

THE REVISED SCHOOL CODE (EXCERPT)
Act 451 of 1976

380.507 Authorizing body; duties; powers; fiscal agent; revocation of contract; notice of certain conditions; consideration of other public school options; decision to issue, not issue, or reconstitute contract, or terminate or revoke contract; discretion; corrective measures; transition for affected pupils upon revocation of contract; notice to superintendent of public instruction.

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

- (a) Ensure that the contract and the application for the contract comply with the requirements of this part.
- (b) Within 10 days after issuing the contract, submit to the department a copy of the contract.
- (c) Establish the method of selection, length of term, and number of members of the board of directors of each public school academy that it authorizes. The authorizing body shall ensure that the board of directors includes representation from the local community.
- (d) Oversee each public school academy operating under a contract issued by the authorizing body. The oversight must be sufficient to ensure that the board of directors is in compliance with the terms of the contract and with applicable law.
- (e) Develop and implement a process for holding a public school academy accountable for meeting applicable academic performance standards set forth in the contract and for implementing corrective action for a public school academy that does not meet those standards.
- (f) Take necessary measures to ensure that the board of directors of a public school academy operates independently of any educational management company involved in the operations of the public school academy.
- (g) Oversee and ensure that the pupil admission process used by the public school academy is operated in a fair and open manner and is in compliance with the contract and this part.

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

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

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

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

- (a) Failure of the public school academy to demonstrate improved pupil academic achievement for all groups of pupils or meet the educational goals set forth in the contract.
- (b) Failure of the public school academy to comply with all applicable law.
- (c) Failure of the public school academy to meet generally accepted public sector accounting principles and demonstrate sound fiscal stewardship.
- (d) The existence of 1 or more other grounds for revocation as specified in the contract.

(5) Except for a public school academy that is an alternative school serving a special student population, if the department determines that a public school academy site that has been operating for at least 4 years is among the lowest achieving 5% of public schools in this state for the immediately preceding 3 school years, as determined under federal accountability requirements as provided under the every student succeeds act, Public Law 114-95, not to include any individualized education plan subgroup, the department shall notify the public school academy's authorizing body. Subject to subsection (6), if an authorizing body receives notice from the department under this subsection, the authorizing body shall notify the public school academy and amend the public school academy's contract to eliminate the public school academy's authority to operate the existing age and grade levels at the site and the public school academy shall cease operating the existing age and grade levels at the site, effective at the end of the current school year. Subject to subsection (6), if the public school academy operates at only 1 site, and the authorizing body receives notice from the department under this subsection, the authorizing body shall notify the public school academy and revoke the public

school academy's contract, effective at the end of the current school year.

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

(7) Except as otherwise provided in section 502 or 503, the decision of an authorizing body to issue, not issue, or reconstitute a contract under this part, or to terminate or revoke a contract under this section, is solely within the discretion of the authorizing body, is final, and is not subject to review by a court or any state agency. An authorizing body that issues, does not issue, or reconstitutes a contract under this part, or that terminates or revokes a contract under this section, is not liable for that action to the public school academy, the public school academy corporation, a pupil of the public school academy, the parent or guardian of a pupil of the public school academy, or any other person.

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

(9) If an authorizing body revokes a contract, the authorizing body shall work with a school district or another public school, or with a combination of these entities, to ensure a smooth transition for the affected pupils. If the revocation occurs during the school year, the authorizing body, as the fiscal agent for the public school academy under this part, shall return any school aid funds held by the authorizing body that are attributable to the affected pupils to the state treasurer for deposit into the state school aid fund. The state treasurer shall distribute funds to the public school in which the pupils enroll after the revocation pursuant to a methodology established by the department and the center for educational performance and information created under section 94a of the state school aid act of 1979, MCL 388.1694a.

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

History: Add. 1993, Act 362, Imd. Eff. Jan. 14, 1994;—Am. 1995, Act 289, Eff. July 1, 1996;—Am. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012;—Am. 2016, Act 192, Imd. Eff. June 21, 2016;—Am. 2018, Act 601, Eff. Mar. 29, 2019;—Am. 2023, Act 34, Eff. Feb. 13, 2024.

Compiler's note: Former MCL 380.507, which pertained to personnel, was repealed by Act 362 of 1993, Imd. Eff. Jan. 14, 1994.

For transfer of certain powers and duties of department of education and superintendent of public instruction under MCL 380.1280c and 423.215 to state school reform/redesign office, see E.R.O. No. 2015-2, compiled at MCL 18.445.

For transfer of powers and duties under MCL 380.1283c and 423.215 that were transferred from superintendent of public instruction to state school reform /redesign office by E.O. No. 2015-9 back to superintendent of public instruction with transfer of state school reform/redesign office from department of technology, management, and budget to department of education, see E.R.O. No. 2017-2, compiled at MCL 388.1282.

Comment: Paragraph III.B of E.O. 2015-9 is rescinded.

Popular name: Act 451

Popular name: Charter Schools

Popular name: Public School Academies