

HOUSE BILL No. 5718

June 2, 2016, Introduced by Rep. Robinson and referred to the Committee on Appropriations.

A bill to amend 1976 PA 451, entitled

"The revised school code,"

by amending the title and sections 3, 5, 6, 11, 11a, 501, 502, 507, 522, 528, 551, 552, 561, 654, 705, 921, 1147, 1225, 1229, 1231, 1351a, and 1356 (MCL 380.3, 380.5, 380.6, 380.11, 380.11a, 380.501, 380.502, 380.507, 380.522, 380.528, 380.551, 380.552, 380.561, 380.654, 380.705, 380.921, 380.1147, 380.1225, 380.1229, 380.1231, 380.1351a, and 380.1356), the title as amended by 2003 PA 179, section 3 as amended by 2007 PA 45, section 5 as amended by 2011 PA 232, section 6 as amended by 2009 PA 205, section 11 as amended by 1995 PA 289, section 11a as amended by 2010 PA 91, sections 501, 502, 507, 522, 528, 551, and 561 as amended by 2011 PA 277, section 552 as amended by 2012 PA 129, section 705 as amended by 2003 PA

299, section 1147 as amended by 2014 PA 479, section 1225 as amended by 2012 PA 1, section 1229 as amended by 2011 PA 105, section 1231 as amended by 2002 PA 735, section 1351a as amended by 2002 PA 65, and section 1356 as amended by 2002 PA 181, and by adding sections 12b and 1284c and part 5b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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TITLE

An act to provide a system of public instruction and elementary and secondary schools; to revise, consolidate, and clarify the laws relating to elementary and secondary education; to provide for the organization, regulation, and maintenance of schools, school districts, public school academies, intermediate school districts, and other public school entities; to prescribe rights, powers, duties, and privileges of schools, school districts, public school academies, intermediate school districts, and other public school entities; to provide for the regulation of school teachers and certain other school employees; to provide for school elections and to prescribe powers and duties with respect thereto; to provide for the levy and collection of taxes; to provide for the borrowing of money and issuance of bonds and other evidences of indebtedness; to establish a fund and provide for expenditures from that fund; **TO MAKE APPROPRIATIONS FOR CERTAIN PURPOSES;** to provide for and prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to provide for licensure of boarding schools; to prescribe penalties; and to repeal acts and

1 parts of acts.

2 Sec. 3. (1) "Area" as used in the phrase "area vocational-
3 technical education program" or "area career and technical
4 education program" means the geographical territory, within the
5 boundaries of a K to 12 school district, an intermediate school
6 district, or a community college district, that is designated by
7 the department as the service area for the operation of an area
8 vocational-technical education program.

9 (2) "Area vocational-technical education program", "area
10 career and technical education program", or "career and technical
11 education program" means a program of organized, systematic
12 instruction designed to prepare the following ~~persons~~**INDIVIDUALS**
13 for useful employment in recognized occupations:

14 (a) ~~Persons~~**INDIVIDUALS** participating in career and technical
15 education readiness activities that lead to enrollment in a career
16 and technical education program in high school.

17 (b) ~~Persons~~**INDIVIDUALS** enrolled in high school in a school
18 district, intermediate school district, public school academy, or
19 nonpublic school.

20 (c) ~~Persons~~**INDIVIDUALS** who have completed or left high school
21 and who are available for full-time study in preparation for
22 entering the labor market.

23 (d) ~~Persons~~**INDIVIDUALS** who have entered the labor market and
24 who need training or retraining to achieve stability or advancement
25 in employment.

26 (3) "Board" or "school board" means the governing body of a
27 local school district unless clearly otherwise stated.

1 (4) "Boarding school" means a place accepting for board, care,
2 and instruction 5 or more children under 16 years of age.

3 (5) **"COMMUNITY DISTRICT" MEANS A SCHOOL DISTRICT ORGANIZED**
4 **UNDER PART 5B.**

5 (6) ~~(5)~~—"Constituent district" means a local school district
6 the territory of which is entirely within and is an integral part
7 of an intermediate school district.

8 Sec. 5. (1) "Local act school district" ~~or "special act school~~
9 ~~district"~~ means a district governed by a ~~special or~~ local act or
10 chapter of a local act. "Local school district" and "local school
11 district board" as used in article 3 include a local act school
12 district and a local act school district board.

13 (2) "Membership" means the number of full-time equivalent
14 pupils in a public school as determined by the number of pupils
15 registered for attendance plus pupils received by transfer and
16 minus pupils lost as defined by rules promulgated by the ~~state~~
17 ~~board~~. **SUPERINTENDENT OF PUBLIC INSTRUCTION.**

18 (3) "Michigan election law" means the Michigan election law,
19 1954 PA 116, MCL 168.1 to 168.992.

20 (4) "Nonpublic school" means a private, denominational, or
21 parochial school.

22 (5) "Objectives" means measurable pupil academic skills and
23 knowledge.

24 (6) "Public school" means a public elementary or secondary
25 educational entity or agency that is established under this act **OR**
26 **UNDER ANOTHER LAW OF THIS STATE**, has as its primary mission the
27 teaching and learning of academic and vocational-technical skills

1 and knowledge, and is operated by a school district, local act
2 school district, ~~special act school district~~, intermediate school
3 district, school of excellence **CORPORATION**, public school academy
4 corporation, strict discipline academy corporation, urban high
5 school academy corporation, or by the department, ~~or THE~~ state
6 board, **OR ANOTHER PUBLIC BODY**. Public school also includes a
7 laboratory school or other elementary or secondary school that is
8 controlled and operated by a state public university described in
9 section 4, 5, or 6 of article VIII of the state constitution of
10 1963. **PUBLIC SCHOOL DOES NOT INCLUDE A NONPUBLIC SCHOOL.**

11 (7) "Public school academy" means a public school academy
12 established under part 6a and, except as used in part 6a, also
13 includes an urban high school academy established under part 6c, a
14 school of excellence established under part 6e, and a strict
15 discipline academy established under sections 1311b to 1311m.

16 (8) "Pupil membership count day" of a school district means
17 that term as defined in section 6 of the state school aid act of
18 1979, MCL 388.1606.

19 (9) **"QUALIFYING SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT THAT**
20 **WAS PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL**
21 **DISTRICT GOVERNED BY PART 6 THAT HAS A PUPIL MEMBERSHIP OF LESS**
22 **THAN 100,000 ENROLLED ON ITS MOST RECENT PUPIL MEMBERSHIP COUNT**
23 **DAY, INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT WAS**
24 **PREVIOUSLY ORGANIZED AND OPERATED AS A FIRST CLASS SCHOOL DISTRICT**
25 **BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS**
26 **SUBSECTION.**

27 (10) ~~(9)~~—"Regular school election" or "regular election" means

1 the election held in a school district, local act school district,
2 or intermediate school district to elect a school board member in
3 the regular course of the terms of that office and held on the
4 school district's regular election date as determined under section
5 642c of the Michigan election law, MCL 168.642c.

6 (11) ~~(10)~~—"Reorganized intermediate school district" means an
7 intermediate school district formed by consolidation or annexation
8 of 2 or more intermediate school districts under sections 701 and
9 702.

10 (12) ~~(11)~~—"Rule" means a rule promulgated under the
11 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
12 24.328.

13 Sec. 6. (1) "School district" or "local school district" means
14 a general powers school district organized under this act,
15 regardless of previous classification, **A COMMUNITY DISTRICT**, or a
16 school district of the first class.

17 (2) "School district filing official" means the school
18 district election coordinator as defined in section 4 of the
19 Michigan election law, MCL 168.4, or an authorized agent of the
20 school district election coordinator.

21 (3) "School elector" means a person qualified as an elector
22 under section 492 of the Michigan election law, MCL 168.492, and
23 resident of the school district or intermediate school district on
24 or before the thirtieth day before the next ensuing regular or
25 special school election.

26 (4) "School month" means a 4-week period of 5 days each unless
27 otherwise specified in the teacher's contract.

1 (5) "School of excellence" means a school of excellence
2 established under part 6e.

3 (6) "Special education building and equipment" means a
4 structure or portion of a structure or personal property accepted,
5 leased, purchased, or otherwise acquired, prepared, or used for
6 special education programs and services.

7 (7) "Special education personnel" means persons engaged in and
8 having professional responsibility for students with a disability
9 in special education programs and services including, but not
10 limited to, teachers, aides, school social workers, diagnostic
11 personnel, physical therapists, occupational therapists,
12 audiologists, teachers of speech and language, instructional media-
13 curriculum specialists, mobility specialists, teacher consultants,
14 supervisors, and directors.

15 (8) "Special education programs and services" means
16 educational and training services designed for students with a
17 disability and operated by ~~local~~**A** school ~~districts,~~ ~~local act~~
18 ~~school districts,~~ **DISTRICT**, intermediate school ~~districts,~~
19 **DISTRICT**, the Michigan schools for the deaf and blind, ~~the~~
20 ~~department of community health,~~ the department of **HEALTH AND** human
21 services, or a combination of these, and ancillary professional
22 services for students with a disability rendered by agencies
23 approved by the ~~state board.~~ **SUPERINTENDENT OF PUBLIC INSTRUCTION.**
24 The programs shall include vocational training, but need not
25 include academic programs of college or university level.

26 (9) "Special school election" or "special election" means a
27 school district election to fill a vacancy on the school board or

1 submit a ballot question to the school electors that is held on a
2 regular election date established under section 641 of the Michigan
3 election law, MCL 168.641.

4 (10) "State approved nonpublic school" means a nonpublic
5 school that complies with 1921 PA 302, MCL 388.551 to 388.558.

6 (11) "State board" means the state board of education **CREATED**
7 **BY SECTION 3 OF ARTICLE VIII OF THE STATE CONSTITUTION OF 1963**
8 unless clearly otherwise stated.

9 (12) "Student with a disability" means that term as defined in
10 R 340.1702 of the Michigan administrative code.

11 (13) "Department" means the department of education created
12 ~~and operating~~ under sections 300 to 305 of the executive
13 organization act of 1965, 1965 PA 380, MCL 16.400 to 16.405.

14 (14) "State school aid" means allotments from the general
15 appropriating act for the purpose of aiding in the support of the
16 public schools of the state, **INCLUDING, BUT NOT LIMITED TO,**
17 **APPROPRIATIONS FROM THE STATE SCHOOL AID FUND UNDER THE STATE**
18 **SCHOOL AID ACT OF 1979.**

19 (15) "The state school aid act of 1979" means the state school
20 aid act of 1979, 1979 PA 94, MCL 388.1601 to ~~388.1772~~**388.1896.**

21 Sec. 11. Each school district, except a school district of the
22 first class **OR A COMMUNITY DISTRICT**, shall be organized and
23 conducted as a general powers school district regardless of
24 previous classification.

25 Sec. 11a. (1) Beginning on July 1, 1996, each school district
26 formerly organized as a primary school district or as a school
27 district of the fourth class, third class, or second class shall be

1 a general powers school district under this act.

2 (2) Beginning on July 1, 1996, a school district operating
3 under a special or local act shall operate as a general powers
4 school district under this act except to the extent that the
5 special or local act is inconsistent with this act. Upon repeal of
6 a special or local act that governs a school district, that school
7 district shall become a general powers school district under this
8 act.

9 (3) A general powers school district has all of the rights,
10 powers, and duties expressly stated in this act; may exercise a
11 power implied or incident to a power expressly stated in this act;
12 and, except as **OTHERWISE** provided by law, may exercise a power
13 incidental or appropriate to the performance of a function related
14 to operation of ~~the school district~~ **A PUBLIC SCHOOL AND THE**
15 **PROVISION OF PUBLIC EDUCATION SERVICES** in the interests of public
16 elementary and secondary education in the school district,
17 including, but not limited to, all of the following:

18 (a) Educating pupils. In addition to educating pupils in
19 grades K-12, this function may include operation of preschool,
20 lifelong education, adult education, community education, training,
21 enrichment, and recreation programs for other persons. **A SCHOOL**
22 **DISTRICT MAY DO EITHER OR BOTH OF THE FOLLOWING:**

23 (i) **EDUCATE PUPILS BY DIRECTLY OPERATING 1 OR MORE PUBLIC**
24 **SCHOOLS ON ITS OWN.**

25 (ii) **CAUSE PUBLIC EDUCATION SERVICES TO BE PROVIDED FOR PUPILS**
26 **OF THE SCHOOL DISTRICT THROUGH AN AGREEMENT, CONTRACT, OR OTHER**
27 **COOPERATIVE AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR AN**

1 **INTERMEDIATE SCHOOL DISTRICT.**

2 (b) Providing for the safety and welfare of pupils while at
3 school or a school sponsored activity or while en route to or from
4 school or a school sponsored activity.

5 (c) ~~Acquiring,~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
6 **ACQUIRING,** constructing, maintaining, repairing, renovating,
7 disposing of, or conveying school property, facilities, equipment,
8 technology, or furnishings.

9 (d) Hiring, contracting for, scheduling, supervising, or
10 terminating employees, independent contractors, and others,
11 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
12 **INTERMEDIATE SCHOOL DISTRICT,** to carry out school district powers.
13 A school district may indemnify its employees.

14 (e) Receiving, accounting for, investing, or expending ~~school~~
15 ~~district~~ **PUBLIC SCHOOL** money; borrowing money and pledging ~~school~~
16 ~~district~~ **PUBLIC SCHOOL** funds for repayment; and qualifying for
17 state school aid and other public or private money from local,
18 regional, state, or federal sources.

19 (4) A general powers school district may enter into
20 agreements, **CONTRACTS,** or **OTHER** cooperative arrangements with other
21 entities, public or private, **INCLUDING, BUT NOT LIMITED TO, ANOTHER**
22 **SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT,** or join
23 organizations as part of performing the functions of the school
24 district. An agreement, **CONTRACT,** or **OTHER** cooperative arrangement
25 that is entered into under this act is not required to comply with
26 the provisions of the urban cooperation act of 1967, 1967 (Ex Sess)
27 PA 7, MCL 124.501 to 124.512, as provided under section 503 of that

1 act, MCL 124.503.

2 (5) A general powers school district is a body corporate and
3 shall be governed by a school board. An act of a school board is
4 not valid unless approved, at a meeting of the school board, by a
5 majority vote of the members lawfully serving on the board.

6 (6) The board of a general powers school district shall adopt
7 bylaws. These bylaws may establish or change board procedures, the
8 number of board officers, titles and duties of board officers, and
9 any other matter related to effective and efficient functioning of
10 the board. Regular meetings of the board shall be held at least
11 once each month, at the time and place fixed by the bylaws. Special
12 meetings may be called and held in the manner and for the purposes
13 specified in the bylaws. Board procedures, bylaws, and policies in
14 effect on the effective date of this section shall continue in
15 effect until changed by action of the board.

16 (7) The board of a school district shall be elected as
17 provided under this act and the Michigan election law. The number
18 of members of the board of a general powers school district shall
19 remain the same as for that school district before July 1, 1996
20 unless changed by the school electors of the school district at a
21 regular or special school election. A ballot question for changing
22 the number of board members may be placed on the ballot by action
23 of the board or by petition submitted by school electors as
24 provided under chapter XIV of the Michigan election law, MCL
25 168.301 to 168.316.

26 (8) Members of the board of a general powers school district
27 shall be elected by the school electors for terms of 4 or 6 years,

1 as provided by the school district's bylaws. At each regular school
2 election, members of the board shall be elected to fill the
3 positions of those whose terms will expire. A term of office begins
4 as provided in section 302 of the Michigan election law, MCL
5 168.302, and continues until a successor is elected and qualified.

