract under this part, or to terminate or revoke
28 a contract under this section, is solely within the discretion of
29 the authorizing body, is final, and is not subject to review by a

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

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

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

1 a methodology established by the department and the center for
2 educational performance and information.

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

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

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

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

15 (c) Adopt a resolution establishing the method of selection,
16 length of term, and number of members of the board of directors of
17 each urban high school academy that it authorizes. The resolution
18 ~~shall~~**must** be written or amended as necessary to include a
19 requirement that each member of the board of directors must be a
20 citizen of the United States.

21 (d) Oversee the operations of each urban high school academy
22 operating under a contract issued by the authorizing body. The
23 oversight ~~shall~~**must** be sufficient to ensure that the urban high
24 school academy is in compliance with the terms of the contract and
25 with applicable law. An authorizing body may enter into an
26 agreement with 1 or more other authorizing bodies to oversee an
27 urban high school academy operating under a contract issued by the
28 authorizing body.

29 (e) Develop and implement a process for holding an urban high

1 school academy board of directors accountable for meeting
2 applicable academic performance standards set forth in the contract
3 and for implementing corrective action for an urban high school
4 academy that does not meet those standards.

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

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

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

15 (i) **Ensure that a representative of the authorizing body**
16 **attends each meeting of the board of directors of the urban high**
17 **school academy.**

18 (j) **For each meeting of the board of directors of the urban**
19 **high school academy, prepare a report detailing the authorizing**
20 **body's efforts to provide oversight of the urban high school**
21 **academy as required under subdivision (d).**

22 (k) **Present the most recent report prepared under subdivision**
23 **(j) at each meeting of the board of directors of the urban high**
24 **school academy.**

25 (l) **Ensure that the bylaws adopted by the board of directors of**
26 **an urban high school academy include a requirement that any act of**
27 **the board of directors be approved by a majority of the members**
28 **serving on the board.**

29 (m) **Oversee all contracts entered into by an urban high school**

1 academy to ensure that all terms and conditions of the contract are
2 fulfilled.

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

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

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

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

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

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

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

3 (5) Except for an urban high school academy that is an
4 alternative school serving a special student population, if the
5 department determines that an urban high school academy site that
6 has been operating for at least 4 years is among the lowest
7 achieving public schools in this state for the immediately
8 preceding 3 school years, as determined under **former** section 1280c
9 or **section** 1280g, as applicable, not to include any individualized
10 education plan subgroup, the department shall notify the urban high
11 school academy's authorizing body. Subject to subsection (6), if an
12 authorizing body receives notice from the department under this
13 subsection, the authorizing body shall notify the urban high school
14 academy and amend the urban high school academy's contract to
15 eliminate the urban high school academy's authority to operate the
16 existing age and grade levels at the site and the urban high school
17 academy shall cease operating the existing age and grade levels at
18 the site, effective at the end of the current school year. Subject
19 to subsection (6), if the urban high school academy operates at
20 only 1 site, and the authorizing body receives notice from the
21 department under this subsection, the authorizing body shall notify
22 the urban high school academy and revoke the urban high school
23 academy's contract, effective at the end of the current school
24 year.

25 (6) For an urban high school academy or site that is subject
26 to a notice to its authorizing body under subsection (5), the
27 department shall consider other public school options available to
28 pupils in the grade levels offered by the urban high school academy
29 or site who reside in the geographic area served by the urban high

1 school academy or site. If the department determines that closure
2 of the urban high school academy or site would result in an
3 unreasonable hardship to these pupils because there are
4 insufficient other public school options reasonably available for
5 these pupils, the department may rescind the notice. If the
6 department rescinds a notice subjecting an urban high school
7 academy or site to closure, the department shall do so before the
8 end of the school year. If the department rescinds a notice
9 subjecting an urban high school academy or site to closure, the
10 department shall require the urban high school academy or site to
11 implement a school improvement plan that includes measures to
12 increase pupil growth and improve pupil proficiency, with growth
13 and proficiency measured by performance on state assessments.

