

**SUBSTITUTE FOR
HOUSE BILL NO. 5384**

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,
1233, 1237, 1250, and 1351a (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, 380.1233, 380.1237, 380.1250, and 380.1351a),
the title as amended by 2003 PA 179, section 3 as amended by 2007
PA 45, section 5 as amended by 2011 PA 232, sections 6 and 1250 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 1233 as amended by 2000 PA 288, section 1237 as added by 2000 PA 387, and section 1351a as amended by 2002 PA 65, and by adding sections 12b, 1233c, and 1356a 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 OTHER 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,~~**DISTRICT,**
18 local act school ~~districts,~~**DISTRICT,** intermediate school
19 ~~districts,~~**DISTRICT,** the Michigan schools for the deaf and blind,
20 ~~the department of community health,~~the department of **HEALTH AND**
21 human services, or a combination of these, and ancillary
22 professional services for students with a disability rendered by
23 agencies approved by the ~~state board.~~**SUPERINTENDENT OF PUBLIC**
24 **INSTRUCTION.** The programs shall include vocational training, but
25 need not 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 PUBLIC ENTITY, INCLUDING, BUT**

1 NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN INTERMEDIATE SCHOOL
2 DISTRICT.

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

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

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

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

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

1 PA 7, MCL 124.501 to 124.512, as provided under section 503 of that
2 act, MCL 124.503.

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

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

17 (7) The board of a school district shall be elected as
18 provided under this act and the Michigan election law. The number
19 of members of the board of a general powers school district shall
20 remain the same as for that school district before July 1, 1996
21 unless changed by the school electors of the school district at a
22 regular or special school election. A ballot question for changing
23 the number of board members may be placed on the ballot by action
24 of the board or by petition submitted by school electors as
25 provided under chapter XIV of the Michigan election law, MCL
26 168.301 to 168.316.

27 (8) Members of the board of a general powers school district

1 shall be elected by the school electors for terms of 4 or 6 years,
2 as provided by the school district's bylaws. At each regular school
3 election, members of the board shall be elected to fill the
4 positions of those whose terms will expire. A term of office begins
5 as provided in section 302 of the Michigan election law, MCL
6 168.302, and continues until a successor is elected and qualified.

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

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

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

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

25 (13) A school district may establish and administer
26 scholarships for its students or graduates to support their
27 attendance at a postsecondary educational institution from funds

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

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

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

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

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

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

1 (2) IF A SCHOOL DISTRICT LOSES ITS ORGANIZATION UNDER
2 SUBSECTION (1), EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL
3 RECORDS, FUNDS, AND PROPERTY OF THE QUALIFYING SCHOOL DISTRICT ARE
4 TRANSFERRED ON THE TRANSFER DATE TO A COMMUNITY DISTRICT CREATED
5 WITH THE SAME GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL
6 DISTRICT UNDER PART 5B. A SCHOOL BUILDING OR OTHER REAL PROPERTY
7 OWNED BY AND LOCATED IN THE QUALIFYING SCHOOL DISTRICT BECOMES PART
8 OF AND OWNED BY THE COMMUNITY DISTRICT. IF A QUALIFYING SCHOOL
9 DISTRICT HAS OUTSTANDING DEBT ON THE TRANSFER DATE, THE QUALIFYING
10 SCHOOL DISTRICT SHALL RETAIN A LIMITED SEPARATE IDENTITY AS A
11 SCHOOL DISTRICT AND THE TERRITORY OF THE QUALIFYING SCHOOL DISTRICT
12 SHALL CONTINUE AS A SEPARATE TAXING UNIT ONLY FOR THE LIMITED
13 PURPOSES OF THE REPAYMENT OF THE DEBT UNTIL THE DEBT IS RETIRED AND
14 COMPLIANCE WITH THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014
15 PA 181, MCL 141.1631 TO 141.1643. A QUALIFYING DISTRICT DOES NOT
16 ASSUME ANY DEBT INCURRED, ACQUIRED, OR ACCUMULATED AFTER THE
17 TRANSFER DATE, AND ANY DEBT OF A COMMUNITY DISTRICT WITH THE SAME
18 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING DISTRICT SHALL NOT BE
19 TRANSFERRED TO THE QUALIFYING DISTRICT. UNTIL THE ELECTED MEMBERS
20 OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT ARE ELECTED AND TAKE
21 OFFICE UNDER SECTION 384, THE BOARD OF THE QUALIFYING SCHOOL
22 DISTRICT SHALL CONTINUE FOR THE LIMITED PURPOSE OF PERFORMING THE
23 FUNCTIONS AND SATISFYING THE RESPONSIBILITIES OF THE BOARD AND
24 OFFICERS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE
25 REPAYMENT OF DEBT AND THE DISSOLUTION OF THE QUALIFYING SCHOOL
26 DISTRICT, INCLUDING, BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

27 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT

1 IN THE NAME OF THE QUALIFYING SCHOOL DISTRICT.

2 (B) DOING ALL OTHER THINGS RELATIVE TO THE REPAYMENT OF
3 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT REQUIRED BY LAW
4 AND BY THE TERMS OF THE DEBT, INCLUDING, BUT NOT LIMITED TO,
5 LEVYING OR RENEWING A SCHOOL OPERATING TAX UNDER SECTION 1211, OR
6 REFUNDING OR REFINANCING DEBT AT A LOWER RATE.

7 (C) DOING ALL OTHER THINGS RELATIVE TO THE DISSOLUTION OF THE
8 QUALIFYING SCHOOL DISTRICT.

9 (3) AS PERMITTED UNDER FEDERAL LAW, ON THE TRANSFER DATE THE
10 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL ALLOCATE TO A COMMUNITY
11 DISTRICT RECEIVING THE FUNCTIONS AND RESPONSIBILITIES OF A
12 QUALIFYING SCHOOL DISTRICT FOR A PUBLIC SCHOOL UNDER SUBSECTION (2)
13 ALL APPLICABLE GRANTS UNDER 20 USC 6333, 20 USC 6334, 20 USC 6335,
14 AND 20 USC 6337, AND OTHER FEDERAL FUNDS THAT WOULD OTHERWISE BE
15 MADE AVAILABLE FOR GRANTS TO OR FEDERAL FUNDING FOR THE PUBLIC
16 SCHOOL OR MAKE OTHER ADJUSTMENTS IN THE ALLOCATION OF FEDERAL FUNDS
17 TO IMPLEMENT THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FOR THE
18 PUBLIC SCHOOL.

19 (4) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
20 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
21 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
22 5B, ALL OF THE FOLLOWING APPLY:

23 (A) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
24 THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN, OCCUPY,
25 OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF THE
26 QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
27 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,

1 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
2 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
3 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
4 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
5 SUCCESSION UNDER THIS SUBDIVISION.

6 (B) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
7 ALL RIGHTS, TITLE, AND INTERESTS IN AND TO THE FIXTURES, EQUIPMENT,
8 MATERIALS, FURNISHINGS, AND OTHER PERSONAL PROPERTY OWNED AND USED
9 BY THE QUALIFYING SCHOOL DISTRICT AS OF THE TRANSFER DATE. THE
10 OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL EXECUTE ANY
11 INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER THAT ARE
12 NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
13 SUCCESSION UNDER THIS SUBDIVISION.

14 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
15 COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES ALL OF THE
16 RIGHTS OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE QUALIFYING
17 SCHOOL DISTRICT UNDER ANY ORDINANCES, AGREEMENTS, OR OTHER
18 INSTRUMENTS AND UNDER LAW. THIS SUCCESSION INCLUDES, AND THERE IS
19 TRANSFERRED TO THE COMMUNITY DISTRICT, ALL LICENSES, PERMITS,
20 APPROVALS, OR AWARDS RELATED TO THE QUALIFYING SCHOOL DISTRICT
21 ALONG WITH ALL GRANT AGREEMENTS, GRANT PRE-APPLICATIONS, AND THE
22 RIGHT TO RECEIVE THE BALANCE OF ANY FUNDS PAYABLE UNDER THE
23 AGREEMENTS.

24 (D) THE COMMUNITY DISTRICT HAS THE RIGHT AND AUTHORITY TO OWN,
25 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES
26 TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT TO ANY LIENS
27 ON THE REAL PROPERTY AND RESTRICTIONS AND LIMITATIONS ON THE USE OF

1 THE REAL PROPERTY.

2 (E) EXCEPT FOR DEBT OR OTHER OBLIGATIONS RETAINED BY THE
3 QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, THE COMMUNITY
4 DISTRICT HAS THE QUALIFYING SCHOOL DISTRICT'S RIGHT, TITLE, AND
5 INTEREST IN, AND ALL OF THE QUALIFYING SCHOOL DISTRICT'S
6 RESPONSIBILITIES AND AUTHORITY ARISING UNDER LEASES, CONCESSIONS,
7 AND OTHER CONTRACTS FOR FACILITIES.

8 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES
9 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
10 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
11 SCHOOL DISTRICT ARE TRANSFERRED TO THE COMMUNITY DISTRICT.

12 (G) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, AN
13 INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE QUALIFYING SCHOOL
14 DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED TO EMPLOYMENT BY
15 THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO THE COMMUNITY
16 DISTRICT. THIS SUBDIVISION DOES NOT APPLY TO AN INDIVIDUAL
17 EMPLOYMENT CONTRACT THAT APPLIES TO A SUPERINTENDENT OF SCHOOLS OR
18 SCHOOL PRINCIPAL EMPLOYED BY A QUALIFYING SCHOOL DISTRICT. THE
19 TERMS AND CONDITIONS OF A COLLECTIVE BARGAINING AGREEMENT
20 APPLICABLE TO SCHOOL EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON
21 THE TRANSFER DATE SHALL NOT BE THE TERMS AND CONDITIONS APPLICABLE
22 TO EMPLOYEES OF THE COMMUNITY DISTRICT, AND THE COMMUNITY DISTRICT
23 IS NOT THE SUCCESSOR EMPLOYER FOR SCHOOL EMPLOYEES OF THE
24 QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE. A SUPERINTENDENT
25 OF SCHOOLS OR SCHOOL PRINCIPAL EMPLOYED BY A QUALIFYING SCHOOL
26 DISTRICT SHALL NOT BE EMPLOYED BY THE COMMUNITY DISTRICT UNLESS THE
27 SUPERINTENDENT OF SCHOOLS OR SCHOOL PRINCIPAL APPLIES TO THE

1 COMMUNITY DISTRICT FOR EMPLOYMENT AND IS HIRED BY THE COMMUNITY
2 DISTRICT.

3 (5) A TRANSFER TO A COMMUNITY DISTRICT UNDER THIS SECTION DOES
4 NOT IMPAIR A CONTRACT WITH A PARTY IN PRIVITY WITH THE QUALIFYING
5 SCHOOL DISTRICT.

6 (6) UPON THE TRANSFER TO A COMMUNITY DISTRICT, THE QUALIFYING
7 SCHOOL DISTRICT IS RELIEVED FROM ALL OPERATIONAL JURISDICTION OVER
8 THE QUALIFYING SCHOOL DISTRICT AND FACILITIES AND IS RELIEVED FROM
9 ALL FURTHER COSTS AND RESPONSIBILITY ARISING FROM OR ASSOCIATED
10 WITH OPERATING A PUBLIC SCHOOL OR PROVIDING PUBLIC EDUCATION
11 SERVICES, EXCEPT AS OTHERWISE REQUIRED UNDER OBLIGATIONS RETAINED
12 BY THE QUALIFYING SCHOOL DISTRICT UNDER THIS SECTION, INCLUDING,
13 BUT NOT LIMITED TO, DEBT.

14 (7) A QUALIFYING SCHOOL DISTRICT SHALL DO ALL OF THE
15 FOLLOWING:

16 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A COMMUNITY
17 DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE COMMUNITY DISTRICT
18 UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR THE EFFICIENT
19 OPERATION AND MANAGEMENT OF THE COMMUNITY DISTRICT INCLUDING, BUT
20 NOT LIMITED TO, USING ANY SYMBOLS, MEDIA, OR WEBSITES OR TAKING ANY
21 OTHER ACTION THAT WOULD CONFUSE THE QUALIFYING SCHOOL DISTRICT WITH
22 A COMMUNITY DISTRICT.

23 (B) TAKE ALL ACTION REASONABLY NECESSARY TO CURE ANY DEFECTS
24 IN TITLE TO PROPERTY TRANSFERRED FROM THE QUALIFYING SCHOOL
25 DISTRICT TO THE COMMUNITY DISTRICT.

26 (C) UPON CREATION OF A COMMUNITY DISTRICT AND BEFORE THE
27 TRANSFER DATE, CONDUCT OPERATIONS OF THE QUALIFYING SCHOOL DISTRICT

1 IN THE ORDINARY AND USUAL COURSE OF BUSINESS.

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

8 (E) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
9 OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
10 DISTRICT.

11 (F) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
12 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT.

13 (8) A QUALIFYING SCHOOL DISTRICT SHALL NOT EMPLOY A
14 SUPERINTENDENT OF SCHOOLS AFTER THE TRANSFER DATE.

15 (9) UPON THE ELECTION AND ASSUMPTION OF DUTIES BY THE MEMBERS
16 OF THE INITIAL ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT, THE
17 SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT IS DISSOLVED AND THE
18 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT
19 SHALL BE EXERCISED BY THE COMMUNITY DISTRICT ON BEHALF OF THE
20 QUALIFYING SCHOOL DISTRICT UNTIL THE QUALIFYING SCHOOL DISTRICT IS
21 FULLY DISSOLVED UNDER SUBSECTION (12).

22 (10) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
23 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
24 REPAID, THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
25 OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN REPAID. THE
26 STATE TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
27 OBLIGATIONS OF A QUALIFYING SCHOOL DISTRICT HAVE BEEN SATISFIED ON

1 HIS OR HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES
2 THAT ALL OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
3 DISTRICT HAVE BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A
4 WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
5 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING
6 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
7 REPAID.