6 (9) The board of a general powers school district may submit
7 to the school electors of the school district a question that is
8 within the scope of the powers of the school electors and that the
9 board considers proper for the management of the school system or
10 the advancement of education in the school district. Upon the
11 adoption of a question by the board, the board shall submit the
12 question to the school electors by complying with section 312 of
13 the Michigan election law, MCL 168.312.

14 (10) A special election may be called by the board of a
15 general powers school district as provided under chapter XIV of the
16 Michigan election law, MCL 168.301 to 168.316.

17 (11) Unless expressly provided in 1995 PA 289, the powers of a
18 school board or school district are not diminished by this section
19 or by 1995 PA 289.

20 (12) A school district operating a public library, public
21 museum, or community recreational facility as of July 1, 1996 may
22 continue to operate the public library, public museum, or community
23 recreational facility.

24 (13) A school district may establish and administer
25 scholarships for its students or graduates to support their
26 attendance at a postsecondary educational institution from funds
27 the school district receives as a result of a compact entered into

1 between this state and a federally recognized Indian tribe pursuant
2 to the Indian gaming regulatory act, Public Law 100-497. A school
3 district that establishes a scholarship program funded under this
4 subsection shall ensure that the scholarship program provides for
5 all of the following:

6 (a) That a student or graduate is not eligible to be awarded a
7 scholarship unless the student or graduate is enrolled in the
8 school district for all of grades 9 to 12 and meets 1 of the
9 following:

10 (i) Is a resident of the school district for all of grades 9
11 to 12.

12 (ii) Was enrolled in the school district for the 2009-2010
13 school year but was not a resident of the school district for that
14 school year, and is enrolled in the school district continuously
15 after that school year until graduation.

16 (b) That the amount of a scholarship awarded to a student or
17 graduate who was not enrolled in and a continuous resident of the
18 school district for all of grades K to 12 shall be adjusted based
19 on length of enrollment and continuous residency or, for a student
20 or graduate described in subdivision (a) (ii), based on length of
21 enrollment.

22 **SEC. 12B. (1) BEGINNING ON THE EFFECTIVE DATE OF THE**
23 **AMENDATORY ACT THAT ADDED THIS SECTION, IF A SCHOOL DISTRICT IS OR**
24 **BECOMES A QUALIFYING SCHOOL DISTRICT, THE SCHOOL DISTRICT SHALL**
25 **CHANGE ITS ORGANIZATION AS PROVIDED IN SUBSECTIONS (2) AND (3).**

26 **(2) IF A SCHOOL DISTRICT CHANGES ITS ORGANIZATION UNDER**
27 **SUBSECTION (1), EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL**

1 FINANCIAL RECORDS OF THE QUALIFYING SCHOOL DISTRICT PERTAINING TO
2 DEBT INCURRED BEFORE THE EFFECTIVE DATE OF THIS SECTION ARE
3 TRANSFERRED ON THE TRANSFER DATE TO A COMMUNITY DISTRICT CREATED
4 WITH THE SAME GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL
5 DISTRICT UNDER PART 5B. IF A QUALIFYING SCHOOL DISTRICT HAS
6 OUTSTANDING DEBT ON THE TRANSFER DATE, THE QUALIFYING SCHOOL
7 DISTRICT SHALL TRANSFER THIS DEBT TO THE COMMUNITY DISTRICT AND THE
8 TERRITORY OF THE QUALIFYING SCHOOL DISTRICT SHALL CONTINUE AS A
9 SEPARATE TAXING UNIT. BEFORE THE DATE THE DEBT IS TRANSFERRED, THE
10 GOVERNOR SHALL APPOINT AN INDIVIDUAL AUTHORIZED TO EXERCISE POWERS
11 RELATED TO TRANSFER OF THE DEBT AS THE TRANSITION MANAGER FOR THE
12 COMMUNITY DISTRICT TO PERFORM FUNCTIONS AND SATISFY
13 RESPONSIBILITIES UNDER THIS SUBSECTION UNTIL THE MEMBERS OF THE
14 BOARD OF THE COMMUNITY DISTRICT ARE APPOINTED AND TAKE OFFICE UNDER
15 SECTION 384. UNTIL THE MEMBERS OF THE BOARD OF THE COMMUNITY
16 DISTRICT ARE APPOINTED AND TAKE OFFICE UNDER SECTION 384, THE
17 TRANSITION MANAGER SHALL EXERCISE THE POWERS, PERFORM THE
18 FUNCTIONS, AND SATISFY THE RESPONSIBILITIES OF THE BOARD RELATED TO
19 THE TRANSFER OF THE DEBT, AND SHALL PERFORM THE FUNCTIONS AND
20 SATISFY THE RESPONSIBILITIES OF THE BOARD AND OFFICERS OF THE
21 COMMUNITY DISTRICT RELATING TO THE REPAYMENT OF DEBT, INCLUDING,
22 BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

23 (A) DOING ALL OTHER THINGS RELATIVE TO THE REPAYMENT OF
24 OUTSTANDING DEBT OF THE COMMUNITY DISTRICT REQUIRED BY LAW AND BY
25 THE TERMS OF THE DEBT, INCLUDING, BUT NOT LIMITED TO, REFUNDING OR
26 REFINANCING DEBT AT A LOWER RATE.

27 (B) DOING ALL OTHER THINGS RELATIVE TO THE DEBT REPAYMENT

1 FUNCTION OF THE COMMUNITY DISTRICT.

2 (3) AS PERMITTED UNDER FEDERAL LAW, ON THE DATE THAT THE DEBT
3 IS TRANSFERRED, THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL
4 ALLOCATE TO A QUALIFYING SCHOOL DISTRICT ALL APPLICABLE GRANTS
5 UNDER 20 USC 6333, 20 USC 6334, 20 USC 6335, AND 20 USC 6337, AND
6 OTHER FEDERAL FUNDS THAT WOULD OTHERWISE BE MADE AVAILABLE FOR
7 GRANTS TO OR FEDERAL FUNDING FOR A PUBLIC SCHOOL OF THE QUALIFYING
8 SCHOOL DISTRICT OR MAKE OTHER ADJUSTMENTS IN THE ALLOCATION OF
9 FEDERAL FUNDS TO IMPLEMENT THE TRANSFER OF FUNCTIONS AND
10 RESPONSIBILITIES FOR THE PUBLIC SCHOOL.

11 (4) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
12 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
13 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
14 5B, ALL OF THE FOLLOWING APPLY:

15 (A) THE QUALIFYING SCHOOL DISTRICT ACQUIRES, SUCCEEDS TO, AND
16 ASSUMES THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN,
17 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF
18 THE QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
19 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,
20 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
21 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
22 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
23 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
24 SUCCESSION UNDER THIS SUBDIVISION.

25 (B) THE QUALIFYING SCHOOL DISTRICT ACQUIRES, SUCCEEDS TO, AND
26 ASSUMES ALL RIGHTS, TITLE, AND INTERESTS IN AND TO THE FIXTURES,
27 EQUIPMENT, MATERIALS, FURNISHINGS, AND OTHER PERSONAL PROPERTY

1 OWNED AND USED BY THE QUALIFYING SCHOOL DISTRICT AS OF THE TRANSFER
2 DATE. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL EXECUTE
3 ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER THAT ARE
4 NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
5 SUCCESSION UNDER THIS SUBDIVISION.

6 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
7 QUALIFYING SCHOOL DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL
8 OF THE RIGHTS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE
9 QUALIFYING SCHOOL DISTRICT UNDER ANY ORDINANCES, AGREEMENTS, OR
10 OTHER INSTRUMENTS AND UNDER LAW. THIS SUCCESSION INCLUDES, AND
11 THERE IS TRANSFERRED TO THE QUALIFYING SCHOOL DISTRICT, ALL
12 LICENSES, PERMITS, APPROVALS, OR AWARDS RELATED TO THE QUALIFYING
13 SCHOOL DISTRICT ALONG WITH ALL GRANT AGREEMENTS, GRANT PRE-
14 APPLICATIONS, AND THE RIGHT TO RECEIVE THE BALANCE OF ANY FUNDS
15 PAYABLE UNDER THE AGREEMENTS.

16 (D) THE QUALIFYING SCHOOL DISTRICT HAS THE RIGHT AND AUTHORITY
17 TO OWN, OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE
18 FACILITIES TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT
19 TO ANY LIENS ON THE REAL PROPERTY AND RESTRICTIONS AND LIMITATIONS
20 ON THE USE OF THE REAL PROPERTY.

21 (E) EXCEPT FOR DEBT OR OTHER OBLIGATIONS TRANSFERRED BY THE
22 QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, THE QUALIFYING
23 SCHOOL DISTRICT HAS THE QUALIFYING SCHOOL DISTRICT'S RIGHT, TITLE,
24 AND INTEREST IN, AND ALL OF THE QUALIFYING SCHOOL DISTRICT'S
25 RESPONSIBILITIES AND AUTHORITY ARISING UNDER LEASES, CONCESSIONS,
26 AND OTHER CONTRACTS FOR FACILITIES.

27 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES

1 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
2 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
3 SCHOOL DISTRICT ARE RETAINED BY THE QUALIFYING SCHOOL DISTRICT. THE
4 QUALIFYING SCHOOL DISTRICT SHALL PROVIDE TO THE COMMUNITY DISTRICT
5 COPIES OF ALL FINANCIAL RECORDS PERTAINING TO THE TRANSFER OF THE
6 DEBT.

7 (G) A QUALIFYING SCHOOL DISTRICT ACQUIRES, SUCCEEDS TO, AND
8 ASSUMES ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A
9 COLLECTIVE BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL
10 DISTRICT ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT
11 COLLECTIVE BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE
12 QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS
13 AND CONDITIONS APPLICABLE TO EMPLOYEES OF THE QUALIFYING SCHOOL
14 DISTRICT AND THE QUALIFYING SCHOOL DISTRICT SHALL BE THE SUCCESSOR
15 EMPLOYER FOR EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE
16 TRANSFER DATE. AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE
17 QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED
18 TO EMPLOYMENT BY THE QUALIFYING SCHOOL DISTRICT FOLLOWING THE
19 TRANSFER OF DEBT TO THE COMMUNITY DISTRICT.

20 (5) A TRANSFER OF DEBT TO A COMMUNITY DISTRICT UNDER THIS
21 SECTION DOES NOT IMPAIR A CONTRACT WITH A PARTY IN PRIVITY WITH THE
22 QUALIFYING SCHOOL DISTRICT.

23 (6) UPON THE TRANSFER OF DEBT TO A COMMUNITY DISTRICT, THE
24 QUALIFYING SCHOOL DISTRICT IS RELIEVED FROM ALL DEBT OBLIGATIONS
25 TRANSFERRED TO THE COMMUNITY DISTRICT UNDER THIS SECTION.

26 (7) A COMMUNITY DISTRICT SHALL DO ALL OF THE FOLLOWING:

27 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A QUALIFYING

1 SCHOOL DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE QUALIFYING
2 SCHOOL DISTRICT UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR
3 THE EFFICIENT OPERATION AND MANAGEMENT OF THE QUALIFYING SCHOOL
4 DISTRICT.

5 (B) COMPLY WITH THE TERMS AND CONDITIONS OF ANY LOAN AGREEMENT
6 BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL FINANCIAL
7 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN
8 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING, BUT NOT
9 LIMITED TO, ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF
10 TRANSITIONAL OPERATING COSTS.

11 (C) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
12 OUTSTANDING OPERATING OBLIGATIONS OF THE COMMUNITY DISTRICT.

13 (D) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
14 OUTSTANDING DEBT OF THE COMMUNITY DISTRICT.

15 (8) UPON THE ASSUMPTION OF DUTIES BY THE MEMBERS OF THE
16 INITIAL ELECTED SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT, THE
17 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT
18 SHALL BE EXERCISED BY THE QUALIFYING SCHOOL DISTRICT ON BEHALF OF
19 THE QUALIFYING SCHOOL DISTRICT.

20 (9) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
21 OPERATING OBLIGATIONS OF THE COMMUNITY DISTRICT HAVE BEEN REPAID,
22 THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
23 OBLIGATIONS OF THE COMMUNITY DISTRICT HAVE BEEN REPAID. THE STATE
24 TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
25 OBLIGATIONS OF A COMMUNITY DISTRICT HAVE BEEN SATISFIED ON HIS OR
26 HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES THAT ALL
27 OUTSTANDING OPERATING OBLIGATIONS OF THE COMMUNITY DISTRICT HAVE

1 BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A WRITTEN NOTICE
2 TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC BOUNDARIES AS
3 THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING OPERATING
4 OBLIGATIONS OF THE COMMUNITY DISTRICT HAVE BEEN REPAID.

5 (10) UPON CERTIFICATION BY THE STATE TREASURER UNDER
6 SUBSECTION (9), THE COMMUNITY DISTRICT IS FULLY DISSOLVED AND ANY
7 REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE TRANSFERRED
8 TO THE QUALIFYING SCHOOL DISTRICT.

9 (11) AS USED IN THIS SECTION:

10 (A) "DEBT" MEANS THAT TERM AS DEFINED IN SECTION 103 OF THE
11 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2103, AND ALSO
12 INCLUDES ANY OF THE FOLLOWING:

13 (i) OBLIGATIONS OF THE COMMUNITY DISTRICT UNDER AN ENERGY
14 INSTALLMENT PURCHASE CONTRACT.

15 (ii) OBLIGATIONS OF THE COMMUNITY DISTRICT UNDER A CAPITAL
16 LEASE.

17 (iii) ANY UNPAID AMOUNTS PAYABLE BY THE COMMUNITY DISTRICT TO
18 THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD UNDER THE
19 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
20 38.1301 TO 38.1437.

21 (iv) THE REPAYMENT OF ANY LOAN OR OBLIGATIONS UNDER ANY LOAN
22 AGREEMENT BETWEEN THE COMMUNITY DISTRICT AND THE LOCAL FINANCIAL
23 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN
24 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING ANY TERMS AND
25 CONDITIONS PROVIDING FOR THE PAYMENT OF TRANSITIONAL OPERATING
26 COSTS NOT TO EXCEED AN AMOUNT EQUAL TO 3% OF THE TAXABLE VALUE OF
27 THE COMMUNITY DISTRICT.

1 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
2 UNDER SECTION 1356.

3 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE COMMUNITY DISTRICT.

4 (B) "OPERATING OBLIGATION" MEANS DEBT OF A SCHOOL DISTRICT
5 INCURRED FOR PURPOSES OF FINANCING THE OPERATION OF A SCHOOL
6 DISTRICT OR PUBLIC SCHOOLS OPERATED BY A SCHOOL DISTRICT,
7 INCLUDING, BUT NOT LIMITED TO, FISCAL STABILITY BONDS UNDER SECTION
8 1356 AND AN EMERGENCY LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT,
9 1980 PA 243, MCL 141.931 TO 141.942, AND TRANSITIONAL OPERATING
10 COSTS. OPERATING OBLIGATION DOES NOT INCLUDE DEBT OF A SCHOOL
11 DISTRICT INCURRED FOR THE PURPOSE OF CONSTRUCTING, RENOVATING,
12 MAINTAINING, OR OTHERWISE IMPROVING SCHOOL FACILITIES UNLESS THE
13 DEBT IS INCURRED AS A TRANSITIONAL OPERATING COST.

