

# SENATE BILL No. 1

January 20, 2015, Introduced by Senators MEEKHOF, STAMAS, KNOLLENBERG, SCHUITMAKER, BRANDENBURG, MACGREGOR, COLBECK, HILDENBRAND, ROBERTSON, SHIRKEY, BOOHER, PAVLOV, PROOS, JONES and MARLEAU and referred to the Committee on Michigan Competitiveness.

A bill to amend 1976 PA 451, entitled "The revised school code," by amending sections 503, 523, 553, and 1311e (MCL 380.503, 380.523, 380.553, and 380.1311e), sections 503, 523, and 553 as amended by 2011 PA 277 and section 1311e as amended by 2009 PA 205.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 503. (1) An authorizing body is not required to issue a  
2 contract to any person or entity. Subject to subsection (2), public  
3 school academy contracts shall be issued on a competitive basis. In  
4 deciding whether to issue a contract for a proposed public school  
5 academy, an authorizing body shall consider all of the following:

6           (a) The resources available for the proposed public school  
7 academy.

8           (b) The population to be served by the proposed public school

1 academy.

2 (c) The educational goals to be achieved by the proposed  
3 public school academy.

4 (d) The applicant's track record, if any, in organizing public  
5 school academies or other public schools.

6 (e) The graduation rate of a school district in which the  
7 proposed public school academy is proposed to be located.

8 (f) The population of a county in which the proposed public  
9 school academy is proposed to be located.

10 (g) The number of schools in the proximity of a proposed  
11 location of the proposed public school academy that are on the list  
12 under section 1280c(1) of the public schools in this state that the  
13 department has determined to be among the lowest achieving 5% of  
14 all public schools in this state.

15 (h) The number of pupils on waiting lists of public school  
16 academies in the proximity of a proposed location of the proposed  
17 public school academy.

18 (2) An authorizing body may give priority to a proposed public  
19 school academy that is intended to replace a public school academy  
20 that has been closed pursuant to section 507(5), that will operate  
21 all of the same grade levels as the public school academy that has  
22 been closed, and that will work toward operating all of grades 9 to  
23 12 within 6 years after it begins operations unless a matriculation  
24 agreement has been entered into with another public school that  
25 provides grades 9 to 12.

26 (3) If a person or entity applies to the board of a school  
27 district for a contract to organize and operate 1 or more public

1 school academies within the boundaries of the school district and  
2 the board does not issue the contract, the person or entity may  
3 petition the board to place the question of issuing the contract on  
4 the ballot to be decided by the school electors of the school  
5 district. The petition shall contain all of the information  
6 required to be in the contract application under section 502 and  
7 shall be signed by a number of school electors of the school  
8 district equal to at least 5% of the total number of school  
9 electors of that school district. The petition shall be filed with  
10 the school district filing official. If the board receives a  
11 petition meeting the requirements of this subsection, the board  
12 shall have the question of issuing the contract placed on the  
13 ballot at its next regular school election held at least 60 days  
14 after receiving the petition. If a majority of the school electors  
15 of the school district voting on the question vote to issue the  
16 contract, the board shall issue the contract.

17 (4) Within 10 days after issuing a contract for a public  
18 school academy, the authorizing body shall submit to the  
19 superintendent of public instruction a copy of the contract.

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

26 (6) A contract issued to organize and administer a public  
27 school academy shall contain at least all of the following:

1           (a) The educational goals the public school academy is to  
2 achieve and the methods by which it will be held accountable. The  
3 educational goals shall include demonstrated improved pupil  
4 academic achievement for all groups of pupils. To the extent  
5 applicable, the pupil performance of a public school academy shall  
6 be assessed using at least a Michigan education assessment program  
7 (MEAP) test or the Michigan merit examination under section 1279g,  
8 as applicable.

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

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

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

16           (e) Procedures for revoking the contract and grounds for  
17 revoking the contract, including at least the grounds listed in  
18 section 507.

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

27           (g) Requirements and procedures for financial audits. The

1 financial audits shall be conducted at least annually by a  
2 certified public accountant in accordance with generally accepted  
3 governmental auditing principles.

4 (h) The term of the contract and a description of the process  
5 and standards for renewal of the contract at the end of the term.  
6 The standards for renewal shall include increases in academic  
7 achievement for all groups of pupils as measured by assessments and  
8 other objective criteria as the most important factor in the  
9 decision of whether or not to renew the contract.

