

**THE REVISED SCHOOL CODE (EXCERPT)**  
**Act 451 of 1976**

PART 6E  
SCHOOLS OF EXCELLENCE

**380.551 School of excellence; powers; definitions.**

Sec. 551. (1) A school of excellence is a public school under section 2 of article VIII of the state constitution of 1963, is a school district for the purposes of section 11 of article IX of the state constitution of 1963 and for the purposes of section 1225 and section 1351a, and is subject to the leadership and general supervision of the state board over all public education under section 3 of article VIII of the state constitution of 1963. A school of excellence is a body corporate and is a governmental agency. The powers granted to a school of excellence under this part constitute the performance of essential public purposes and governmental functions of this state.

(2) As used in this part:

(a) "Authorizing body" means any of the following that issues a contract as provided in this part:

(i) The board of a school district.

(ii) An intermediate school board.

(iii) The board of a community college.

(iv) The governing board of a state public university.

(v) Two or more of the public agencies described in subparagraphs (i) to (iv) exercising power, privilege, or authority jointly pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(b) "Certificated teacher" means an individual who holds a valid teaching certificate issued by the superintendent of public instruction under section 1531.

(c) "Community college" means a community college organized under the community college act of 1966, 1966 PA 331, MCL 389.1 to 389.195, or a federal tribally controlled community college that is recognized under the tribally controlled colleges and universities assistance act of 1978, 25 USC 1801 to 1864, and is determined by the department to meet the requirements for accreditation by a recognized regional accrediting body.

(d) "Contract" means the executive act taken by an authorizing body that evidences the authorization of a school of excellence and that establishes, subject to the constitutional powers of the state board and applicable law, the written instrument executed by an authorizing body conferring certain rights, franchises, privileges, and obligations on a school of excellence, as provided by this part, and confirming the status of a school of excellence as a public school in this state.

(e) "Cyber school" means a school of excellence established under this part that has been issued a contract to be organized and operated as a cyber school under section 552(2) and that provides full-time instruction to pupils through online learning or otherwise on a computer or other technology, which instruction and learning may be remote from a school facility.

(f) "Educational management organization" means an entity that enters into an agreement with the governing board of a public school to provide comprehensive educational, administrative, management, or instructional services or staff to the public school.

(g) "Entity" means a partnership, nonprofit or business corporation, labor organization, or any other association, corporation, trust, or other legal entity.

(h) "State public university" means a state university described in section 4, 5, or 6 of article VIII of the state constitution of 1963.

**History:** Add. 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.

**Popular name:** Act 451

**380.552 Contracts; limitation on issuance; requirements; cyber schools; conversion of public school academy to school of excellence; organization and administration; authorizing body; application; contents; oversight; suspension of power to issue contracts; fee; presumption of legality; oath of office; offerings made by cyber school; final audited membership; enrollment; limitations; definitions; report; parent-student orientation; school of excellence located within community district.**

Sec. 552. (1) An authorizing body may issue contracts under this subsection to organize and operate a school of excellence. All of the following apply to the issuance of a contract by an authorizing body under

this subsection:

(a) The issuance of the contract must be approved by the superintendent of public instruction. The superintendent of public instruction shall approve issuance of a contract if he or she determines that the proposed school of excellence is modeled after a high-performing school or program.

(b) The first 5 contracts issued by all authorizing bodies under this subsection must be for schools of excellence that offer 1 or more of high school grades 9 to 12, or any combination of those grades, as specified in the contract.

(c) A school of excellence authorized under this subsection must not be located in a school district that has a graduation rate of over 75%, on average, for the most recent 3 school years for which the data are available, as determined by the department.

(2) Subject to the limitations in this subsection and subsections (14) and (15), an authorizing body may issue contracts under this subsection for 1 or more schools of excellence that are cyber schools. The combined total number of contracts issued by all statewide authorizing bodies under this subsection for schools of excellence that are cyber schools shall not exceed 15. The board of a school district, an intermediate school board, the board of a community college that is not a statewide authorizing body, or 2 or more public agencies acting jointly as described in subsection (6)(e) may not act as the authorizing body for more than 1 school of excellence that is a cyber school. An authorizing body shall not issue a contract for a school of excellence that is a cyber school unless the school of excellence that is a cyber school meets all of the following requirements:

(a) Is available for enrollment to all pupils in this state.

(b) Offers some configuration of or all of grades K to 12.

(c) The entity applying for the school of excellence that is a cyber school demonstrates experience in delivering a quality education program that improves pupil academic achievement. In determining whether this requirement is met, an authorizing body shall refer to the standards for quality online learning established by the national association of charter school authorizers or other similar nationally recognized standards for quality online learning.

(d) The enrollment in the school of excellence that is a cyber school is limited to not more than 2,500 pupils in membership for the first school year of operation of the school of excellence that is a cyber school, not more than 5,000 pupils in membership for the second school year of operation of the school of excellence that is a cyber school, and not more than 10,000 pupils in membership for the third and subsequent school years of operation of the school of excellence that is a cyber school. As used in this subdivision, "membership" means that term as defined in section 6 of the state school aid act of 1979, MCL 388.1606.