8 (11) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
9 DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE
10 TREASURER SHALL VERIFY WHETHER ALL OF THE OUTSTANDING DEBT OF THE
11 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID. IF THE STATE TREASURER
12 DETERMINES THAT ALL OF THE OUTSTANDING DEBT OF THE QUALIFYING
13 SCHOOL DISTRICT HAS BEEN REPAID, THE STATE TREASURER SHALL CERTIFY
14 IN A WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME
15 GEOGRAPHIC BOUNDARIES AS THE QUALIFYING DISTRICT THAT ALL
16 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID.

17 (12) UPON CERTIFICATION BY THE STATE TREASURER UNDER
18 SUBSECTION (11), THE QUALIFYING SCHOOL DISTRICT IS FULLY DISSOLVED
19 AND ANY REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE
20 TRANSFERRED TO THE COMMUNITY DISTRICT.

21 (13) AS USED IN THIS SECTION:

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

25 (i) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER AN
26 ENERGY INSTALLMENT PURCHASE CONTRACT.

27 (ii) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER A

1 CAPITAL LEASE.

2 (iii) ANY CURRENT UNPAID AMOUNTS PAYABLE BY THE QUALIFYING
3 SCHOOL DISTRICT TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT
4 BOARD UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979,
5 1980 PA 300, MCL 38.1301 TO 38.1437.

6 (iv) THE REPAYMENT OF ANY LOAN OR OBLIGATIONS UNDER ANY LOAN
7 AGREEMENT BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL
8 FINANCIAL EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY
9 MUNICIPAL LOAN ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING
10 ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF TRANSITIONAL
11 OPERATING COSTS NOT TO EXCEED 3% OF THE TAXABLE VALUE OF THE
12 QUALIFYING SCHOOL DISTRICT.

13 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
14 UNDER SECTION 1356.

15 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE QUALIFYING SCHOOL
16 DISTRICT.

17 (B) "OPERATING OBLIGATION" MEANS DEBT OF A SCHOOL DISTRICT
18 INCURRED FOR PURPOSES OF FINANCING THE OPERATION OF A SCHOOL
19 DISTRICT OR PUBLIC SCHOOLS OPERATED BY A SCHOOL DISTRICT,
20 INCLUDING, BUT NOT LIMITED TO, FISCAL STABILITY BONDS UNDER SECTION
21 1356 AND AN EMERGENCY LOAN UNDER THE EMERGENCY MUNICIPAL LOAN ACT,
22 1980 PA 243, MCL 141.931 TO 141.942, AND TRANSITIONAL OPERATING
23 COSTS. OPERATING OBLIGATION DOES NOT INCLUDE DEBT OF A SCHOOL
24 DISTRICT INCURRED FOR THE PURPOSE OF CONSTRUCTING, RENOVATING,
25 MAINTAINING, OR OTHERWISE IMPROVING SCHOOL FACILITIES.

26 (C) "TRANSFER DATE" MEANS THE FIRST JULY 1 AFTER THE DATE A
27 SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A SCHOOL

1 DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE EFFECTIVE
2 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE
3 TRANSFER DATE IS JULY 1, 2016.

4 (D) "TRANSITIONAL OPERATING COST" MEANS THE FOLLOWING COSTS OF
5 OPERATING PUBLIC SCHOOLS INCURRED BY A COMMUNITY DISTRICT AS A
6 RESULT OF THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FROM A
7 QUALIFYING SCHOOL DISTRICT TO A COMMUNITY DISTRICT, AS AGREED TO IN
8 WRITING:

9 (i) COSTS RELATING TO CHANGES IN TIMING FOR GRANT FUNDING OR
10 REIMBURSEMENTS.

11 (ii) COSTS INCURRED IN MEETING CASH FLOW NEEDS.

12 PART 5B

13 COMMUNITY DISTRICTS

14 SEC. 381. (1) A SCHOOL DISTRICT ORGANIZED AS A COMMUNITY
15 DISTRICT SHALL BE GOVERNED BY THIS PART, BY THE PROVISIONS OF
16 ARTICLE 2 NOT INCONSISTENT WITH THIS PART, AND BY ARTICLES 3 AND 4.

17 (2) A COMMUNITY DISTRICT IS A POLITICAL SUBDIVISION AND PUBLIC
18 BODY CORPORATE SEPARATE AND DISTINCT FROM THIS STATE AND OTHER
19 SCHOOL DISTRICTS IN THIS STATE.

20 (3) THE NAME OF A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL
21 INCLUDE THE NAME OF THE CITY, VILLAGE, OR TOWNSHIP WITH THE LARGEST
22 POPULATION LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF THE
23 COMMUNITY DISTRICT, THE WORD "SCHOOL" OR "SCHOOLS", AND THE WORD
24 "COMMUNITY" OR "DISTRICT", OR BOTH.

25 (4) A SCHOOL DISTRICT GOVERNED BY THIS PART SHALL BE UNDER THE
26 JURISDICTION OF THE SCHOOL BOARD OF THE COMMUNITY DISTRICT PROVIDED
27 FOR BY SECTION 384.

1 (5) AS USED IN THIS PART:

2 (A) "AUTHORIZING BODY" MEANS THAT TERM AS DEFINED IN SECTION
3 501, 521, OR 551, AS APPLICABLE.

4 (B) "CHIEF ADMINISTRATIVE OFFICER" MEANS THE MAYOR OF A CITY
5 IF THE CITY HAS THE GREATEST POPULATION OF ANY CITY, VILLAGE, OR
6 TOWNSHIP LOCATED WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY
7 DISTRICT; THE PRESIDENT OF A VILLAGE IF THE VILLAGE HAS THE
8 GREATEST POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED
9 WITHIN THE GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT; OR THE
10 SUPERVISOR OF A TOWNSHIP IF THE TOWNSHIP HAS THE GREATEST
11 POPULATION OF ANY CITY, VILLAGE, OR TOWNSHIP LOCATED WITHIN THE
12 GEOGRAPHIC AREA OF THE COMMUNITY DISTRICT.

13 (C) "TRANSFER DATE" MEANS THAT TERM AS DEFINED IN SECTION 12B.

14 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
15 COMMUNITY DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE SAME
16 MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS OTHERWISE
17 PROVIDED BY LAW, A COMMUNITY DISTRICT HAS ALL OF THE POWERS OF A
18 GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A AND HAS ALL
19 ADDITIONAL POWERS GRANTED BY LAW TO A COMMUNITY DISTRICT OR THE
20 SCHOOL BOARD OF A COMMUNITY DISTRICT. IF A FINANCIAL REVIEW
21 COMMISSION IS IN PLACE FOR A COMMUNITY DISTRICT, BOTH OF THE
22 FOLLOWING APPLY:

23 (A) THE APPOINTMENT OF A SUPERINTENDENT FOR THE COMMUNITY
24 DISTRICT IS SUBJECT TO THE APPROVAL OF THE FINANCIAL REVIEW
25 COMMISSION. BEFORE THE SUPERINTENDENT'S APPOINTMENT IS FINAL, THE
26 SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT THE PROPOSED
27 APPOINTMENT IN WRITING TO THE FINANCIAL REVIEW COMMISSION FOR ITS

1 APPROVAL. IF THE PROPOSED APPOINTMENT IS NOT APPROVED BY THE
2 FINANCIAL REVIEW COMMISSION WITHIN 45 DAYS AFTER IT IS SUBMITTED IN
3 WRITING TO THE FINANCIAL REVIEW COMMISSION, THE APPOINTMENT IS
4 DENIED.

5 (B) THE COMMUNITY DISTRICT MAY NOT ALTER THE TERMS AND
6 CONDITIONS OF AN EMPLOYMENT CONTRACT WITH THE SUPERINTENDENT OF THE
7 COMMUNITY DISTRICT, ALTER THE BENEFITS PROVIDED TO THE
8 SUPERINTENDENT, OR TERMINATE THE EMPLOYMENT OF THE SUPERINTENDENT
9 UNLESS THAT ACTION IS APPROVED BY THE FINANCIAL REVIEW COMMISSION.

10 SEC. 383. EFFECTIVE ON THE TRANSFER DATE THAT A SCHOOL
11 DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT
12 IS CREATED FOR THE SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL
13 DISTRICT TO PROVIDE PUBLIC EDUCATION SERVICES FOR RESIDENTS OF THAT
14 GEOGRAPHIC AREA AND TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY
15 DISTRICT FOR THAT GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE
16 FOR THAT QUALIFYING SCHOOL DISTRICT. AS USED IN THIS SECTION,
17 "TRANSFER DATE" MEANS THAT TERM AS DEFINED IN SECTION 12B.

18 SEC. 384. (1) THE INITIAL SCHOOL BOARD FOR A COMMUNITY
19 DISTRICT SHALL CONSIST OF 7 SCHOOL ELECTORS OF THE COMMUNITY
20 DISTRICT. THE INITIAL SCHOOL BOARD SHALL INCLUDE 2 MEMBERS
21 APPOINTED BY THE CHIEF ADMINISTRATIVE OFFICER, 3 MEMBERS APPOINTED
22 BY THE GOVERNOR, 1 MEMBER APPOINTED BY THE GOVERNOR FROM AMONG 1 OR
23 MORE NOMINEES SUBMITTED BY THE SENATE MAJORITY LEADER, AND 1 MEMBER
24 APPOINTED BY THE GOVERNOR FROM AMONG 1 OR MORE NOMINEES SUBMITTED
25 BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES. MEMBERS OF THE
26 INITIAL APPOINTED SCHOOL BOARD SHALL BE APPOINTED WITHIN 30 DAYS
27 AFTER THE CREATION OF THE COMMUNITY DISTRICT. IF THE CHIEF

1 ADMINISTRATIVE OFFICER FAILS TO APPOINT A MEMBER WITHIN THAT 30-DAY
2 PERIOD, THE MEMBER SHALL INSTEAD BE APPOINTED BY THE GOVERNOR. ALL
3 MEMBERS APPOINTED SHALL BE RESIDENTS OF THE COMMUNITY DISTRICT.

4 (2) IF A VACANCY OCCURS DURING THE TERM OF AN APPOINTED MEMBER
5 OF THE INITIAL SCHOOL BOARD OF A COMMUNITY DISTRICT, THE VACANCY
6 SHALL BE FILLED IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR
7 THE BALANCE OF THE UNEXPIRED TERM.

8 (3) THE CHIEF ADMINISTRATIVE OFFICER SHALL DESIGNATE AN
9 APPOINTED MEMBER OF THE INITIAL SCHOOL BOARD OF THE COMMUNITY
10 DISTRICT TO SERVE AS ITS INITIAL CHAIRPERSON. IF THE CHIEF
11 ADMINISTRATIVE OFFICER FAILS TO DESIGNATE AN INITIAL CHAIRPERSON
12 WITHIN 30 DAYS AFTER THE CREATION OF THE COMMUNITY DISTRICT, THE
13 GOVERNOR SHALL DESIGNATE AN INITIAL CHAIRPERSON. AFTER THE INITIAL
14 DESIGNATION, THE MEMBERS OF THE SCHOOL BOARD SHALL DESIGNATE ITS
15 CHAIRPERSON.

16 (4) A MEMBER OF THE INITIAL SCHOOL BOARD APPOINTED TO THE
17 INITIAL TERM UNDER THIS SECTION SHALL CONTINUE TO SERVE UNTIL THE
18 INITIAL ELECTED SCHOOL BOARD IS ELECTED AND TAKES OFFICE UNDER THIS
19 SUBSECTION. THE ELECTED SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL
20 CONSIST OF 7 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT ELECTED ON A
21 DISTRICTWIDE BASIS. MEMBERS ELECTED TO THE INITIAL ELECTED SCHOOL
22 BOARD SHALL BE ELECTED AT THE FIRST AUGUST REGULAR ELECTION DATE,
23 AS ESTABLISHED UNDER SECTION 641 OF THE MICHIGAN ELECTION LAW, MCL
24 168.641, THAT OCCURS AT LEAST 180 DAYS AFTER THE TRANSFER DATE. THE
25 4 MEMBERS OF THE INITIAL ELECTED SCHOOL BOARD RECEIVING THE HIGHEST
26 VOTE TOTALS IN THAT ELECTION AMONG THE TOP 7 CANDIDATES SHALL BE
27 ELECTED FOR A TERM OF 6 YEARS, AND THE 3 MEMBERS OF THE INITIAL

1 ELECTED SCHOOL BOARD RECEIVING THE LOWEST VOTE TOTALS IN THAT
2 ELECTION AMONG THE TOP 7 CANDIDATES SHALL BE ELECTED FOR A TERM OF
3 4 YEARS. THE TERM OF A MEMBER OF THE INITIAL ELECTED SCHOOL BOARD
4 SHALL BEGIN ON JANUARY 1 FOLLOWING THE MEMBER'S ELECTION.

5 (5) AFTER THE INITIAL TERMS UNDER SUBSECTION (4), EACH MEMBER
6 OF THE SCHOOL BOARD SHALL BE ELECTED TO A 6-YEAR TERM BEGINNING ON
7 JANUARY 1 FOLLOWING THE MEMBER'S ELECTION.

8 (6) A MEMBER OF A SCHOOL BOARD FOR A QUALIFYING SCHOOL
9 DISTRICT UNDER SECTION 12B MAY NOT ALSO SERVE AS A MEMBER OF A
10 SCHOOL BOARD FOR A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
11 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT. A MEMBER OF A SCHOOL
12 BOARD OF A COMMUNITY DISTRICT MAY NOT ALSO SERVE AS A MEMBER OF A
13 SCHOOL BOARD FOR A QUALIFYING SCHOOL DISTRICT THAT HAS THE SAME
14 GEOGRAPHIC BOUNDARIES AS THE COMMUNITY DISTRICT.