14 (7) Except as otherwise provided in section 522, the decision
15 of an authorizing body to issue, not issue, or reconstitute a
16 contract under this part, or to terminate or revoke a contract
17 under this section, is solely within the discretion of the
18 authorizing body, is final, and is not subject to review by a court
19 or any state agency. An authorizing body that issues, does not
20 issue, or reconstitutes a contract under this part, or that
21 terminates or revokes a contract under this section, is not liable
22 for that action to the urban high school academy, the urban high
23 school academy corporation, a pupil of the urban high school
24 academy, the parent or guardian of a pupil of the urban high school
25 academy, or any other person.

26 (8) Except as otherwise provided in this section, before an
27 authorizing body revokes a contract, the authorizing body may
28 consider and take corrective measures to avoid revocation. An
29 authorizing body may reconstitute the urban high school academy in

1 a final attempt to improve student educational performance or to
2 avoid interruption of the educational process. An authorizing body
3 shall include a reconstituting provision in the contract that
4 identifies these corrective measures, including, but not limited
5 to, removing 1 or more members of the board of directors,
6 withdrawing approval to contract under section 527, or appointing a
7 new board of directors or a trustee to take over operation of the
8 urban high school academy.

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

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

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

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

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

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

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

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

26 (e) As part of the plan of distribution of assets, the urban
27 high school academy board of directors shall designate the director
28 of the department of technology, management, and budget, or his or
29 her designee, to dispose of all real property of the urban high

1 school 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 an urban high school academy
6 fails to take any necessary action under this section, the state
7 treasurer, or his or her designee, may suspend the urban high
8 school academy board of directors and appoint a trustee to carry
9 out the board's plan of distribution of assets. Upon appointment,
10 the trustee shall have all the rights, powers, and privileges under
11 law that the urban high school academy board of directors had
12 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 urban high school academy debt secured by the property or
16 interest in property, whether real or personal, the urban high
17 school 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 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
28 department a copy of the contract.

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

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

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

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

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

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

24 (h) Ensure that the board of directors of the school of
25 excellence maintains and releases information as necessary to
26 comply with applicable law.

27 **(i) Ensure that a representative of the authorizing body**
28 **attends each meeting of the board of directors of the school of**
29 **excellence.**

1 (j) For each meeting of the board of directors of the school
2 of excellence, prepare a report detailing the authorizing body's
3 efforts to provide oversight of the school of excellence as
4 required under subdivision (d) and section 552(8).

5 (k) Present the most recent report prepared under subdivision
6 (j) at each meeting of the board of directors of the school of
7 excellence.

8 (l) Ensure that the bylaws adopted by the board of directors of
9 a school of excellence include a requirement that any act of the
10 board of directors be approved by a majority of the members serving
11 on the board.

12 (m) Oversee all contracts entered into by a school of
13 excellence to ensure that all terms and conditions of the contract
14 are fulfilled.

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

18 (3) The authorizing body for a school of excellence is the
19 fiscal agent for the school of excellence. A state school aid
20 payment for a school of excellence ~~shall~~**must** be paid to the
21 authorizing body as the fiscal agent for that school of excellence,
22 and the authorizing body shall then forward the payment to the
23 school of excellence. Within 30 days after a contract is submitted
24 to the department by the authorizing body under subsection (1), the
25 department shall issue a district code to the school of excellence
26 for which the contract was issued. If the department does not issue
27 a district code within 30 days after a contract is filed, the state
28 treasurer shall assign a temporary district code in order for the
29 school of excellence to receive funding under the state school aid

1 act of 1979.

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

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

8 (b) Failure of the school of excellence to comply with all
9 applicable law.

10 (c) Failure of the school of excellence to meet generally
11 accepted public sector accounting principles and demonstrate sound
12 fiscal stewardship.