(e) The school of excellence that is a cyber school offers each pupil's family a computer and subsidizes the cost of internet access.

(3) For a public school academy operating under part 6a that meets the requirements of subsection (4), with the approval of its authorizing body, the board of directors of the public school academy may adopt a resolution choosing to convert the public school academy to a school of excellence under this part. If the board of directors of a public school academy that meets the requirements of subsection (4) is issued a contract as a school of excellence under this subsection, all the following apply:

(a) The public school academy shall cease to operate as a public school academy under part 6a and shall operate as a school of excellence upon the issuance of a contract or at another time as determined by the authorizing body.

(b) The public school academy is considered to be a school of excellence for all purposes upon the issuance of a contract or at another time as determined by the authorizing body, but retains its corporate identity.

(c) The conversion of a public school academy under part 6a to a school of excellence operating under this part does not impair any agreement, mortgage, loan, bond, note or other instrument of indebtedness, or any other agreement entered into by a public school academy while it was operating under part 6a.

(d) The contract issued to the public school academy under part 6a must automatically terminate upon the issuance of a contract or at another time as determined by the authorizing body.

(4) Subsection (3) applies to a public school academy that is determined by the department to meet all of the following, as applicable:

(a) If the public school academy operates only some or all of grades K to 8, meets at least 1 of the following:

(i) On average over a 3-year period, at least 90% of the pupils enrolled in the public school academy achieved a score of proficient or better on the Michigan education assessment program mathematics and reading tests or successor state assessment program.

(ii) On average over a 3-year period, at least 70% of the pupils enrolled in the public school academy

achieved a score of proficient or better on the Michigan education assessment program mathematics and reading tests or successor state assessment program and at least 50% of the pupils enrolled in the public school academy met the income eligibility criteria for the federal free or reduced-price lunch program, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769j, and reported to the department.

(b) If the public school academy operates grades 9 to 12, at least 80% of the school's pupils graduate from high school or are determined by the department to be on track to graduate from high school, the school has at least 80% average attendance, and the school has at least an 80% postsecondary enrollment rate.

(5) A school of excellence must be organized and administered under the direction of a board of directors in accordance with this part and with bylaws adopted by the board of directors. A school of excellence must be organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of excellence is not required to comply with sections 170 to 177 of 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified under the state or federal constitution, a school of excellence must not be organized by a church or other religious organization and must not have any organizational or contractual affiliation with or constitute a church or other religious organization.

(6) Any of the following may act as an authorizing body to issue a contract to organize and operate 1 or more schools of excellence under this part:

(a) The board of a school district. However, except as otherwise provided in this subdivision, the board of a school district shall not issue a contract for a school of excellence to operate outside the school district's boundaries, and a school of excellence authorized by the board of a school district shall not operate outside that school district's boundaries. If the board of a school district issues a contract for a school of excellence that is a cyber school, the contract may authorize the school of excellence that is a cyber school to operate outside that school district's boundaries.

(b) An intermediate school board. However, except as otherwise provided in this subdivision, the board of an intermediate school district shall not issue a contract for a school of excellence to operate outside the intermediate school district's boundaries, and a school of excellence authorized by the board of an intermediate school district shall not operate outside that intermediate school district's boundaries. If the board of an intermediate school district issues a contract for a school of excellence that is a cyber school, the contract may authorize the school of excellence that is a cyber school to operate outside that intermediate school district's boundaries.

(c) The board of a community college. Except as otherwise provided in this subdivision, the board of a community college shall not issue a contract for a school of excellence to operate outside the boundaries of the community college district, and a school of excellence authorized by the board of a community college shall not operate outside the boundaries of the community college district. If the board of a community college issues a contract for a school of excellence that is a cyber school, the contract may authorize the school of excellence that is a cyber school to operate outside the boundaries of the community college district. The board of a community college also may issue a contract for not more than 1 school of excellence to operate on the grounds of an active or closed federal military installation located outside the boundaries of the community college district, or may operate a school of excellence itself on the grounds of such a federal military installation, if the federal military installation is not located within the boundaries of any community college district and the community college has previously offered courses on the grounds of the federal military installation for at least 10 years.

(d) The governing board of a state public university.

(e) Two or more of the public agencies described in subdivisions (a) to (d) exercising power, privilege, or authority jointly pursuant to an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(7) To obtain a contract to organize and operate 1 or more schools of excellence, 1 or more persons or an entity may apply to an authorizing body described in this section. The application must include at least all of the following:

(a) Identification of the applicant for the contract.

(b) Subject to the resolution adopted by the authorizing body under section 553(4), a list of the proposed members of the board of directors of the school of excellence and a description of the qualifications and method for appointment or election of members of the board of directors.

(c) The proposed articles of incorporation that must include at least all of the following:

(i) The name of the proposed school of excellence.

(ii) The purposes for the school of excellence corporation. This language must provide that the school of excellence is incorporated pursuant to this part and that the school of excellence is a governmental entity.

