

**SUBSTITUTE FOR
SENATE BILL NO. 710**

A bill to amend 1976 PA 451, entitled
"The revised school code,"
by amending the title and sections 3, 5, 6, 11, 11a, 501, 502, 507,
522, 528, 551, 552, 561, 654, 705, 921, 1147, 1225, 1229, 1231,
1351a, and 1356 (MCL 380.3, 380.5, 380.6, 380.11, 380.11a, 380.501,
380.502, 380.507, 380.522, 380.528, 380.551, 380.552, 380.561,
380.654, 380.705, 380.921, 380.1147, 380.1225, 380.1229, 380.1231,
380.1351a, and 380.1356), the title as amended by 2003 PA 179,
section 3 as amended by 2007 PA 45, section 5 as amended by 2011 PA
232, section 6 as amended by 2009 PA 205, section 11 as amended by
1995 PA 289, section 11a as amended by 2010 PA 91, sections 501,
502, 507, 522, 528, 551, and 561 as amended by 2011 PA 277, section
552 as amended by 2012 PA 129, section 705 as amended by 2003 PA
299, section 1147 as amended by 2014 PA 479, section 1225 as

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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 parts of acts.

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

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

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

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

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

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

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

27 (4) "Boarding school" means a place accepting for board, care,

1 and instruction 5 or more children under 16 years of age.

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

4 (6) ~~(5)~~ "Constituent district" means a local school district
5 the territory of which is entirely within and is an integral part
6 of an intermediate school district.

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

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

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

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

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

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

1 school district, ~~special act school district~~, intermediate school
 2 district, school of excellence **CORPORATION**, public school academy
 3 corporation, strict discipline academy corporation, urban high
 4 school academy corporation, or by the department, ~~or THE~~ state
 5 board, **OR ANOTHER PUBLIC BODY**. Public school also includes a
 6 laboratory school or other elementary or secondary school that is
 7 controlled and operated by a state public university described in
 8 section 4, 5, or 6 of article VIII of the state constitution of
 9 1963. **PUBLIC SCHOOL DOES NOT INCLUDE AN EDUCATION COMMISSION UNDER**
 10 **SECTION 390 OR 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 PUBLIC PURPOSES OF THE REPAYMENT OF THE DEBT UNTIL THE DEBT IS
14 RETIRED AND PROTECTING THE CREDIT OF THIS STATE AND OF ITS SCHOOL
15 DISTRICTS. BEFORE THE TRANSFER DATE, THE GOVERNOR SHALL APPOINT AN
16 INDIVIDUAL AUTHORIZED TO EXERCISE POWERS OF THE QUALIFYING SCHOOL
17 DISTRICT AS THE TRANSITION MANAGER FOR THE COMMUNITY DISTRICT TO
18 PERFORM FUNCTIONS AND SATISFY RESPONSIBILITIES UNDER THIS
19 SUBSECTION UNTIL THE ELECTED MEMBERS OF THE SCHOOL BOARD OF THE
20 COMMUNITY DISTRICT ARE ELECTED AND TAKE OFFICE UNDER SECTION 384.
21 UNTIL THE ELECTED MEMBERS OF THE SCHOOL BOARD OF THE COMMUNITY
22 DISTRICT ARE ELECTED AND TAKE OFFICE UNDER SECTION 384, THE
23 TRANSITION MANAGER SHALL EXERCISE THE POWERS, PERFORM THE
24 FUNCTIONS, AND SATISFY THE RESPONSIBILITIES OF THE SCHOOL BOARD AND
25 OFFICERS OF THE COMMUNITY DISTRICT AND SHALL PERFORM THE FUNCTIONS
26 AND SATISFY THE RESPONSIBILITIES OF THE SCHOOL BOARD AND OFFICERS
27 OF THE QUALIFYING SCHOOL DISTRICT RELATING TO THE REPAYMENT OF DEBT

1 AND THE DISSOLUTION OF THE QUALIFYING SCHOOL DISTRICT, INCLUDING,
2 BUT NOT LIMITED TO, ALL OF THE FOLLOWING:

3 (A) CERTIFYING AND LEVYING TAXES FOR SATISFACTION OF THE DEBT
4 IN THE NAME OF THE QUALIFYING SCHOOL DISTRICT.

5 (B) CONDUCTING SCHOOL DISTRICT ELECTIONS.

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

11 (D) DOING ALL OTHER THINGS RELATIVE TO THE DISSOLUTION OF THE
12 QUALIFYING SCHOOL DISTRICT.