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

15 (5) Except for a school of excellence that is an alternative
16 school serving a special student population, if the department
17 determines that a school of excellence site that has been operating
18 for at least 4 years is among the lowest achieving public schools
19 in this state for the immediately preceding 3 school years, as
20 determined under **former** section 1280c or **section** 1280g, as
21 applicable, not to include any individualized education plan
22 subgroup, the department shall notify the school of excellence's
23 authorizing body. Subject to subsection (6), if an authorizing body
24 receives notice from the department under this subsection, the
25 authorizing body shall notify the school of excellence and amend
26 the school of excellence's contract to eliminate the school of
27 excellence's authority to operate the existing age and grade levels
28 at the site and the school of excellence shall cease operating the
29 existing age and grade levels at the site, effective at the end of

1 the current school year. Subject to subsection (6), if the school
2 of excellence operates at only 1 site or is a cyber school, and the
3 authorizing body receives notice from the department under this
4 subsection, the authorizing body shall notify the school of
5 excellence and revoke the school of excellence's contract,
6 effective at the end of the current school year.

7 (6) For a school of excellence or site that is subject to a
8 notice to its authorizing body under subsection (5), the department
9 shall consider other public school options available to pupils in
10 the grade levels offered by the school of excellence or site who
11 reside in the geographic area served by the school of excellence or
12 site. If the department determines that closure of the school of
13 excellence or site would result in an unreasonable hardship to
14 these pupils because there are insufficient other public school
15 options reasonably available for these pupils, the department may
16 rescind the notice. If the department rescinds a notice subjecting
17 a school of excellence or site to closure, the department shall do
18 so before the end of the school year. If the department rescinds a
19 notice subjecting a school of excellence or site to closure, the
20 department shall require the school of excellence or site to
21 implement a school improvement plan that includes measures to
22 increase pupil growth and improve pupil proficiency, with growth
23 and proficiency measured by performance on state assessments.

24 (7) Except for a contract issued by a school district pursuant
25 to a vote by the school electors on a ballot question under section
26 553(2), and except as otherwise provided in section 552, the
27 decision of the authorizing body to issue, not issue, or
28 reconstitute a contract under this part, or to terminate or revoke
29 a contract under this section, is solely within the discretion of

1 the authorizing body, is final, and is not subject to review by a
2 court or any other state agency. If the authorizing body issues,
3 does not issue, or reconstitutes a contract under this part, or
4 terminates or revokes a contract under this section, the
5 authorizing body is not liable for that action to the school of
6 excellence, the school of excellence corporation, a pupil of the
7 school of excellence, the parent or guardian of a pupil of the
8 school of excellence, or any other person.

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

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

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

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

9 (11) If a school of excellence'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 school of
12 excellence ~~shall~~ revert to the state. This property ~~shall~~ **must** 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 school of excellence shall hold a
16 public meeting to adopt a plan of distribution of assets and to
17 approve the dissolution of the school of excellence 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 school of excellence shall file a certificate of
21 dissolution with the department of licensing and regulatory affairs
22 within 10 business days following board approval.

23 (c) Simultaneously with the filing of the certificate of
24 dissolution under subdivision (b), the school of excellence 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
28 review and approve the board of directors' plan of distribution of
29 assets. If the proposed plan of distribution of assets is not

1 approved within 30 days, the state treasurer, or his or her
2 designee, shall provide the board of directors with an acceptable
3 plan of distribution of assets.

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

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

15 (f) If the board of directors of a school of excellence fails
16 to take any necessary action under this section, the state
17 treasurer, or his or her designee, may suspend the school of
18 excellence board of directors and appoint a trustee to carry out
19 the board's plan of distribution of assets. Upon appointment, the
20 trustee ~~shall have~~ **has** all the rights, powers, and privileges under
21 law that the school of excellence board of directors had before
22 being suspended.

23 (g) Following the sale of the real or personal property or
24 interests in the real or personal property, and after payment of
25 any school of excellence debt secured by the property or interest
26 in property, whether real or personal, the school of excellence
27 board of directors, or a trustee appointed under this section,
28 shall forward any remaining money to the state treasurer. Following
29 receipt, the state treasurer, or his or her designee, shall deposit

- 1 this remaining money in the state school aid fund.
- 2 Enacting section 1. This amendatory act takes effect 90 days
- 3 after the date it is enacted into law.