(iii) The name of the authorizing body.

(iv) The proposed time when the articles of incorporation will be effective.  
(v) Other matters considered expedient to be in the articles of incorporation.  
(d) A copy of the proposed bylaws of the school of excellence.  
(e) Documentation meeting the application requirements of the authorizing body, including at least all of the following:

(i) The governance structure of the school of excellence.  
(ii) A copy of the educational goals of the school of excellence and the curricula to be offered and methods of pupil assessment to be used by the school of excellence. The educational goals must include demonstrated improved pupil academic achievement for all groups of pupils. To the extent applicable, the progress of the pupils in the school of excellence must be assessed using both the mathematics and reading portions of the Michigan student test of educational progress (M-STEP) or the Michigan merit examination under section 1279g, as applicable.

(iii) The admission policy and criteria to be maintained by the school of excellence. The admission policy and criteria must comply with section 556. This part of the application also must include a description of how the applicant will provide to the general public adequate notice that a school of excellence is being created and adequate information on the admission policy, criteria, and process.

(iv) Except for a school of excellence that is a cyber school, the school calendar and school day schedule.

(v) The age or grade range of pupils to be enrolled.

(f) Descriptions of staff responsibilities and of the school of excellence governance structure.

(g) For an application to the board of a school district, an intermediate school board, or board of a community college, identification of the school district and intermediate school district in which the school of excellence will be located.

(h) An agreement that the school of excellence will comply with the provisions of this part and, subject to the provisions of this part, with all other state law applicable to public bodies and with federal law applicable to public bodies or school districts.

(i) A description of and address for the proposed physical plant in which the school of excellence will be located. An applicant may request the authorizing body to issue a contract allowing the board of directors of the school of excellence to operate the same configuration of age or grade levels at more than 1 site.

(8) An authorizing body shall oversee, or shall contract with an intermediate school district, community college, or state public university to oversee, each school of excellence operating under a contract issued by the authorizing body. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law. This subsection does not relieve any other government entity of its enforcement or supervisory responsibility.

(9) If the superintendent of public instruction finds that an authorizing body is not engaging in appropriate continuing oversight of 1 or more schools of excellence operating under a contract issued by the authorizing body, the superintendent of public instruction may suspend the power of the authorizing body to issue new contracts to organize and operate schools of excellence. A contract issued by the authorizing body during the suspension is void. A contract issued by the authorizing body before the suspension is not affected by the suspension.

(10) An authorizing body shall not charge a fee, or require reimbursement of expenses, for considering an application for a contract, for issuing a contract, or for providing oversight of a contract for a school of excellence in an amount that exceeds a combined total of 3% of the total state school aid received by the school of excellence in the school year in which the fees or expenses are charged. The authorizing body may provide other services for a school of excellence and charge a fee for those services, but shall not require such an arrangement as a condition to issuing the contract authorizing the school of excellence.

(11) A school of excellence is presumed to be legally organized if it has exercised the franchises and privileges of a public school academy for at least 2 years.

(12) A member of the board of directors of a school of excellence is a public officer and shall, before entering upon the duties of the office, take the constitutional oath of office for public officers under section 1 of article XI of the state constitution of 1963.

(13) A school of excellence that is a cyber school may make available to other public schools for purchase any of the course offerings that the cyber school offers to its own pupils.

(14) If the department determines that the combined total statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for the 2012-2013 state fiscal year exceeds a number equal to 1% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then all of the following apply:

(a) An authorizing body may not issue a new contract for a new school of excellence that is a cyber school to begin operations in the 2013-2014 school year.

(b) A school of excellence that is a cyber school may not enroll any new pupils in the school of excellence that is a cyber school in the 2013-2014 school year.

(15) Beginning July 1, 2013, if the department determines that the combined total statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for a state fiscal year exceeds a number equal to 2% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then all of the following apply:

(a) Subject to subdivision (c), an authorizing body may not issue a new contract for a new school of excellence that is a cyber school to begin operations in a school year that begins after that determination is made.

(b) Subject to subdivision (c), a school of excellence that is a cyber school may not enroll any new pupils in the school of excellence that is a cyber school in a school year that begins after that determination is made.

(c) If the department determines that the combined total statewide final audited membership for all pupils in membership in schools of excellence that are cyber schools for a state fiscal year does not exceed a number equal to 2% of the combined total statewide final audited membership for all pupils in membership in public schools for the 2011-2012 state fiscal year, then subdivisions (a) and (b) do not apply for a school year that begins after that determination is made unless the department makes a new determination that the membership limits under this subsection have been exceeded.

(16) For the purposes of subsections (14) and (15), not later than July 1 of each year, the department shall determine the percentage of the combined total statewide final audited membership for all pupils in membership in public schools that are pupils in membership in schools of excellence that are cyber schools for the state fiscal year that includes that July 1.

(17) As used in this section:

(a) "Membership" means that term as defined in section 6 of the state school aid act of 1979, MCL 388.1606.