15 SEC. 385. (1) WITHIN 90 DAYS AFTER THE CREATION OF A COMMUNITY
16 DISTRICT, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL APPOINT
17 A SUPERINTENDENT OF SCHOOLS FOR THE COMMUNITY DISTRICT, SUBJECT TO
18 SECTION 382. THE SUPERINTENDENT SHALL BE SELECTED BASED UPON HIS OR
19 HER DEMONSTRATED ABILITY, RECORD OF COMPETENCE, EXPERIENCE IN
20 INCREASING ACADEMIC ACHIEVEMENT, EXPERIENCE WITH EDUCATION REFORM
21 AND REDESIGN, AND EXPERTISE IN THE TURNAROUND OF ACADEMICALLY
22 UNDERPERFORMING URBAN SCHOOLS. THE SCHOOL BOARD SHALL NOT APPOINT
23 AN INDIVIDUAL AS SUPERINTENDENT OF SCHOOLS OF THE COMMUNITY
24 DISTRICT UNLESS THE INDIVIDUAL HAS AT LEAST 18 MONTHS' EXPERIENCE
25 AS THE SUPERINTENDENT OR CHIEF EXECUTIVE OFFICER OF A PUBLIC K-12
26 EDUCATIONAL AGENCY IN THIS OR ANOTHER STATE.

27 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A COMMUNITY

1 DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE PERFORMANCE OF
2 THE COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

3 (A) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
4 DISTRICT WHO ACHIEVE SCORES AT LEAST EQUIVALENT TO PROFICIENT ON
5 STATE ASSESSMENTS.

6 (B) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
7 DISTRICT WHO ACHIEVE AT LEAST A SCHOOL YEAR'S WORTH OF ACADEMIC
8 GROWTH IN A SCHOOL YEAR.

9 (C) THE PROPORTION OF GRADUATES FROM OR PUPILS ENROLLED IN THE
10 COMMUNITY DISTRICT WHO ARE ENROLLED IN SOME FORM OF POSTSECONDARY
11 EDUCATION.

12 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A
13 COMMUNITY DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
14 SUPERINTENDENT OF SCHOOLS OF THE COMMUNITY DISTRICT, AS PROVIDED
15 UNDER SECTION 1249B.

16 SEC. 386. IF ANOTHER SCHOOL DISTRICT IS AUTHORIZED TO LEVY A
17 SCHOOL OPERATING TAX UNDER SECTION 1211 WITHIN THE GEOGRAPHIC
18 BOUNDARIES OF THE COMMUNITY DISTRICT DURING A TAX YEAR, THE
19 COMMUNITY DISTRICT SHALL NOT LEVY A SCHOOL OPERATING TAX UNDER
20 SECTION 1211 DURING THAT TAX YEAR.

21 SEC. 387. IF THE GEOGRAPHIC AREA OF A COMMUNITY DISTRICT
22 INCLUDES A QUALIFIED CITY AS THAT TERM IS DEFINED UNDER THE
23 MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181, MCL 141.1631
24 TO 141.1643, THE COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
25 OVERSIGHT BY THE FINANCIAL REVIEW COMMISSION FOR THAT QUALIFIED
26 CITY TO THE EXTENT PROVIDED UNDER THAT ACT.

27 SEC. 388. (1) A COMMUNITY DISTRICT SHALL NOT EXPEND MORE THAN

1 6.3% OF ITS CURRENT OPERATING EXPENDITURES FOR ADMINISTRATIVE
2 EXPENDITURES.

3 (2) THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL ENSURE THAT
4 THE COMMUNITY DISTRICT DOES NOT PROVIDE TO A SCHOOL BOARD MEMBER,
5 OFFICIAL, OR EMPLOYEE OF THE COMMUNITY DISTRICT ANY REIMBURSEMENT
6 FROM PUBLIC FUNDS FOR TRAVEL OUTSIDE OF THIS STATE.

7 (3) THE STATE TREASURER SHALL MONITOR AND VERIFY COMPLIANCE
8 WITH SUBSECTIONS (1) AND (2) BY OBTAINING THE NECESSARY INFORMATION
9 FROM THE DEPARTMENT AND THE COMMUNITY DISTRICT AT LEAST ANNUALLY.
10 IF THE STATE TREASURER DETERMINES THAT A COMMUNITY DISTRICT IS NOT
11 IN COMPLIANCE WITH SUBSECTION (1) OR (2), THE STATE TREASURER SHALL
12 NOTIFY THE COMMUNITY DISTRICT, THE DEPARTMENT, AND THE LEGISLATURE.

13 (4) A COMMUNITY DISTRICT SHALL PRIORITIZE A PORTION OF ITS
14 FUNDING TO PAY FOR FACILITY-RELATED IMPROVEMENTS, SUCH AS COSTS
15 ASSOCIATED WITH DEFERRED MAINTENANCE, SPACE CONSOLIDATION, AND
16 SCHOOL CLOSURE OR OTHER BUILDING CLOSURES.

17 (5) AS USED IN THIS SECTION:

18 (A) "ADMINISTRATIVE EXPENDITURES" INCLUDES FUNCTIONS 23X, 25X,
19 AND 28X AND ALL OBJECT CODES EXCEPT 6XXX, AS DEFINED IN THE
20 MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL BULLETIN 1022, INCURRED IN
21 THE GENERAL, SPECIAL EDUCATION, AND VOCATIONAL EDUCATION FUNDS FOR
22 THE BENEFIT OF THE CURRENT FISCAL YEAR, WHETHER PAID OR UNPAID.

23 (B) "CURRENT OPERATING EXPENDITURES" INCLUDES FUNCTIONS 1XX,
24 2XX, AND 45X AND ALL OBJECT CODES EXCEPT 6XXX, AS DEFINED IN THE
25 MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL BULLETIN 1022, AND IS
26 EQUAL TO THE TOTAL OF INSTRUCTIONAL AND SUPPORT SERVICES
27 EXPENDITURES, INCLUDING THE TOTAL GENERAL FUND CHARGES INCURRED IN

1 THE GENERAL, SPECIAL EDUCATION, AND VOCATIONAL EDUCATION FUNDS FOR
2 THE BENEFIT OF THE CURRENT FISCAL YEAR, WHETHER PAID OR UNPAID, AND
3 ALL EXPENDITURES OF THE INSTRUCTIONAL PROGRAMS PLUS APPLICABLE
4 SUPPORTING SERVICE COSTS REDUCED BY CAPITAL OUTLAY, DEBT SERVICE,
5 COMMUNITY SERVICES, AND OUTGOING TRANSFERS AND OTHER TRANSACTIONS.

6 SEC. 390. (1) IF A PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC
7 BOUNDARIES OF A COMMUNITY DISTRICT HAS OPERATED FOR AT LEAST 4
8 YEARS AND IS LISTED ON THE LIST ISSUED UNDER SECTION 1280C(1) FOR 3
9 OUT OF THE PREVIOUS 5 SCHOOL YEARS, THEN THE STATE SCHOOL
10 REFORM/REDESIGN OFFICER SHALL INCLUDE THAT PUBLIC SCHOOL ON THE
11 LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SUBSECTION (2).

12 (2) BY OCTOBER 1 OF EACH YEAR, THE STATE SCHOOL
13 REFORM/REDESIGN OFFICE SHALL PREPARE AND PUBLISH A LIST OF PUBLIC
14 SCHOOLS SUBJECT TO CLOSURE UNDER THIS SECTION. THE DEPARTMENT SHALL
15 MAKE THE LIST AVAILABLE TO THE PUBLIC ON THE DEPARTMENT'S WEBSITE
16 AND SHALL PROVIDE THE LIST TO THE COMMUNITY DISTRICT, TO THE
17 AUTHORIZING BODY OF EACH PUBLIC SCHOOL ACADEMY THAT IS INCLUDED ON
18 THE LIST, AND TO EACH PUBLIC SCHOOL ACADEMY LOCATED WITHIN THE
19 COMMUNITY DISTRICT.

20 (3) SUBJECT TO SUBSECTION (4), WITHIN 30 DAYS AFTER THE
21 PUBLICATION OF THE STATE SCHOOL REFORM/REDESIGN OFFICE'S LIST OF
22 PUBLIC SCHOOLS SUBJECT TO CLOSURE UNDER SUBSECTION (2), THE STATE
23 SCHOOL REFORM/REDESIGN OFFICER SHALL ISSUE AN ORDER SUBJECTING EACH
24 PUBLIC SCHOOL ON THE LIST TO CLOSURE EFFECTIVE AT THE END OF THE
25 CURRENT SCHOOL YEAR.

26 (4) FOR A PUBLIC SCHOOL THAT IS SUBJECT TO CLOSURE UNDER THIS
27 SECTION OR UNDER SECTION 507, 528, OR 561, THE STATE SCHOOL

1 REFORM/REDESIGN OFFICER SHALL CONSIDER OTHER PUBLIC SCHOOL OPTIONS
2 AVAILABLE TO PUPILS IN THE GRADE LEVELS OFFERED BY THE PUBLIC
3 SCHOOL WHO RESIDE IN THE GEOGRAPHIC AREA SERVED BY THE PUBLIC
4 SCHOOL. IF THE STATE SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT
5 CLOSURE OF THE PUBLIC SCHOOL WOULD RESULT IN AN UNREASONABLE
6 HARDSHIP TO THESE PUPILS BECAUSE THERE ARE INSUFFICIENT OTHER
7 PUBLIC SCHOOL OPTIONS REASONABLY AVAILABLE FOR THESE PUPILS, THE
8 STATE SCHOOL REFORM/REDESIGN OFFICER MAY RESCIND THE ORDER
9 SUBJECTING THE PUBLIC SCHOOL TO CLOSURE. IF THE STATE SCHOOL
10 REFORM/REDESIGN OFFICER RESCINDS AN ORDER SUBJECTING A PUBLIC
11 SCHOOL TO CLOSURE, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
12 DO SO BEFORE THE END OF THE SCHOOL YEAR. IF THE STATE SCHOOL
13 REFORM/REDESIGN OFFICER RESCINDS AN ORDER SUBJECTING A PUBLIC
14 SCHOOL TO CLOSURE, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
15 REQUIRE THE PUBLIC SCHOOL TO IMPLEMENT A SCHOOL IMPROVEMENT PLAN
16 THAT INCLUDES MEASURES TO INCREASE PUPIL GROWTH AND IMPROVE PUPIL
17 PROFICIENCY, WITH GROWTH AND PROFICIENCY MEASURED BY PERFORMANCE ON
18 STATE ASSESSMENTS.

19 (5) A COMMUNITY DISTRICT MAY NOT OPEN A NEW SCHOOL AT THE SAME
20 LOCATION AS A PUBLIC SCHOOL THAT IS CLOSED UNDER THIS SECTION
21 WITHIN 3 YEARS AFTER THE CLOSURE OF THE SCHOOL UNLESS THE NEW
22 SCHOOL HAS A SUBSTANTIALLY DIFFERENT LEADERSHIP STRUCTURE AND
23 SUBSTANTIALLY DIFFERENT CURRICULAR OFFERINGS THAN THE PREVIOUS
24 SCHOOL AT THAT LOCATION AND IS APPROVED BY THE STATE SCHOOL
25 REFORM/REDESIGN OFFICER. AN AUTHORIZING BODY SHALL NOT ISSUE A
26 CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY SITE TO BE LOCATED AT THE
27 SAME LOCATION AS A PUBLIC SCHOOL THAT IS CLOSED UNDER THIS SECTION

1 WITHIN 3 YEARS AFTER THE CLOSURE OF THE SCHOOL UNLESS THE NEW
2 PUBLIC SCHOOL ACADEMY SITE HAS A SUBSTANTIALLY DIFFERENT LEADERSHIP
3 STRUCTURE AND SUBSTANTIALLY DIFFERENT CURRICULAR OFFERINGS THAN THE
4 PREVIOUS SCHOOL AT THAT LOCATION AND IS APPROVED BY THE STATE
5 SCHOOL REFORM/REDESIGN OFFICER.

6 SEC. 391. THE BOARD OF A COMMUNITY DISTRICT SHALL NOT OPEN A
7 NEW SCHOOL IF BOTH OF THE FOLLOWING CIRCUMSTANCES EXIST:

8 (A) THE PROPOSED SCHOOL WOULD OPERATE AT THE SAME LOCATION AS
9 A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST UNDER SECTION
10 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE DEPARTMENT
11 HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF ALL PUBLIC
12 SCHOOLS IN THIS STATE OR HAS BEEN ON THAT LIST DURING THE
13 IMMEDIATELY PRECEDING 3-YEAR PERIOD.

14 (B) THE PROPOSED SCHOOL WOULD HAVE SUBSTANTIALLY THE SAME
15 LEADERSHIP AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
16 SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

17 SEC. 392. THIS PART DOES NOT REPEAL OR AFFECT A GENERAL LAW OR
18 LOCAL LAW GOVERNING THE MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY
19 ESTABLISHED IN A COMMUNITY DISTRICT UNDER THIS PART OR A FIRST
20 CLASS SCHOOL DISTRICT UNDER PART 6. ANY POWERS AND DUTIES OF A
21 QUALIFYING SCHOOL DISTRICT UNDER SECTION 12B RELATING TO THE
22 MANAGEMENT AND CONTROL OF A PUBLIC LIBRARY ARE TRANSFERRED TO THE
23 COMMUNITY DISTRICT ON THE TRANSFER DATE FOR THE QUALIFYING SCHOOL
24 DISTRICT UNDER SECTION 12B.

25 SEC. 393. THE VALIDITY OF THE FORMATION OF A COMMUNITY
26 DISTRICT SHALL BE CONCLUSIVELY PRESUMED UNLESS QUESTIONED IN AN
27 ORIGINAL ACTION FILED IN THE COURT OF APPEALS WITHIN 60 DAYS AFTER

1 THE COMMUNITY DISTRICT IS CREATED UNDER SECTION 383. THE COURT OF
2 APPEALS HAS ORIGINAL JURISDICTION TO HEAR AN ACTION UNDER THIS
3 SECTION. THE COURT SHALL HEAR THE ACTION IN AN EXPEDITED MANNER.
4 THE DEPARTMENT OF TREASURY IS A NECESSARY PARTY IN ANY ACTION UNDER
5 THIS SECTION.