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

23 (4) EFFECTIVE ON THE TRANSFER DATE FOR A QUALIFYING SCHOOL
24 DISTRICT AND THE COMMUNITY DISTRICT CREATED WITH THE SAME
25 GEOGRAPHIC BOUNDARIES OF THE QUALIFYING SCHOOL DISTRICT UNDER PART
26 5B, ALL OF THE FOLLOWING APPLY:

27 (A) THE COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES

1 THE EXCLUSIVE RIGHT, RESPONSIBILITY, AND AUTHORITY TO OWN, OCCUPY,
2 OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES OF THE
3 QUALIFYING SCHOOL DISTRICT EXISTING AS OF THE TRANSFER DATE,
4 INCLUDING ALL LANDS, BUILDINGS, IMPROVEMENTS, STRUCTURES,
5 EASEMENTS, RIGHTS OF ACCESS, AND ALL OTHER PRIVILEGES AND
6 APPURTENANCES. THE OFFICERS OF THE QUALIFYING SCHOOL DISTRICT SHALL
7 EXECUTE ANY INSTRUMENTS OF CONVEYANCE, ASSIGNMENT, AND TRANSFER
8 THAT ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE ACQUISITION AND
9 SUCCESSION UNDER THIS SUBDIVISION.

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

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

1 (D) THE COMMUNITY DISTRICT HAS THE RIGHT AND AUTHORITY TO OWN,
2 OCCUPY, OPERATE, CONTROL, USE, LEASE, AND CONVEY THE FACILITIES
3 TRANSFERRED BY THE QUALIFYING SCHOOL DISTRICT, SUBJECT TO ANY LIENS
4 ON THE REAL PROPERTY AND RESTRICTIONS AND LIMITATIONS ON THE USE OF
5 THE REAL PROPERTY.

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

12 (F) ALL RECORDS AND FILES, SOFTWARE, AND SOFTWARE LICENSES
13 REQUIRED FOR FINANCIAL MANAGEMENT, PERSONNEL MANAGEMENT, ACCOUNTING
14 AND INVENTORY SYSTEMS, OR GENERAL ADMINISTRATION OF THE QUALIFYING
15 SCHOOL DISTRICT ARE TRANSFERRED TO THE COMMUNITY DISTRICT.

16 (G) A COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES
17 ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A COLLECTIVE
18 BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL DISTRICT
19 ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT COLLECTIVE
20 BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE QUALIFYING
21 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS AND
22 CONDITIONS APPLICABLE TO EMPLOYEES OF THE COMMUNITY DISTRICT AND
23 THE COMMUNITY DISTRICT SHALL BE THE SUCCESSOR EMPLOYER FOR
24 EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE.
25 AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE QUALIFYING
26 SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED TO
27 EMPLOYMENT BY THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO THE

1 COMMUNITY DISTRICT.

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

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

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

15 (A) REFRAIN FROM ANY ACTION THAT WOULD IMPAIR A COMMUNITY
16 DISTRICT'S EXERCISE OF THE POWERS GRANTED TO THE COMMUNITY DISTRICT
17 UNDER THIS SECTION OR PART 5B, OR THAT WOULD IMPAIR THE EFFICIENT
18 OPERATION AND MANAGEMENT OF THE COMMUNITY DISTRICT.

19 (B) TAKE ALL ACTION REASONABLY NECESSARY TO CURE ANY DEFECTS
20 IN TITLE TO PROPERTY TRANSFERRED FROM THE QUALIFYING SCHOOL
21 DISTRICT TO THE COMMUNITY DISTRICT.

22 (C) UPON CREATION OF A COMMUNITY DISTRICT AND BEFORE THE
23 TRANSFER DATE, CONDUCT OPERATIONS OF THE QUALIFYING SCHOOL DISTRICT
24 IN THE ORDINARY AND USUAL COURSE OF BUSINESS.

25 (D) COMPLY WITH THE TERMS AND CONDITIONS OF ANY LOAN AGREEMENT
26 BETWEEN THE QUALIFYING SCHOOL DISTRICT AND THE LOCAL FINANCIAL
27 EMERGENCY ASSISTANCE LOAN BOARD UNDER THE EMERGENCY MUNICIPAL LOAN

1 ACT, 1980 PA 243, MCL 141.931 TO 141.942, INCLUDING, BUT NOT
2 LIMITED TO, ANY TERMS AND CONDITIONS PROVIDING FOR THE PAYMENT OF
3 TRANSITIONAL OPERATING COSTS.

4 (E) NOTIFY THE STATE TREASURER UPON THE REPAYMENT OF ALL
5 OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
6 DISTRICT.

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

9 (8) UPON THE ELECTION AND ASSUMPTION OF DUTIES BY THE MEMBERS
10 OF THE INITIAL ELECTED SCHOOL BOARD OF THE COMMUNITY DISTRICT, THE
11 SCHOOL BOARD OF THE QUALIFYING SCHOOL DISTRICT IS DISSOLVED AND THE
12 FUNCTIONS AND RESPONSIBILITIES OF THE QUALIFYING SCHOOL DISTRICT
13 SHALL BE EXERCISED BY THE COMMUNITY DISTRICT ON BEHALF OF THE
14 QUALIFYING SCHOOL DISTRICT UNTIL THE QUALIFYING SCHOOL DISTRICT IS
15 FULLY DISSOLVED UNDER SUBSECTION (11).