(b) "Statewide authorizing body" means the governing board of a state public university or the board of a federal tribally controlled community college that is recognized under the tribally controlled colleges and universities assistance act of 1978, 25 USC 1801 to 1864, and is determined by the department to meet the requirements for accreditation by a recognized regional accrediting body.

(18) Not later than October 1, 2012, if a district, an intermediate school district, a public school academy, or the education achievement system offers online learning, the board or board of directors of the district, intermediate school district, or public school academy, or the education achievement system, shall submit to the department a report that details the per-pupil costs of operating the online learning. The report shall include, on a per-pupil basis, at least all of the following costs:

(a) Textbooks, instructional materials, and supplies, including electronic instructional material.

(b) Computer and other electronic equipment, including internet and telephone access.

(c) Salaries and benefits for the online learning employees.

(d) Purchased courses and curricula.

(e) Fees associated with oversight and regulation.

(f) Travel costs associated with school activities and testing.

(g) Facilities costs.

(h) Costs associated with special education.

(19) Not later than December 31, 2012, the department shall issue a report to the legislature including the following:

(a) A review of the data submitted under subsection (14).

(b) A comparison with costs of substantially similar programs in other states and relevant national research on the costs of online learning.

(c) Any conclusions concerning factors or characteristics of online learning programs that make a difference in the costs of operating the programs.

(20) The board of directors of a school of excellence that is a cyber school, or the board of a school district, intermediate school district, or public school academy that operates an online or other distance learning program, shall submit a monthly report to the department, in the form and manner prescribed by the department, that reports the number of pupils enrolled in the school of excellence that is a cyber school, or in the online or other distance learning program, during the immediately preceding month.

(21) The board of directors of a school of excellence that is a cyber school shall ensure that, when a pupil enrolls in the school of excellence that is a cyber school, the pupil and the pupil's parent or legal guardian are provided with a parent-student orientation. If the pupil is at least 18 years of age or is an emancipated minor, the orientation may be provided to just the pupil.

(22) Both of the following apply to the issuance of a contract for a school of excellence to be located



within a community district:

(a) An authorizing body shall not issue a contract to organize and operate a new school of excellence to be located in a community district unless, before issuing the contract, the governing board of the authorizing body has certified to the department that the authorizing body has been accredited as an authorizing body by a nationally recognized accreditation body. For an authorizing body described in subsection (6)(e), the authorizing body shall not issue a contract to organize and operate a new school of excellence to be located in a community district unless, before issuing the contract, the governing board of each of the public agencies that is party to the interlocal agreement has certified to the department that the public agency has been accredited as an authorizing body by a nationally recognized accreditation body.

(b) An authorizing body shall not issue a contract for a new school of excellence to be located in a community district if both of the following circumstances exist:

(i) Either of the following:

(A) The proposed school of excellence would operate at the same location as a public school that currently is on the list under federal accountability requirements as provided under the every student succeeds act, Public Law 114-95, of the public schools in this state determined to be among the lowest achieving 5% of public schools in this state or has been on that list during the immediately preceding 3-year period.

(B) The proposed school of excellence would operate at the same location as a public school academy, urban high school academy, school of excellence, or strict discipline academy that has had its contract revoked or terminated by an authorizing body under the applicable part or section.

(ii) The proposed school of excellence would have substantially the same board of directors, substantially the same leadership, and substantially the same curriculum offerings as the public school that previously operated at that location.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012;—Am. 2012, Act 129, Eff. Mar. 28, 2013;—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:** For transfer of state school reform/redesign school district and state school reform/redesign officer from department of education to state school reform office created as an autonomous entity within department of technology, management, and budget, see E.R.O. No. 2015-2, compiled at MCL 18.445.

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.

**Popular name:** Act 451

### **380.553 Schools of excellence; issuance of contract; petition to place question of issuing contract on ballot; submission; resolution; contents of contract; compliance with applicable law; governmental immunity; exemption from taxation; acquisition of property; "educational management organization" and primary educational management organization" defined.**

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

(2) If a person or entity applies to the board of a school district for a contract to organize and operate 1 or more schools of excellence within the boundaries of the school district and the board does not issue the contract, the person or entity may petition the board to place the question of issuing the contract on the ballot to be decided by the school electors of the school district. The petition must contain all of the information required to be in the contract application under section 552 and must be signed by a number of school electors of the school district equal to at least 5% of the total number of school electors of that school district. The petition must be filed with the school district filing official. If the board receives a petition meeting the requirements of this subsection, the board shall have the question of issuing the contract placed on the ballot at its next regular school election held at least 60 days after receiving the petition. If a majority of the school electors of the school district voting on the question vote to issue the contract, the board shall issue the contract.

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

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

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

(a) The educational goals the school of excellence is to achieve and the methods by which it will be held accountable. The educational goals must include demonstrated improved pupil academic achievement for all groups of pupils. To the extent applicable, the pupil performance of a school of excellence must be assessed using at least the Michigan student test of educational progress (M-STEP) or the Michigan merit examination under section 1279g, as applicable.