6 SEC. 395. (1) THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL
7 ASSIGN TO AN OFFICIAL OR ADMINISTRATOR OF THE COMMUNITY DISTRICT
8 THE RESPONSIBILITY TO COORDINATE AND OVERSEE ALL FUNDING RECEIVED
9 BY THE COMMUNITY DISTRICT AS A DONATION, BEQUEST, OR OTHER GIFT
10 FROM A FOUNDATION, CORPORATION, OR OTHER PRIVATE SOURCE TO ENSURE
11 THAT THE FUNDING IS USED EFFICIENTLY AND EFFECTIVELY FOR ITS
12 INTENDED PURPOSE. THE SCHOOL BOARD SHALL DESIGNATE THIS OFFICIAL OR
13 ADMINISTRATOR AS THE CONTACT POINT FOR ALL GIFTS TO THE COMMUNITY
14 DISTRICT AND SHALL POST THIS CONTACT INFORMATION IN A PROMINENT
15 MANNER ON THE COMMUNITY DISTRICT'S WEBSITE.

16 (2) UNLESS THE SPECIFIC FUNDING IS RESTRICTED TO BE USED FOR
17 ANOTHER PURPOSE, THE OFFICIAL OR ADMINISTRATOR ASSIGNED UNDER
18 SUBSECTION (1) SHALL ENSURE THAT ALL FUNDING DESCRIBED IN
19 SUBSECTION (1) IS USED BY THE COMMUNITY DISTRICT ONLY FOR ACADEMIC
20 PROGRAMS OR WRAPAROUND SERVICES. AS USED IN THIS SUBSECTION,
21 "WRAPAROUND SERVICES" MEANS SERVICES DETERMINED THROUGH A PLANNING
22 PROCESS THAT IS DESIGNED TO CREATE AN INDIVIDUALIZED PLAN TO MEET
23 THE NEEDS OF CHILDREN AND THEIR FAMILIES. A WRAPAROUND SERVICE IS
24 AN ESTABLISHED VEHICLE FOR DELIVERY OF SERVICES AND SUPPORTS TO
25 CHILDREN AND FAMILIES WITH SEVERE AND MULTIPLE NEEDS AND RISKS
26 BEING SERVED BY MULTIPLE AGENCIES.

27 SEC. 396. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,

1 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
2 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
3 ORGANIZATION AND ADMINISTRATION OF ANY COMMUNITY DISTRICT FORMED
4 UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.
5 THE STATE TREASURER SHALL ENSURE THAT A PORTION OF THIS MONEY IS
6 ALLOCATED AS A GRANT TO BE USED TO PROVIDE SCHOOL BOARD TRAINING TO
7 THE INITIAL ELECTED MEMBERS OF THE SCHOOL BOARD OF THE COMMUNITY
8 DISTRICT. THIS TRAINING SHALL BE PROVIDED TO EACH OF THESE BOARD
9 MEMBERS NO LATER THAN 30 DAYS AFTER HE OR SHE TAKES OFFICE AND
10 SHALL ADDRESS AT LEAST SCHOOL BOARD GOVERNANCE, PUBLIC SCHOOL
11 FINANCING, FISCAL RESPONSIBILITY, AND ETHICS.

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

23 (2) As used in this part:

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

26 (i) The board of a school district. ~~that operates grades K to~~
27 ~~12.~~

1 (ii) An intermediate school board.

2 (iii) The board of a community college.

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

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

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

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

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

27 (e) "Entity" means a partnership, nonprofit or business

1 corporation, labor organization, or any other association,
2 corporation, trust, or other legal entity.

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

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

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

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

27 (b) An intermediate school board. However, the board of an

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

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

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

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

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

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

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

17 (b) Subject to the resolution adopted by the authorizing body
18 under section 503(5), a list of the proposed members of the board
19 of directors of the public 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 public school academy.

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

26 This language shall provide that the public school academy is
27 incorporated pursuant to this part and that the public school

1 academy corporation is a governmental entity.

2 (iii) The name of the authorizing body.

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

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

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

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

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

12 (ii) A copy of the educational goals of the public school
13 academy and the curricula to be offered and methods of pupil
14 assessment to be used by the public school academy. The educational
15 goals shall include demonstrated improved pupil academic
16 achievement for all groups of pupils. To the extent applicable, the
17 progress of the pupils in the public school academy shall be
18 assessed using ~~at least a Michigan education assessment program~~
19 ~~(MEAP) test or the Michigan merit examination under section 1279g,~~
20 ~~as applicable.~~ **THE APPLICABLE STATE ASSESSMENTS.**

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

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

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

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

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

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

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

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

26 (5) If the superintendent of public instruction finds that an
27 authorizing body is not engaging in appropriate continuing

1 oversight of 1 or more public school academies operating under a
2 contract issued by the authorizing body, the superintendent of
3 public instruction may suspend the power of the authorizing body to
4 issue new contracts to organize and operate public school
5 academies. A contract issued by the authorizing body during the
6 suspension is void. A contract issued by the authorizing body
7 before the suspension is not affected by the suspension.

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

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

21 (8) An authorizing body may enter into an intergovernmental
22 agreement with another authorizing body to issue public school
23 academy contracts. At a minimum, the agreement shall further the
24 purposes set forth in section 501, describe which authorizing body
25 shall issue the contract, and set forth which authorizing body will
26 be responsible for monitoring compliance by the board of directors
27 of the public school academy with the contract and all applicable

1 law.

2 (9) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
3 FOR A PUBLIC SCHOOL ACADEMY TO BE LOCATED WITHIN A COMMUNITY
4 DISTRICT:

5 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
6 AND OPERATE A NEW PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A
7 COMMUNITY DISTRICT UNLESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION
8 DETERMINES THAT THE AUTHORIZING BODY HAS BEEN ACCREDITED AS AN
9 AUTHORIZING BODY BY A NATIONALLY RECOGNIZED ACCREDITATION BODY THAT
10 HAS A SPECIALIZATION IN THE ACCREDITATION OF CHARTER SCHOOL
11 AUTHORIZING BODIES. FOR AN AUTHORIZING BODY DESCRIBED IN SUBSECTION
12 (2) (E), THE AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
13 AND OPERATE A NEW PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A
14 COMMUNITY DISTRICT UNLESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION
15 DETERMINES THAT EACH OF THE PUBLIC AGENCIES THAT IS PARTY TO THE
16 INTERLOCAL AGREEMENT HAS BEEN ACCREDITED AS AN AUTHORIZING BODY BY
17 A NATIONALLY RECOGNIZED ACCREDITATION BODY THAT HAS A
18 SPECIALIZATION IN THE ACCREDITATION OF CHARTER SCHOOL AUTHORIZING
19 BODIES.

20 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
21 PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY DISTRICT IF BOTH
22 OF THE FOLLOWING CIRCUMSTANCES EXIST:

23 (i) EITHER OF THE FOLLOWING:

24 (A) THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD OPERATE AT THE
25 SAME LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST
26 UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
27 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF

1 ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON THAT LIST DURING
2 THE IMMEDIATELY PRECEDING 3-YEAR PERIOD.

3 (B) THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD OPERATE AT THE
4 SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
5 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
6 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY ANOTHER AUTHORIZING
7 BODY UNDER THE APPLICABLE PART OR SECTION.

8 (ii) THE PROPOSED PUBLIC SCHOOL ACADEMY WOULD HAVE
9 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
10 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
11 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

12 (10) A PUBLIC SCHOOL ACADEMY THAT IS LOCATED WITHIN A
13 COMMUNITY DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

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

26 (d) Oversee each public school academy operating under a
27 contract issued by the authorizing body. The oversight shall be

1 sufficient to ensure that the board of directors is in compliance
2 with the terms of the contract and with applicable law.

3 (e) Develop and implement a process for holding a public
4 school academy accountable for meeting applicable academic
5 performance standards set forth in the contract and for
6 implementing corrective action for a public school academy that
7 does not meet those standards.

8 (f) Take necessary measures to ensure that the board of
9 directors of a public school academy operates independently of any
10 educational management company involved in the operations of the
11 public school academy.

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

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

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

21 (3) The authorizing body for a public school academy is the
22 fiscal agent for the public school academy. A state school aid
23 payment for a public school academy shall be paid to the
24 authorizing body that is the fiscal agent for that public school
25 academy, and the authorizing body shall then forward the payment to
26 the public school academy. Within 30 days after a contract is
27 submitted to the department by an authorizing body under subsection

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

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

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

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

15 (c) Failure of the public school academy to meet generally
16 accepted public sector accounting principles and demonstrate sound
17 fiscal stewardship.

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

20 (5) Except for a public school academy that is an alternative
21 school serving a special student population, if the ~~superintendent~~
22 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
23 determines that a public school academy site that has been
24 operating for at least 4 years is among the lowest achieving 5% of
25 all public schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL**
26 **YEARS**, as ~~defined for the purposes of the federal incentive grant~~
27 ~~program created under sections 14005 and 14006 of title XIV of the~~

1 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
2 ~~is in year 2 of restructuring sanctions under the no child left~~
3 ~~behind act of 2001, Public Law 107-110, DETERMINED UNDER SECTION~~
4 ~~1280C,~~ not to include ~~the~~ **ANY** individualized education plan
5 subgroup, and is not currently undergoing reconstitution under this
6 section, **OR IF THE PUBLIC SCHOOL ACADEMY HAS BEEN INCLUDED ON THE**
7 **LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SECTION 390,** the
8 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
9 **OFFICER** shall notify the public school academy's authorizing body.
10 ~~If~~ **SUBJECT TO SECTION 390(4), IF** an authorizing body receives
11 notice from the ~~superintendent of public instruction~~ **STATE SCHOOL**
12 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
13 shall amend the public school academy's contract to eliminate the
14 public school academy's authority to operate the existing age and
15 grade levels at the site and the public school academy shall cease
16 operating the existing age and grade levels at the site, effective
17 at the end of the current school year. If the public school academy
18 operates at only 1 site, and the authorizing body receives notice
19 from the ~~superintendent of public instruction~~ **STATE SCHOOL**
20 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
21 shall revoke the public school academy's contract, effective at the
22 end of the current school year.

23 (6) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 502, THE**
24 decision of an authorizing body to issue, not issue, or
25 reconstitute a contract under this part, or to terminate or revoke
26 a contract under this section, is solely within the discretion of
27 the authorizing body, is final, and is not subject to review by a

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

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

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

1 fund. The state treasurer shall distribute funds to the public
2 school in which the pupils enroll after the revocation pursuant to
3 a methodology established by the department and the center for
4 educational performance and information.

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

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

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

27 (3) A contract issued under this part shall be issued for an

1 initial term of 10 years. If the urban high school academy meets
2 the educational goals set forth in the contract and operates in
3 substantial compliance with this part, the authorizing body shall
4 automatically renew the contract for a subsequent 10-year term.

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

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

12 (b) Subject to the resolution adopted by the authorizing body
13 under section 528, a list of the proposed members of the board of
14 directors of the urban high school academy and a description of the
15 qualifications and method for appointment or election of members of
16 the board of directors.

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

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

21 (ii) The purposes for the urban high school academy
22 corporation. This language shall provide that the urban high school
23 academy is incorporated pursuant to this part and that the urban
24 high school academy corporation is a governmental entity and
25 political subdivision of this state.

26 (iii) The name of the authorizing body.

27 (iv) The proposed time when the articles of incorporation will

1 be effective.

2 (v) Other matters considered expedient to be in the articles
3 of incorporation.

4 (d) A copy of the proposed bylaws of the urban high school
5 academy.

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

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

9 (ii) A copy of the educational goals of the urban high school
10 academy and the curricula to be offered and methods of pupil
11 assessment to be used by the urban high school academy. The
12 educational goals shall include demonstrated improved pupil
13 academic achievement for all groups of pupils. To the extent
14 applicable, the progress of the pupils in the urban high school
15 academy shall be assessed using ~~at least a Michigan education~~
16 ~~assessment program (MEAP) test or the Michigan merit examination~~
17 ~~under section 1279g, as applicable.~~ **THE APPLICABLE STATE**

18 **ASSESSMENTS.**

19 (iii) The admission policy and criteria to be maintained by
20 the urban high school academy. The admission policy and criteria
21 shall comply with section 524. This part of the application also
22 shall include a description of how the applicant will provide to
23 the general public adequate notice that an urban high school
24 academy is being created and adequate information on the admission
25 policy, criteria, and process.

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

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

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

3 (g) A description of and address for the proposed building or
4 buildings in which the urban high school academy will be located,
5 and a financial commitment by the entity applying for the contract
6 to construct or renovate the building or buildings that will be
7 occupied by the urban high school academy that is issued the
8 contract.

9 (5) If a particular state public university issues a contract
10 that allows an urban high school academy to operate the same
11 configuration of grades at more than 1 site, as provided in section
12 524(1), each of those sites shall be under the direction of the
13 board of directors that is a party to the contract.

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

23 (7) An authorizing body shall not charge a fee, or require
24 reimbursement of expenses, for considering an application for a
25 contract, for issuing a contract, or for providing oversight of a
26 contract for an urban high school academy in an amount that exceeds
27 a combined total of 3% of the total state school aid received by

1 the urban high school academy in the school year in which the fees
2 or expenses are charged. All of the following apply to this fee:

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

5 (i) Considering applications and issuing or administering
6 contracts.

7 (ii) Compliance monitoring and oversight of urban high school
8 academies.

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

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

12 (v) Academic support to urban high school academies or to
13 pupils or graduates of urban high school academies.

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

15 (vii) Training of teachers, including supervision of teacher
16 interns.

17 (viii) Other purposes that assist the urban high school
18 academies or traditional public schools in achieving improved
19 academic performance.

20 (b) An authorizing body may provide other services for an
21 urban high school academy and charge a fee for those services, but
22 shall not require such an arrangement as a condition to issuing the
23 contract authorizing the urban high school academy.

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

27 **(9) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT**

1 FOR AN URBAN HIGH SCHOOL ACADEMY TO BE LOCATED WITHIN A COMMUNITY
2 DISTRICT:

3 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
4 AND OPERATE A NEW URBAN HIGH SCHOOL ACADEMY TO BE LOCATED IN A
5 COMMUNITY DISTRICT UNLESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION
6 DETERMINES THAT THE AUTHORIZING BODY HAS BEEN ACCREDITED AS AN
7 AUTHORIZING BODY BY A NATIONALLY RECOGNIZED ACCREDITATION BODY THAT
8 HAS A SPECIALIZATION IN THE ACCREDITATION OF CHARTER SCHOOL
9 AUTHORIZING BODIES.