16 (9) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
17 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN
18 REPAID, THE STATE TREASURER SHALL VERIFY WHETHER ALL OUTSTANDING
19 OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN REPAID. THE
20 STATE TREASURER ALSO MAY DETERMINE THAT THE OUTSTANDING OPERATING
21 OBLIGATIONS OF A QUALIFYING SCHOOL DISTRICT HAVE BEEN SATISFIED ON
22 HIS OR HER OWN WITHOUT NOTICE. IF THE STATE TREASURER DETERMINES
23 THAT ALL OUTSTANDING OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL
24 DISTRICT HAVE BEEN REPAID, THE STATE TREASURER SHALL CERTIFY IN A
25 WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS THE SAME GEOGRAPHIC
26 BOUNDARIES AS THE QUALIFYING SCHOOL DISTRICT THAT THE OUTSTANDING
27 OPERATING OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT HAVE BEEN

1 REPAID.

2 (10) IF THE STATE TREASURER IS NOTIFIED THAT ALL OUTSTANDING
3 DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE
4 TREASURER SHALL VERIFY WHETHER ALL OF THE OUTSTANDING DEBT OF THE
5 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID. THE STATE TREASURER
6 ALSO MAY DETERMINE THAT THE OUTSTANDING DEBT OF A QUALIFYING SCHOOL
7 DISTRICT HAS BEEN REPAID ON HIS OR HER OWN WITHOUT NOTICE. IF THE
8 STATE TREASURER DETERMINES THAT ALL OF THE OUTSTANDING DEBT OF THE
9 QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID, THE STATE TREASURER
10 SHALL CERTIFY IN A WRITTEN NOTICE TO A COMMUNITY DISTRICT THAT HAS
11 THE SAME GEOGRAPHIC BOUNDARIES AS THE QUALIFYING DISTRICT THAT ALL
12 OUTSTANDING DEBT OF THE QUALIFYING SCHOOL DISTRICT HAS BEEN REPAID.

13 (11) UPON CERTIFICATION BY THE STATE TREASURER UNDER
14 SUBSECTION (10), THE QUALIFYING SCHOOL DISTRICT IS FULLY DISSOLVED
15 AND ANY REMAINING ASSETS OF THE QUALIFYING SCHOOL DISTRICT ARE
16 TRANSFERRED TO THE COMMUNITY DISTRICT.

17 (12) AS USED IN THIS SECTION:

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

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

23 (ii) OBLIGATIONS OF THE QUALIFYING SCHOOL DISTRICT UNDER A
24 CAPITAL LEASE.

25 (iii) ANY UNPAID AMOUNTS PAYABLE BY THE QUALIFYING SCHOOL
26 DISTRICT TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT BOARD
27 UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA

1 300, MCL 38.1301 TO 38.1437.

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

9 (v) THE REPAYMENT OF ANY SCHOOL FINANCING STABILITY BONDS
10 UNDER SECTION 1356.

11 (vi) ANY OTHER MONETARY OBLIGATIONS OF THE QUALIFYING SCHOOL
12 DISTRICT.

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

23 (C) "TRANSFER DATE" MEANS THE FIRST JULY 1 AFTER THE DATE A
24 SCHOOL DISTRICT BECOMES A QUALIFYING SCHOOL DISTRICT. FOR A SCHOOL
25 DISTRICT THAT BECAME A QUALIFYING SCHOOL DISTRICT ON THE EFFECTIVE
26 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBDIVISION, THE
27 TRANSFER DATE IS JULY 1, 2016.

(D) "TRANSITIONAL OPERATING COST" MEANS A COST OF OPERATING PUBLIC SCHOOLS INCURRED BY A COMMUNITY DISTRICT AS A RESULT OF THE TRANSFER OF FUNCTIONS AND RESPONSIBILITIES FROM A QUALIFYING SCHOOL DISTRICT TO A COMMUNITY DISTRICT, AS AGREED TO IN WRITING, INCLUDING, BUT NOT LIMITED TO, ACADEMIC AND INSTRUCTIONAL SUPPORT; PROFESSIONAL TRANSITION COSTS SUCH AS INFORMATION TECHNOLOGY, LEGAL, ACCOUNTING, HUMAN RESOURCES, AND FINANCIAL; PAYMENTS TO VENDORS; COSTS RELATING TO CHANGES IN TIMING FOR GRANT FUNDING OR REIMBURSEMENTS; CASH FLOW NEEDS; INSURANCE; ACADEMIC PROGRAM EXPENDITURES; DEFERRED MAINTENANCE; SPACE CONSOLIDATION; AND FACILITIES RATIONALIZATION. TRANSITIONAL OPERATING COST INCLUDES UP TO \$1,000,000.00 PER SCHOOL YEAR FOR UP TO 10 YEARS TO PAY FOR THE OPERATION OF ANY EDUCATION COMMISSION IN PLACE FOR A COMMUNITY DISTRICT UNDER SECTION 390.