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

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

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

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

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

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

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

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

(j) A requirement that the board of directors prohibit specifically identified family relationships between members of the board of directors, individuals who have an ownership interest in or who are officers or employees of an educational management organization involved in the operation of the school of excellence, and employees of the school of excellence. The contract must identify the specific prohibited relationships consistent with applicable law.

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

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

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

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

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

(iv) A current list of teachers and school administrators working at the school of excellence that includes their individual salaries as submitted to the registry of educational personnel; copies of the teaching or school administrator's certificates or permits of current teaching and administrative staff; and evidence of compliance with the criminal background and records checks and unprofessional conduct check required under sections 1230, 1230a, and 1230b for all teachers and administrators working at the school of excellence.

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

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

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

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

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

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

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

(m) A requirement that the authorizing body must review and may disapprove any agreement between the board of directors and an educational management organization before the agreement is final and valid. An

authorizing body may disapprove an agreement described in this subdivision only if the agreement is contrary to contract or applicable law.

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

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

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

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

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

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

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

(p) A requirement that, if requested, the board of directors report to the authorizing body the total compensation for each individual working at the school of excellence.

(q) For a contract that is entered into, extended, renewed, or modified on or after the effective date of the amendatory act that added this subdivision, a requirement that the names of the authorizing body and the primary educational management organization, if applicable, must appear and be verbally provided, as applicable, on all of the following:

(i) Unless prohibited by a local ordinance or local zoning authority, signage that is on the school of excellence's property and is erected, repaired, or installed on or after the effective date of the amendatory act that added this subdivision. However, this requirement does not apply to a school of excellence that is a cyber school.

(ii) Promotional material that is created, modified, or distributed on or after the effective date of the amendatory act that added this subdivision.

(iii) The footer of the school of excellence's website pages.

(iv) The school application that a student must submit to enroll in the school of excellence.

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

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

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

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

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

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

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

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



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

(10) As used in this section:

(a) "Educational management organization" means that term as defined in section 553c.

(b) "Primary educational management organization" means an educational management organization that is responsible for both of the following:

(i) Administrative services or staff.

(ii) Educational and instructional services or staff.

(c) "Promotional material" means any of the following:

(i) Billboards.

(ii) Internet advertisements.

(iii) Television advertisements.

(iv) Radio advertisements.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012;—Am. 2024, Act 211, Eff. Apr. 2, 2025.

**Popular name:** Act 451

### **380.553a Cyber school.**

Sec. 553a. (1) An authorizing body may issue a contract to establish a school of excellence that is a cyber school. A cyber school shall provide full-time instruction to pupils through online learning or otherwise on a computer or other technology, and this instruction and learning may occur remote from a school facility. Subject to section 559(3), a cyber school may develop and implement personalized, nontraditional, or flexible learning opportunities that include, but are not limited to, project-based learning or competency-based education.

(2) A contract for a school of excellence that is a cyber school must include all of the provisions required under section 553 and both of the following:

(a) A requirement that a teacher who holds appropriate certification according to state board rule or who is engaged to teach under section 1233b will be responsible for all of the following for each course in which a pupil is enrolled:

(i) Improving learning by planned instruction.

(ii) Diagnosing the pupil's learning needs.

(iii) Assessing learning, assigning grades, and determining advancement.

(iv) Reporting outcomes to administrators and parents or legal guardians.

(b) A requirement that the cyber school will make educational services available to pupils for a minimum of at least 1,098 hours during a school year. The cyber school shall track a pupil's participation through attendance in the educational program offered by the cyber school for the proportionate number of instructional hours from the date of enrollment of the pupil.

(3) Notwithstanding any other provision of this act or any rule, if a school of excellence that is a cyber school is in compliance with the requirements of subsection (2)(a) regarding a certificated teacher or a teacher engaged to teach under section 1233b, any other adult assisting with the oversight of a pupil during the pupil's participation in the cyber school's education program is not required to be a certificated teacher, a teacher engaged to teach under section 1233b, or an employee of the school.

(4) Notwithstanding any rule to the contrary, a cyber school is not required to comply with any rule that would require a pupil's physical presence or attendance in a classroom.

(5) At the end of a cyber school's second complete school year of operations, the authorizing body of a school of excellence that is a cyber school shall submit to the superintendent of public instruction and the legislature, in the form and manner prescribed by the superintendent of public instruction, a report detailing the operation of the cyber school, providing statistics of pupil participation and academic performance, and making recommendations for any further statutory or rule change related to cyber schools and online learning in this state.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012;—Am. 2018, Act 235, Eff. Sept. 25, 2018;—Am. 2024, Act 211, Eff. Apr. 2, 2025.  
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**Popular name:** Act 451

### **380.553c School of excellence; management agreement with educational management organization; definitions.**

Sec. 553c. (1) Beginning with management agreements described in this section that are entered into or renewed after the effective date of this section, if the board of directors of a school of excellence enters into or renews a management agreement with an educational management organization to carry out the operations of the school of excellence, both of the following apply:

(a) The management agreement shall require the educational management organization to provide to the board of directors at least annually all the same information that a school district is required to disclose under section 18(2) of the state school aid act of 1979, MCL 388.1618, for the most recent school fiscal year for which that information is available.