10 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
11 URBAN HIGH SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY DISTRICT IF
12 BOTH OF THE FOLLOWING CIRCUMSTANCES EXIST:

13 (i) EITHER OF THE FOLLOWING:

14 (A) THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD OPERATE AT
15 THE SAME LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST
16 UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE
17 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF
18 ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON THAT LIST DURING
19 THE IMMEDIATELY PRECEDING 3-YEAR PERIOD.

20 (B) THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD OPERATE AT
21 THE SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
22 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
23 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY ANOTHER AUTHORIZING
24 BODY UNDER THE APPLICABLE PART OR SECTION.

25 (ii) THE PROPOSED URBAN HIGH SCHOOL ACADEMY WOULD HAVE
26 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
27 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE

1 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

2 (10) AN URBAN HIGH SCHOOL ACADEMY THAT IS LOCATED WITHIN A
3 COMMUNITY DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

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

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

25 (e) Develop and implement a process for holding an urban high
26 school academy board of directors accountable for meeting
27 applicable academic performance standards set forth in the contract

1 and for implementing corrective action for an urban high school
2 academy that does not meet those standards.

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

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

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

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

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

1 state school aid act of 1979.

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

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

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

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

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

15 (5) Except for an urban high school academy that is an
16 alternative school serving a special student population, if the
17 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
18 **OFFICER** determines that an urban high school academy site that has
19 been operating for at least 4 years is among the lowest achieving
20 5% of all public schools in this state **FOR 3 OF THE PRECEDING 5**
21 **SCHOOL YEARS**, as defined for the purposes of the federal incentive
22 grant program created under sections 14005 and 14006 of title XIV
23 of the American recovery and reinvestment act of 2009, Public Law
24 111-5, is in year 2 of restructuring sanctions under the no child
25 left behind act of 2001, Public Law 107-110, **DETERMINED UNDER**
26 **SECTION 1280C**, not to include the **ANY** individualized education plan
27 subgroup, and is not currently undergoing reconstitution under this

1 section, OR IF THE URBAN HIGH SCHOOL ACADEMY HAS BEEN INCLUDED ON
2 THE LIST OF SCHOOLS SUBJECT TO CLOSURE UNDER SECTION 390, the
3 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
4 **OFFICER** shall notify the urban high school academy's authorizing
5 body. ~~If~~ **SUBJECT TO SECTION 390(4), IF** an authorizing body receives
6 notice from the ~~superintendent of public instruction~~ **STATE SCHOOL**
7 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
8 shall amend the urban high school academy's contract to eliminate
9 the urban high school academy's authority to operate the existing
10 age and grade levels at the site and the urban high school academy
11 shall cease operating the existing age and grade levels at the
12 site, effective at the end of the current school year. If the urban
13 high school academy operates at only 1 site, and the authorizing
14 body receives notice from the ~~superintendent of public instruction~~
15 **STATE SCHOOL REFORM/REDESIGN OFFICER** under this subsection, the
16 authorizing body shall revoke the urban high school academy's
17 contract, effective at the end of the current school year.

18 (6) The decision of an authorizing body to issue, not issue,
19 or reconstitute a contract under this part, or to terminate or
20 revoke a contract under this section, is solely within the
21 discretion of the authorizing body, is final, and is not subject to
22 review by a court or any state agency. An authorizing body that
23 issues, does not issue, or reconstitutes a contract under this
24 part, or that terminates or revokes a contract under this section,
25 is not liable for that action to the urban high school academy, the
26 urban high school academy corporation, a pupil of the urban high
27 school academy, the parent or guardian of a pupil of the urban high

1 school academy, or any other person.

2 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
3 **SECTION**, before an authorizing body revokes a contract, the
4 authorizing body may consider and take corrective measures to avoid
5 revocation. An authorizing body may reconstitute the urban high
6 school academy in a final attempt to improve student educational
7 performance or to avoid interruption of the educational process. An
8 authorizing body shall include a reconstituting provision in the
9 contract that identifies these corrective measures, including, but
10 not limited to, removing 1 or more members of the board of
11 directors, withdrawing approval to contract under section 527, or
12 appointing a new board of directors or a trustee to take over
13 operation of the urban high school academy.

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

26 ~~———— (9) If an authorizing body revokes a contract issued under~~
27 ~~this part, the authorizing body may issue a new contract within the~~

1 ~~1 year period following the revocation without the new contract~~
2 ~~counting toward the maximum number of contracts that may be issued~~
3 ~~under this part.~~

4 (9) ~~(10)~~ Not more than 10 days after an urban high school
5 academy's contract terminates or is revoked, the authorizing body
6 shall notify the superintendent of public instruction in writing of
7 the name of the urban high school academy whose contract has
8 terminated or been revoked and the date of contract termination or
9 revocation.

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

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

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

25 (c) Simultaneously with the filing of the certificate of
26 dissolution under subdivision (b), the urban high school academy
27 board of directors shall provide a copy of the board of directors'

1 plan of distribution of assets to the state treasurer for approval.
2 Within 30 days, the state treasurer, or his or her designee, shall
3 review and approve the board of directors' plan of distribution of
4 assets. If the proposed plan of distribution of assets is not
5 approved within 30 days, the state treasurer, or his or her
6 designee, shall provide the board of directors with an acceptable
7 plan of distribution of assets.

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

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

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

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

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

21 (2) As used in this part:

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

24 (i) The board of a school district. ~~that operates grades K to~~
25 ~~12.~~

26 (ii) An intermediate school board.

27 (iii) The board of a community college.

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

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

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

10 (c) "Community college" means a community college organized
11 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
12 389.195, or a federal tribally controlled community college that is
13 recognized under the tribally controlled colleges and universities
14 assistance act of 1978, 25 USC 1801 to ~~1852~~, **1864**, and is
15 determined by the department to meet the requirements for
16 accreditation by a recognized regional accrediting body.

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

25 (e) "Cyber school" means a school of excellence established
26 under this part that has been issued a contract to be organized and
27 operated as a cyber school under section 552(2) and that provides

1 full-time instruction to pupils through online learning or
2 otherwise on a computer or other technology, which instruction and
3 learning may be remote from a school facility.

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

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

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

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

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

24 (b) The first 5 contracts issued by all authorizing bodies
25 under this subsection shall be for schools of excellence that offer
26 1 or more of high school grades 9 to 12, or any combination of
27 those grades, as specified in the contract.

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

5 (2) Subject to the limitations in this subsection and
6 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
7 issue contracts under this subsection for 1 or more schools of
8 excellence that are cyber schools. ~~Until December 31, 2013, the~~
9 ~~combined total number of contracts that may be issued by all~~
10 ~~statewide authorizing bodies under this subsection for schools of~~
11 ~~excellence that are cyber schools shall not exceed 5. Until~~
12 ~~December 31, 2014, the combined total number of contracts that may~~
13 ~~be issued by all statewide authorizing bodies under this subsection~~
14 ~~for schools of excellence that are cyber schools shall not exceed~~
15 ~~10. After December 31, 2014, the~~ **THE** combined total number of
16 contracts issued by all statewide authorizing bodies under this
17 subsection for schools of excellence that are cyber schools shall
18 not exceed 15. The board of a school district, an intermediate
19 school board, the board of a community college that is not a
20 statewide authorizing body, or 2 or more public agencies acting
21 jointly as described in subsection (6) (e) may not act as the
22 authorizing body for more than 1 school of excellence that is a
23 cyber school. An authorizing body shall not issue a contract for a
24 school of excellence that is a cyber school unless the school of
25 excellence that is a cyber school meets all of the following
26 requirements:

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

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

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

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

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

23 (3) For a public school academy operating under part 6a that
24 meets the requirements of subsection (4), with the approval of its
25 authorizing body, the board of directors of the public school
26 academy may adopt a resolution choosing to convert the public
27 school academy to a school of excellence under this part. If the

1 board of directors of a public school academy that meets the
2 requirements of subsection (4) is issued a contract as a school of
3 excellence under this subsection, all the following apply:

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

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

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

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

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

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

25 (i) On average over a 3-year period, at least 90% of the
26 pupils enrolled in the public school academy achieved a score of
27 proficient or better on the Michigan education assessment program

1 mathematics and reading tests or successor state assessment
2 program.

3 (ii) On average over a 3-year period, at least 70% of the
4 pupils enrolled in the public school academy achieved a score of
5 proficient or better on the Michigan education assessment program
6 mathematics and reading tests or successor state assessment program
7 and at least 50% of the pupils enrolled in the public school
8 academy met the income eligibility criteria for the federal free or
9 reduced-price lunch program, as determined under the Richard B.
10 Russell national school lunch act, 42 USC 1751 to ~~1769i~~, **1769J**, and
11 reported to the department.

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

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

1 (6) ~~Any~~ **SUBJECT TO SUBSECTION (22), ANY** of the following may
2 act as an authorizing body to issue a contract to organize and
3 operate 1 or more schools of excellence under this part:

4 (a) The board of a school district. ~~that operates grades K to~~
5 ~~12.~~ However, except as otherwise provided in this subdivision, the
6 board of a school district shall not issue a contract for a school
7 of excellence to operate outside the school district's boundaries,
8 and a school of excellence authorized by the board of a school
9 district shall not operate outside that school district's
10 boundaries. If the board of a school district issues a contract for
11 a school of excellence that is a cyber school, the contract may
12 authorize the school of excellence that is a cyber school to
13 operate outside that school district's boundaries.

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

25 (c) The board of a community college. Except as otherwise
26 provided in this subdivision, the board of a community college
27 shall not issue a contract for a school of excellence to operate

1 outside the boundaries of the community college district, and a
2 school of excellence authorized by the board of a community college
3 shall not operate outside the boundaries of the community college
4 district. If the board of a community college issues a contract for
5 a school of excellence that is a cyber school, the contract may
6 authorize the school of excellence that is a cyber school to
7 operate outside the boundaries of the community college district.
8 The board of a community college also may issue a contract for not
9 more than 1 school of excellence to operate on the grounds of an
10 active or closed federal military installation located outside the
11 boundaries of the community college district, or may operate a
12 school of excellence itself on the grounds of such a federal
13 military installation, if the federal military installation is not
14 located within the boundaries of any community college district and
15 the community college has previously offered courses on the grounds
16 of the federal military installation for at least 10 years.

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

18 (e) Two or more of the public agencies described in
19 subdivisions (a) to (d) exercising power, privilege, or authority
20 jointly pursuant to an interlocal agreement under the urban
21 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
22 124.512.

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

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

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

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

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

9 (ii) The purposes for the school of excellence corporation.

10 This language shall provide that the school of excellence is
11 incorporated pursuant to this part and that the school of
12 excellence is a governmental entity.

13 (iii) The name of the authorizing body.

14 (iv) The proposed time when the articles of incorporation will
15 be effective.

16 (v) Other matters considered expedient to be in the articles
17 of incorporation.

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

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

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

22 (ii) A copy of the educational goals of the school of
23 excellence and the curricula to be offered and methods of pupil
24 assessment to be used by the school of excellence. The educational
25 goals shall include demonstrated improved pupil academic
26 achievement for all groups of pupils. To the extent applicable, the
27 progress of the pupils in the school of excellence shall be

1 assessed using ~~at least a Michigan education assessment program~~
2 ~~(MEAP) test or the Michigan merit examination under section 1279g,~~
3 ~~as applicable.~~ **THE APPLICABLE STATE ASSESSMENTS.**

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

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

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

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

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

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

24 (i) A description of and address for the proposed physical
25 plant in which the school of excellence will be located. An
26 applicant may request the authorizing body to issue a contract
27 allowing the board of directors of the school of excellence to

1 operate the same configuration of age or grade levels at more than
2 1 site.

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

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

20 (10) An authorizing body shall not charge a fee, or require
21 reimbursement of expenses, for considering an application for a
22 contract, for issuing a contract, or for providing oversight of a
23 contract for a school of excellence in an amount that exceeds a
24 combined total of 3% of the total state school aid received by the
25 school of excellence in the school year in which the fees or
26 expenses are charged. The authorizing body may provide other
27 services for a school of excellence and charge a fee for those

1 services, but shall not require such an arrangement as a condition
2 to issuing the contract authorizing the school of excellence.

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

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

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

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

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

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

27 (15) Beginning July 1, 2013, if the department determines that

1 the combined total statewide final audited membership for all
2 pupils in membership in schools of excellence that are cyber
3 schools for a state fiscal year exceeds a number equal to 2% of the
4 combined total statewide final audited membership for all pupils in
5 membership in public schools for the 2011-2012 state fiscal year,
6 then all of the following apply:

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

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

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

25 (16) For the purposes of subsections (14) and (15), ~~not later~~
26 ~~than July 1, 2012, and by~~ not later than July 1 of each year,
27 ~~thereafter,~~ the department shall determine the percentage of the

1 combined total statewide final audited membership for all pupils in
2 membership in public schools that are pupils in membership in
3 schools of excellence that are cyber schools for the state fiscal
4 year that includes that July 1.

5 (17) As used in this section:

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

8 (b) "Statewide authorizing body" means the governing board of
9 a state public university or the board of a federally
10 controlled community college that is recognized under the tribally
11 controlled colleges and universities assistance act of 1978, 25 USC
12 1801 to ~~1852~~, **1864**, and is determined by the department to meet the
13 requirements for accreditation by a recognized regional accrediting
14 body.

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

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

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

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

1 (d) Purchased courses and curricula.

2 (e) Fees associated with oversight and regulation.

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

5 (g) Facilities costs.

6 (h) Costs associated with special education.

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

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

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

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

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

25 (21) The board of directors of a school of excellence that is
26 a cyber school shall ensure that, when a pupil enrolls in the
27 school of excellence that is a cyber school, the pupil and his or

1 her parent or legal guardian are provided with a parent-student
2 orientation. If the pupil is at least age 18 or is an emancipated
3 minor, the orientation may be provided to just the pupil.