PART 5B

COMMUNITY DISTRICTS

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

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

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

1 (4) SUBJECT TO SECTION 12B, A SCHOOL DISTRICT GOVERNED BY THIS
2 PART SHALL BE UNDER THE JURISDICTION OF AND GOVERNED BY THE SCHOOL
3 BOARD OF THE COMMUNITY DISTRICT PROVIDED FOR BY SECTION 384.

4 (5) AS USED IN THIS PART:

5 (A) "AUTHORIZING BODY" MEANS THAT TERM AS DEFINED IN SECTION
6 501, 521, OR 551, AS APPLICABLE.

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

16 (C) "EDUCATION COMMISSION" MEANS THE APPOINTED BODY
17 ESTABLISHED UNDER SECTION 390.

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

20 (E) "TRANSFER DATE" MEANS THAT TERM AS DEFINED IN SECTION 12B.

21 SEC. 382. EXCEPT AS OTHERWISE PROVIDED IN THIS PART, A
22 COMMUNITY DISTRICT SHALL BE ORGANIZED AND CONDUCTED IN THE SAME
23 MANNER AS A GENERAL POWERS SCHOOL DISTRICT. EXCEPT AS OTHERWISE
24 PROVIDED BY LAW, A COMMUNITY DISTRICT HAS ALL OF THE POWERS OF A
25 GENERAL POWERS SCHOOL DISTRICT UNDER SECTION 11A AND HAS ALL
26 ADDITIONAL POWERS GRANTED BY LAW TO A COMMUNITY DISTRICT OR THE
27 SCHOOL BOARD OF A COMMUNITY DISTRICT.

1 SEC. 383. EFFECTIVE 30 DAYS AFTER A SCHOOL DISTRICT BECOMES A
2 QUALIFYING SCHOOL DISTRICT, A COMMUNITY DISTRICT IS CREATED FOR THE
3 SAME GEOGRAPHIC AREA OF THAT QUALIFYING SCHOOL DISTRICT TO PROVIDE
4 PUBLIC EDUCATION SERVICES FOR RESIDENTS OF THAT GEOGRAPHIC AREA AND
5 TO OTHERWISE EXERCISE THE POWERS OF A COMMUNITY DISTRICT FOR THAT
6 GEOGRAPHIC AREA BEGINNING ON THE TRANSFER DATE FOR THAT QUALIFYING
7 SCHOOL DISTRICT.

8 SEC. 384. (1) THE SCHOOL BOARD FOR A COMMUNITY DISTRICT SHALL
9 CONSIST OF 9 SCHOOL ELECTORS OF THE COMMUNITY DISTRICT. IF THE
10 GEOGRAPHIC BOUNDARIES OF THE COMMUNITY DISTRICT INCLUDE A SINGLE
11 CITY AND MEMBERS OF THE GOVERNING BODY OF THAT CITY ARE ELECTED
12 FROM 9 OR FEWER ELECTORAL DISTRICTS, A MEMBER OF THE COMMUNITY
13 DISTRICT SHALL BE ELECTED FROM EACH OF THE ELECTORAL DISTRICTS. IF
14 THE CITY HAS FEWER THAN 9 ELECTORAL DISTRICTS FOR MEMBERS OF ITS
15 GOVERNING BODY, A MEMBER OF THE BOARD OF THE COMMUNITY DISTRICT
16 RESIDING IN EACH ELECTORAL DISTRICT SHALL BE ELECTED FROM EACH
17 ELECTORAL DISTRICT AND THE REMAINING MEMBERS OF THE BOARD SHALL BE
18 ELECTED ON A DISTRICTWIDE BASIS.

19 (2) THE INITIAL MEMBERS OF THE SCHOOL BOARD SHALL BE ELECTED
20 AT THE FIRST AUGUST REGULAR ELECTION DATE AFTER THE TRANSFER DATE
21 AS ESTABLISHED UNDER SECTION 641 OF THE MICHIGAN ELECTION LAW, MCL
22 168.641. THREE OF THE INITIAL MEMBERS SHALL BE ELECTED FOR A TERM
23 ENDING ON THE SEVENTH DECEMBER 31 AFTER THE TRANSFER DATE, 3 OF THE
24 INITIAL MEMBERS SHALL BE ELECTED FOR A TERM ENDING ON THE FIFTH
25 DECEMBER 31 AFTER THE TRANSFER DATE, AND 3 OF THE INITIAL MEMBERS
26 SHALL BE ELECTED FOR A TERM ENDING ON THE THIRD DECEMBER 31 AFTER
27 THE TRANSFER DATE. AT LEAST 30 DAYS BEFORE THE ELECTION UNDER THIS

1 SUBSECTION, THE TRANSITION MANAGER FOR THE COMMUNITY DISTRICT UNDER
2 SECTION 12B SHALL PRESCRIBE WHICH POSITION ON THE ELECTED SCHOOL
3 BOARD IS ELECTED FOR EACH INITIAL TERM UNDER THIS SUBSECTION TO
4 ACHIEVE THE STAGGERING OF TERMS REQUIRED UNDER THIS SUBSECTION. THE
5 TERM OF AN INITIAL MEMBER OF THE SCHOOL BOARD WILL BEGIN UPON THE
6 CERTIFICATION OF THE MEMBER'S ELECTION.