10 (i) A certification, signed by an authorized member of the  
11 board of directors of the public school academy, that the public  
12 school academy will comply with the contract and all applicable  
13 law.

14 (j) A requirement that the board of directors of the public  
15 school academy shall ensure compliance with the requirements of  
16 1968 PA 317, MCL 15.321 to 15.330.

17 (k) A requirement that the board of directors of the public  
18 school academy shall prohibit specifically identified family  
19 relationships between members of the board of directors,  
20 individuals who have an ownership interest in or who are officers  
21 or employees of an educational management organization involved in  
22 the operation of the public school academy, and employees of the  
23 public school academy. The contract shall identify the specific  
24 prohibited relationships consistent with applicable law.

25 (l) A requirement that the board of directors of the public  
26 school academy shall make information concerning its operation and  
27 management available to the public and to the authorizing body in

1 the same manner as is required by state law for school districts.

2 (m) A requirement that the board of directors of the public  
3 school academy shall collect, maintain, and make available to the  
4 public and the authorizing body, in accordance with applicable law  
5 and the contract, at least all of the following information  
6 concerning the operation and management of the public school  
7 academy:

8 (i) A copy of the contract issued by the authorizing body for  
9 the public school academy.

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

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

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

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

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

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

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

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

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

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

15           (n) A requirement that the authorizing body must review and  
16 may disapprove any agreement between the board of directors of the  
17 public school academy and an educational management organization  
18 before the agreement is final and valid. An authorizing body may  
19 disapprove an agreement described in this subdivision only if the  
20 agreement is contrary to the contract or applicable law.

21           (o) A requirement that the board of directors of the public  
22 school academy shall demonstrate all of the following to the  
23 satisfaction of the authorizing body with regard to its pupil  
24 admission process:

25           (i) That the public school academy has made a reasonable effort  
26 to advertise its enrollment openings.

27           (ii) That the open enrollment period for the public school

1 academy is for a duration of at least 2 weeks and that the  
2 enrollment times include some evening and weekend times.

3 (p) A requirement that the board of directors of the public  
4 school academy shall prohibit any individual from being employed by  
5 the public school academy in more than 1 full-time position and  
6 simultaneously being compensated at a full-time rate for each of  
7 those positions.

8 (7) A public school academy shall comply with all applicable  
9 law, including all of the following:

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

11 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
12 15.246.

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

14 ~~(d) 1965 PA 166, MCL 408.551 to 408.558.~~

15 (D) ~~(e)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and  
16 1274.

17 (E) ~~(f)~~ Laws concerning participation in state assessments,  
18 data collection systems, state level student growth models, state  
19 accountability and accreditation systems, and other public  
20 comparative data collection required for public schools.

21 (8) A public school academy and its incorporators, board  
22 members, officers, employees, and volunteers have governmental  
23 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An  
24 authorizing body and its board members, officers, and employees are  
25 immune from civil liability, both personally and professionally,  
26 for an act or omission in authorizing a public school academy if  
27 the authorizing body or the person acted or reasonably believed he



1 or she acted within the authorizing body's or the person's scope of  
2 authority.

3 (9) A public school academy is exempt from all taxation on its  
4 earnings and property. Instruments of conveyance to or from a  
5 public school academy are exempt from all taxation including taxes  
6 imposed by 1966 PA 134, MCL 207.501 to 207.513. Unless the property  
7 is already fully exempt from real and personal property taxes under  
8 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,  
9 property occupied by a public school academy and used exclusively  
10 for educational purposes is exempt from real and personal property  
11 taxes levied for school operating purposes under section 1211, to  
12 the extent exempted under that section, and from real and personal  
13 property taxes levied under the state education tax act, 1993 PA  
14 331, MCL 211.901 to 211.906. A public school academy may not levy  
15 ad valorem property taxes or another tax for any purpose. However,  
16 operation of 1 or more public school academies by a school district  
17 or intermediate school district does not affect the ability of the  
18 school district or intermediate school district to levy ad valorem  
19 property taxes or another tax.

20 (10) A public school academy may acquire by purchase, gift,  
21 devise, lease, sublease, installment purchase agreement, land  
22 contract, option, or by any other means, hold and own in its own  
23 name buildings and other property for school purposes, and  
24 interests therein, and other real and personal property, including,  
25 but not limited to, interests in property subject to mortgages,  
26 security interests, or other liens, necessary or convenient to  
27 fulfill its purposes. For the purposes of condemnation, a public

1 school academy may proceed under the uniform condemnation  
2 procedures act, 1980 PA 87, MCL 213.51 to 213.75, excluding  
3 sections 6 to 9 of that act, MCL 213.56 to 213.59, or other  
4 applicable statutes, but only with the express, written permission  
5 of the authorizing body in each instance of condemnation and only  
6 after just compensation has been determined and paid.