14 (C) "TRANSFER DATE" MEANS THE FIRST DECEMBER 31 AFTER THE DATE
15 A SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A
16 SCHOOL DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE
17 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION,
18 THE TRANSFER DATE IS DECEMBER 31, 2016.

19 (D) "TRANSITIONAL OPERATING COST" MEANS A COST OF OPERATING
20 PUBLIC SCHOOLS INCURRED BY A QUALIFYING SCHOOL DISTRICT AS A RESULT
21 OF THE TRANSFER OF DEBT FROM A QUALIFYING SCHOOL DISTRICT TO A
22 COMMUNITY DISTRICT, AS AGREED TO IN WRITING, INCLUDING, BUT NOT
23 LIMITED TO, ACADEMIC AND INSTRUCTIONAL SUPPORT; PORTFOLIO PLANNING;
24 PROFESSIONAL TRANSITION COSTS SUCH AS INFORMATION TECHNOLOGY,
25 LEGAL, ACCOUNTING, HUMAN RESOURCES, AND FINANCIAL; PAYMENTS TO
26 VENDORS; COSTS RELATING TO CHANGES IN TIMING FOR GRANT FUNDING OR
27 REIMBURSEMENTS; CASH FLOW NEEDS; INSURANCE; ACADEMIC PROGRAM

1 EXPENDITURES; DEFERRED MAINTENANCE; SPACE CONSOLIDATION; AND
2 FACILITIES RATIONALIZATION.

3 PART 5B

4 QUALIFYING SCHOOL DISTRICTS

5 SEC. 381. (1) A SCHOOL DISTRICT ORGANIZED AS A QUALIFYING
6 SCHOOL DISTRICT SHALL BE GOVERNED BY THIS PART, BY THE PROVISIONS
7 OF ARTICLE 2 NOT INCONSISTENT WITH THIS PART, AND BY ARTICLES 3 AND
8 4.

9 (2) A QUALIFYING SCHOOL DISTRICT IS A POLITICAL SUBDIVISION
10 AND PUBLIC BODY CORPORATE SEPARATE AND DISTINCT FROM THIS STATE AND
11 OTHER SCHOOL DISTRICTS IN THIS STATE.

12 (3) THE NAME OF A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL
13 INCLUDE THE NAME OF THE CITY, VILLAGE, OR TOWNSHIP WITH THE
14 GREATEST POPULATION LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE
15 QUALIFYING SCHOOL DISTRICT, THE WORD "SCHOOL" OR "SCHOOLS", AND THE
16 WORD "PUBLIC" OR "DISTRICT", OR BOTH.

17 (4) SUBJECT TO SECTIONS 12B AND 384, A SCHOOL DISTRICT
18 GOVERNED BY THIS PART SHALL BE UNDER THE JURISDICTION OF AND
19 GOVERNED BY THE SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT
20 PROVIDED FOR BY SECTION 384.

21 (5) AS USED IN THIS PART:

22 (A) "AUTHORIZING BODY" MEANS THAT TERM AS DEFINED IN SECTION
23 501, 521, OR 551, AS APPLICABLE.

24 (B) "CHIEF ADMINISTRATIVE OFFICER" MEANS THE MAYOR OF A CITY
25 IF THE CITY HAS THE GREATEST POPULATION OF ANY CITY, VILLAGE, OR
26 TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY
27 DISTRICT; THE PRESIDENT OF A VILLAGE IF THE VILLAGE HAS THE

1 GREATEST POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED
2 WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT; OR THE
3 SUPERVISOR OF A TOWNSHIP IF THE TOWNSHIP HAS THE GREATEST
4 POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN THE
5 GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT.

6 (C) "EDUCATIONAL MANAGEMENT ORGANIZATION" MEANS THAT TERM AS
7 DEFINED IN SECTION 503C, 523C, OR 553C, AS APPLICABLE.

8 (D) "TRANSFER DATE" MEANS THAT TERM AS DEFINED IN SECTION 12B.
9 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
10 QUALIFYING SCHOOL DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE
11 SAME MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS
12 OTHERWISE PROVIDED BY LAW, A QUALIFYING SCHOOL DISTRICT HAS ALL OF
13 THE POWERS OF A GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A
14 AND HAS ALL ADDITIONAL POWERS GRANTED BY LAW TO A QUALIFYING SCHOOL
15 DISTRICT OR THE SCHOOL BOARD OF A QUALIFYING SCHOOL DISTRICT. IF A
16 FINANCIAL REVIEW COMMISSION IS IN PLACE FOR A QUALIFYING SCHOOL
17 DISTRICT, BOTH OF THE FOLLOWING APPLY:

18 (A) THE APPOINTMENT OF AN EXECUTIVE FOR THE COMMUNITY DISTRICT
19 IS SUBJECT TO THE APPROVAL OF THE FINANCIAL REVIEW COMMISSION
20 DESCRIBED IN SECTION 387. BEFORE THE EXECUTIVE'S APPOINTMENT IS
21 FINAL, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT THE
22 PROPOSED APPOINTMENT IN WRITING TO THE FINANCIAL REVIEW COMMISSION
23 FOR ITS APPROVAL. IF THE PROPOSED APPOINTMENT IS NOT APPROVED BY
24 THE FINANCIAL REVIEW COMMISSION WITHIN 45 DAYS AFTER IT IS
25 SUBMITTED IN WRITING TO THE FINANCIAL REVIEW COMMISSION, THE
26 APPOINTMENT IS DENIED.

27 (B) THE COMMUNITY DISTRICT MAY NOT ALTER THE TERMS AND

1 CONDITIONS OF AN EMPLOYMENT CONTRACT WITH THE EXECUTIVE OF THE
2 COMMUNITY DISTRICT, ALTER THE BENEFITS PROVIDED TO THE
3 SUPERINTENDENT, OR TERMINATE THE EMPLOYMENT OF THE EXECUTIVE UNLESS
4 THAT ACTION IS APPROVED BY THE FINANCIAL REVIEW COMMISSION
5 DESCRIBED IN SECTION 387.

6 SEC. 383. EFFECTIVE 30 DAYS AFTER A SCHOOL DISTRICT BECOMES A
7 QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT IS CREATED FOR THE
8 SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL DISTRICT TO PROVIDE
9 DEBT OVERSIGHT AND REPAYMENT SERVICES FOR RESIDENTS OF THAT
10 GEOGRAPHIC AREA AND TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY
11 DISTRICT FOR THAT GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE
12 FOR THAT QUALIFYING SCHOOL DISTRICT.

13 SEC. 384. (1) THE SCHOOL BOARD FOR A QUALIFYING SCHOOL
14 DISTRICT SHALL CONSIST OF 7 SCHOOL ELECTORS OF THE QUALIFYING
15 SCHOOL DISTRICT. ALL MEMBERS OF THE BOARD SHALL BE ELECTED ON A
16 DISTRICTWIDE BASIS.

17 (2) THE MEMBERS OF THE SCHOOL BOARD WHOSE TERMS OF OFFICE
18 EXPIRE ON DECEMBER 31, 2016 ARE ELIGIBLE TO BE CANDIDATES FOR
19 ELECTION, ALONG WITH OTHER QUALIFIED SCHOOL ELECTORS OF THE
20 QUALIFYING SCHOOL DISTRICT, AT THE FIRST NOVEMBER REGULAR ELECTION
21 DATE AFTER THE TRANSFER DATE AS ESTABLISHED UNDER SECTION 641 OF
22 THE MICHIGAN ELECTION LAW, MCL 168.641. THE 3 CANDIDATES RECEIVING
23 THE GREATEST NUMBER OF VOTES AT THAT ELECTION SHALL BE ELECTED FOR
24 A TERM ENDING ON THE FOURTH DECEMBER 31 AFTER THE TRANSFER DATE.
25 THE TERM OF AN INITIAL MEMBER OF THE SCHOOL BOARD WILL BEGIN UPON
26 THE CERTIFICATION OF THE MEMBER'S ELECTION, BUT NOT LATER THAN
27 JANUARY 1, 2017.

1 (3) A MEMBER OF A SCHOOL BOARD FOR A QUALIFYING SCHOOL
2 DISTRICT UNDER SECTION 12B MAY NOT ALSO SERVE AS A MEMBER OF A
3 SCHOOL BOARD FOR A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
4 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT. A MEMBER OF A BOARD
5 OF A COMMUNITY DISTRICT MAY NOT ALSO SERVE AS A MEMBER OF A SCHOOL
6 BOARD FOR A QUALIFYING SCHOOL DISTRICT THAT HAS THE SAME GEOGRAPHIC
7 BOUNDARIES AS THE COMMUNITY DISTRICT.

8 SEC. 385. (1) THE BOARD OF A QUALIFYING SCHOOL DISTRICT SHALL
9 EMPLOY A SUPERINTENDENT. WITHIN 180 DAYS AFTER THE INITIAL SCHOOL
10 BOARD OF A QUALIFYING SCHOOL DISTRICT TAKES OFFICE, THE SCHOOL
11 BOARD OF THE QUALIFYING SCHOOL DISTRICT SHALL APPOINT AN INITIAL
12 SUPERINTENDENT FOR THE QUALIFYING SCHOOL DISTRICT. THE INITIAL
13 SUPERINTENDENT SHALL BE SELECTED BASED UPON HIS OR HER DEMONSTRATED
14 ABILITY, RECORD OF COMPETENCE, EXPERIENCE IN INCREASING ACADEMIC
15 ACHIEVEMENT, AND EXPERTISE IN THE ELEVATION OF URBAN SCHOOLS.

16 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A QUALIFYING
17 SCHOOL DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE
18 PERFORMANCE OF THE QUALIFYING SCHOOL DISTRICT THAT IS COMMENSURATE
19 WITH THE PERFORMANCE REPORTS REQUIRED FOR OTHER SCHOOL DISTRICTS
20 AND IS BASED ON THE FOLLOWING FACTORS:

21 (A) THE PROPORTION OF PUPILS ENROLLED IN THE QUALIFYING SCHOOL
22 DISTRICT WHO ACHIEVE SCORES AT LEAST EQUIVALENT TO PROFICIENT ON
23 STATE ASSESSMENTS.

24 (B) THE PROPORTION OF GRADUATES FROM OR PUPILS ENROLLED IN THE
25 QUALIFYING SCHOOL DISTRICT WHO ARE ENROLLED IN SOME FORM OF
26 POSTSECONDARY EDUCATION.

27 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A

1 QUALIFYING SCHOOL DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
2 SUPERINTENDENT OF THE QUALIFYING SCHOOL DISTRICT.

3 SEC. 387. IF THE GEOGRAPHIC AREA OF A COMMUNITY DISTRICT
4 INCLUDES A QUALIFIED CITY AS THAT TERM IS DEFINED UNDER THE
5 MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181, MCL 141.1631
6 TO 141.1643, THE COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
7 OVERSIGHT BY THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED
8 CITY TO THE EXTENT PROVIDED UNDER THAT ACT.

9 SEC. 388. THIS PART DOES NOT REPEAL OR AFFECT A GENERAL LAW OR
10 LOCAL LAW GOVERNING THE MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY
11 ESTABLISHED IN A QUALIFYING SCHOOL DISTRICT UNDER THIS PART OR A
12 FIRST CLASS SCHOOL DISTRICT UNDER PART 6. ANY POWERS AND DUTIES OF
13 A QUALIFYING SCHOOL DISTRICT UNDER SECTION 12B RELATING TO THE
14 MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY ARE RETAINED BY THE
15 QUALIFYING SCHOOL DISTRICT.

16 SEC. 389. THE VALIDITY OF THE FORMATION OF A COMMUNITY
17 DISTRICT SHALL BE CONCLUSIVELY PRESUMED UNLESS QUESTIONED IN AN
18 ORIGINAL ACTION FILED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER
19 THE COMMUNITY DISTRICT IS CREATED UNDER SECTION 383. THE COURT OF
20 APPEALS HAS ORIGINAL JURISDICTION TO HEAR AN ACTION UNDER THIS
21 SECTION. THE COURT SHALL HEAR THE ACTION IN AN EXPEDITED MANNER.
22 THE DEPARTMENT OF TREASURY IS A NECESSARY PARTY IN ANY ACTION UNDER
23 THIS SECTION.

24 SEC. 391. (1) SUBJECT TO SUBSECTION (2), NOT LATER THAN 9
25 MONTHS AFTER THE TRANSFER OF DEBT TO THE COMMUNITY DISTRICT, THE
26 STATE SCHOOL REFORM/REDESIGN OFFICE SHALL PREPARE AND MAKE PUBLICLY
27 AVAILABLE A REPORT ON THE SITING OF EXISTING PUBLIC SCHOOLS WITHIN

1 THE COMMUNITY DISTRICT. THE STATE SCHOOL REFORM/REDESIGN OFFICE
2 SHALL PROVIDE A COPY OF THIS REPORT TO THE STATE SCHOOL
3 REFORM/REDESIGN OFFICER, THE SUPERINTENDENT OF PUBLIC INSTRUCTION,
4 THE BOARD OF THE QUALIFYING SCHOOL DISTRICT, THE AUTHORIZING BODY
5 OF EACH PUBLIC SCHOOL ACADEMY LOCATED WITHIN THE COMMUNITY
6 DISTRICT, AND THE STANDING COMMITTEES OF THE SENATE AND HOUSE OF
7 REPRESENTATIVES WITH RESPONSIBILITY FOR EDUCATION LEGISLATION.

8 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE STATE
9 SCHOOL REFORM/REDESIGN OFFICE SHALL MAKE ITS SITING REPORT UNDER
10 SUBSECTION (1) BASED ON THE SITING OF EXISTING PUBLIC SCHOOLS
11 WITHIN VARIOUS GEOGRAPHIC AREAS WITHIN THE COMMUNITY DISTRICT. THE
12 STATE SCHOOL REFORM/REDESIGN OFFICE SHALL MAKE ITS SITING REPORT
13 UNDER SUBSECTION (1) BASED ON THE SITING OF PUBLIC SCHOOLS WITHIN
14 EACH OF THE ZIP CODES LOCATED IN THE COMMUNITY DISTRICT. THE
15 RECOMMENDATIONS SHALL BE BROKEN DOWN BY GRADE CONFIGURATIONS AND
16 SHALL TAKE INTO ACCOUNT AT LEAST ALL OF THE FOLLOWING:

17 (A) THE RATIO OF SCHOOL-AGE POPULATION TO THE ENROLLMENT
18 CAPACITY OF EXISTING PUBLIC SCHOOLS WITHIN EACH AREA.

19 (B) THE ADEQUACY OF SPECIAL EDUCATION SERVICES AVAILABLE AT
20 THE EXISTING PUBLIC SCHOOLS WITHIN EACH AREA.

21 (C) THE CONDITION OF THE EXISTING PUBLIC SCHOOL FACILITIES
22 WITHIN EACH AREA, INCLUDING, BUT NOT LIMITED TO, THEIR GEOGRAPHIC
23 DISTRIBUTION, PHYSICAL CONDITION, SUITABILITY FOR ALTERNATIVE GRADE
24 CONFIGURATIONS, AND ENROLLMENT CAPACITY.

25 (D) THE DEMOGRAPHICS AND GENERAL CHARACTERISTICS OF
26 NEIGHBORHOODS WITHIN EACH AREA, INCLUDING, BUT NOT LIMITED TO,
27 SCHOOL-AGE POPULATION, ENROLLMENT TRENDS, CRIME RATES, AND HOUSING

1 INVENTORY.

2 (E) THE ADEQUACY OF TRANSPORTATION AND OTHER PUBLIC SERVICES
3 AVAILABLE TO EXISTING PUBLIC SCHOOLS WITHIN EACH AREA.