(b) Within 30 days after receiving the information under subdivision (a), the board of directors shall make all of the information it receives under subdivision (a) available through a link on the school of excellence's website homepage, in a form and manner prescribed by the department.

(2) As used in this section:

(a) "Educational management organization" means an entity that enters into a management agreement with a school of excellence.

(b) "Entity" means a partnership, nonprofit or business corporation, or any other association, corporation, trust, or other legal entity.

(c) "Management agreement" means an agreement to provide comprehensive educational, administrative, management, or instructional services or staff to a school of excellence.

(d) "School fiscal year" means the period that begins July 1 and ends June 30.

**History:** Add. 2011, Act 277, Eff. Mar. 28, 2012.

**Popular name:** Act 451

### **380.554 Contract to operate school of excellence; tax levy; use of revenue.**

Sec. 554. If a school district or intermediate school district applies for and obtains a contract to operate 1 or more schools of excellence under this part, the power of the school district or intermediate school district to levy taxes for any purpose under this act is not affected by the operation of a school of excellence by the school district or intermediate school district. Revenue from taxes levied by a school district or intermediate school district under this act or bonds issued by a school district or intermediate school district under this act may be used to support the operation or facilities of a school of excellence operated by the school district or intermediate school district in the same manner as that revenue may be used under this act by the school district or intermediate school district to support school district or intermediate school district operations and facilities. This section does not authorize a school district or intermediate school district to levy taxes or to issue bonds for any purpose that is not otherwise authorized under this act.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010.

**Popular name:** Act 451

### **380.555 Liability for debt incurred by school of excellence.**

Sec. 555. (1) An agreement, mortgage, loan, or other instrument of indebtedness entered into by a school of excellence and a third party does not constitute an obligation, either general, special, or moral, of this state or an authorizing body. The full faith and credit or the taxing power of this state or any agency of this state, or the full faith and credit of an authorizing body, may not be pledged for the payment of any school of excellence bond, note, agreement, mortgage, loan, or other instrument of indebtedness.

(2) This part does not impose any liability on this state or on an authorizing body for any debt incurred by a school of excellence.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010.

**Popular name:** Act 451

### **380.556 Location; configuration of age or grade levels; operation at more than 1 site; tuition; discrimination; enrollment; selection process; priority; grades and programs offered.**

Sec. 556. (1) A school of excellence may be located in all or part of an existing public school building. A school of excellence, other than a cyber school operated under section 553a, shall not operate at a site other than the site or sites requested for the configuration of age or grade levels that will use the site or sites, as specified in the contract. Under a contract, an authorizing body may permit a school of excellence to operate

the same configuration of age or grade levels at more than 1 site, and a school of excellence may operate the same configuration of age or grade levels at more than 1 site, as long as the school of excellence is operating in compliance with its contract and is making measurable progress toward meeting its educational goals. For a contract for a new school of excellence, an authorizing body may permit a school of excellence to operate the same configuration of age or grade levels at more than 1 site, if the applicant for the proposed school of excellence presents documentation to the authorizing body demonstrating that the applicant's proposed educational model has resulted in schools making measurable progress toward meeting their educational goals.

(2) A school of excellence shall not charge tuition and shall not discriminate in its pupil admissions policies or practices on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a school district. However, a school of excellence may limit admission to pupils who are within a particular range of age or grade level or on any other basis that would be legal if used by a school district and may give enrollment priority as provided in subsection (4).

(3) Except for a foreign exchange student who is not a United States citizen, a school of excellence shall not enroll a pupil who is not a resident of this state. For a school of excellence authorized by a school district, intermediate school district, or community college, enrollment in the school of excellence may be open to all individuals who reside in this state who meet the admission policy and shall be open to all pupils who reside within the geographic boundaries of that authorizing body who meet the admission policy, except that admission to a school of excellence authorized by the board of a community college to operate, or operated by the board of a community college, on the grounds of a federal military installation, as described in section 552(6)(c), shall be open to all pupils who reside in the county in which the federal military installation is located. For a school of excellence authorized by a state public university, enrollment shall be open to all pupils who reside in this state who meet the admission policy. If there are more applications to enroll in the school of excellence than there are spaces available, pupils shall be selected to attend using a random selection process. A school of excellence shall allow any pupil who was enrolled in the school of excellence in the immediately preceding school year to enroll in the school of excellence in the appropriate grade unless the appropriate grade is not offered at that school of excellence.

(4) A school of excellence may give enrollment priority to 1 or more of the following:

(a) A sibling of a pupil enrolled in the school of excellence.

(b) A pupil who transfers to the school of excellence from another public school pursuant to a matriculation agreement between the school of excellence and another public school that provides for this enrollment priority, if all of the following requirements are met:

(i) Each school of excellence or other public school that enters into the matriculation agreement remains a separate and independent public school.

(ii) The school of excellence that gives the enrollment priority selects at least 5% of its pupils for enrollment using a random selection process.