7 (3) AFTER THE INITIAL TERMS UNDER SUBSECTION (2), EACH MEMBER
8 OF THE SCHOOL BOARD SHALL BE ELECTED TO A 6-YEAR TERM BEGINNING ON
9 JANUARY 1 FOLLOWING THE MEMBER'S ELECTION.

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

17 SEC. 385. (1) THE SCHOOL BOARD OF A COMMUNITY DISTRICT SHALL
18 EMPLOY A SUPERINTENDENT. WITHIN 90 DAYS AFTER THE INITIAL SCHOOL
19 BOARD OF A COMMUNITY DISTRICT TAKES OFFICE, THE SCHOOL BOARD OF THE
20 COMMUNITY DISTRICT SHALL APPOINT AN INITIAL SUPERINTENDENT FOR THE
21 COMMUNITY DISTRICT. THE INITIAL SUPERINTENDENT SHALL BE SELECTED
22 BASED UPON HIS OR HER DEMONSTRATED ABILITY, RECORD OF COMPETENCE,
23 EXPERIENCE IN INCREASING ACADEMIC ACHIEVEMENT, EXPERIENCE WITH
24 EDUCATION REFORM AND REDESIGN, AND EXPERTISE IN THE TURNAROUND OF
25 ACADEMICALLY UNDERPERFORMING URBAN SCHOOLS.

26 (2) ON AN ANNUAL BASIS, THE SCHOOL BOARD OF A COMMUNITY
27 DISTRICT SHALL EVALUATE AND ISSUE A REPORT ON THE PERFORMANCE OF

1 THE COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

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

5 (B) THE PROPORTION OF PUPILS ENROLLED IN THE COMMUNITY
6 DISTRICT WHO ACHIEVE AT LEAST 1 YEAR OF ACADEMIC GROWTH IN A SCHOOL
7 YEAR.

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

11 (3) ON AT LEAST AN ANNUAL BASIS, THE SCHOOL BOARD OF A
12 COMMUNITY DISTRICT SHALL EVALUATE THE PERFORMANCE OF THE
13 SUPERINTENDENT OF THE COMMUNITY DISTRICT.

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

19 SEC. 387. A COMMUNITY DISTRICT IS SUBJECT TO FINANCIAL
20 OVERSIGHT BY A FINANCIAL REVIEW COMMISSION TO THE EXTENT PROVIDED
21 UNDER THE MICHIGAN FINANCIAL REVIEW COMMISSION ACT, 2014 PA 181,
22 MCL 141.1631 TO 141.1643. IF A FINANCIAL REVIEW COMMISSION IS IN
23 PLACE FOR A COMMUNITY DISTRICT, BOTH OF THE FOLLOWING APPLY:

24 (A) THE APPOINTMENT OF A CHIEF FINANCIAL OFFICER FOR THE
25 COMMUNITY DISTRICT IS SUBJECT TO THE APPROVAL OF THE FINANCIAL
26 REVIEW COMMISSION. BEFORE THE CHIEF FINANCIAL OFFICER'S APPOINTMENT
27 IS FINAL, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL SUBMIT

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

6 (B) THE COMMUNITY DISTRICT MAY NOT TERMINATE THE EMPLOYMENT OF
7 THE CHIEF FINANCIAL OFFICER UNLESS THAT ACTION IS APPROVED BY THE
8 FINANCIAL REVIEW COMMISSION.

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

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

25 SEC. 390. (1) SUBJECT TO SUBSECTION (13), FOR A PERIOD OF 5
26 YEARS AFTER THE TRANSFER DATE, AN EDUCATION COMMISSION SHALL BE IN
27 PLACE FOR A COMMUNITY DISTRICT AS PROVIDED IN THIS SECTION. THE

1 CHIEF ADMINISTRATIVE OFFICER SHALL DETERMINE THE NAME OF THE
2 EDUCATION COMMISSION.

3 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE
4 EDUCATION COMMISSION SHALL CONSIST OF 7 MEMBERS APPOINTED BY THE
5 CHIEF ADMINISTRATIVE OFFICER AS FOLLOWS:

6 (A) TWO MEMBERS WHO HAVE AT LEAST 5 YEARS OF EXPERIENCE
7 TEACHING IN, SERVING AS A SCHOOL ADMINISTRATOR IN, OR SERVING ON
8 THE BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY THAT IS LOCATED
9 WITHIN THE COMMUNITY DISTRICT AND IS AUTHORIZED BY THE GOVERNING
10 BOARD OF A STATE PUBLIC UNIVERSITY THAT SERVES AS THE AUTHORIZING
11 BODY FOR AT LEAST 5 PUBLIC SCHOOL ACADEMIES LOCATED WITHIN THE
12 COMMUNITY DISTRICT.