4 SEC. 393. (1) THE STATE SCHOOL REFORM/REDESIGN OFFICER SERVING
5 UNDER SECTION 1280C SHALL RECOMMEND A QUALIFYING SCHOOL DISTRICT
6 ACCOUNTABILITY SYSTEM UNDER THIS SECTION FOR ALL PUBLIC SCHOOLS
7 LOCATED WITHIN THE BOUNDARIES OF A QUALIFYING SCHOOL DISTRICT,
8 INCLUDING ALL SCHOOLS OPERATED BY THE QUALIFYING SCHOOL DISTRICT
9 AND ALL PUBLIC SCHOOL ACADEMIES LOCATED WITHIN THE BOUNDARIES OF
10 THE QUALIFYING SCHOOL DISTRICT. THE ACCOUNTABILITY SYSTEM SHALL
11 MEET ALL OF THE REQUIREMENTS OF THIS SECTION.

12 (2) THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL RECOMMEND
13 THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION AS SOON AS POSSIBLE
14 AFTER COMPLETING THE PROCESS UNDER SUBSECTION (1). AFTER THE
15 ACCOUNTABILITY SYSTEM IS RECOMMENDED, THE STATE SCHOOL
16 REFORM/REDESIGN OFFICER MAY MAKE ADJUSTMENTS TO THE ACCOUNTABILITY
17 SYSTEM THAT ARE CONSISTENT WITH THIS SECTION.

18 (3) A COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER THIS
19 SECTION MAY INCLUDE ANY OF THE FOLLOWING:

20 (A) YEAR-TO-YEAR REENROLLMENT RATES, AS MEASURED BY THE
21 PERCENTAGE OF PUPILS WHO ENROLLED IN THAT SCHOOL IN THE CURRENT
22 SCHOOL YEAR AMONG ALL PUPILS WHO WERE ENROLLED IN THAT SCHOOL AT
23 THE END OF THE IMMEDIATELY PRECEDING SCHOOL YEAR, EXCLUDING THOSE
24 WHO MOVED RESIDENCES OR COMPLETED THE TERMINAL GRADE IN THE SCHOOL.

25 (B) ABSENTEEISM RATES, AS MEASURED BY THE PERCENTAGE OF PUPILS
26 ENROLLED IN THAT SCHOOL FOR THE FULL SCHOOL YEAR WHO MISS MORE THAN
27 10% OF SCHOOL DAYS.

1 (C) PARENT PARTICIPATION IN SCHOOL SATISFACTION SURVEYS.

2 (4) THE ACCOUNTABILITY SYSTEM RECOMMENDED UNDER THIS SECTION
3 SHALL REMAIN IN EFFECT UNTIL A STATE ACCOUNTABILITY SYSTEM IS
4 ESTABLISHED BY THE LEGISLATURE FOR ALL PUBLIC SCHOOLS IN THIS STATE
5 AND IS DESIGNATED AS REPLACING THE ACCOUNTABILITY SYSTEM UNDER THIS
6 SECTION. IF SUCH A STATE ACCOUNTABILITY SYSTEM IS ESTABLISHED, THE
7 ACCOUNTABILITY SYSTEM UNDER THIS SECTION IS TERMINATED AND THE
8 PUBLIC SCHOOLS LOCATED WITHIN THE BOUNDARIES OF A COMMUNITY
9 DISTRICT ARE SUBJECT TO THAT STATE ACCOUNTABILITY SYSTEM AS
10 PROVIDED UNDER THAT SYSTEM.

11 SEC. 394. NOTWITHSTANDING SECTION 1280C, EXCEPT FOR A SCHOOL
12 THAT IS AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION,
13 IF A PUBLIC SCHOOL ACADEMY LOCATED IN A COMMUNITY DISTRICT IS AMONG
14 THE LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE FOR 3
15 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR
16 FOR 3 OF THE PRECEDING 5 SCHOOL YEARS, AS DETERMINED UNDER SECTION
17 1280C, THE STATE SCHOOL REFORM/REDESIGN OFFICER UNDER SECTION 1280C
18 SHALL ORDER THE PUBLIC SCHOOL ACADEMY TO IMPLEMENT 1 OF THE SCHOOL
19 INTERVENTION MODELS SPECIFIED IN SECTION 1280C(2), EFFECTIVE NO
20 LATER THAN THE END OF THE CURRENT SCHOOL YEAR.

21 SEC. 395. (1) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO A
22 LEASE BETWEEN THE QUALIFYING SCHOOL DISTRICT AND AN ACHIEVEMENT
23 AUTHORITY, ON OR AFTER THE TRANSFER DATE THE QUALIFYING SCHOOL
24 DISTRICT SHALL NOT RENEW OR EXTEND THE LEASE.

25 (2) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO AN
26 INTERLOCAL AGREEMENT WITH A STATE PUBLIC UNIVERSITY CREATING AN
27 ACHIEVEMENT AUTHORITY, AS SOON AS POSSIBLE AFTER THE TRANSFER DATE

1 THE QUALIFYING SCHOOL DISTRICT SHALL TAKE ACTION TO WITHDRAW FROM
2 THAT INTERLOCAL AGREEMENT TO THE EXTENT PERMITTED UNDER THAT
3 INTERLOCAL AGREEMENT.

4 (3) AS USED IN THIS SECTION, "ACHIEVEMENT AUTHORITY" MEANS
5 THAT TERM AS DEFINED IN SECTION 3 OF THE STATE SCHOOL AID ACT OF
6 1979, MCL 388.1603.

7 SEC. 396. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
8 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
9 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
10 ORGANIZATION AND ADMINISTRATION OF ANY QUALIFYING SCHOOL DISTRICT
11 FORMED UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30,
12 2016.

13 Sec. 501. (1) A public school academy is a public school under
14 section 2 of article VIII of the state constitution of 1963, is a
15 school district for the purposes of section 11 of article IX of the
16 state constitution of 1963 and for the purposes of section 1225 and
17 section 1351a, and is subject to the leadership and general
18 supervision of the state board over all public education under
19 section 3 of article VIII of the state constitution of 1963. A
20 public school academy is a body corporate and is a governmental
21 agency. The powers granted to a public school academy under this
22 part constitute the performance of essential public purposes and
23 governmental functions of this state.

24 (2) As used in this part:

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

27 (i) The board of a school district. ~~that operates grades K to~~

1 ~~12.~~

2 (ii) An intermediate school board.

3 (iii) The board of a community college.

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

5 (v) Two or more of the public agencies described in
6 subparagraphs (i) to (iv) exercising power, privilege, or authority
7 jointly pursuant to an interlocal agreement under the urban
8 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
9 124.512.

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

13 (c) "Community college" means a community college organized
14 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
15 389.195, or a federal tribally controlled community college that is
16 recognized under the tribally controlled colleges and universities
17 assistance act of 1978, 25 USC 1801 to ~~1852, 1864~~, and is
18 determined by the department to meet the requirements for
19 accreditation by a recognized regional accrediting body.

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

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

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

7 Sec. 502. (1) A public school academy shall be organized and
8 administered under the direction of a board of directors in
9 accordance with this part and with bylaws adopted by the board of
10 directors. A public school academy corporation shall be organized
11 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
12 450.3192, except that a public school academy corporation is not
13 required to comply with sections 170 to 177 of 1931 PA 327, MCL
14 450.170 to 450.177. To the extent disqualified under the state or
15 federal constitution, a public school academy shall not be
16 organized by a church or other religious organization and shall not
17 have any organizational or contractual affiliation with or
18 constitute a church or other religious organization.

19 (2) ~~Any~~ **SUBJECT TO SUBSECTION (9), ANY** of the following may
20 act as an authorizing body to issue a contract to organize and
21 operate 1 or more public school academies under this part:

22 (a) The board of a school district. ~~that operates grades K to~~
23 ~~12.~~ However, the board of a school district shall not issue a
24 contract for a public school academy to operate outside the school
25 district's boundaries, and a public school academy authorized by
26 the board of a school district shall not operate outside that
27 school district's boundaries.

1 (b) An intermediate school board. However, the board of an
2 intermediate school district shall not issue a contract for a
3 public school academy to operate outside the intermediate school
4 district's boundaries, and a public school academy authorized by
5 the board of an intermediate school district shall not operate
6 outside that intermediate school district's boundaries.

7 (c) The board of a community college. However, except as
8 otherwise provided in this subdivision, the board of a community
9 college shall not issue a contract for a public school academy to
10 operate in a school district organized as a school district of the
11 first class, a public school academy authorized by the board of a
12 community college shall not operate in a school district organized
13 as a school district of the first class, the board of a community
14 college shall not issue a contract for a public school academy to
15 operate outside the boundaries of the community college district,
16 and a public school academy authorized by the board of a community
17 college shall not operate outside the boundaries of the community
18 college district. The board of a community college also may issue a
19 contract for not more than 1 public school academy to operate on
20 the grounds of an active or closed federal military installation
21 located outside the boundaries of the community college district,
22 or may operate a public school academy itself on the grounds of
23 such a federal military installation, if the federal military
24 installation is not located within the boundaries of any community
25 college district and the community college has previously offered
26 courses on the grounds of the federal military installation for at
27 least 10 years.

1 (d) The governing board of a state public university. However,
2 the combined total number of contracts for public school academies
3 issued by all state public universities shall not exceed 300
4 through December 31, 2012 and shall not exceed 500 through December
5 31, 2014. After December 31, 2014, there is no limit on the
6 combined total number of contracts for public school academies that
7 may be issued by all state public universities.

8 (e) Two or more of the public agencies described in
9 subdivisions (a) to (d) exercising power, privilege, or authority
10 jointly pursuant to an interlocal agreement under the urban
11 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
12 124.512.

13 (3) To obtain a contract to organize and operate 1 or more
14 public school academies, 1 or more persons or an entity may apply
15 to an authorizing body described in subsection (2). The application
16 shall include at least all of the following:

17 (a) Identification of the applicant for the contract.

18 (b) Subject to the resolution adopted by the authorizing body
19 under section 503(5), a list of the proposed members of the board
20 of directors of the public school academy and a description of the
21 qualifications and method for appointment or election of members of
22 the board of directors.

23 (c) The proposed articles of incorporation, which shall
24 include at least all of the following:

25 (i) The name of the proposed public school academy.

26 (ii) The purposes for the public school academy corporation.

27 This language shall provide that the public school academy is

1 incorporated pursuant to this part and that the public school
2 academy corporation is a governmental entity.

3 (iii) The name of the authorizing body.

4 (iv) The proposed time when the articles of incorporation will
5 be effective.

6 (v) Other matters considered expedient to be in the articles
7 of incorporation.

8 (d) A copy of the proposed bylaws of the public school
9 academy.

10 (e) Documentation meeting the application requirements of the
11 authorizing body, including at least all of the following:

12 (i) The governance structure of the public school academy.

13 (ii) A copy of the educational goals of the public school
14 academy and the curricula to be offered and methods of pupil
15 assessment to be used by the public school academy. The educational
16 goals shall include demonstrated improved pupil academic
17 achievement for all groups of pupils. To the extent applicable, the
18 progress of the pupils in the public school academy shall be
19 assessed using ~~at least a Michigan education assessment program~~
20 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
21 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
22 Michigan merit examination under section 1279g, as applicable.

23 (iii) The admission policy and criteria to be maintained by
24 the public school academy. The admission policy and criteria shall
25 comply with section 504. This part of the application also shall
26 include a description of how the applicant will provide to the
27 general public adequate notice that a public school academy is

1 being created and adequate information on the admission policy,
2 criteria, and process.

3 (iv) The school calendar and school day schedule.

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

5 (f) Descriptions of staff responsibilities and of the public
6 school academy's governance structure.

7 (g) For an application to the board of a school district, an
8 intermediate school board, or board of a community college,
9 identification of the local and intermediate school districts in
10 which the public school academy will be located.

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

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

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

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

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

20 (7) A public school academy shall be presumed to be legally
21 organized if it has exercised the franchises and privileges of a
22 public school academy for at least 2 years.

23 (8) An authorizing body may enter into an intergovernmental
24 agreement with another authorizing body to issue public school
25 academy contracts. At a minimum, the agreement shall further the
26 purposes set forth in section 501, describe which authorizing body
27 shall issue the contract, and set forth which authorizing body will

1 be responsible for monitoring compliance by the board of directors
2 of the public school academy with the contract and all applicable
3 law.

4 (9) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
5 ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS PART TO AN
6 EXISTING PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY, SCHOOL
7 OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT HAS HAD ITS
8 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
9 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY,
10 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
11 DISCIPLINE ACADEMY DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR
12 A CONTRACT THAT WOULD VIOLATE THIS SUBSECTION. THIS SUBDIVISION
13 DOES NOT APPLY TO THE NONRENEWAL OF A CONTRACT BY AN AUTHORIZING
14 BODY IF THE AUTHORIZING BODY'S GOVERNING BOARD HAS MADE AN OFFICIAL
15 DETERMINATION THAT IT WILL NOT ISSUE OR RENEW ANY CONTRACTS UNDER
16 THIS ACT AUTHORIZING THE OPERATION OF A PUBLIC SCHOOL ACADEMY,
17 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
18 DISCIPLINE ACADEMY REGARDLESS OF THE MERITS OF RENEWING THE
19 CONTRACT.

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

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

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

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

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

5 (d) Oversee each public school academy operating under a
6 contract issued by the authorizing body. The oversight shall be
7 sufficient to ensure that the board of directors is in compliance
8 with the terms of the contract and with applicable law.

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

14 (f) Take necessary measures to ensure that the board of
15 directors of a public school academy operates independently of any
16 educational management company involved in the operations of the
17 public school academy.

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

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

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

27 (3) The authorizing body for a public school academy is the

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

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

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

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

21 (c) Failure of the public school academy to meet generally
22 accepted public sector accounting principles and demonstrate sound
23 fiscal stewardship.

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

26 (5) Except for a public school academy that is an alternative
27 school serving a special student population, if the ~~superintendent~~

1 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
2 determines that a public school academy site that has been
3 operating for at least 4 years is among the lowest achieving 5% of
4 all public schools in this state **FOR 3 CONSECUTIVE SCHOOL YEARS,**
5 **FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5**
6 **SCHOOL YEARS,** as defined ~~for the purposes of the federal incentive~~
7 ~~grant program created under sections 14005 and 14006 of title XIV~~
8 ~~of the American recovery and reinvestment act of 2009, Public Law~~
9 ~~111-5, is in year 2 of restructuring sanctions under the no child~~
10 ~~left behind act of 2001, Public Law 107-110, **DETERMINED UNDER**~~
11 **SECTION 1280C,** not to include ~~the~~ **ANY** individualized education plan
12 subgroup, and is not currently undergoing reconstitution under this
13 section, the ~~superintendent of public instruction~~ **STATE SCHOOL**
14 **REFORM/REDESIGN OFFICER** shall notify the public school academy's
15 authorizing body. If an authorizing body receives notice from the
16 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
17 **OFFICER** under this subsection, the authorizing body shall amend the
18 public school academy's contract to eliminate the public school
19 academy's authority to operate the existing age and grade levels at
20 the site and the public school academy shall cease operating the
21 existing age and grade levels at the site, effective at the end of
22 the current school year. If the public school academy operates at
23 only 1 site, and the authorizing body receives notice from the
24 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
25 **OFFICER** under this subsection, the authorizing body shall revoke
26 the public school academy's contract, effective at the end of the
27 current school year.