(iii) The matriculation agreement allows any pupil who was enrolled at any time during elementary school in a public school that is party to the matriculation agreement and who was not expelled from the public school to enroll in the school of excellence giving enrollment priority under the matriculation agreement.

(c) A child of a person who is employed by or at the school of excellence or who is on the board of directors of the school of excellence. As used in this subdivision, "child" includes an adopted child or a legal ward.

(5) Subject to subsection (6), a school of excellence may include any grade up to grade 12 or any configuration of those grades, including kindergarten and early childhood education, as specified in its contract. If specified in its contract, a school of excellence may also operate an adult basic education program, adult high school completion program, or general education development testing preparation program. The authorizing body may approve amendment of a contract with respect to ages of pupils or grades offered.

(6) In addition to any other grade levels it operates, a school of excellence shall work toward operating all of grades 9 to 12 within 6 years after it begins operations, unless a matriculation agreement has been reached with another public school that provides grades 9 to 12.

(7) If a school of excellence is a cyber school and its authorizing body is a school district or intermediate school district, the school of excellence shall give enrollment priority to pupils who reside in the school district or intermediate school district that is the authorizing body.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012.

**Popular name:** Act 451

### **380.557 School of excellence; powers.**

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Sec. 557. In addition to other powers set forth in this part, a school of excellence may take action to carry out the purposes for which it was incorporated under this part, including, but not limited to, all of the following:

- (a) To sue and be sued in its name.
- (b) Subject to section 555, to acquire, hold, and own in its own name real and personal property, or interests in real or personal property, for educational purposes by purchase, gift, grant, devise, bequest, lease, sublease, installment purchase agreement, land contract, option, or condemnation, and subject to mortgages, security interests, or other liens; and to sell or convey the property as the interests of the school of excellence require.
- (c) To receive, disburse, and pledge funds for lawful purposes.
- (d) To enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the school of excellence, if the agreement is in compliance with sections 7 and 18 of the state school aid act of 1979, MCL 388.1607 and 388.1618.
- (e) To incur temporary debt in accordance with section 1225.
- (f) To solicit and accept any grants or gifts for educational purposes and to establish or permit to be established on its behalf 1 or more nonprofit corporations the purpose of which is to assist the school of excellence in the furtherance of its public purposes.
- (g) To borrow money and issue bonds in accordance with section 1351a and in accordance with part VI of the revised municipal finance act, 2001 PA 34, MCL 141.2601 to 141.2613, except that the borrowing of money and issuance of bonds by a school of excellence is not subject to section 1351a(4) or section 1351(2) to (4). Bonds issued under this section are full faith and credit obligations of the school of excellence, pledging the general funds or any other money available for such a purpose. Bonds issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2024, Act 214, Eff. Apr. 17, 2025.

**Popular name:** Act 451

### **380.558 School district subject to court desegregation order.**

Sec. 558. If a school of excellence is operated by a school district that is subject to a court desegregation order, pupil selection at the school of excellence is subject to that order.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010.

**Popular name:** Act 451

### **380.559 Use of certificated teachers; use of noncertificated individuals; development and implementation of new teaching techniques or methods.**

Sec. 559. (1) Except as otherwise provided by law, and except as otherwise provided under section 553a for a cyber school, a school of excellence shall use certificated teachers according to state board rule.

(2) A school of excellence authorized by a state public university or community college may use noncertificated individuals to teach as follows:

(a) If the school of excellence is authorized by a state public university, the school of excellence may use as a classroom teacher in any grade a faculty member who is employed full-time by the state public university and who has been granted institutional tenure, or has been designated as being on tenure track, by the state public university.

(b) For a school of excellence authorized by a community college, the school of excellence may use as a classroom teacher a full-time member of the community college faculty who has at least 5 years' experience at that community college in teaching the subject matter that he or she is teaching at the school of excellence.

(c) In any other situation in which a school district is permitted under this act to use noncertificated teachers.

(3) A school of excellence may develop and implement new teaching techniques or methods or significant revisions to known teaching techniques or methods, and shall report those to the authorizing body and state board to be made available to the public. A school of excellence may use any instructional technique or delivery method that may be used by a school district.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2011, Act 277, Eff. Mar. 28, 2012.

**Popular name:** Act 451

### **380.560 Employing or contracting with personnel; method of compensation; publication of salaries.**

Sec. 560. (1) A school of excellence, with the approval of the authorizing body, may employ or contract with personnel as necessary for the operation of the school of excellence, prescribe the personnel's duties, and

fix the personnel's compensation. A school of excellence may implement and maintain a method of compensation for its employees that is based on job performance, job accomplishments, and job assignment in a subject area or school that is difficult to find employees to staff.

(2) By not later than November 1 of each year, each school of excellence shall post all of the following information on its website that is accessible to the public:

(a) The average salary for new teachers and the average salary for veteran teachers employed by the school of excellence or employed by an educational management organization and assigned to the school of excellence, or, if there are fewer than 5 new teachers or 5 veteran teachers at the school of excellence, the average salary for all teachers employed by the school of excellence or employed by an educational management organization and assigned to the school of excellence.