4 (22) BOTH OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
5 FOR A SCHOOL OF EXCELLENCE TO BE LOCATED WITHIN A COMMUNITY
6 DISTRICT:

7 (A) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE
8 AND OPERATE A NEW SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY
9 DISTRICT UNLESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES
10 THAT THE AUTHORIZING BODY HAS BEEN ACCREDITED AS AN AUTHORIZING
11 BODY BY A NATIONALLY RECOGNIZED ACCREDITATION BODY THAT HAS A
12 SPECIALIZATION IN THE ACCREDITATION OF CHARTER SCHOOL AUTHORIZING
13 BODIES. FOR AN AUTHORIZING BODY DESCRIBED IN SUBSECTION (6) (E), THE
14 AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT TO ORGANIZE AND OPERATE
15 A NEW SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY DISTRICT
16 UNLESS THE SUPERINTENDENT OF PUBLIC INSTRUCTION DETERMINES THAT
17 EACH OF THE PUBLIC AGENCIES THAT IS PARTY TO THE INTERLOCAL
18 AGREEMENT HAS BEEN ACCREDITED AS AN AUTHORIZING BODY BY A
19 NATIONALLY RECOGNIZED ACCREDITATION BODY THAT HAS A SPECIALIZATION
20 IN THE ACCREDITATION OF CHARTER SCHOOL AUTHORIZING BODIES.

21 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW
22 SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY DISTRICT IF BOTH
23 OF THE FOLLOWING CIRCUMSTANCES EXIST:

24 (i) EITHER OF THE FOLLOWING:

25 (A) THE PROPOSED SCHOOL OF EXCELLENCE WOULD OPERATE AT THE
26 SAME LOCATION AS A PUBLIC SCHOOL THAT CURRENTLY IS ON THE LIST
27 UNDER SECTION 1280C(1) OF THE PUBLIC SCHOOLS IN THIS STATE THAT THE

1 DEPARTMENT HAS DETERMINED TO BE AMONG THE LOWEST ACHIEVING 5% OF
2 ALL PUBLIC SCHOOLS IN THIS STATE OR HAS BEEN ON THAT LIST DURING
3 THE IMMEDIATELY PRECEDING 3-YEAR PERIOD.

4 (B) THE PROPOSED SCHOOL OF EXCELLENCE WOULD OPERATE AT THE
5 SAME LOCATION AS A PUBLIC SCHOOL ACADEMY, URBAN HIGH SCHOOL
6 ACADEMY, SCHOOL OF EXCELLENCE, OR STRICT DISCIPLINE ACADEMY THAT
7 HAS HAD ITS CONTRACT REVOKED OR TERMINATED BY ANOTHER AUTHORIZING
8 BODY UNDER THE APPLICABLE PART OR SECTION.

9 (ii) THE PROPOSED SCHOOL OF EXCELLENCE WOULD HAVE
10 SUBSTANTIALLY THE SAME BOARD OF DIRECTORS, SUBSTANTIALLY THE SAME
11 LEADERSHIP, AND SUBSTANTIALLY THE SAME CURRICULUM OFFERINGS AS THE
12 PUBLIC SCHOOL THAT PREVIOUSLY OPERATED AT THAT LOCATION.

13 (23) A SCHOOL OF EXCELLENCE THAT IS LOCATED WITHIN A COMMUNITY
14 DISTRICT IS SUBJECT TO SECTION 390.

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

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

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

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

27 (d) Oversee the operations of each school of excellence

1 operating under a contract issued by the authorizing body. The
2 oversight shall be sufficient to ensure that the school of
3 excellence is in compliance with the terms of the contract and with
4 applicable law. This subdivision does not relieve any other
5 governmental entity of its enforcement or supervisory
6 responsibility.

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

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

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

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

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

25 (3) The authorizing body for a school of excellence is the
26 fiscal agent for the school of excellence. A state school aid
27 payment for a school of excellence shall be paid to the authorizing

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

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

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

17 (b) Failure of the school of excellence to comply with all
18 applicable law.

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

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

24 (5) Except for a school of excellence that is an alternative
25 school serving a special student population, if the ~~superintendent~~
26 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
27 determines that a school of excellence site that has been operating

1 for at least 4 years is among the lowest achieving 5% of all public
2 schools in this state **FOR 3 OF THE PRECEDING 5 SCHOOL YEARS**, as
3 ~~defined for the purposes of the federal incentive grant program~~
4 ~~created under sections 14005 and 14006 of title XIV of the American~~
5 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
6 ~~2 of restructuring sanctions under the no child left behind act of~~
7 ~~2001, Public Law 107-110, **DETERMINED UNDER SECTION 1280C**, not to~~
8 include ~~the~~ **ANY** individualized education plan subgroup, and is not
9 currently undergoing reconstitution under this section, **OR IF THE**
10 **SCHOOL OF EXCELLENCE HAS BEEN INCLUDED ON THE LIST OF SCHOOLS**
11 **SUBJECT TO CLOSURE UNDER SECTION 390**, the ~~superintendent of public~~
12 ~~instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** shall notify the
13 school of excellence's authorizing body. ~~If~~ **SUBJECT TO SECTION**
14 **390(4)**, **IF** an authorizing body receives notice from the
15 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
16 **OFFICER** under this subsection, the authorizing body shall amend the
17 school of excellence's contract to eliminate the school of
18 excellence's authority to operate the existing age and grade levels
19 at the site and the school of excellence shall cease operating the
20 existing age and grade levels at the site, effective at the end of
21 the current school year. If the school of excellence operates at
22 only 1 site or is a cyber school, and the authorizing body receives
23 notice from the ~~superintendent of public instruction~~ **STATE SCHOOL**
24 **REFORM/REDESIGN OFFICER** under this subsection, the authorizing body
25 shall revoke the school of excellence's contract, effective at the
26 end of the current school year.

27 (6) Except for a contract issued by a school district pursuant

1 to a vote by the school electors on a ballot question under section
2 553(2), the decision of the authorizing body to issue, not issue,
3 or reconstitute a contract under this part, or to terminate or
4 revoke a contract under this section, is solely within the
5 discretion of the authorizing body, is final, and is not subject to
6 review by a court or any other state agency. If the authorizing
7 body issues, does not issue, or reconstitutes a contract under this
8 part, or terminates or revokes a contract under this section, the
9 authorizing body is not liable for that action to the school of
10 excellence, the school of excellence corporation, a pupil of the
11 school of excellence, the parent or guardian of a pupil of the
12 school of excellence, or any other person.

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

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

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

10 (9) Not more than 10 days after a school of excellence'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 school of excellence whose contract has terminated or
14 been revoked and the date of contract termination or revocation.

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

20 (a) Within 30 days following the termination or revocation,
21 the board of directors of a school of excellence shall hold a
22 public meeting to adopt a plan of distribution of assets and to
23 approve the dissolution of the school of excellence corporation,
24 all in accordance with chapter 8 of the nonprofit corporation act,
25 1982 PA 162, MCL 450.2801 to 450.2864.

26 (b) The school of excellence shall file a certificate of
27 dissolution with the ~~bureau of commercial services~~ **DEPARTMENT OF**

1 **LICENSING AND REGULATORY AFFAIRS** within 10 business days following
2 board approval.

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

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

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

24 (f) If the board of directors of a school of excellence fails
25 to take any necessary action under this section, the state
26 treasurer, or his or her designee, may suspend the school of
27 excellence board of directors and appoint a trustee to carry out

1 the board's plan of distribution of assets. Upon appointment, the
2 trustee shall have all the rights, powers, and privileges under law
3 that the school of excellence board of directors had before being
4 suspended.

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

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

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

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

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

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

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

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

27 **(B) ALL OF THE PUBLIC SCHOOLS WITHIN THE CONSTITUENT DISTRICT**

1 HAVE BEEN TRANSFERRED TO 1 OR MORE OTHER SCHOOL DISTRICTS OR PUBLIC
2 ENTITIES.

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

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

1 resolutions, the intermediate school board shall submit the
2 question of levying a regional enhancement property tax within the
3 intermediate school district on the ballot at a special election
4 called by the intermediate school board for that purpose not
5 earlier than 90 days after the resolution requirements are met.

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

1 ACCORDING TO THE PERCENTAGE OF THE CONSTITUENT DISTRICT'S
 2 MEMBERSHIP THAT IS ENROLLED IN THE PARTICULAR PUBLIC SCHOOL FOR THE
 3 STATE FISCAL YEAR CORRESPONDING TO THE TAX YEAR. REVENUE FROM A
 4 REGIONAL ENHANCEMENT PROPERTY TAX UNDER THIS SECTION SHALL NOT BE
 5 ALLOCATED OR PAID TO A CONSTITUENT DISTRICT THAT DOES NOT OPERATE A
 6 PUBLIC SCHOOL DIRECTLY BUT RETAINS A LIMITED SEPARATE IDENTITY FOR
 7 PURPOSES OF SECTION 12, 12B, 863, 903, OR 947.

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

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

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

27 (a) Attach itself either totally or in part to 1 or more

1 operating school districts, INCLUDING, BUT NOT LIMITED TO, A
2 REORGANIZATION UNDER SECTION 12 OR 12B.

3 (B) TRANSFER THE FUNCTIONS AND RESPONSIBILITIES OF THE
4 CONSTITUENT DISTRICT RELATING TO OPERATING PUBLIC SCHOOLS TO 1 OR
5 MORE OTHER PUBLIC ENTITIES AUTHORIZED TO OPERATE PUBLIC SCHOOLS,
6 INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL DISTRICT OR AN
7 INTERMEDIATE SCHOOL DISTRICT.

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

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

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

14 (B) CAUSED PUBLIC EDUCATION SERVICES TO BE PROVIDED WITHIN THE
15 SCHOOL DISTRICT TO RESIDENTS OF THE SCHOOL DISTRICT THROUGH AN
16 AGREEMENT, CONTRACT, OR OTHER COOPERATIVE AGREEMENT WITH ANOTHER
17 PUBLIC ENTITY, INCLUDING, BUT NOT LIMITED TO, ANOTHER SCHOOL
18 DISTRICT OR AN INTERMEDIATE SCHOOL DISTRICT.

19 Sec. 1147. (1) A child who is a resident of a school district
20 that does not provide kindergarten and who is at least 5 years of
21 age on the first day of enrollment of the school year may attend
22 school in A PUBLIC SCHOOL OPERATED BY the school district OR, FOR A
23 COMMUNITY DISTRICT OR A SCHOOL DISTRICT THAT DOES NOT DIRECTLY
24 OPERATE SCHOOLS ON ITS OWN, IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN
25 THE GEOGRAPHIC BOUNDARIES OF THE SCHOOL DISTRICT.

26 (2) ~~Subject to subsection (3), for the 2013-2014 school year,~~
27 ~~a child who resides in the school district may enroll in~~

1 ~~kindergarten if the child is at least 5 years of age on November 1,~~
2 ~~2013. Subject to subsection (3), for the 2014-2015 school year, a~~
3 ~~child who resides in the school district may enroll in kindergarten~~
4 ~~if the child is at least 5 years of age on October 1, 2014. Subject~~
5 ~~to subsection (3), beginning with the 2015-2016 school year, a~~
6 ~~child~~ **WHO IS AT LEAST 5 YEARS OF AGE ON SEPTEMBER 1 OF THE SCHOOL**
7 **YEAR OF ENROLLMENT AND** who resides in the school district may
8 enroll in kindergarten ~~if the child is at least 5 years of age on~~
9 ~~September 1 of the school year of enrollment.~~ **IN A PUBLIC SCHOOL**
10 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
11 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**
12 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
13 **OF THE SCHOOL DISTRICT.**

14 (3) If a child residing in the school district or a child
15 eligible to enroll in and be counted in membership in the school
16 district under section 105 or 105c of the state school aid act of
17 1979, MCL 388.1705 and 388.1705c, is not 5 years of age on the
18 enrollment eligibility date specified in subsection (2), but will
19 be 5 years of age not later than December 1 of a school year, the
20 parent or legal guardian of that child may enroll the child in
21 kindergarten for that school year **IN A PUBLIC SCHOOL OPERATED BY**
22 **THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A SCHOOL**
23 **DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN, IN**
24 **ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF**
25 **THE SCHOOL DISTRICT** if the parent or legal guardian notifies the
26 ~~school district~~ **PUBLIC SCHOOL** in writing that he or she intends to
27 enroll the child in kindergarten for that school year. A ~~school~~

1 ~~district~~ **PUBLIC SCHOOL** that receives this written notification may
2 make a recommendation to the parent or legal guardian of a child
3 described in this subsection that the child is not ready to enroll
4 in kindergarten due to the child's age or other factors. However,
5 regardless of this recommendation, the parent or legal guardian
6 retains the sole discretion to determine whether or not to enroll
7 the child in kindergarten under this subsection.

8 (4) The ages prescribed in this section for a child's
9 eligibility for enrollment in a ~~school district~~ **PUBLIC SCHOOL** also
10 apply to a child's eligibility to enroll in a public school
11 academy.

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

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

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

22 (8) **THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT OR PUBLIC**
23 **SCHOOL ACADEMY THAT DOES NOT OTHERWISE PROVIDE KINDERGARTEN TO**
24 **PROVIDE KINDERGARTEN.**

25 Sec. 1225. (1) Subject to restrictions of this section, a
26 school board or intermediate school board, **EXCEPT THE SCHOOL BOARD**
27 **OF A QUALIFYING SCHOOL DISTRICT**, may borrow money and issue notes

1 of the school district or intermediate school district for the
2 borrowed money to secure funds for school operations or to pay
3 previous loans obtained for school operations under this or any
4 other statute. The school board or intermediate school board shall
5 pledge money to be received by it from state school aid for the
6 payment of notes issued under this section. A pledge of state
7 school aid by a school district or intermediate school district for
8 the payment of notes issued pursuant to this section is valid and
9 binding from the time when the pledge is made. A pledge made
10 pursuant to this section for the benefit of the holders of notes or
11 for the benefit of others is perfected without delivery, recording,
12 or notice. Notes issued pursuant to this section are full faith and
13 credit obligations of the school district or intermediate school
14 district and are payable from tax levies or from unencumbered funds
15 of the school district or intermediate school district in event of
16 the unavailability or insufficiency of state school aid for any
17 reason.