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

12 Sec. 523. (1) An authorizing body is not required to issue a  
13 contract to any entity. Urban high school academy contracts shall  
14 be issued on a competitive basis taking into consideration the  
15 resources available for the proposed urban high school academy, the  
16 population to be served by the proposed urban high school academy,  
17 and the educational goals to be achieved by the proposed urban high  
18 school academy. In evaluating if an applicant is qualified, the  
19 authorizing body shall examine the proposed performance standards,  
20 proposed academic program, financial viability of the applicant,  
21 and the ability of the proposed board of directors to meet the  
22 contract goals and objectives. An authorizing body shall give  
23 priority to applicants that demonstrate all of the following:

24 (a) The proposed school will operate at least all of grades 9  
25 through 12 within 5 years after beginning operation.

26 (b) The proposed school will occupy a building or buildings  
27 that are newly constructed or renovated after January 1, 2003.

1 (c) The proposed school has a stated goal of increasing high  
2 school graduation rates.

3 (d) The proposed school has received commitments for financial  
4 and educational support from the entity applying for the contract.

5 (e) The entity that submits the application for a contract has  
6 net assets of at least \$50,000,000.00.

7 (2) A contract issued to organize and administer an urban high  
8 school academy shall contain at least all of the following:

9 (a) The educational goals the urban high school academy is to  
10 achieve and the methods by which it will be held accountable. The  
11 educational goals shall include demonstrated improved pupil  
12 academic achievement for all groups of pupils. To the extent  
13 applicable, the pupil performance of an urban high school academy  
14 shall be assessed using at least a Michigan education assessment  
15 program (MEAP) test or the Michigan merit examination developed  
16 under section 1279g, as applicable.

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

20 (c) A description of the process for amending the contract  
21 during the term of the contract. An authorizing body may approve  
22 amendment of the contract with respect to any provision contained  
23 in the contract.

24 (d) A certification, signed by an authorized member of the  
25 urban high school academy board of directors, that the urban high  
26 school academy will comply with the contract and all applicable  
27 law.

1 (e) Procedures for revoking the contract and grounds for  
2 revoking the contract.

3 (f) A description of and address for the proposed building or  
4 buildings in which the urban high school academy will be located.

5 (g) Requirements and procedures for financial audits. The  
6 financial audits shall be conducted at least annually by an  
7 independent certified public accountant in accordance with  
8 generally accepted governmental auditing principles.

9 (h) A requirement that the board of directors shall ensure  
10 compliance with ~~the requirements of~~ 1968 PA 317, MCL 15.321 to  
11 15.330.

12 (i) A requirement that the board of directors shall prohibit  
13 specifically identified family relationships between members of the  
14 board of directors, individuals who have an ownership interest in  
15 or who are officers or employees of an educational management  
16 company involved in the operation of the urban high school academy,  
17 and employees of the urban high school academy. The contract shall  
18 identify the specific prohibited relationships consistent with  
19 applicable law.

20 (j) A requirement that the board of directors of the urban  
21 high school academy shall make information concerning its operation  
22 and management available to the public and to the authorizing body  
23 in the same manner as is required by state law for school  
24 districts.

25 (k) A requirement that the board of directors of the urban  
26 high school academy shall collect, maintain, and make available to  
27 the public and the authorizing body, in accordance with applicable

1 law and the contract, at least all of the following information  
2 concerning the operation and management of the urban high school  
3 academy:

4 (i) A copy of the contract issued by the authorizing body for  
5 the urban high school academy.

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

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

15 (iv) A current list of teachers working at the urban high  
16 school academy that includes their individual salaries as submitted  
17 to the registry of educational personnel; copies of the teaching  
18 certificates or permits of current teaching staff; and evidence of  
19 compliance with the criminal background and records checks and  
20 unprofessional conduct check required under sections 1230, 1230a,  
21 and 1230b for all teachers and administrators working at the urban  
22 high school academy.

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

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

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

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

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

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

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

10 (l) A requirement that the authorizing body must review and may  
11 disapprove any agreement between the board of directors and an  
12 educational management company before the agreement is final and  
13 valid. An authorizing body may disapprove an agreement described in  
14 this subdivision only if the agreement is contrary to the contract  
15 or applicable law.