1 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 502 OR 503,**
2 **THE** decision of an authorizing body to issue, not issue, or
3 reconstitute a contract under this part, or to terminate or revoke
4 a contract under this section, is solely within the discretion of
5 the authorizing body, is final, and is not subject to review by a
6 court or any state agency. An authorizing body that issues, does
7 not issue, or reconstitutes a contract under this part, or that
8 terminates or revokes a contract under this section, is not liable
9 for that action to the public school academy, the public school
10 academy corporation, a pupil of the public school academy, the
11 parent or guardian of a pupil of the public school academy, or any
12 other person.

13 (7) Except as otherwise provided in ~~subsection (5),~~ **THIS**
14 **SECTION,** before an authorizing body revokes a contract, the
15 authorizing body may consider and take corrective measures to avoid
16 revocation. An authorizing body may reconstitute the public school
17 academy in a final attempt to improve student educational
18 performance or to avoid interruption of the educational process. An
19 authorizing body shall include a reconstituting provision in the
20 contract that identifies these corrective measures, including, but
21 not limited to, canceling a contract with an educational management
22 organization, if any, withdrawing approval of a contract under
23 section 506, or appointing a new board of directors or a trustee to
24 take over operation of the public school academy.

25 (8) If an authorizing body revokes a contract, the authorizing
26 body shall work with a school district or another public school, or
27 with a combination of these entities, to ensure a smooth transition

1 for the affected pupils. If the revocation occurs during the school
2 year, the authorizing body, as the fiscal agent for the public
3 school academy under this part, shall return any school aid funds
4 held by the authorizing body that are attributable to the affected
5 pupils to the state treasurer for deposit into the state school aid
6 fund. The state treasurer shall distribute funds to the public
7 school in which the pupils enroll after the revocation pursuant to
8 a methodology established by the department and the center for
9 educational performance and information.

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

15 Sec. 522. (1) An urban high school academy shall be organized
16 and administered under the direction of a board of directors in
17 accordance with this part and with bylaws adopted by the board of
18 directors. An urban high school academy corporation shall be
19 organized under the nonprofit corporation act, 1982 PA 162, MCL
20 450.2101 to 450.3192, except that an urban high school academy
21 corporation is not required to comply with sections 170 to 177 of
22 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
23 under the state or federal constitution, an urban high school
24 academy shall not be organized by a church or other religious
25 organization and shall not have any organizational or contractual
26 affiliation with or constitute a church or other religious
27 organization.

1 (2) ~~The~~**SUBJECT TO SUBSECTION (9), THE** governing board of a
2 state public university may act as an authorizing body to issue a
3 contract for the organization and operation of an urban high school
4 academy under this part.

5 (3) A contract issued under this part shall be issued for an
6 initial term of 10 years. If the urban high school academy meets
7 the educational goals set forth in the contract and operates in
8 substantial compliance with this part, the authorizing body shall
9 automatically renew the contract for a subsequent 10-year term.

10 (4) To obtain a contract to organize and operate 1 or more
11 urban high school academies, an entity may apply to an authorizing
12 body described in subsection (2). The contract shall be issued to
13 an urban high school academy corporation designated by the entity
14 applying for the contract. The application shall include at least
15 all of the following:

16 (a) Name of the entity applying for the contract.

17 (b) Subject to the resolution adopted by the authorizing body
18 under section 528, a list of the proposed members of the board of
19 directors of the urban high school academy and a description of the
20 qualifications and method for appointment or election of members of
21 the board of directors.

22 (c) The proposed articles of incorporation, which shall
23 include at least all of the following:

24 (i) The name of the proposed urban high school academy to
25 which the contract will be issued.

26 (ii) The purposes for the urban high school academy
27 corporation. This language shall provide that the urban high school

1 academy is incorporated pursuant to this part and that the urban
2 high school academy corporation is a governmental entity and
3 political subdivision of this state.

4 (iii) The name of the authorizing body.

5 (iv) The proposed time when the articles of incorporation will
6 be effective.

7 (v) Other matters considered expedient to be in the articles
8 of incorporation.

9 (d) A copy of the proposed bylaws of the urban high school
10 academy.

11 (e) Documentation meeting the application requirements of the
12 authorizing body, including at least all of the following:

13 (i) The governance structure of the urban high school academy.

14 (ii) A copy of the educational goals of the urban high school
15 academy and the curricula to be offered and methods of pupil
16 assessment to be used by the urban high school academy. The
17 educational goals shall include demonstrated improved pupil
18 academic achievement for all groups of pupils. To the extent
19 applicable, the progress of the pupils in the urban high school
20 academy shall be assessed using ~~at least a Michigan education~~
21 ~~assessment program (MEAP) test~~ **BOTH THE MATHEMATICS AND READING**
22 **PORTIONS OF THE MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-**
23 **STEP)** or the Michigan merit examination under section 1279g, as
24 applicable.

25 (iii) The admission policy and criteria to be maintained by
26 the urban high school academy. The admission policy and criteria
27 shall comply with section 524. This part of the application also

1 shall include a description of how the applicant will provide to
2 the general public adequate notice that an urban high school
3 academy is being created and adequate information on the admission
4 policy, criteria, and process.

5 (iv) The school calendar and school day schedule.

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

7 (f) Descriptions of staff responsibilities and of the urban
8 high school academy's governance structure.

9 (g) A description of and address for the proposed building or
10 buildings in which the urban high school academy will be located,
11 and a financial commitment by the entity applying for the contract
12 to construct or renovate the building or buildings that will be
13 occupied by the urban high school academy that is issued the
14 contract.

15 (5) If a particular state public university issues a contract
16 that allows an urban high school academy to operate the same
17 configuration of grades at more than 1 site, as provided in section
18 524(1), each of those sites shall be under the direction of the
19 board of directors that is a party to the contract.

20 (6) If the superintendent of public instruction finds that an
21 authorizing body is not engaging in appropriate continuing
22 oversight of 1 or more urban high school academies operating under
23 a contract issued by the authorizing body, the superintendent of
24 public instruction may suspend the power of the authorizing body to
25 issue new contracts to organize and operate urban high school
26 academies. A contract issued by the authorizing body during the
27 suspension is void. A contract issued by the authorizing body

1 before the suspension is not affected by the suspension.

2 (7) An authorizing body shall not charge a fee, or require
3 reimbursement of expenses, for considering an application for a
4 contract, for issuing a contract, or for providing oversight of a
5 contract for an urban high school academy in an amount that exceeds
6 a combined total of 3% of the total state school aid received by
7 the urban high school academy in the school year in which the fees
8 or expenses are charged. All of the following apply to this fee:

9 (a) An authorizing body may use this fee only for the
10 following purposes:

11 (i) Considering applications and issuing or administering
12 contracts.

13 (ii) Compliance monitoring and oversight of urban high school
14 academies.

15 (iii) Training for urban high school academy applicants,
16 administrators, and boards of directors.

17 (iv) Technical assistance to urban high school academies.

18 (v) Academic support to urban high school academies or to
19 pupils or graduates of urban high school academies.

20 (vi) Evaluation of urban high school academy performance.

21 (vii) Training of teachers, including supervision of teacher
22 interns.

23 (viii) Other purposes that assist the urban high school
24 academies or traditional public schools in achieving improved
25 academic performance.

26 (b) An authorizing body may provide other services for an
27 urban high school academy and charge a fee for those services, but

1 shall not require such an arrangement as a condition to issuing the
2 contract authorizing the urban high school academy.

3 (8) An urban high school academy shall be presumed to be
4 legally organized if it has exercised the franchises and privileges
5 of an urban high school academy for at least 2 years.

6 (9) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
7 ORGANIZE AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER THIS PART
8 TO AN EXISTING PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY,
9 SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT HAS HAD ITS
10 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
11 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY,
12 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
13 DISCIPLINE ACADEMY DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR
14 A CONTRACT THAT WOULD VIOLATE THIS SUBSECTION. THIS SUBDIVISION
15 DOES NOT APPLY TO THE NONRENEWAL OF A CONTRACT BY AN AUTHORIZING
16 BODY IF THE AUTHORIZING BODY'S GOVERNING BOARD HAS MADE AN OFFICIAL
17 DETERMINATION THAT IT WILL NOT ISSUE OR RENEW ANY CONTRACTS UNDER
18 THIS ACT AUTHORIZING THE OPERATION OF A PUBLIC SCHOOL ACADEMY,
19 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
20 DISCIPLINE ACADEMY REGARDLESS OF THE MERITS OF RENEWING THE
21 CONTRACT.

22 Sec. 528. (1) An authorizing body that issues a contract for
23 an urban high school academy under this part shall do all of the
24 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

1 department a copy of the contract.

2 (c) Adopt a resolution establishing the method of selection,
3 length of term, and number of members of the board of directors of
4 each urban high school academy that it authorizes. The resolution
5 shall be written or amended as necessary to include a requirement
6 that each member of the board of directors must be a citizen of the
7 United States.

8 (d) Oversee the operations of each urban high school academy
9 operating under a contract issued by the authorizing body. The
10 oversight shall be sufficient to ensure that the urban high school
11 academy is in compliance with the terms of the contract and with
12 applicable law. An authorizing body may enter into an agreement
13 with 1 or more other authorizing bodies to oversee an urban high
14 school academy operating under a contract issued by the authorizing
15 body.

16 (e) Develop and implement a process for holding an urban high
17 school academy board of directors accountable for meeting
18 applicable academic performance standards set forth in the contract
19 and for implementing corrective action for an urban high school
20 academy that does not meet those standards.

21 (f) Take necessary measures to ensure that an urban high
22 school academy board of directors operates independently of any
23 educational management company involved in the operations of the
24 urban high school academy.

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

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

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

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

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

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

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

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

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

6 (5) Except for an urban high school academy that is an
7 alternative school serving a special student population, if the
8 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
9 **OFFICER** determines that an urban high school academy site that has
10 been operating for at least 4 years is among the lowest achieving
11 5% of all public schools in this state **FOR 3 CONSECUTIVE SCHOOL**
12 **YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE**
13 **PRECEDING 5 SCHOOL YEARS**, as ~~defined for the purposes of the~~
14 ~~federal incentive grant program created under sections 14005 and~~
15 ~~14006 of title XIV of the American recovery and reinvestment act of~~
16 ~~2009, Public Law 111-5, is in year 2 of restructuring sanctions~~
17 ~~under the no child left behind act of 2001, Public Law 107-110,~~
18 **DETERMINED UNDER SECTION 1280C**, not to include the ~~ANY~~
19 individualized education plan subgroup, and is not currently
20 undergoing reconstitution under this section, the ~~superintendent of~~
21 ~~public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** shall
22 notify the urban high school academy's authorizing body. If an
23 authorizing body receives notice from the ~~superintendent of public~~
24 ~~instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** under this
25 subsection, the authorizing body shall amend the urban high school
26 academy's contract to eliminate the urban high school academy's
27 authority to operate the existing age and grade levels at the site

1 and the urban high school academy shall cease operating the
2 existing age and grade levels at the site, effective at the end of
3 the current school year. If the urban high school academy operates
4 at only 1 site, and the authorizing body receives notice from the
5 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
6 **OFFICER** under this subsection, the authorizing body shall revoke
7 the urban high school academy's contract, effective at the end of
8 the current school year.

9 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 522, THE**
10 decision of an authorizing body to issue, not issue, or
11 reconstitute a contract under this part, or to terminate or revoke
12 a contract under this section, is solely within the discretion of
13 the authorizing body, is final, and is not subject to review by a
14 court or any state agency. An authorizing body that issues, does
15 not issue, or reconstitutes a contract under this part, or that
16 terminates or revokes a contract under this section, is not liable
17 for that action to the urban high school academy, the urban high
18 school academy corporation, a pupil of the urban high school
19 academy, the parent or guardian of a pupil of the urban high school
20 academy, or any other person.

21 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
22 **SECTION**, before an authorizing body revokes a contract, the
23 authorizing body may consider and take corrective measures to avoid
24 revocation. An authorizing body may reconstitute the urban high
25 school academy in a final attempt to improve student educational
26 performance or to avoid interruption of the educational process. An
27 authorizing body shall include a reconstituting provision in the

1 contract that identifies these corrective measures, including, but
2 not limited to, removing 1 or more members of the board of
3 directors, withdrawing approval to contract under section 527, or
4 appointing a new board of directors or a trustee to take over
5 operation of the urban high school academy.

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

18 ~~—— (9) If an authorizing body revokes a contract issued under~~
19 ~~this part, the authorizing body may issue a new contract within the~~
20 ~~1-year period following the revocation without the new contract~~
21 ~~counting toward the maximum number of contracts that may be issued~~
22 ~~under this part.~~

23 (9) ~~(10)~~ Not more than 10 days after an urban high school
24 academy's contract terminates or is revoked, the authorizing body
25 shall notify the superintendent of public instruction in writing of
26 the name of the urban high school academy whose contract has
27 terminated or been revoked and the date of contract termination or

1 revocation.

2 (10) ~~(11)~~—If an urban high school academy's contract
3 terminates or is revoked, title to all real and personal property,
4 interest in real or personal property, and other assets owned by
5 the urban high school academy shall revert to the state. This
6 property shall be distributed in accordance with the following:

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

13 (b) The urban high school academy shall file a certificate of
14 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
15 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
16 board approval.

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

27 (d) The state treasurer, or his or her designee, shall monitor

1 the urban high school academy's winding up of the dissolved
2 corporation in accordance with the plan of distribution of assets
3 approved or provided under subdivision (c).

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

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

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

1 aid fund.

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

13 (2) As used in this part:

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

16 (i) The board of a school district. ~~that operates grades K to~~
17 ~~12.~~

18 (ii) An intermediate school board.

19 (iii) The board of a community college.

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

21 (v) Two or more of the public agencies described in
22 subparagraphs (i) to (iv) exercising power, privilege, or authority
23 jointly pursuant to an interlocal agreement under the urban
24 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
25 124.512.

26 (b) "Certificated teacher" means an individual who holds a
27 valid teaching certificate issued by the superintendent of public

1 instruction under section 1531.

2 (c) "Community college" means a community college organized
3 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
4 389.195, or a federal tribally controlled community college that is
5 recognized under the tribally controlled colleges and universities
6 assistance act of 1978, 25 USC 1801 to ~~1852~~, **1864**, and is
7 determined by the department to meet the requirements for
8 accreditation by a recognized regional accrediting body.

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

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

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

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

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

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

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

16 (b) The first 5 contracts issued by all authorizing bodies
17 under this subsection shall be for schools of excellence that offer
18 1 or more of high school grades 9 to 12, or any combination of
19 those grades, as specified in the contract.

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

24 (2) Subject to the limitations in this subsection and
25 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
26 issue contracts under this subsection for 1 or more schools of
27 excellence that are cyber schools. ~~Until December 31, 2013, the~~

1 ~~combined total number of contracts that may be issued by all~~
2 ~~statewide authorizing bodies under this subsection for schools of~~
3 ~~excellence that are cyber schools shall not exceed 5. Until~~
4 ~~December 31, 2014, the combined total number of contracts that may~~
5 ~~be issued by all statewide authorizing bodies under this subsection~~
6 ~~for schools of excellence that are cyber schools shall not exceed~~
7 ~~10. After December 31, 2014, the~~ **THE** combined total number of
8 contracts issued by all statewide authorizing bodies under this
9 subsection for schools of excellence that are cyber schools shall
10 not exceed 15. The board of a school district, an intermediate
11 school board, the board of a community college that is not a
12 statewide authorizing body, or 2 or more public agencies acting
13 jointly as described in subsection (6) (e) may not act as the
14 authorizing body for more than 1 school of excellence that is a
15 cyber school. An authorizing body shall not issue a contract for a
16 school of excellence that is a cyber school unless the school of
17 excellence that is a cyber school meets all of the following
18 requirements:

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

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

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

1 quality online learning.

