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Senate Bills 946 and 947 (Substitute S-1 as reported)
Sponsor: Senator Darrin Camilleri (S.B. 946)
Senator Dayna Polehanki (S.B. 947)
Committee: Education

CONTENT

Senate Bill 946 (S-1) would amend the Revised School Code to require an authorizing body to perform specific oversight for each public school academy (PSA), urban high school academy, or school of excellence that it authorized.

Senate Bill 947 (S-1) would amend the Revised School Code to do the following:

- Beginning one year after the bill's effective date, require the board of directors of a PSA, urban high school academy, school of excellence, or strict discipline academy to ensure that the terms of a lease or purchase agreement for real property reflected market conditions, as determined by an appraisal.
- Prohibit the board of directors of a PSA, urban high school academy, school of excellence, or strict discipline academy from entering a lease or purchase agreement with the school's educational management organization or any person or entity affiliated with that educational management organization.
- Require a PSA, urban high school academy, school of excellence, or strict discipline academy's authorizing body to review the terms of a lease or purchase agreement and notify the Superintendent of Public Instruction or State Board of Education if these requirements were not followed.

MCL 380.507 et al. (S.B. 946)
380.504a et al. (S.B. 947)

BRIEF RATIONALE

Public school academies, schools of excellence, urban high school academies, and strict discipline academies are referred to as charter schools because they are created by charter contracts approved by an authorizing body. While traditional public schools are run by superintendents, many charter schools are operated by private for-profit companies called educational management organizations; however, charter schools receive State appropriations. Private companies are not subject to Freedom of Information Act requests and other disclosure requirements, and some argue that this results in a lack of transparency surrounding charter school finances that allows educational management organizations to unduly profit from public funds, such as by charging charter schools excessive rents. Accordingly, some have suggested that charter schools be prohibited from engaging in certain real estate transactions and subjected to increased oversight.

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bill 946 is similar to Senate Bill 680 of the 2017-2018 Legislative Session and Senate Bill 933 of the 2021-2022 Legislative Session. Senate Bill 947 is a reintroduction of Senate

Legislative Analyst: Abby Schneider

FISCAL IMPACT

Senate Bill 946 (S-1) would have no fiscal impact on the State and would have a negative fiscal impact on local governmental entities that are charter school authorizers. Authorizers would see increased costs to ensure that representatives could attend each meeting of the board of directors for each PSA it authorized. There also would be administrative costs to prepare and present the reports required under the bill. If the authorizer needed to hire additional staff to comply with the requirements, it would see increased costs. The amount of increased costs would be proportional to the number of PSAs authorized by a given charter school authorizer.

Senate Bill 947 (S-1) would have no fiscal impact on the State and would have an indeterminate fiscal impact on affected PSAs. While the provisions of the bill likely would have some effect on the cost to lease or purchase real property for a given PSA, there is no way to determine whether the provisions would increase the costs, decrease the costs, or have no effect.

Date Completed: 11-25-24

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.