16 (m) A requirement that the board of directors shall  
17 demonstrate all of the following to the satisfaction of the  
18 authorizing body with regard to its pupil admission process:

19 (i) That the urban high school academy has made a reasonable  
20 effort to advertise its enrollment openings.

21 (ii) That the urban high school academy has made the following  
22 additional efforts to recruit pupils who are eligible for special  
23 education programs and services to apply for admission:

24 (A) Reasonable efforts to advertise all enrollment openings to  
25 organizations and media that regularly serve and advocate for  
26 individuals with disabilities within the boundaries of the  
27 intermediate school district in which the urban high school academy

1 is located.

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

5 (iii) That the open enrollment period for the urban high school  
6 academy is for a duration of at least 2 weeks and that the  
7 enrollment times include some evening and weekend times.

8 (n) A requirement that the board of directors shall prohibit  
9 any individual from being employed by the urban high school academy  
10 in more than 1 full-time position and simultaneously being  
11 compensated at a full-time rate for each of those positions.

12 (o) A requirement that, if requested, the board of directors  
13 shall report to the authorizing body the total compensation for  
14 each individual working at the urban high school academy.

15 (p) The term of the contract and a description of the process  
16 and standards for renewal of the contract at the end of the term.  
17 The standards for renewal shall include increases in academic  
18 achievement for all groups of pupils as measured by assessments and  
19 other objective criteria as the most important factor in the  
20 decision of whether or not to renew the contract.

21 (3) An urban high school academy shall comply with all  
22 applicable law, including all of the following:

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

24 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
25 15.246.

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

27 ~~(d) 1965 PA 166, MCL 408.551 to 408.558.~~

1 (D) ~~(e)~~—1978 PA 566, MCL 15.181 to 15.185.

2 (E) ~~(f)~~—1968 PA 317, MCL 15.321 to 15.330.

3 (F) ~~(g)~~—The uniform budgeting and accounting act, 1968 PA 2,  
4 MCL 141.421 to 141.440a.

5 (G) ~~(h)~~—The revised municipal finance act, 2001 PA 34, MCL  
6 141.2101 to 141.2821.

7 (H) ~~(i)~~—The ~~federal~~ no child left behind act of 2001, Public  
8 Law 107-110, 115 Stat. 1425.

9 (I) ~~(j)~~—Sections 1134, 1135, 1146, 1153, 1263(3), 1267, 1274,  
10 and 1280.

11 (J) ~~(k)~~—Laws concerning participation in state assessments,  
12 data collection systems, state level student growth models, state  
13 accountability and accreditation systems, and other public  
14 comparative data collection required for public schools.

15 (4) An urban high school academy and its incorporators, board  
16 members, officers, employees, and volunteers have governmental  
17 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An  
18 authorizing body and its board members, officers, and employees are  
19 immune from civil liability, both personally and professionally,  
20 for any acts or omissions in authorizing or oversight of an urban  
21 high school academy if the authorizing body or the person acted or  
22 reasonably believed he or she acted within the authorizing body's  
23 or the person's scope of authority.

24 (5) An urban high school academy is exempt from all taxation  
25 on its earnings and property. Unless the property is already fully  
26 exempt from real and personal property taxes under the general  
27 property tax act, 1893 PA 206, MCL 211.1 to 211.155, property



1 occupied by an urban high school academy and used exclusively for  
2 educational purposes is exempt from real and personal property  
3 taxes levied for school operating purposes under section 1211, to  
4 the extent exempted under that section, and from real and personal  
5 property taxes levied under the state education tax act, 1993 PA  
6 331, MCL 211.901 to 211.906. Instruments of conveyance to or from  
7 an urban high school academy are exempt from all taxation,  
8 including taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. An  
9 urban high school academy may not levy ad valorem property taxes or  
10 any other tax for any purpose.

11 (6) An urban high school academy may acquire by purchase,  
12 gift, devise, lease, sublease, installment purchase agreement, land  
13 contract, option, or any other means, hold, and own in its own name  
14 buildings and other property for school purposes, and interests  
15 therein, and other real and personal property, including, but not  
16 limited to, interests in property subject to mortgages, security  
17 interests, or other liens, necessary or convenient to fulfill its  
18 purposes. For the purposes of condemnation, an urban high school  
19 academy may proceed under the uniform condemnation procedures act,  
20 1980 PA 87, MCL 213.51 to 213.75, excluding sections 6 to 9 of that  
21 act, MCL 213.56 to 213.59, or other applicable statutes, but only  
22 with the express, written permission of the authorizing body in  
23 each instance of condemnation and only after just compensation has  
24 been determined and paid.