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

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

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

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

27 (b) The public school academy shall be considered to be a

1 school of excellence for all purposes upon the issuance of a
2 contract or at another time as determined by the authorizing body,
3 but shall retain its corporate identity.

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

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

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

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

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

22 (ii) On average over a 3-year period, at least 70% of the
23 pupils enrolled in the public school academy achieved a score of
24 proficient or better on the Michigan education assessment program
25 mathematics and reading tests or successor state assessment program
26 and at least 50% of the pupils enrolled in the public school
27 academy met the income eligibility criteria for the federal free or

1 reduced-price lunch program, as determined under the Richard B.
2 Russell national school lunch act, 42 USC 1751 to ~~1769i~~, **1769J**, and
3 reported to the department.

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

9 (5) A school of excellence shall be organized and administered
10 under the direction of a board of directors in accordance with this
11 part and with bylaws adopted by the board of directors. A school of
12 excellence shall be organized under the nonprofit corporation act,
13 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
14 excellence is not required to comply with sections 170 to 177 of
15 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
16 under the state or federal constitution, a school of excellence
17 shall not be organized by a church or other religious organization
18 and shall not have any organizational or contractual affiliation
19 with or constitute a church or other religious organization.

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

23 (a) The board of a school district. ~~that operates grades K to~~
24 ~~12.~~ However, except as otherwise provided in this subdivision, the
25 board of a school district shall not issue a contract for a school
26 of excellence to operate outside the school district's boundaries,
27 and a school of excellence authorized by the board of a school

1 district shall not operate outside that school district's
2 boundaries. If the board of a school district issues a contract for
3 a school of excellence that is a cyber school, the contract may
4 authorize the school of excellence that is a cyber school to
5 operate outside that school district's boundaries.

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

17 (c) The board of a community college. Except as otherwise
18 provided in this subdivision, the board of a community college
19 shall not issue a contract for a school of excellence to operate
20 outside the boundaries of the community college district, and a
21 school of excellence authorized by the board of a community college
22 shall not operate outside the boundaries of the community college
23 district. If the board of a community college issues a contract for
24 a school of excellence that is a cyber school, the contract may
25 authorize the school of excellence that is a cyber school to
26 operate outside the boundaries of the community college district.
27 The board of a community college also may issue a contract for not

1 more than 1 school of excellence to operate on the grounds of an
2 active or closed federal military installation located outside the
3 boundaries of the community college district, or may operate a
4 school of excellence itself on the grounds of such a federal
5 military installation, if the federal military installation is not
6 located within the boundaries of any community college district and
7 the community college has previously offered courses on the grounds
8 of the federal military installation for at least 10 years.

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

10 (e) Two or more of the public agencies described in
11 subdivisions (a) to (d) exercising power, privilege, or authority
12 jointly pursuant to an interlocal agreement under the urban
13 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
14 124.512.

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

19 (a) Identification of the applicant for the contract.

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

25 (c) The proposed articles of incorporation, which shall
26 include at least all of the following:

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

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

5 (iii) The name of the authorizing body.

6 (iv) The proposed time when the articles of incorporation will
7 be effective.

8 (v) Other matters considered expedient to be in the articles
9 of incorporation.

10 (d) A copy of the proposed bylaws of the school of excellence.

11 (e) Documentation meeting the application requirements of the
12 authorizing body, including at least all of the following:

13 (i) The governance structure of the school of excellence.

14 (ii) A copy of the educational goals of the school of
15 excellence and the curricula to be offered and methods of pupil
16 assessment to be used by the school of excellence. The educational
17 goals shall include demonstrated improved pupil academic
18 achievement for all groups of pupils. To the extent applicable, the
19 progress of the pupils in the school of excellence shall be
20 assessed using ~~at least a Michigan education assessment program~~
21 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
22 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
23 Michigan merit examination under section 1279g, as applicable.

24 (iii) The admission policy and criteria to be maintained by
25 the school of excellence. The admission policy and criteria shall
26 comply with section 556. This part of the application also shall
27 include a description of how the applicant will provide to the

1 general public adequate notice that a school of excellence is being
2 created and adequate information on the admission policy, criteria,
3 and process.

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

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

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

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

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

17 (i) A description of and address for the proposed physical
18 plant in which the school of excellence will be located. An
19 applicant may request the authorizing body to issue a contract
20 allowing the board of directors of the school of excellence to
21 operate the same configuration of age or grade levels at more than
22 1 site.

23 (8) An authorizing body shall oversee, or shall contract with
24 an intermediate school district, community college, or state public
25 university to oversee, each school of excellence operating under a
26 contract issued by the authorizing body. The authorizing body is
27 responsible for overseeing compliance by the board of directors

1 with the contract and all applicable law. This subsection does not
2 relieve any other government entity of its enforcement or
3 supervisory responsibility.

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

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

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

26 (12) A member of the board of directors of a school of
27 excellence is a public officer and shall, before entering upon the

1 duties of the office, take the constitutional oath of office for
2 public officers under section 1 of article XI of the state
3 constitution of 1963.

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

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

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

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

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

27 (a) Subject to subdivision (c), an authorizing body may not

1 issue a new contract for a new school of excellence that is a cyber
2 school to begin operations in a school year that begins after that
3 determination is made.

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

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

18 (16) For the purposes of subsections (14) and (15), ~~not later~~
19 ~~than July 1, 2012, and by~~ not later than July 1 of each year,
20 ~~thereafter,~~ the department shall determine the percentage of the
21 combined total statewide final audited membership for all pupils in
22 membership in public schools that are pupils in membership in
23 schools of excellence that are cyber schools for the state fiscal
24 year that includes that July 1.

25 (17) As used in this section:

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

1 (b) "Statewide authorizing body" means the governing board of
2 a state public university or the board of a federally
3 controlled community college that is recognized under the tribally
4 controlled colleges and universities assistance act of 1978, 25 USC
5 1801 to ~~1852~~, **1864**, and is determined by the department to meet the
6 requirements for accreditation by a recognized regional accrediting
7 body.

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

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

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

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

21 (d) Purchased courses and curricula.

22 (e) Fees associated with oversight and regulation.

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

25 (g) Facilities costs.

26 (h) Costs associated with special education.

27 (19) Not later than December 31, 2012, the department shall

1 issue a report to the legislature including the following:

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

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

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

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

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

24 **(22) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO**
25 **ORGANIZE AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS PART TO AN**
26 **EXISTING PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL ACADEMY, SCHOOL**
27 **OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT HAS HAD ITS**

1 CONTRACT WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR
2 NOT RENEWED. THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY,
3 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
4 DISCIPLINE ACADEMY DESCRIBED IN THIS SUBSECTION SHALL NOT APPLY FOR
5 A CONTRACT THAT WOULD VIOLATE THIS SUBSECTION. THIS SUBDIVISION
6 DOES NOT APPLY TO THE NONRENEWAL OF A CONTRACT BY AN AUTHORIZING
7 BODY IF THE AUTHORIZING BODY'S GOVERNING BOARD HAS MADE AN OFFICIAL
8 DETERMINATION THAT IT WILL NOT ISSUE OR RENEW ANY CONTRACTS UNDER
9 THIS ACT AUTHORIZING THE OPERATION OF A PUBLIC SCHOOL ACADEMY,
10 URBAN HIGH SCHOOL ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT
11 DISCIPLINE ACADEMY REGARDLESS OF THE MERITS OF RENEWING THE
12 CONTRACT.

13 Sec. 561. (1) If an authorizing body issues a contract for a
14 school of excellence under this part, the authorizing body shall do
15 all of the following:

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

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

20 (c) Establish the method of selection, length of term, and
21 number of members of the board of directors of each school of
22 excellence that it authorizes. The authorizing body shall ensure
23 that the board of directors includes representation from the local
24 community.

25 (d) Oversee the operations of each school of excellence
26 operating under a contract issued by the authorizing body. The
27 oversight shall be sufficient to ensure that the school of

1 excellence is in compliance with the terms of the contract and with
2 applicable law. This subdivision does not relieve any other
3 governmental entity of its enforcement or supervisory
4 responsibility.

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

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

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

17 (h) Ensure that the board of directors of the school of
18 excellence maintains and releases information as necessary to
19 comply with applicable law.

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

23 (3) The authorizing body for a school of excellence is the
24 fiscal agent for the school of excellence. A state school aid
25 payment for a school of excellence shall be paid to the authorizing
26 body as the fiscal agent for that school of excellence, and the
27 authorizing body shall then forward the payment to the school of

1 excellence. Within 30 days after a contract is submitted to the
2 department by the authorizing body under subsection (1), the
3 department shall issue a district code to the school of excellence
4 for which the contract was issued. If the department does not issue
5 a district code within 30 days after a contract is filed, the state
6 treasurer shall assign a temporary district code in order for the
7 school of excellence to receive funding under the state school aid
8 act of 1979.

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

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

15 (b) Failure of the school of excellence to comply with all
16 applicable law.

17 (c) Failure of the school of excellence to meet generally
18 accepted public sector accounting principles and demonstrate sound
19 fiscal stewardship.

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

22 (5) Except for a school of excellence that is an alternative
23 school serving a special student population, if the ~~superintendent~~
24 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
25 determines that a school of excellence site that has been operating
26 for at least 4 years is among the lowest achieving 5% of all public
27 schools in this state **FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE**

1 PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5 SCHOOL YEARS,
2 as ~~defined for the purposes of the federal incentive grant program~~
3 ~~created under sections 14005 and 14006 of title XIV of the American~~
4 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
5 ~~2 of restructuring sanctions under the no child left behind act of~~
6 ~~2001, Public Law 107-110, DETERMINED UNDER SECTION 1280C, not to~~
7 include ~~the~~ ANY individualized education plan subgroup, and is not
8 currently undergoing reconstitution under this section, the
9 ~~superintendent of public instruction~~ STATE SCHOOL REFORM/REDESIGN
10 OFFICER shall notify the school of excellence's authorizing body.
11 If an authorizing body receives notice from the ~~superintendent of~~
12 ~~public instruction~~ STATE SCHOOL REFORM/REDESIGN OFFICER under this
13 subsection, the authorizing body shall amend the school of
14 excellence's contract to eliminate the school of excellence's
15 authority to operate the existing age and grade levels at the site
16 and the school of excellence shall cease operating the existing age
17 and grade levels at the site, effective at the end of the current
18 school year. If the school of excellence operates at only 1 site or
19 is a cyber school, and the authorizing body receives notice from
20 the ~~superintendent of public instruction~~ STATE SCHOOL
21 REFORM/REDESIGN OFFICER under this subsection, the authorizing body
22 shall revoke the school of excellence's contract, effective at the
23 end of the current school year.

24 (6) 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

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

11 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
12 **SECTION**, before the authorizing body revokes a contract, the
13 authorizing body may consider and take corrective measures to avoid
14 revocation. The authorizing body may reconstitute the school of
15 excellence in a final attempt to improve student educational
16 performance or to avoid interruption of the educational process.
17 The authorizing body shall include a reconstituting provision in
18 the contract that identifies these corrective measures, including,
19 but not limited to, canceling a contract with an educational
20 management organization, if any, withdrawing approval to contract
21 under section 560, or appointing a new board of directors or a
22 trustee to take over operation of the school of excellence.

23 (8) If the authorizing body revokes a contract, the
24 authorizing body shall work with a school district or another
25 public school, or with a combination of these entities, to ensure a
26 smooth transition for the affected pupils. If the revocation occurs
27 during the school year, the authorizing body, as the fiscal agent

1 for the school of excellence under this part, shall return any
2 school aid funds held by the authorizing body that are attributable
3 to the affected pupils to the state treasurer for deposit into the
4 state school aid fund. The state treasurer shall distribute funds
5 to the public school in which the pupils enroll after the
6 revocation pursuant to a methodology established by the department
7 and the center for educational performance and information.

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

13 (10) If a school of excellence's contract terminates or is
14 revoked, title to all real and personal property, interest in real
15 or personal property, and other assets owned by the school of
16 excellence shall revert to the state. This property shall be
17 distributed in accordance with the following:

18 (a) Within 30 days following the termination or revocation,
19 the board of directors of a school of excellence shall hold a
20 public meeting to adopt a plan of distribution of assets and to
21 approve the dissolution of the school of excellence corporation,
22 all in accordance with chapter 8 of the nonprofit corporation act,
23 1982 PA 162, MCL 450.2801 to 450.2864.

24 (b) The school of excellence shall file a certificate of
25 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**
26 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
27 board approval.

1 (c) Simultaneously with the filing of the certificate of
2 dissolution under subdivision (b), the school of excellence board
3 of directors shall provide a copy of the board of directors' plan
4 of distribution of assets to the state treasurer for approval.
5 Within 30 days, the state treasurer, or his or her designee, shall
6 review and approve the board of directors' plan of distribution of
7 assets. If the proposed plan of distribution of assets is not
8 approved within 30 days, the state treasurer, or his or her
9 designee, shall provide the board of directors with an acceptable
10 plan of distribution of assets.

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

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

22 (f) If the board of directors of a school of excellence fails
23 to take any necessary action under this section, the state
24 treasurer, or his or her designee, may suspend the school of
25 excellence board of directors and appoint a trustee to carry out
26 the board's plan of distribution of assets. Upon appointment, the
27 trustee shall have all the rights, powers, and privileges under law

1 that the school of excellence board of directors had before being
2 suspended.

3 (g) Following the sale of the real or personal property or
4 interests in the real or personal property, and after payment of
5 any school of excellence debt secured by the property or interest
6 in property, whether real or personal, the school of excellence
7 board of directors, or a trustee appointed under this section,
8 shall forward any remaining money to the state treasurer. Following
9 receipt, the state treasurer, or his or her designee, shall deposit
10 this remaining money in the state school aid fund.

11 Sec. 654. (1) ~~In~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
12 **(2), IN** a constituent district not employing a superintendent the
13 intermediate superintendent shall **DO ALL OF THE FOLLOWING:**

14 (a) Recommend in writing all teachers to the **SCHOOL** board of
15 education. ~~THE~~ **CONSTITUENT DISTRICT.**

16 (b) Suspend a teacher for cause until the **SCHOOL** board of
17 education of the constituent district employing the teacher
18 considers the suspension.

19 (c) Supervise and direct the work of the teachers.

20 (d) Classify and control the promotion of pupils.

21 **(2) SUBSECTION (1) DOES NOT APPLY TO A CONSTITUENT DISTRICT IF**
22 **ANY OF THE FOLLOWING APPLY:**

23 **(A) THE CONSTITUENT DISTRICT IS NOT REQUIRED TO EMPLOY A**
24 **SUPERINTENDENT AS AN EMPLOYEE OF THE DISTRICT UNDER SECTION 1229.**

25 **(B) ALL OF THE PUBLIC SCHOOLS WITHIN THE CONSTITUENT DISTRICT**
26 **HAVE BEEN TRANSFERRED TO 1 OR MORE OTHER SCHOOL DISTRICTS OR PUBLIC**
27 **ENTITIES.**

1 Sec. 705. (1) Beginning in 1997, and in each year after 1997,
2 a regional enhancement property tax may be levied by an
3 intermediate school district at a rate not to exceed 3 mills to
4 enhance other state and local funding for local school district
5 operations if approved by a majority of the intermediate school
6 electors voting on the question.