13 (B) TWO MEMBERS WHO HAVE AT LEAST 5 YEARS OF EXPERIENCE
14 TEACHING OR SERVING AS A SCHOOL ADMINISTRATOR IN A PUBLIC SCHOOL
15 OPERATED BY THE COMMUNITY DISTRICT OR OPERATED BY A FIRST CLASS
16 SCHOOL DISTRICT THAT HAS THE SAME BOUNDARIES AS THE COMMUNITY
17 DISTRICT.

18 (C) ONE MEMBER WHO, AT THE TIME OF HIS OR HER APPOINTMENT, IS
19 THE PARENT OF AT LEAST 1 PUPIL WHO IS CURRENTLY ENROLLED, AND WHO
20 HAS BEEN ENROLLED FOR AT LEAST 1 FULL SCHOOL YEAR, IN A PUBLIC
21 SCHOOL ACADEMY THAT IS LOCATED WITHIN THE COMMUNITY DISTRICT AND IS
22 AUTHORIZED BY THE GOVERNING BOARD OF A STATE PUBLIC UNIVERSITY THAT
23 SERVES AS THE AUTHORIZING BODY FOR AT LEAST 5 PUBLIC SCHOOL
24 ACADEMIES LOCATED WITHIN THE COMMUNITY DISTRICT. IF A MEMBER
25 APPOINTED UNDER THIS SUBDIVISION CEASES TO HAVE A CHILD ENROLLED IN
26 A PUBLIC SCHOOL ACADEMY MEETING THE REQUIREMENTS UNDER THIS
27 SUBDIVISION, THAT MEMBER SHALL BE CONSIDERED TO HAVE VACATED THE

1 MEMBER'S OFFICE.

2 (D) ONE MEMBER WHO, AT THE TIME OF HIS OR HER APPOINTMENT, IS
3 THE PARENT OF AT LEAST 1 PUPIL WHO IS CURRENTLY ENROLLED, AND WHO
4 HAS BEEN ENROLLED FOR AT LEAST 1 FULL SCHOOL YEAR, IN A PUBLIC
5 SCHOOL OPERATED BY THE COMMUNITY DISTRICT. IF A MEMBER APPOINTED
6 UNDER THIS SUBDIVISION CEASES TO HAVE A CHILD ENROLLED IN A PUBLIC
7 SCHOOL OPERATED BY THE COMMUNITY DISTRICT, THAT MEMBER SHALL BE
8 CONSIDERED TO HAVE VACATED THE MEMBER'S OFFICE.

9 (E) ONE MEMBER WHO HAS EXPERTISE IN PUBLIC SCHOOL
10 ACCOUNTABILITY SYSTEMS AND SCHOOL IMPROVEMENT, SUCH AS EXPERIENCE
11 IN EDUCATION POLICY RESEARCH, INCLUDING RESEARCH ON QUANTITATIVE
12 MEASURES OF STUDENT ACADEMIC GROWTH, AND EXPERIENCE WITH THE
13 IMPLEMENTATION OF ACADEMIC ACCOUNTABILITY SYSTEMS.

14 (3) THE CHIEF ADMINISTRATIVE OFFICER SHALL ENSURE THAT, AT ALL
15 TIMES, AT LEAST 5 MEMBERS OF THE EDUCATION COMMISSION ARE RESIDENTS
16 OF THE COMMUNITY DISTRICT.

17 (4) MEMBERS OF THE EDUCATION COMMISSION SHALL SERVE FOR
18 STAGGERED TERMS OF 4 YEARS. TO ACHIEVE THIS STAGGERING, OF THE
19 MEMBERS INITIALLY APPOINTED BY THE CHIEF ADMINISTRATIVE OFFICER
20 UNDER SUBSECTION (2), THE CHIEF ADMINISTRATIVE OFFICER SHALL
21 APPOINT 2 FOR INITIAL TERMS OF 1 YEAR, 2 FOR INITIAL TERMS OF 2
22 YEARS, 2 FOR INITIAL TERMS OF 3 YEARS, AND 1 FOR AN INITIAL TERM OF
23 4 YEARS.

24 (5) THE CHIEF ADMINISTRATIVE OFFICER SHALL APPOINT THE INITIAL
25 MEMBERS OF THE EDUCATION COMMISSION UNDER SUBSECTION (2) WITHIN 60
26 DAYS AFTER THE INITIAL MEMBERS OF THE SCHOOL BOARD OF THE COMMUNITY
27 DISTRICT TAKE OFFICE. IF THE CHIEF ADMINISTRATIVE OFFICER DOES NOT

1 MAKE AN APPOINTMENT WITHIN THAT 60-DAY TIME PERIOD, THE
2 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL MAKE THE APPOINTMENT
3 WITHIN 75 DAYS AFTER THE INITIAL MEMBERS OF THE SCHOOL BOARD OF THE
4 COMMUNITY DISTRICT TAKE OFFICE.