25 Sec. 553. (1) An authorizing body is not required to issue a  
26 contract to any person or entity. Schools of excellence contracts  
27 shall be issued on a competitive basis taking into consideration

1 the resources available for the proposed school of excellence, the  
2 population to be served by the proposed school of excellence, the  
3 educational goals to be achieved by the proposed school of  
4 excellence, and the applicant's track record, if any, in operating  
5 public school academies or other public schools.

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

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

27 (4) An authorizing body shall adopt a resolution establishing

1 the method of selection, length of term, and number of members of  
2 the board of directors of each school of excellence subject to its  
3 jurisdiction. The resolution shall be written or amended as  
4 necessary to include a requirement that each member of the board of  
5 directors must be a citizen of the United States.

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

8 (a) The educational goals the school of excellence is to  
9 achieve and the methods by which it will be held accountable. The  
10 educational goals shall include demonstrated improved pupil  
11 academic achievement for all groups of pupils. To the extent  
12 applicable, the pupil performance of a school of excellence shall  
13 be assessed using at least a Michigan education assessment program  
14 (MEAP) test or the Michigan merit examination under section 1279g,  
15 as applicable.

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

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

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

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

26 (f) A description of and address for the proposed physical  
27 plant in which the school of excellence will be located. An

1 authorizing body may include a provision in the contract allowing  
2 the board of directors of the school of excellence to operate the  
3 same configuration of age or grade levels at more than 1 site if  
4 each configuration of age or grade levels and each site identified  
5 in the contract are under the direction and control of the board of  
6 directors.

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

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

14 (i) A requirement that the board of directors shall ensure  
15 compliance with ~~the requirements of~~ 1968 PA 317, MCL 15.321 to  
16 15.330.

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

25 (k) A requirement that the board of directors of the school of  
26 excellence shall make information concerning its operation and  
27 management available to the public and to the authorizing body in

1 the same manner as is required by state law for school districts.

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

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

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

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

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

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

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

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

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

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

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

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

15           (m) A requirement that the authorizing body must review and  
16 may disapprove any agreement between the board of directors and an  
17 educational management organization before the agreement is final  
18 and valid. An authorizing body may disapprove an agreement  
19 described in this subdivision only if the agreement is contrary to  
20 contract or applicable law.

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

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

26           (ii) That the school of excellence has made the following  
27 additional efforts to recruit pupils who are eligible for special

1 education programs and services or English as a second language  
2 services to apply for admission:

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

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

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

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

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

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

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

25 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
26 15.246.

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

1 ~~—— (d) 1965 PA 166, MCL 408.551 to 408.558.~~

2 (D) ~~(e)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and  
3 1274.

4 (E) ~~(f)~~ Laws concerning participation in state assessments,  
5 data collection systems, state level student growth models, state  
6 accountability and accreditation systems, and other public  
7 comparative data collection required for public schools.

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

17 (8) A school of excellence is exempt from all taxation on its  
18 earnings and property. Unless the property is already fully exempt  
19 from real and personal property taxes under the general property  
20 tax act, 1893 PA 206, MCL 211.1 to 211.155, property occupied by a  
21 school of excellence and used exclusively for educational purposes  
22 is exempt from real and personal property taxes levied for school  
23 operating purposes under section 1211, to the extent exempted under  
24 that section, and from real and personal property taxes levied  
25 under the state education tax act, 1993 PA 331, MCL 211.901 to  
26 211.906. Instruments of conveyance to or from a school of  
27 excellence are exempt from all taxation including taxes imposed by



1 1966 PA 134, MCL 207.501 to 207.513. A school of excellence may not  
2 levy ad valorem property taxes or another tax for any purpose.  
3 However, operation of 1 or more schools of excellence by a school  
4 district or intermediate school district does not affect the  
5 ability of the school district or intermediate school district to  
6 levy ad valorem property taxes or another tax.

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

21 Sec. 1311e. (1) An authorizing body is not required to issue a  
22 contract to any person or entity. Contracts for strict discipline  
23 academies shall be issued on a competitive basis taking into  
24 consideration the resources available for the proposed strict  
25 discipline academy, the population to be served by the proposed  
26 strict discipline academy, and the educational goals to be achieved  
27 by the proposed strict discipline academy.