7 (2) If a resolution requesting that the question of a regional
8 enhancement property tax be submitted to the voters is adopted
9 within a 180-day period and transmitted to the intermediate school
10 board by 1 or more boards of its constituent ~~school~~-districts
11 representing a majority of the combined membership of the
12 constituent ~~school~~-districts as of the most recent pupil membership
13 count day and if those resolutions all contain an identical
14 specified number of mills to be levied under this section and an
15 identical specified number of years for which the tax shall be
16 levied, the question of levying a regional enhancement property tax
17 by the intermediate school district shall be placed on the ballot
18 by the intermediate school district at the next regular school
19 election held in each of the constituent districts. If the question
20 is to be submitted to the intermediate school electors of an
21 intermediate school district having a population of more than
22 1,400,000, the intermediate school board shall call a special
23 election to be held at the next state primary or general election.
24 If the resolution requirement is met more than 180 days before the
25 next regular school district elections, and if requested in the
26 resolutions, the intermediate school board shall submit the
27 question of levying a regional enhancement property tax within the

1 intermediate school district on the ballot at a special election
2 called by the intermediate school board for that purpose not
3 earlier than 90 days after the resolution requirements are met.

4 (3) Not later than 10 days after receipt by the intermediate
5 school district of the revenue from the regional enhancement
6 property tax, the intermediate school district shall calculate and
7 pay to each of its constituent ~~school~~-districts an amount of the
8 revenue calculated by dividing the total amount of the revenue by
9 the combined membership of the constituent ~~school~~-districts within
10 the intermediate **SCHOOL** district, as of the most recent pupil
11 membership count day, and multiplying that quotient by the
12 constituent ~~school~~-district's membership, as of the most recent
13 pupil membership count day for which a final department-audited
14 pupil count is available. **IF A CONSTITUENT DISTRICT HAS ENTERED**
15 **INTO AN AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR PUBLIC ENTITY TO**
16 **PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
17 **DISTRICT FOR OPERATING A PUBLIC SCHOOL OF THE CONSTITUENT DISTRICT,**
18 **THE PUPILS IN MEMBERSHIP IN THAT PUBLIC SCHOOL SHALL BE COUNTED IN**
19 **MEMBERSHIP IN THE CONSTITUENT DISTRICT AND THE REVENUE PAYABLE TO**
20 **THE CONSTITUENT DISTRICT UNDER THIS SECTION SHALL BE TRANSFERRED BY**
21 **THE CONSTITUENT DISTRICT TO THE SCHOOL DISTRICT OR PUBLIC ENTITY**
22 **PERFORMING THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
23 **DISTRICT FOR OPERATING THE PUBLIC SCHOOL. REVENUE FROM A REGIONAL**
24 **ENHANCEMENT PROPERTY TAX UNDER THIS SECTION SHALL NOT BE ALLOCATED**
25 **OR PAID TO A CONSTITUENT DISTRICT THAT DOES NOT OPERATE A PUBLIC**
26 **SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE IDENTITY FOR**
27 **PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.**

1 (4) Regional enhancement property tax under this section may
2 be levied for a term not to exceed 20 years, as specified in the
3 ballot question, and may be renewed for the same term with the
4 approval of a majority of the intermediate school electors voting
5 on the question.

6 (5) The question of levying a regional enhancement property
7 tax under this section shall be presented to the intermediate
8 school electors as a separate question.

9 Sec. 921. (1) ~~Annually~~ **SUBJECT TO SUBSECTION (2), ANNUALLY** on
10 June 1 each intermediate superintendent shall compile a list of
11 constituent districts ~~which~~ **THAT** did not operate school within the
12 **CONSTITUENT** district during the preceding 2 or more years. ~~Not~~
13 ~~later than~~ **BEFORE** June 10, the intermediate superintendent shall
14 direct in writing the board of each constituent district **ON THIS**
15 **LIST** to comply with this section and section 922. ~~Before the~~
16 ~~expiration of 1 year following this official notification~~ **WITHIN 1**
17 **YEAR AFTER ISSUANCE OF THIS DIRECTIVE BY THE INTERMEDIATE**
18 **SUPERINTENDENT**, the constituent district shall ~~either~~ **DO 1 OF THE**
19 **FOLLOWING:**

20 (a) Attach itself either totally or in part to 1 or more
21 operating school districts, **INCLUDING, BUT NOT LIMITED TO, A**
22 **REORGANIZATION UNDER SECTION 12 OR 12B.**

23 (b) **TRANSFER THE FUNCTIONS AND RESPONSIBILITIES OF THE**
24 **CONSTITUENT DISTRICT RELATING TO OPERATING PUBLIC SCHOOLS TO 1 OR**
25 **MORE OTHER PUBLIC ENTITIES AUTHORIZED TO OPERATE PUBLIC SCHOOLS,**
26 **INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN**
27 **INTERMEDIATE SCHOOL DISTRICT.**

1 (C) ~~(b)~~—Reopen and operate its own school.

2 (2) FOR THE PURPOSES OF THIS SECTION, A CONSTITUENT DISTRICT
3 SHALL BE CONSIDERED TO HAVE OPERATED A SCHOOL WITHIN THE SCHOOL
4 DISTRICT IF THE CONSTITUENT DISTRICT DID EITHER OR BOTH OF THE
5 FOLLOWING:

6 (A) DIRECTLY OPERATED 1 OR MORE SCHOOLS ON ITS OWN.

7 (B) CAUSED PUBLIC EDUCATION SERVICES TO BE PROVIDED WITHIN THE
8 SCHOOL DISTRICT TO RESIDENTS OF THE SCHOOL DISTRICT THROUGH AN
9 AGREEMENT, CONTRACT, OR OTHER COOPERATIVE AGREEMENT WITH ANOTHER
10 SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT.

11 Sec. 1147. (1) A child who is a resident of a school district
12 that does not provide kindergarten and who is at least 5 years of
13 age on the first day of enrollment of the school year may attend
14 school in **A PUBLIC SCHOOL OPERATED BY** the school district **OR, FOR A**
15 **QUALIFYING SCHOOL DISTRICT OR A SCHOOL DISTRICT THAT DOES NOT**
16 **DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN ANOTHER PUBLIC SCHOOL**
17 **LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.**

18 (2) ~~Subject to subsection (3), for the 2013-2014 school year,~~
19 ~~a child who resides in the school district may enroll in~~
20 ~~kindergarten if the child is at least 5 years of age on November 1,~~
21 ~~2013. Subject to subsection (3), for the 2014-2015 school year, a~~
22 ~~child who resides in the school district may enroll in kindergarten~~
23 ~~if the child is at least 5 years of age on October 1, 2014. Subject~~
24 ~~to subsection (3), beginning with the 2015-2016 school year, a~~
25 **child WHO IS AT LEAST 5 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL**
26 **YEAR OF ENROLLMENT AND** who resides in the school district may
27 enroll in kindergarten ~~if the child is at least 5 years of age on~~

1 ~~September 1 of the school year of enrollment.~~ **IN A PUBLIC SCHOOL**
2 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
3 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**
4 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
5 **OF THE SCHOOL DISTRICT.**

6 (3) If a child residing in the school district or a child
7 eligible to enroll in and be counted in membership in the school
8 district under section 105 or 105c of the state school aid act of
9 1979, MCL 388.1705 and 388.1705c, is not 5 years of age on the
10 enrollment eligibility date specified in subsection (2), but will
11 be 5 years of age not later than December 1 of a school year, the
12 parent or legal guardian of that child may enroll the child in
13 kindergarten for that school year **IN A PUBLIC SCHOOL OPERATED BY**
14 **THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A SCHOOL**
15 **DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN**
16 **ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
17 **THE SCHOOL DISTRICT** if the parent or legal guardian notifies the
18 ~~school district~~ **PUBLIC SCHOOL** in writing that he or she intends to
19 enroll the child in kindergarten for that school year. A ~~school~~
20 ~~district~~ **PUBLIC SCHOOL** that receives this written notification may
21 make a recommendation to the parent or legal guardian of a child
22 described in this subsection that the child is not ready to enroll
23 in kindergarten due to the child's age or other factors. However,
24 regardless of this recommendation, the parent or legal guardian
25 retains the sole discretion to determine whether or not to enroll
26 the child in kindergarten under this subsection.

27 (4) The ages prescribed in this section for a child's

1 eligibility for enrollment in a ~~school district~~ **PUBLIC SCHOOL** also
2 apply to a child's eligibility to enroll in a public school
3 academy.

4 (5) If a ~~school district or public school academy~~ **PUBLIC**
5 **SCHOOL** enrolls any children in kindergarten for a school year under
6 subsection (3), the ~~school district or public school academy~~ **PUBLIC**
7 **SCHOOL** shall notify the department of the number of those children
8 enrolled by not later than December 31 of that school year.

9 (6) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT TO OPERATE**
10 **A PUBLIC SCHOOL DIRECTLY ON ITS OWN.**

11 (7) **THIS SECTION DOES NOT APPLY TO A SCHOOL DISTRICT THAT DOES**
12 **NOT OPERATE A PUBLIC SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE**
13 **IDENTITY FOR PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.**

14 (8) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT OR PUBLIC**
15 **SCHOOL ACADEMY THAT DOES NOT OTHERWISE PROVIDE KINDERGARTEN TO**
16 **PROVIDE KINDERGARTEN.**

17 Sec. 1225. (1) Subject to restrictions of this section, a
18 school board or intermediate school board may borrow money and
19 issue notes of the school district or intermediate school district
20 for the borrowed money to secure funds for school operations or to
21 pay previous loans obtained for school operations under this or any
22 other statute. The school board or intermediate school board shall
23 pledge money to be received by it from state school aid for the
24 payment of notes issued under this section. A pledge of state
25 school aid by a school district or intermediate school district for
26 the payment of notes issued pursuant to this section is valid and
27 binding from the time when the pledge is made. A pledge made

1 pursuant to this section for the benefit of the holders of notes or
2 for the benefit of others is perfected without delivery, recording,
3 or notice. Notes issued pursuant to this section are full faith and
4 credit obligations of the school district or intermediate school
5 district and are payable from tax levies or from unencumbered funds
6 of the school district or intermediate school district in event of
7 the unavailability or insufficiency of state school aid for any
8 reason.

9 (2) A school district or intermediate school district for
10 which an emergency manager has been appointed pursuant to the ~~local~~
11 ~~government and school district fiscal accountability act, 2011 PA~~
12 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**
13 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or a school district or
14 intermediate school district that has an approved deficit
15 elimination plan **OR AN ENHANCED DEFICIT ELIMINATION PLAN REQUIRED**
16 under section 102 of the state school aid act of 1979, MCL
17 388.1702, may enter into an agreement with the Michigan finance
18 authority in accordance with section 17a(4) of the state school aid
19 act of 1979, MCL 388.1617a, providing for the direct payment on
20 behalf of the school district or intermediate school district to
21 the Michigan finance authority, or to a trustee designated by the
22 Michigan finance authority, of state school aid pledged and to be
23 used for the sole purpose of paying the principal of and interest
24 on the notes issued pursuant to this section and secured by state
25 school aid.

26 (3) Notes issued under this section shall become due not later
27 than 372 days after the date on which they are issued, except as

1 otherwise provided in this section. Notes issued within a fiscal
2 year shall not exceed 70% of the difference between the total state
3 aid funds apportioned to the school district or intermediate school
4 district for that fiscal year and the portion already received or
5 pledged, except secondary pledges made under section 1356.

6 (4) A school district or intermediate school district that is
7 not able to redeem its notes within 372 days after the date on
8 which the notes were issued may enter into a multi-year agreement
9 with a lending institution to repay its obligation. A repayment
10 agreement shall not be executed without the prior approval of an
11 authorized representative of the state board or, for notes sold to
12 the Michigan finance authority only, without the approval of an
13 authorized representative of the department of treasury.

14 (5) During the last 4 months of a fiscal year, notes may be
15 issued pledging state school aid for the next succeeding fiscal
16 year. Except as otherwise provided in this subsection, the notes
17 shall not exceed 50% of the state school aid apportioned to the
18 school district or intermediate school district for the next
19 succeeding fiscal year or, if the apportionment has not been made,
20 50% of the apportionment for the then current fiscal year. The
21 notes shall mature not later than 372 days after the date of
22 issuance.

23 (6) Notes issued under this section are subject to the revised
24 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.
25 Failure of a school district or intermediate school district to
26 receive state school aid does not affect the validity or
27 enforceability of a note issued under this section.

1 (7) A school board or intermediate school board, **INCLUDING,**
2 **BUT NOT LIMITED TO, THE SCHOOL BOARD OF A COMMUNITY DISTRICT,** may
3 make more than 1 borrowing under this section during a school year.

4 (8) In addition to other powers under this section, with the
5 approval of the state treasurer, a school board or intermediate
6 school board, **INCLUDING, BUT NOT LIMITED TO, THE SCHOOL BOARD OF A**
7 **COMMUNITY DISTRICT,** may obtain a line of credit to secure funds for
8 school operations or to pay previous loans obtained for school
9 operations under this or any other statute. The school board or
10 intermediate school board shall pledge not more than 30% of the
11 state school aid apportioned to the school district or intermediate
12 school district for that fiscal year for repayment of funds
13 received pursuant to a line of credit obtained under this
14 subsection. However, the school board or intermediate school board
15 shall not borrow against the line of credit an amount greater than
16 the difference, as of the date of the borrowing, between the total
17 state school aid funds apportioned to the school district or
18 intermediate school district for that fiscal year and the portion
19 already received or pledged, except secondary pledges made under
20 section 1356. To obtain approval for obtaining a line of credit
21 under this subsection, a school board or intermediate school board
22 shall apply to the state treasurer in the form and manner
23 prescribed by the state treasurer, and shall provide information as
24 requested by the state treasurer for evaluating the application.
25 The state treasurer shall approve or disapprove an application and
26 notify the school board or intermediate school board within 20
27 business days after receiving a proper application. If the state

1 treasurer disapproves an application, the state treasurer shall
2 include the reasons for disapproval in the notification to the
3 school board or intermediate school board.

4 Sec. 1229. (1) Except as otherwise provided in subsection (4),
5 the board of a school district, other than a school district that
6 was organized as a primary school district during the 1995-1996
7 school year, or of an intermediate school district shall employ a
8 superintendent of schools, who shall meet the requirements of
9 section 1246. The superintendent shall not be a member of the
10 board. Employment of a superintendent shall be by written contract.
11 The term of the superintendent's contract shall be fixed by the
12 board, not to exceed 5 years. If written notice of nonrenewal of
13 the contract of a superintendent is not given at least 90 days
14 before the termination of the contract, the contract is renewed for
15 an additional 1-year period.

16 (2) The board of a school district or intermediate school
17 district may employ assistant superintendents, principals,
18 assistant principals, guidance directors, and other administrators
19 who do not assume tenure in that position under 1937 (Ex Sess) PA
20 4, MCL 38.71 to 38.191. The employment shall be by written
21 contract. The term of the employment contract shall be fixed by the
22 board, not to exceed 3 years. The board shall prescribe the duties
23 of a person described in this subsection. If written notice of
24 nonrenewal of the contract of a person described in this subsection
25 is not given at least 60 days before the termination date of the
26 contract, the contract is renewed for an additional 1-year period.