5 (6) IF THERE IS A VACANCY AMONG MEMBERS OF THE EDUCATION
6 COMMISSION, WITHIN 30 DAYS AFTER THE VACANCY OCCURS THE CHIEF
7 ADMINISTRATIVE OFFICER SHALL MAKE AN APPOINTMENT TO FILL THE
8 VACANCY IN THE SAME MANNER AS THE ORIGINAL APPOINTMENT FOR THE
9 VACATED SEAT. IF THE CHIEF ADMINISTRATIVE OFFICER DOES NOT MAKE AN
10 APPOINTMENT WITHIN THE TIME PERIOD REQUIRED UNDER THIS SUBSECTION,
11 THE SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL MAKE THE APPOINTMENT
12 WITHIN 45 DAYS AFTER THE VACANCY OCCURS.

13 (7) THE CHIEF ADMINISTRATIVE OFFICER MAY REMOVE A MEMBER OF
14 THE EDUCATION COMMISSION FROM OFFICE FOR CORRUPT OR WILLFUL
15 MALFEASANCE OR MISFEASANCE IN OFFICE OR FOR WILLFUL NEGLECT OF THE
16 DUTIES OF THE MEMBER'S OFFICE. THE CHIEF ADMINISTRATIVE OFFICER
17 ALSO MAY REMOVE A MEMBER WHO HAS CEASED TO BE A RESIDENT IF REMOVAL
18 IS NECESSARY TO ENSURE COMPLIANCE WITH SUBSECTION (3).

19 (8) AN EDUCATION COMMISSION SHALL MEET AT LEAST MONTHLY FOR AS
20 LONG AS THE EDUCATION COMMISSION IS IN PLACE, AND SHALL REGULARLY
21 REPORT ON ITS ACTIVITIES TO THE SCHOOL BOARD OF THE COMMUNITY
22 DISTRICT.

23 (9) AN EDUCATION COMMISSION AND THE MEMBERS OF AN EDUCATION
24 COMMISSION HAVE GOVERNMENTAL IMMUNITY AS PROVIDED IN SECTION 7 OF
25 1964 PA 170, MCL 691.1407.

26 (10) WITHIN 3 MONTHS AFTER ITS FIRST MEETING, AN EDUCATION
27 COMMISSION SHALL ADOPT AND IMPLEMENT A CONFLICT OF INTEREST POLICY

1 DESIGNED TO AVOID CONFLICTS OF INTEREST BY EDUCATION COMMISSION
2 MEMBERS. AN EDUCATION COMMISSION'S CONFLICT OF INTEREST POLICY
3 SHALL COMPLY WITH 1968 PA 317, MCL 15.321 TO 15.330.

4 (11) IN CARRYING OUT ITS FUNCTIONS AND RESPONSIBILITIES UNDER
5 THIS PART, AN EDUCATION COMMISSION SHALL SOLICIT INPUT AND CONSIDER
6 RECOMMENDATIONS FROM COMMUNITY GROUPS, PARENT-TEACHER GROUPS, AND
7 OTHER INTERESTED PARTIES WITH RELEVANT EXPERIENCE.

8 (12) A MEMBER OF AN EDUCATION COMMISSION IS A PUBLIC OFFICER
9 AND SHALL, BEFORE ENTERING UPON THE DUTIES OF THE OFFICE, TAKE THE
10 CONSTITUTIONAL OATH OF OFFICE FOR PUBLIC OFFICERS UNDER SECTION 1
11 OF ARTICLE XI OF THE STATE CONSTITUTION OF 1963.

12 (13) UPON REQUEST BY THE CHIEF ADMINISTRATIVE OFFICER, THE
13 STATE SCHOOL REFORM/REDESIGN OFFICER SERVING UNDER SECTION 1280C
14 MAY ORDER THAT THE EDUCATION COMMISSION SHALL REMAIN IN PLACE FOR
15 THE COMMUNITY DISTRICT FOR AN ADDITIONAL 5-YEAR PERIOD AFTER THE
16 EXPIRATION OF THE 5-YEAR PERIOD DESCRIBED IN SUBSECTION (1). THE
17 STATE SCHOOL REFORM/REDESIGN OFFICER SHALL NOT ISSUE AN ORDER UNDER
18 THIS SUBSECTION UNLESS HE OR SHE DETERMINES THAT THE EDUCATION
19 COMMISSION HAS BEEN EFFECTIVE IN ACHIEVING A TURNAROUND IN THE
20 COMMUNITY DISTRICT BASED ON THE FOLLOWING FACTORS:

21 (A) A STABILIZATION OF OR INCREASE IN THE TOTAL MEMBERSHIP
22 ENROLLED IN PUBLIC SCHOOLS LOCATED WITHIN THE COMMUNITY DISTRICT.

23 (B) THE ACADEMIC GROWTH AND PERFORMANCE OF PUPILS ENROLLED IN
24 PUBLIC SCHOOLS LOCATED WITHIN THE COMMUNITY DISTRICT.