(b) The average salary for support staff employed by the school of excellence or employed by an educational management organization and assigned to the school of excellence.

(3) As used in this section:

(a) "Educational management organization" means that term as defined in section 553c.

(b) "New teacher" means an individual who has held a teaching certificate for less than 5 years.

(c) "Support staff" includes, but is not limited to, student-facing paraprofessionals, food service workers, bus drivers, and literacy coaches.

(d) "Veteran teacher" means an individual who has held a teaching certificate for 5 or more years.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010;—Am. 2024, Act 214, Eff. Apr. 17, 2025.

**Popular name:** Act 451

### **380.560a Medical, optical, or dental benefits provided to employees; compliance with public employees health benefit act.**

Sec. 560a. If the board of directors of a school of excellence provides medical, optical, or dental benefits to employees and their dependents, the board of directors shall provide those benefits in accordance with the public employees health benefit act, 2007 PA 106, MCL 124.71 to 124.85, and shall comply with that act.

**History:** Add. 2009, Act 205, Imd. Eff. Jan. 4, 2010.

**Popular name:** Act 451

### **380.561 School of excellence; authorizing body; contract; agreement; fiscal agent; notice of certain conditions; decision to issue, not issue, or reconstitute contract, or terminate or revoke contract; corrective measures; transition of affected pupils; notice to superintendent of public instruction; reversion of property to state.**

Sec. 561. (1) If an authorizing body issues a contract for a school of excellence under this part, the authorizing body 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 school of excellence that it authorizes. The authorizing body shall ensure that the board of directors includes representation from the local community.

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

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

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

(g) Oversee and ensure that the pupil admission process used by the school of excellence 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 school of excellence maintains and releases information as necessary to comply with applicable law.

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

(3) The authorizing body for a school of excellence is the fiscal agent for the school of excellence. A state school aid payment for a school of excellence must be paid to the authorizing body as the fiscal agent for that



school of excellence, and the authorizing body shall then forward the payment to the school of excellence. Within 30 days after a contract is submitted to the department by the authorizing body under subsection (1), the department shall issue a district code to the school of excellence 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 school of excellence 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 school of excellence 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 school of excellence to comply with all applicable law.

(c) Failure of the school of excellence 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 school of excellence that is an alternative school serving a special student population, if the department determines that a school of excellence 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 school of excellence'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 school of excellence and amend the school of excellence's contract to eliminate the school of excellence's authority to operate the existing age and grade levels at the site and the school of excellence 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 school of excellence operates at only 1 site or is a cyber school, and the authorizing body receives notice from the department under this subsection, the authorizing body shall notify the school of excellence and revoke the school of excellence's contract, effective at the end of the current school year.

(6) For a school of excellence 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 school of excellence or site who reside in the geographic area served by the school of excellence or site. If the department determines that closure of the school of excellence 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 school of excellence or site to closure, the department shall do so before the end of the school year. If the department rescinds a notice subjecting a school of excellence or site to closure, the department shall require the school of excellence 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 for a contract issued by a school district pursuant to a vote by the school electors on a ballot question under section 553(2), and except as otherwise provided in section 552, the decision of the 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 other state agency. If the authorizing body issues, does not issue, or reconstitutes a contract under this part, or terminates or revokes a contract under this section, the authorizing body is not liable for that action to the school of excellence, the school of excellence corporation, a pupil of the school of excellence, the parent or guardian of a pupil of the school of excellence, or any other person.

(8) Except as otherwise provided in this section, before the authorizing body revokes a contract, the authorizing body may consider and take corrective measures to avoid revocation. The authorizing body may reconstitute the school of excellence in a final attempt to improve student educational performance or to avoid interruption of the educational process. The 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 to contract under section 560, or appointing a new board of directors or a trustee to take over operation of the school of excellence.

(9) If the 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 school of excellence 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.

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

(11) If a school of excellence's contract terminates or is revoked, title to all real and personal property, interest in real or personal property, and other assets owned by the school of excellence reverts to the state. This property must be distributed in accordance with the following:

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

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

(c) Simultaneously with the filing of the certificate of dissolution under subdivision (b), the school of excellence board of directors shall provide a copy of the board of directors' plan of distribution of assets to the state treasurer for approval. Within 30 days, the state treasurer, or the state treasurer's designee, shall review and approve the board of directors' plan of distribution of assets. If the proposed plan of distribution of assets is not approved within 30 days, the state treasurer, or the state treasurer's designee, shall provide the board of directors with an acceptable plan of distribution of assets.

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

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

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

(g) Following the sale of the real or personal property or interests in the real or personal property, and after payment of any school of excellence debt secured by the property or interest in property, whether real or personal, the school of excellence board of directors, or a trustee appointed under this section, shall forward any remaining money to the state treasurer. Following receipt, the state treasurer, or the state treasurer's designee, shall deposit this remaining money in the state school aid fund.

**History:** Add. 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:** 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