27 (3) A notification of nonrenewal of contract of a person

1 described in subsection (2) may be given only for a reason that is
2 not arbitrary or capricious. The board shall not issue a notice of
3 nonrenewal under this section unless the affected person has been
4 provided with not less than 30 days' advance notice that the board
5 is considering the nonrenewal together with a written statement of
6 the reasons the board is considering the nonrenewal. After the
7 issuance of the written statement, but before the nonrenewal
8 statement is issued, the affected person shall be given the
9 opportunity to meet with not less than a majority of the board to
10 discuss the reasons stated in the written statement. The meeting
11 shall be open to the public or a closed session, as the affected
12 person elects under section 8 of the open meetings act, 1976 PA
13 267, MCL 15.268. If the board fails to provide for a meeting with
14 the board, or if a court finds that the reason for nonrenewal is
15 arbitrary or capricious, the affected person's contract is renewed
16 for an additional 1-year period. This subsection does not apply to
17 the nonrenewal of the contract of a superintendent of schools
18 described in subsection (1).

19 (4) A school district, instead of directly employing a
20 superintendent of schools, may contract with its intermediate
21 school district for the intermediate superintendent to serve as the
22 superintendent of schools for the school district or for the
23 intermediate school district to provide another person to serve as
24 superintendent of schools for the school district **OR MAY CONTRACT**
25 **WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, THE**
26 **SUPERINTENDENT OF ANOTHER SCHOOL DISTRICT, TO SERVE AS**
27 **SUPERINTENDENT OF SCHOOLS FOR THE SCHOOL DISTRICT. IF A SCHOOL**

1 DISTRICT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY ON ITS OWN, THE
2 SCHOOL DISTRICT IS NOT REQUIRED TO EMPLOY A SUPERINTENDENT.

3 Sec. 1231. (1) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
4 (5), THE board of a school district shall hire and contract with
5 qualified teachers. Contracts with teachers shall be in writing and
6 signed on behalf of the school district by a majority of the board,
7 by the president and secretary of the board, or by the
8 superintendent of schools or an authorized representative of the
9 board. The contracts shall specify the wages agreed upon.

10 (2) A teacher's contract shall be filed with the secretary of
11 the board and a duplicate copy of the contract shall be furnished
12 to the teacher.

13 (3) Except as otherwise provided under this act, a contract
14 with a teacher is not valid unless the person holds a valid
15 teaching certificate at the time the contractual period begins. A
16 contract shall terminate if the certificate expires by limitation
17 and is not renewed immediately or if it is suspended or revoked by
18 proper legal authority.

19 (4) The board of a school district, after a teacher has been
20 employed at least 2 consecutive years by the board, may enter into
21 a continuing contract with a certificated teacher.

22 (5) THE SCHOOL BOARD OF A SCHOOL DISTRICT THAT IS A COMMUNITY
23 DISTRICT MAY EMPLOY OR CONTRACT FOR, OR BOTH, QUALIFIED TEACHERS
24 AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT
25 FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL, AS DEFINED IN SECTION 3
26 OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1603, AS NECESSARY TO
27 CARRY OUT THE PURPOSES OF THE COMMUNITY DISTRICT.

1 (6) ~~(5)~~—As used in this section, "teacher" does not include a
2 substitute teacher.

3 **SEC. 1284C. THE GOVERNING BODY FOR A PUBLIC SCHOOL THAT**
4 **OPERATES A YEAR-ROUND PROGRAM OR OPERATES AS A YEAR-ROUND SCHOOL**
5 **MAY DESIGNATE A DATE AFTER MAY 31 AND BEFORE THE FIRST MONDAY IN**
6 **SEPTEMBER AS THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL. A**
7 **DATE ADOPTED BY THE GOVERNING BODY OF A PUBLIC SCHOOL UNDER THIS**
8 **SECTION SHALL BE THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL**
9 **FOR PURPOSES OF THIS ACT AND OTHER LAWS OF THIS STATE.**

10 Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994,
11 a school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT**
12 **THAT IS A COMMUNITY DISTRICT**, shall not borrow money and issue
13 bonds of the district under section 1351(1). However, a school
14 district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT THAT IS**
15 **A COMMUNITY DISTRICT**, may borrow money and issue bonds of the
16 district to defray all or a part of the cost of purchasing,
17 erecting, completing, remodeling, or equipping or reequipping,
18 except for equipping or reequipping for technology, school
19 buildings, including library buildings, structures, athletic
20 fields, playgrounds, or other facilities, or parts of or additions
21 to those facilities; furnishing or refurnishing new or remodeled
22 school buildings; acquiring, preparing, developing, or improving
23 sites, or parts of or additions to sites, for school buildings,
24 including library buildings, structures, athletic fields,
25 playgrounds, or other facilities; purchasing school buses;
26 acquiring, installing, or equipping or reequipping school buildings
27 for technology; or accomplishing a combination of the purposes set

1 forth in this subsection. Section 1351(2) to (4) applies to bonds
2 issued under this section.

3 (2) The proceeds of bonds issued under this section or under
4 section 11i of the state school aid act of 1979, ~~1979 PA 94, MCL~~
5 388.1611i, shall be used for capital expenditures and to pay costs
6 of bond issuance, and shall not be used for maintenance costs.
7 Except as otherwise provided in this subsection, a school district
8 that issues bonds under this section or under section 11i of the
9 state school aid act of 1979, ~~1979 PA 94, MCL~~ 388.1611i, shall have
10 an independent audit, using generally accepted accounting
11 principles, of its bonding activities under these sections
12 conducted within 120 days after completion of all projects financed
13 by the proceeds of the bonds and shall submit the audit report to
14 the department of treasury. For bonds issued under section 11i of
15 the state school aid act of 1979, ~~1979 PA 94, MCL~~ 388.1611i, the
16 independent audit required under this subsection may be conducted
17 and submitted with the annual report required under the revised
18 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

19 (3) A school district, **INCLUDING, BUT NOT LIMITED TO, A SCHOOL**
20 **DISTRICT THAT IS A COMMUNITY DISTRICT**, shall not borrow money and
21 issue notes or bonds under this section to defray all or part of
22 the costs of any of the following:

23 (a) Upgrades to operating system or application software.

24 (b) Media, including diskettes, compact discs, video tapes,
25 and disks, unless used for the storage of initial operating system
26 software or customized application software included in the
27 definition of technology under this section.

1 (c) Training, consulting, maintenance, service contracts,
2 software upgrades, troubleshooting, or software support.

3 (4) A resident of a school district, **INCLUDING, BUT NOT**
4 **LIMITED TO, A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT**, has
5 standing to bring suit against the school district to enforce the
6 provisions of this section in a court having jurisdiction.

7 (5) As used in this section, "technology" means any of the
8 following:

9 (a) Hardware and communication devices that transmit, receive,
10 or compute information for pupil instructional purposes.

11 (b) The initial purchase of operating system software or
12 customized application software, or both, accompanying the purchase
13 of hardware and communication devices under subdivision (a).

14 (c) The costs of design and installation of the hardware,
15 communication devices, and initial operating system software or
16 customized application software authorized under this subsection.

17 Sec. 1356. (1) Notwithstanding section 1351, a school district
18 that has an operating or projected operating deficit ~~in excess of~~
19 ~~\$100.00 per membership pupil~~ **OR THAT HAS OUTSTANDING STATE AID**
20 **ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE MICHIGAN**
21 **FINANCE AUTHORITY** may, **WITH THE APPROVAL OF THE STATE TREASURER**,
22 borrow and issue ~~its negotiable interest bearing notes or bonds~~ for
23 the purpose of ~~funding~~ **ELIMINATING** the deficit **OR REFUNDING OR**
24 **REFINANCING THE STATE AID ANTICIPATION NOTES** in accordance with
25 this section. **NOTES OR BONDS ISSUED UNDER THIS SECTION SHALL BE**
26 **KNOWN AS SCHOOL FINANCING STABILITY BONDS**. This authority is in
27 addition to and not in derogation of any power granted to a school

1 district by any other provision of this act. However, ~~except for~~
2 ~~the purpose of funding an operating or projected operating deficit~~
3 ~~resulting from a state tax tribunal order or a court order, a~~
4 ~~school district shall not initiate the procedures to borrow money~~
5 ~~or issue notes or bonds under this section after January 1, 1994.~~

6 (2) Before a ~~board of a school~~ district issues notes or bonds
7 under this section, the board **OF THE SCHOOL DISTRICT** shall provide
8 by resolution for the submission of the following certified and
9 substantiated information to the department of treasury:

10 (a) There exists or will exist an operating deficit in the
11 school district ~~in excess of \$100.00 per membership pupil.~~ **OR THE**
12 **SCHOOL DISTRICT HAS OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED**
13 **UNDER SECTION 1225 THROUGH THE MICHIGAN FINANCE AUTHORITY.**

14 (b) ~~During~~ **IF THE SCHOOL DISTRICT HAS A DEFICIT, DURING** or
15 before the fiscal year in which the application is made, the school
16 district has made every available effort to offset the deficit. ~~7~~
17 ~~including submission of a question to the school electors of the~~
18 ~~district to increase the rate of ad valorem property taxes levied~~
19 ~~in the school district.~~

20 (c) The school district has a plan approved by the ~~school~~
21 ~~board~~ **STATE TREASURER** that outlines actions to be taken to balance
22 future expenditures with anticipated revenues **AND TO REPAY ANY**
23 **BONDS OR NOTES ISSUES UNDER THIS SECTION. THE STATE TREASURER MAY**
24 **RECOGNIZE A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT**
25 **ELIMINATION PLAN AUTHORIZED UNDER SECTION 102 OF THE STATE SCHOOL**
26 **AID ACT OF 1979, MCL 388.1702, AS SATISFYING THE REQUIREMENTS FOR**
27 **AN APPROVED PLAN UNDER THIS SUBDIVISION.**

1 (3) The existence of ~~the~~**AN** operating or projected operating
2 deficit, ~~and~~ the amount of the operating or projected operating
3 deficit, **AND THE AMOUNT NECESSARY TO REFUND OR REFINANCE ANY SCHOOL**
4 **AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE**
5 **MICHIGAN FINANCE AUTHORITY** shall be determined by the department of
6 treasury, using normal school accounting practices. If a financial
7 audit is required to arrive at a conclusive determination as to the
8 amount of ~~the~~**A** deficit, the state treasurer shall charge all
9 necessary expenses for the audit, including per diem and travel
10 expenses, to the school district, and the school district shall
11 make payment to the state treasurer for these expenses. ~~The~~**A**
12 determination by the department of treasury **UNDER THIS SUBSECTION**
13 is final and conclusive. ~~as to the existence of an operating or~~
14 ~~projected operating deficit, the amount of the deficit, and the~~
15 ~~amount of the deficit per membership pupil.~~

16 (4) The notes or bonds may be issued in 1 or more series by
17 resolution adopted by the school board, which resolution in each
18 case shall make reference to the determination of the department of
19 treasury **UNDER SUBSECTION (3)**. The amount of a note or bond issued
20 shall not exceed the amount ~~of the operating deficit as shown by~~
21 ~~the determination.~~**DETERMINED BY THE DEPARTMENT OF TREASURY UNDER**
22 **SUBSECTION (3)**.

23 (5) The school district ~~shall~~**MAY** pledge as ~~secondary~~ security
24 for the **REPAYMENT OF PRINCIPAL AND INTEREST ON** notes or bonds
25 ~~future~~**ISSUED UNDER THIS SECTION MONEY FROM** state school aid
26 payments ~~, if any,~~**PAID OR PAYABLE TO THE SCHOOL DISTRICT, REVENUE**
27 **FORM TAXES LEVIED BY THE SCHOOL DISTRICT FOR SCHOOL OPERATING**

1 PURPOSES UNDER SECTION 1211, and other ~~funds~~ TAX REVENUE OR MONEY
2 of the district legally available as security. A PLEDGE UNDER THIS
3 SUBSECTION IS VALID AND BINDING FROM THE TIME THE PLEDGE IS MADE. A
4 PLEDGE UNDER THIS SUBSECTION FOR THE BENEFIT OF THE HOLDERS OF
5 NOTES OR BONDS OR FOR THE BENEFIT OF OTHERS IS PERFECTED WITHOUT
6 DELIVERY, RECORDING, OR NOTICE. A SCHOOL DISTRICT MAY ENTER INTO AN
7 AGREEMENT WITH THE DEPARTMENT OF TREASURY OR THE MICHIGAN FINANCE
8 AUTHORITY, OR BOTH, PROVIDING FOR THE DIRECT PAYMENT ON BEHALF OF
9 THE SCHOOL DISTRICT TO THE MICHIGAN FINANCE AUTHORITY OR A
10 DESIGNATED TRUSTEE OF STATE SCHOOL AID PLEDGED FOR THE REPAYMENT OF
11 PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED UNDER THIS SECTION
12 IN THE SAME MANNER AS AN AGREEMENT UNDER SECTION 17A(4) OF THE
13 STATE SCHOOL AID ACT OF 1979, MCL 388.1617A.

14 (6) The notes or bonds shall mature serially with annual
15 maturities not more than ~~10~~ 25 years from their date and shall bear
16 interest, payable annually or semiannually, at a rate or rates not
17 exceeding a rate determined by the school board in the school
18 district's borrowing resolution. The first principal installment on
19 the notes or bonds shall be due not more than 18 months from the
20 date of the **ISSUANCE OF THE** notes or bonds. ~~, and a principal~~
21 ~~installment on the notes shall not be less than 1/3 of the~~
22 ~~principal amount of a subsequent principal installment.~~ The notes
23 or bonds may be made subject to redemption before maturity with or
24 without premium in a manner and at times provided in the resolution
25 authorizing the issuance of the notes or bonds.

26 (7) Notes or bonds issued under this section are valid and
27 binding general obligations of the school district, it being the

1 intent and purpose that the notes or bonds and the interest on the
2 notes or bonds be promptly paid when due from the first money
3 available to the **SCHOOL** district not pledged for other indebtedness
4 and except to the extent that the use is restricted by the state
5 constitution of 1963 or the laws of the United States. **IF A SCHOOL**
6 **DISTRICT DOES NOT RECEIVE STATE SCHOOL AID, THE VALIDITY OF A NOTE**
7 **OR BOND ISSUED UNDER THIS SECTION IS NOT AFFECTED.**

8 (8) Except as otherwise provided in this section, bonds and
9 notes issued under this section are subject to the revised
10 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

11 (9) The proceeds of the sale of notes **OR BONDS** authorized
12 under this section, after payment of the costs of issuance of the
13 notes or bonds and interest on the notes or bonds, ~~for a period not~~
14 ~~to exceed 9 months,~~ shall be used solely for the purpose of paying
15 necessary operating expenses of the school district, including the
16 payment of principal of and interest on notes or bonds of the
17 school district issued for operating purposes under this or any
18 other act.

19 (10) A board of a school district that borrows ~~pursuant to~~
20 ~~subsections (1) to (9)~~ **UNDER THIS SECTION** shall submit its budget
21 for review and approval to the department of education. **TREASURY.**
22 The department of education **TREASURY** shall take necessary steps,
23 subject to the school district's contracts and statutory
24 obligations, to assure that the expenditures of a school district
25 that receives money under this part shall not exceed revenues on an
26 annual basis and that the school district maintains a balanced
27 budget.

1 Enacting section 1. Part 5a and sections 403, 404, 412, 416a,
2 420, 421, 449, and 485 of the revised school code, 1976 PA 451, MCL
3 380.371 to 380.376, 380.403, 380.404, 380.412, 380.416a, 380.420,
4 380.421, 380.449, and 380.485, are repealed.