18 (2) A school district or intermediate school district for
19 which an emergency manager has been appointed pursuant to the ~~local~~
20 ~~government and school district fiscal accountability act, 2011 PA~~
21 ~~4, MCL 141.1501 to 141.1531,~~ **LOCAL FINANCIAL STABILITY AND CHOICE**
22 **ACT, 2012 PA 436, MCL 141.1541 TO 141.1575,** or a school district or
23 intermediate school district that has an approved deficit
24 elimination plan **OR AN ENHANCED DEFICIT ELIMINATION PLAN REQUIRED**
25 under section 102 of the state school aid act of 1979, MCL
26 388.1702, may enter into an agreement with the Michigan finance
27 authority in accordance with section 17a(4) of the state school aid

1 act of 1979, MCL 388.1617a, providing for the direct payment on
2 behalf of the school district or intermediate school district to
3 the Michigan finance authority, or to a trustee designated by the
4 Michigan finance authority, of state school aid pledged and to be
5 used for the sole purpose of paying the principal of and interest
6 on the notes issued pursuant to this section and secured by state
7 school aid.

8 (3) Notes issued under this section shall become due not later
9 than 372 days after the date on which they are issued, except as
10 otherwise provided in this section. Notes issued within a fiscal
11 year shall not exceed 70% of the difference between the total state
12 aid funds apportioned to the school district or intermediate school
13 district for that fiscal year and the portion already received or
14 pledged, except secondary pledges made under section 1356.

15 (4) A school district or intermediate school district that is
16 not able to redeem its notes within 372 days after the date on
17 which the notes were issued may enter into a multi-year agreement
18 with a lending institution to repay its obligation. A repayment
19 agreement shall not be executed without the prior approval of an
20 authorized representative of the state board or ~~, for notes sold to~~
21 ~~the Michigan finance authority only, without the approval of an~~
22 authorized representative of the department of treasury.

23 (5) During the last 4 months of a fiscal year, notes may be
24 issued pledging state school aid for the next succeeding fiscal
25 year. Except as otherwise provided in this subsection, the notes
26 shall not exceed 50% of the state school aid apportioned to the
27 school district or intermediate school district for the next

1 succeeding fiscal year or, if the apportionment has not been made,
2 50% of the apportionment for the then current fiscal year. The
3 notes shall mature not later than 372 days after the date of
4 issuance.

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

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

13 (8) In addition to other powers under this section, with the
14 approval of the state treasurer, a school board or intermediate
15 school board, **INCLUDING, BUT NOT LIMITED TO, THE SCHOOL BOARD OF A**
16 **COMMUNITY DISTRICT,** may obtain a line of credit to secure funds for
17 school operations or to pay previous loans obtained for school
18 operations under this or any other statute. The school board or
19 intermediate school board shall pledge not more than 30% of the
20 state school aid apportioned to the school district or intermediate
21 school district for that fiscal year for repayment of funds
22 received pursuant to a line of credit obtained under this
23 subsection. However, the school board or intermediate school board
24 shall not borrow against the line of credit an amount greater than
25 the difference, as of the date of the borrowing, between the total
26 state school aid funds apportioned to the school district or
27 intermediate school district for that fiscal year and the portion

1 already received or pledged, except secondary pledges made under
2 section 1356. To obtain approval for obtaining a line of credit
3 under this subsection, a school board or intermediate school board
4 shall apply to the state treasurer in the form and manner
5 prescribed by the state treasurer, and shall provide information as
6 requested by the state treasurer for evaluating the application.
7 The state treasurer shall approve or disapprove an application and
8 notify the school board or intermediate school board within 20
9 business days after receiving a proper application. If the state
10 treasurer disapproves an application, the state treasurer shall
11 include the reasons for disapproval in the notification to the
12 school board or intermediate school board.

13 Sec. 1229. (1) Except as otherwise provided in subsection (4),
14 the board of a school district, other than a school district that
15 was organized as a primary school district during the 1995-1996
16 school year **OR A SCHOOL DISTRICT THAT IS A QUALIFYING SCHOOL**
17 **DISTRICT**, or of an intermediate school district shall employ a
18 superintendent of schools, who shall meet the requirements of
19 section 1246. The superintendent shall not be a member of the
20 board. Employment of a superintendent shall be by written contract.
21 The term of the superintendent's contract shall be fixed by the
22 board, not to exceed 5 years. If written notice of nonrenewal of
23 the contract of a superintendent is not given at least 90 days
24 before the termination of the contract, the contract is renewed for
25 an additional 1-year period.

26 (2) The board of a school district or intermediate school
27 district may employ assistant superintendents, principals,

1 assistant principals, guidance directors, and other administrators
2 who do not assume tenure in that position under 1937 (Ex Sess) PA
3 4, MCL 38.71 to 38.191. The employment shall be by written
4 contract. The term of the employment contract shall be fixed by the
5 board, not to exceed 3 years. The board shall prescribe the duties
6 of a person described in this subsection. If written notice of
7 nonrenewal of the contract of a person described in this subsection
8 is not given at least 60 days before the termination date of the
9 contract, the contract is renewed for an additional 1-year period.

10 (3) A notification of nonrenewal of contract of a person
11 described in subsection (2) may be given only for a reason that is
12 not arbitrary or capricious. The board shall not issue a notice of
13 nonrenewal under this section unless the affected person has been
14 provided with not less than 30 days' advance notice that the board
15 is considering the nonrenewal together with a written statement of
16 the reasons the board is considering the nonrenewal. After the
17 issuance of the written statement, but before the nonrenewal
18 statement is issued, the affected person shall be given the
19 opportunity to meet with not less than a majority of the board to
20 discuss the reasons stated in the written statement. The meeting
21 shall be open to the public or a closed session, as the affected
22 person elects under section 8 of the open meetings act, 1976 PA
23 267, MCL 15.268. If the board fails to provide for a meeting with
24 the board, or if a court finds that the reason for nonrenewal is
25 arbitrary or capricious, the affected person's contract is renewed
26 for an additional 1-year period. This subsection does not apply to
27 the nonrenewal of the contract of a superintendent of schools

1 described in subsection (1).

2 (4) A school district, instead of directly employing a
3 superintendent of schools, may contract with its intermediate
4 school district for the intermediate superintendent to serve as the
5 superintendent of schools for the school district or for the
6 intermediate school district to provide another person to serve as
7 superintendent of schools for the school district **OR MAY CONTRACT**
8 **WITH ANOTHER PERSON, INCLUDING, BUT NOT LIMITED TO, THE**
9 **SUPERINTENDENT OF ANOTHER SCHOOL DISTRICT, TO SERVE AS**
10 **SUPERINTENDENT OF SCHOOLS FOR THE SCHOOL DISTRICT. IF A SCHOOL**
11 **DISTRICT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY ON ITS OWN, THE**
12 **SCHOOL DISTRICT IS NOT REQUIRED TO EMPLOY A SUPERINTENDENT.**

13 Sec. 1231. (1) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
14 **(5), THE** board of a school district shall hire and contract with
15 qualified teachers. Contracts with teachers shall be in writing and
16 signed on behalf of the school district by a majority of the board,
17 by the president and secretary of the board, or by the
18 superintendent of schools or an authorized representative of the
19 board. The contracts shall specify the wages agreed upon.

20 (2) A teacher's contract shall be filed with the secretary of
21 the board and a duplicate copy of the contract shall be furnished
22 to the teacher.

23 (3) Except as otherwise provided under this act, a contract
24 with a teacher is not valid unless the ~~person~~ **INDIVIDUAL** holds a
25 valid teaching certificate at the time the contractual period
26 begins **OR THE INDIVIDUAL IS ENGAGED TO TEACH IN A COMMUNITY**
27 **DISTRICT UNDER SECTION 1233C.** A contract shall terminate if the

1 certificate expires by limitation and is not renewed immediately or
2 if it is suspended or revoked by proper legal authority.

3 (4) The board of a school district, after a teacher has been
4 employed at least 2 consecutive years by the board, may enter into
5 a continuing contract with a certificated teacher **OR, FOR A**
6 **COMMUNITY DISTRICT, WITH AN INDIVIDUAL ENGAGED TO TEACH IN A**
7 **COMMUNITY DISTRICT UNDER SECTION 1233C.**

8 (5) **THE SCHOOL BOARD OF A SCHOOL DISTRICT THAT IS A COMMUNITY**
9 **DISTRICT MAY EMPLOY OR CONTRACT FOR, OR BOTH, QUALIFIED TEACHERS**
10 **AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT**
11 **FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL, AS DEFINED IN SECTION 3**
12 **OF THE STATE SCHOOL AID ACT OF 1979, MCL 388.1603, AS NECESSARY TO**
13 **CARRY OUT THE PURPOSES OF THE COMMUNITY DISTRICT.**

14 (6) ~~(5)~~—As used in this section, "teacher" does not include a
15 substitute teacher.

16 Sec. 1233. (1) Except as otherwise provided by law, **AND**
17 **SUBJECT TO SECTION 1233C**, the board of a school district or
18 intermediate school board of an intermediate school district shall
19 not permit a teacher who does not hold a valid teaching certificate
20 to teach in a grade or department of the school.

21 (2) The board of a school district or intermediate school
22 board of an intermediate school district shall not allow an
23 individual to serve in a counseling role in the school district or
24 intermediate school district, as the role is defined by the
25 superintendent of public instruction, unless the individual meets 1
26 or more of the following and the board or intermediate school board
27 complies with subsection (7):

1 (a) The individual holds a valid teaching certificate with a
2 school counseling endorsement.

3 (b) The individual meets all of the following:

4 (i) Holds a master's degree awarded after completion of an
5 approved school counselor education program that includes at least
6 all of the following skills and content areas or their equivalent:

7 (A) Guidance services--philosophy, principles, and practices.

8 (B) Individual and group analysis--nature and range of human
9 characteristics and appraisal methods.

10 (C) Guidance information--vocational development theory,
11 educational and occupational information.

12 (D) Counseling theory and practice--individual and group
13 procedures, administration and coordination relationships,
14 professional relationships, and ethics.

15 (E) Supervised experiences--laboratory, practicum, or
16 internship.

17 (F) Evaluation--statistics and research methodology, follow-up
18 evaluation, and measurement methods.

19 (ii) Has successfully completed the department's guidance
20 counselor examination.

21 (iii) Has been recommended by an approved school counselor
22 education program to provide services as a school counselor.

23 (c) The individual meets both of the following:

24 (i) Has at least 5 years of successful experience serving in a
25 school counseling role in another state within the immediately
26 preceding 7-year period.

27 (ii) Has successfully completed the department's guidance

1 counselor examination.

2 (3) ~~The~~ **EXCEPT FOR TEACHERS ENGAGED TO TEACH IN A COMMUNITY**
3 **DISTRICT UNDER SECTION 1233C, THE** intermediate superintendent shall
4 notify the superintendent of public instruction immediately of the
5 names of noncertificated teachers teaching in violation of
6 subsection (1) and the names of individuals serving in counseling
7 roles in violation of subsection (2), the employing district, and
8 the amount of time the noncertificated teachers or unqualified
9 individuals were employed.

10 (4) A vocational teacher preparation institution shall utilize
11 the employment experience of an annually authorized teacher for the
12 purpose of waiving student teaching as a requirement for vocational
13 certification if the annually authorized teacher is supervised by
14 the teacher preparation institution.

15 (5) All vocational education teachers certified after June 1,
16 1995 shall pass a competency test.

17 (6) The board of a school district or intermediate school
18 district may employ ~~a person~~ **AN INDIVIDUAL** without a teaching
19 certificate as a substitute teacher if the ~~person~~ **INDIVIDUAL** has at
20 least 90 semester hours of college credit from a college or
21 university.

22 (7) If the board of a school district or intermediate school
23 board of an intermediate school district chooses to employ an
24 individual who does not hold a valid teaching certificate to serve
25 in a counseling role, as permitted under subsection (2), the school
26 board or intermediate school board shall comply with sections 1230
27 and 1230a with respect to that individual to the same extent as

1 required for employing a ~~person~~ **AN INDIVIDUAL** with a teaching
2 certificate to serve as a teacher.

3 **SEC. 1233C. (1) A COMMUNITY DISTRICT MAY ENGAGE A FULL-TIME OR**
4 **PART-TIME NONCERTIFICATED, NONENDORSED TEACHER TO TEACH IN ITS**
5 **SCHOOLS IF THE APPROPRIATE OFFICIAL OF THE COMMUNITY DISTRICT**
6 **DETERMINES THAT, DUE TO THE INDIVIDUAL'S COMBINATION OF EDUCATION**
7 **AND EXPERIENCE, IT WOULD BE APPROPRIATE AND IN THE BEST INTERESTS**
8 **OF THE PUPILS OF THE COMMUNITY DISTRICT.**

9 **(2) IF A NONCERTIFICATED, NONENDORSED TEACHER ENGAGED TO TEACH**
10 **UNDER THIS SECTION COMPLETES 3 YEARS OF SUCCESSFUL CLASSROOM**
11 **TEACHING, AS DETERMINED BY REGULAR OBSERVATION AND REVIEW BY SCHOOL**
12 **DISTRICT AND TEACHER PREPARATION INSTITUTION PERSONNEL, THE**
13 **DEPARTMENT AND A TEACHER PREPARATION INSTITUTION SHALL UTILIZE THE**
14 **TEACHING EXPERIENCE OF THE NONCERTIFICATED, NONENDORSED TEACHER FOR**
15 **THE PURPOSE OF WAIVING STUDENT TEACHING AS A CONDITION FOR**
16 **RECEIVING A PROVISIONAL TEACHING CERTIFICATE.**

17 Sec. 1237. Notwithstanding any other provision of this act or
18 a rule to the contrary, a school district, local act school
19 district, intermediate school district, or public school academy
20 may employ a ~~person~~ **AN INDIVIDUAL** who does not hold a teaching
21 certificate to provide speech and language services if the ~~person~~
22 **INDIVIDUAL** meets the requirements for speech-language certification
23 by the American speech-language-hearing association. However, a
24 ~~person~~ **EXCEPT FOR A TEACHER ENGAGED TO TEACH IN A COMMUNITY**
25 **DISTRICT UNDER SECTION 1233C, AN INDIVIDUAL** who does not hold a
26 teaching certificate shall not be assigned to serve as a classroom
27 teacher.