1           (2) If a person or entity applies to the board of a school  
2 district for a contract to organize and operate 1 or more strict  
3 discipline academies within the boundaries of the school district  
4 and the board does not issue the contract, the person or entity may  
5 petition the board to place the question of issuing the contract on  
6 the ballot to be decided by the school electors of the school  
7 district. The petition shall contain all of the information  
8 required to be in the contract application under section 1311d and  
9 shall be signed by a number of school electors of the school  
10 district equal to at least 15% of the total number of school  
11 electors of that school district. The petition shall be filed with  
12 the secretary of the board. If the board receives a petition  
13 meeting the requirements of this subsection, the board shall place  
14 the question of issuing the contract on the ballot at its next  
15 annual school election held at least 60 days after receiving the  
16 petition. If a majority of the school electors of the school  
17 district voting on the question vote to issue the contract, the  
18 board shall issue the contract.

19           (3) Within 10 days after issuing a contract for a strict  
20 discipline academy, the board of the authorizing body shall submit  
21 to the state board a copy of the contract and of the application  
22 under section 1311d.

23           (4) An authorizing body shall adopt a resolution establishing  
24 the method of selection, length of term, and number of members of  
25 the board of directors of each strict discipline academy subject to  
26 its jurisdiction.

27           (5) A contract issued to organize and administer a strict

1 discipline academy shall contain at least all of the following:

2 (a) The educational goals the strict discipline academy is to  
3 achieve and the methods by which it will be held accountable. To  
4 the extent applicable, the pupil performance of a strict discipline  
5 academy shall be assessed using at least a Michigan education  
6 assessment program (MEAP) test or the Michigan merit examination  
7 developed under section 1279g, as applicable.

8 (b) A description of the method to be used to monitor the  
9 strict discipline academy's compliance with applicable law and its  
10 performance in meeting its targeted educational objectives.

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

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

15 (e) For a strict discipline academy authorized by a school  
16 district, an agreement that employees of the strict discipline  
17 academy will be covered by the collective bargaining agreements  
18 that apply to employees of the school district employed in similar  
19 classifications in schools that are not strict discipline  
20 academies.

21 (f) Procedures for revoking the contract and grounds for  
22 revoking the contract, including at least the grounds listed in  
23 section 1311/.

24 (g) A description of and address for the proposed physical  
25 plant in which the strict discipline academy will be located.

26 (h) Requirements and procedures for financial audits. The  
27 financial audits shall be conducted at least annually by a

1 certified public accountant in accordance with generally accepted  
2 governmental auditing principles.

3 (i) The term of the contract and a description of the process  
4 and standards for renewal of the contract at the end of the term.  
5 The standards for renewal shall include student growth as measured  
6 by assessments and other objective criteria as a significant factor  
7 in the decision of whether or not to renew the contract.

8 (6) A strict discipline academy shall comply with all  
9 applicable law, including all of the following:

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

11 (b) The freedom of information act, 1976 PA 442, MCL 15.231 to  
12 15.246.

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

14 ~~(d) 1965 PA 166, MCL 408.551 to 408.558.~~

15 (D) ~~(e)~~ Sections 1134, 1135, 1146, 1153, 1263(3), 1267, and  
16 1274.

17 (E) ~~(f)~~ Except for part 6a, all provisions of this act that  
18 explicitly apply to public school academies established under part  
19 6a.

20 (7) A strict discipline academy and its incorporators, board  
21 members, officers, employees, and volunteers have governmental  
22 immunity as provided in section 7 of 1964 PA 170, MCL 691.1407. An  
23 authorizing body and its board members, officers, and employees are  
24 immune from civil liability, both personally and professionally,  
25 for any acts or omissions in authorizing a strict discipline  
26 academy if the authorizing body or the person acted or reasonably  
27 believed he or she acted within the authorizing body's or the

1 person's scope of authority.

2 (8) A strict discipline academy is exempt from all taxation on  
3 its earnings and property. Instruments of conveyance to or from a  
4 strict discipline academy are exempt from all taxation including  
5 taxes imposed by 1966 PA 134, MCL 207.501 to 207.513. A strict  
6 discipline academy may not levy ad valorem property taxes or any  
7 other tax for any purpose. However, operation of 1 or more strict  
8 discipline academies by a school district or intermediate school  
9 district does not affect the ability of the school district or  
10 intermediate school district to levy ad valorem property taxes or  
11 any other tax.

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

26 Enacting section 1. This amendatory act does not take effect  
27 unless Senate Bill No. 3

1 of the 98th Legislature is enacted into law.