1 Sec. 1250. (1) ~~A-EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,~~
2 A school district, public school academy, or intermediate school
3 district shall implement and maintain a method of compensation for
4 its teachers and school administrators that includes job
5 performance and job accomplishments as a significant factor in
6 determining compensation and additional compensation. The
7 assessment of job performance shall incorporate a rigorous,
8 transparent, and fair evaluation system that evaluates a teacher's
9 or school administrator's performance at least in part based upon
10 data on student growth as measured by assessments and other
11 objective criteria.

12 (2) If a collective bargaining agreement is in effect for
13 teachers or school administrators of a school district, public
14 school academy, or intermediate school district as of ~~the effective~~
15 ~~date of the amendatory act that added this subsection,~~ **JANUARY 4,**
16 **2010,** and if that collective bargaining agreement prevents
17 compliance with subsection (1), then subsection (1) does not apply
18 to that school district, public school academy, or intermediate
19 school district until after the expiration of that collective
20 bargaining agreement.

21 **(3) FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A**
22 **COMMUNITY DISTRICT AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT**
23 **THAT ADDED THIS SUBSECTION, THE COMMUNITY DISTRICT SHALL IMPLEMENT**
24 **AND MAINTAIN A METHOD OF COMPENSATION THAT INCLUDES JOB PERFORMANCE**
25 **AND JOB ACCOMPLISHMENTS AS THE PRIMARY FACTOR IN DETERMINING**
26 **COMPENSATION AND ADDITIONAL COMPENSATION. A TEACHER'S OR SCHOOL**
27 **ADMINISTRATOR'S JOB PERFORMANCE SHALL BE EVALUATED BASED ON THE**

1 TEACHER'S ANNUAL EVALUATION UNDER SECTION 1249 OR THE SCHOOL
2 ADMINISTRATOR'S ANNUAL EVALUATION UNDER SECTION 1249B, AS
3 APPLICABLE.

4 (4) FOR TEACHERS AND SCHOOL ADMINISTRATORS WHO ARE HIRED BY A
5 COMMUNITY DISTRICT AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT
6 THAT ADDED THIS SUBSECTION, THE COMMUNITY DISTRICT SHALL NOT USE
7 LENGTH OF SERVICE OR ACHIEVEMENT OF AN ADVANCED DEGREE AS A FACTOR
8 IN COMPENSATION LEVELS OR ADJUSTMENTS IN COMPENSATION EXCEPT AS
9 FOLLOWS:

10 (A) FOR A TEACHER WITH A SECONDARY LEVEL TEACHING CERTIFICATE
11 WHO HAS A SUBJECT AREA ENDORSEMENT AND WHO TEACHES IN THAT SUBJECT
12 AREA, AN ADVANCED DEGREE ACHIEVED IN THAT SUBJECT AREA MAY BE
13 CONSIDERED AS A FACTOR IN THE TEACHER'S BASE COMPENSATION.

14 (B) FOR A TEACHER WITH AN ELEMENTARY LEVEL TEACHING
15 CERTIFICATE WHO TEACHES IN AN ELEMENTARY GRADE, AN ADVANCED DEGREE
16 IN ELEMENTARY EDUCATION MAY BE CONSIDERED AS A FACTOR IN THE
17 TEACHER'S BASE COMPENSATION.

18 Sec. 1351a. (1) Beginning with bonds issued after May 1, 1994,
19 a school district, INCLUDING, BUT NOT LIMITED TO, A SCHOOL DISTRICT
20 THAT IS A COMMUNITY DISTRICT OR A QUALIFYING SCHOOL DISTRICT, shall
21 not borrow money and issue bonds of the district under section
22 1351(1). However, a school district, INCLUDING, BUT NOT LIMITED TO,
23 A SCHOOL DISTRICT THAT IS A COMMUNITY DISTRICT AND EXCLUDING A
24 SCHOOL DISTRICT THAT IS A QUALIFYING SCHOOL DISTRICT, may borrow
25 money and issue bonds of the district to defray all or a part of
26 the cost of purchasing, erecting, completing, remodeling, or
27 equipping or reequipping, except for equipping or reequipping for

1 technology, school buildings, including library buildings,
2 structures, athletic fields, playgrounds, or other facilities, or
3 parts of or additions to those facilities; furnishing or
4 refurnishing new or remodeled school buildings; acquiring,
5 preparing, developing, or improving sites, or parts of or additions
6 to sites, for school buildings, including library buildings,
7 structures, athletic fields, playgrounds, or other facilities;
8 purchasing school buses; acquiring, installing, or equipping or
9 reequipping school buildings for technology; or accomplishing a
10 combination of the purposes set forth in this subsection. Section
11 1351(2) to (4) applies to bonds issued under this section.

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

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

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

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

10 (c) Training, consulting, maintenance, service contracts,
11 software upgrades, troubleshooting, or software support.

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

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

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

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

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

26 **SEC. 1356A. (1) NOTWITHSTANDING SECTION 1351, A QUALIFYING**
27 **SCHOOL DISTRICT THAT HAS AN OPERATING OR PROJECTED OPERATING**

1 DEFICIT OR THAT HAS OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED
2 UNDER SECTION 1225 THROUGH THE MICHIGAN FINANCE AUTHORITY MAY, WITH
3 THE APPROVAL OF THE STATE TREASURER, BORROW AND ISSUE NOTES OR
4 BONDS FOR THE PURPOSE OF ELIMINATING THE DEFICIT OR REFUNDING OR
5 REFINANCING THE STATE AID ANTICIPATION NOTES IN ACCORDANCE WITH
6 THIS SECTION. NOTES OR BONDS ISSUED UNDER THIS SECTION SHALL BE
7 KNOWN AS SCHOOL FINANCING STABILITY BONDS. THIS AUTHORITY IS IN
8 ADDITION TO AND NOT IN DEROGATION OF ANY POWER GRANTED TO A SCHOOL
9 DISTRICT BY ANY OTHER PROVISION OF THIS ACT.

10 (2) BEFORE A QUALIFYING SCHOOL DISTRICT ISSUES NOTES OR BONDS
11 UNDER THIS SECTION, THE BOARD OF THE QUALIFYING SCHOOL DISTRICT
12 SHALL PROVIDE BY RESOLUTION FOR THE SUBMISSION OF THE FOLLOWING
13 CERTIFIED AND SUBSTANTIATED INFORMATION TO THE DEPARTMENT OF
14 TREASURY:

15 (A) THERE EXISTS OR WILL EXIST AN OPERATING DEFICIT IN THE
16 QUALIFYING SCHOOL DISTRICT OR THE QUALIFYING SCHOOL DISTRICT HAS
17 OUTSTANDING STATE AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225
18 THROUGH THE MICHIGAN FINANCE AUTHORITY.

19 (B) IF THE QUALIFYING SCHOOL DISTRICT HAS A DEFICIT, DURING OR
20 BEFORE THE FISCAL YEAR IN WHICH THE APPLICATION IS MADE, THE
21 QUALIFYING SCHOOL DISTRICT HAS MADE EVERY AVAILABLE EFFORT TO
22 OFFSET THE DEFICIT.

23 (C) THE QUALIFYING SCHOOL DISTRICT HAS A PLAN APPROVED BY THE
24 STATE TREASURER THAT OUTLINES ACTIONS TO BE TAKEN TO BALANCE FUTURE
25 EXPENDITURES WITH ANTICIPATED REVENUES AND TO REPAY ANY BONDS OR
26 NOTES ISSUED UNDER THIS SECTION. THE STATE TREASURER MAY RECOGNIZE
27 A DEFICIT ELIMINATION PLAN OR AN ENHANCED DEFICIT ELIMINATION PLAN

1 AUTHORIZED UNDER SECTION 102 OF THE STATE SCHOOL AID ACT OF 1979,
2 MCL 388.1702, AS SATISFYING THE REQUIREMENTS FOR AN APPROVED PLAN
3 UNDER THIS SUBDIVISION.

4 (3) THE EXISTENCE OF AN OPERATING OR PROJECTED OPERATING
5 DEFICIT, THE AMOUNT OF THE OPERATING OR PROJECTED OPERATING
6 DEFICIT, AND THE AMOUNT NECESSARY TO REFUND OR REFINANCE ANY SCHOOL
7 AID ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE
8 MICHIGAN FINANCE AUTHORITY SHALL BE DETERMINED BY THE DEPARTMENT OF
9 TREASURY, USING NORMAL SCHOOL ACCOUNTING PRACTICES. IF A FINANCIAL
10 AUDIT IS REQUIRED TO ARRIVE AT A CONCLUSIVE DETERMINATION AS TO THE
11 AMOUNT OF A DEFICIT, THE STATE TREASURER SHALL CHARGE ALL NECESSARY
12 EXPENSES FOR THE AUDIT, INCLUDING PER DIEM AND TRAVEL EXPENSES, TO
13 THE QUALIFYING SCHOOL DISTRICT, AND THE QUALIFYING SCHOOL DISTRICT
14 SHALL MAKE PAYMENT TO THE STATE TREASURER FOR THESE EXPENSES. A
15 DETERMINATION BY THE DEPARTMENT OF TREASURY UNDER THIS SUBSECTION
16 IS FINAL AND CONCLUSIVE.

17 (4) THE NOTES OR BONDS MAY BE ISSUED IN 1 OR MORE SERIES BY
18 RESOLUTION ADOPTED BY THE SCHOOL BOARD OF THE QUALIFYING SCHOOL
19 DISTRICT, WHICH RESOLUTION IN EACH CASE SHALL MAKE REFERENCE TO THE
20 DETERMINATION OF THE DEPARTMENT OF TREASURY UNDER SUBSECTION (3).
21 THE AMOUNT OF A NOTE OR BOND ISSUED SHALL NOT EXCEED THE AMOUNT
22 DETERMINED BY THE DEPARTMENT OF TREASURY UNDER SUBSECTION (3).

23 (5) THE QUALIFYING SCHOOL DISTRICT MAY PLEDGE AS SECURITY FOR
24 THE REPAYMENT OF PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED
25 UNDER THIS SECTION MONEY FROM STATE SCHOOL AID PAYMENTS PAID OR
26 PAYABLE TO THE QUALIFYING SCHOOL DISTRICT, REVENUE FROM TAXES
27 LEVIED BY THE QUALIFYING SCHOOL DISTRICT FOR SCHOOL OPERATING

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

15 (6) THE NOTES OR BONDS SHALL MATURE SERIALLY WITH ANNUAL
16 MATURITIES NOT MORE THAN 10 YEARS FROM THEIR DATE AND SHALL BEAR
17 INTEREST, PAYABLE ANNUALLY OR SEMIANNUALLY, AT A RATE OR RATES NOT
18 EXCEEDING A RATE DETERMINED BY THE SCHOOL BOARD IN THE QUALIFYING
19 SCHOOL DISTRICT'S BORROWING RESOLUTION. THE FIRST PRINCIPAL
20 INSTALLMENT ON THE NOTES OR BONDS SHALL BE DUE NOT MORE THAN 18
21 MONTHS FROM THE DATE OF THE ISSUANCE OF THE NOTES OR BONDS. THE
22 NOTES OR BONDS MAY BE MADE SUBJECT TO REDEMPTION BEFORE MATURITY
23 WITH OR WITHOUT PREMIUM IN A MANNER AND AT TIMES PROVIDED IN THE
24 RESOLUTION AUTHORIZING THE ISSUANCE OF THE NOTES OR BONDS.

25 (7) NOTES OR BONDS ISSUED UNDER THIS SECTION ARE VALID AND
26 BINDING GENERAL OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT, IT
27 BEING THE INTENT AND PURPOSE THAT THE NOTES OR BONDS AND THE

1 INTEREST ON THE NOTES OR BONDS BE PROMPTLY PAID WHEN DUE FROM THE
2 FIRST MONEY AVAILABLE TO THE QUALIFYING SCHOOL DISTRICT NOT PLEDGED
3 FOR OTHER INDEBTEDNESS AND EXCEPT TO THE EXTENT THAT THE USE IS
4 RESTRICTED BY THE STATE CONSTITUTION OF 1963 OR THE LAWS OF THE
5 UNITED STATES. IF A QUALIFYING SCHOOL DISTRICT DOES NOT RECEIVE
6 STATE SCHOOL AID, THE VALIDITY OF A NOTE OR BOND ISSUED UNDER THIS
7 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, SHALL BE USED
14 SOLELY FOR THE PURPOSE OF PAYING NECESSARY OPERATING EXPENSES OF
15 THE QUALIFYING SCHOOL DISTRICT, INCLUDING THE PAYMENT OF PRINCIPAL
16 OF AND INTEREST ON NOTES OR BONDS OF THE QUALIFYING SCHOOL DISTRICT
17 ISSUED FOR OPERATING PURPOSES UNDER THIS OR ANY OTHER ACT.

18 (10) A SCHOOL BOARD OF A QUALIFYING SCHOOL DISTRICT THAT
19 BORROWS UNDER THIS SECTION SHALL SUBMIT ITS BUDGET FOR REVIEW AND
20 APPROVAL TO THE DEPARTMENT OF TREASURY. THE DEPARTMENT OF TREASURY
21 SHALL TAKE NECESSARY STEPS, SUBJECT TO THE QUALIFYING SCHOOL
22 DISTRICT'S CONTRACTS AND STATUTORY OBLIGATIONS, TO ASSURE THAT THE
23 EXPENDITURES OF A QUALIFYING SCHOOL DISTRICT THAT RECEIVES MONEY
24 UNDER THIS PART SHALL NOT EXCEED REVENUES ON AN ANNUAL BASIS AND
25 THAT THE QUALIFYING SCHOOL DISTRICT MAINTAINS A BALANCED BUDGET.

26 (11) SECTION 1356 DOES NOT APPLY TO A QUALIFYING SCHOOL
27 DISTRICT.

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.