25 (C) IMPROVEMENT IN THE FINANCIAL CONDITION OF THE COMMUNITY
26 DISTRICT.

27 SEC. 390A. (1) AN EDUCATION COMMISSION IS A POLITICAL

1 SUBDIVISION AND A PUBLIC BODY CORPORATE SEPARATE AND DISTINCT FROM
2 THE COMMUNITY DISTRICT. AN EDUCATION COMMISSION IS SUBJECT TO THE
3 LEADERSHIP AND GENERAL SUPERVISION OF THE STATE BOARD OVER ALL
4 PUBLIC EDUCATION TO THE EXTENT PROVIDED UNDER SECTION 3 OF ARTICLE
5 VIII OF THE STATE CONSTITUTION OF 1963. AN EDUCATION COMMISSION MAY
6 ACCEPT AND RETAIN MONEY OR OTHER ASSETS FROM ANY PUBLIC OR PRIVATE
7 SOURCE FOR THE PURPOSES OF PERFORMING ITS FUNCTIONS AND SATISFYING
8 ITS OBLIGATIONS UNDER THIS ACT AND CREATING AND PROVIDING
9 INCENTIVES FOR PUBLIC SCHOOLS TO LOCATE IN AREAS IDENTIFIED AS
10 PRIORITY ZONES UNDER SECTION 391. IN DISTRIBUTING FUNDS OR ASSETS
11 TO PUBLIC SCHOOL ENTITIES, THE EDUCATION COMMISSION SHALL NOT
12 DISCRIMINATE BETWEEN CLASSES OF PUBLIC SCHOOL ENTITIES. IN MAKING
13 SITING RECOMMENDATIONS UNDER SECTION 391 OR A SITING APPROVAL
14 DECISION UNDER SECTION 392, THE EDUCATION COMMISSION SHALL NOT
15 CONSIDER AS A FACTOR ANY CONTRIBUTION OR GIFT OFFERED TO OR
16 RECEIVED BY THE EDUCATION COMMISSION UNDER THIS SECTION.

17 (2) AN EDUCATION COMMISSION IS EXEMPT FROM ALL TAXATION ON ITS
18 EARNINGS AND PROPERTY. INSTRUMENTS OF CONVEYANCE TO OR FROM AN
19 EDUCATION COMMISSION ARE EXEMPT FROM ALL TAXATION, INCLUDING TAXES
20 IMPOSED BY 1966 PA 134, MCL 207.501 TO 207.513. UNLESS THE PROPERTY
21 IS ALREADY FULLY EXEMPT FROM REAL AND PERSONAL PROPERTY TAXES UNDER
22 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,
23 PROPERTY OWNED BY AN EDUCATION COMMISSION IS EXEMPT FROM REAL AND
24 PERSONAL PROPERTY TAXES LEVIED FOR SCHOOL OPERATING PURPOSES UNDER
25 SECTION 1211, TO THE EXTENT EXEMPTED UNDER THAT SECTION, AND FROM
26 REAL AND PERSONAL PROPERTY TAXES LEVIED UNDER THE STATE EDUCATION
27 TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

1 (3) AN EDUCATION COMMISSION SHALL SELECT FINANCIAL
2 INSTITUTIONS FOR THE DEPOSIT OF FUNDS OF THE EDUCATION COMMISSION.
3 THE EDUCATION COMMISSION SHALL KEEP A SET OF CODED ACCOUNTS TO BE
4 APPROVED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION. AN EDUCATION
5 COMMISSION SHALL HAVE ITS BOOKS AUDITED AT LEAST ANNUALLY BY A
6 CERTIFIED PUBLIC ACCOUNTANT AND SHALL PROVIDE A COPY OF THE AUDIT
7 REPORT TO THE STATE TREASURER. AN EDUCATION COMMISSION MAY INVEST
8 FUNDS THROUGH A FINANCIAL INSTITUTION THAT IS NOT INELIGIBLE TO BE
9 A DEPOSITORY OF SURPLUS FUNDS BELONGING TO THIS STATE UNDER SECTION
10 6 OF 1855 PA 105, MCL 21.146. AS USED IN THIS SUBSECTION,
11 "FINANCIAL INSTITUTION" MEANS A STATE OR NATIONALLY CHARTERED BANK
12 OR A STATE OR FEDERALLY CHARTERED SAVINGS AND LOAN ASSOCIATION,
13 SAVINGS BANK, OR CREDIT UNION WHOSE DEPOSITS ARE INSURED BY AN
14 AGENCY OF THE UNITED STATES GOVERNMENT AND THAT MAINTAINS A
15 PRINCIPAL OFFICE OR BRANCH OFFICE LOCATED IN THIS STATE UNDER THE
16 LAWS OF THIS STATE OR THE UNITED STATES.

17 (4) AT THE END OF THE 5-YEAR PERIOD UNDER SECTION 390(1) OR
18 THE ADDITIONAL 5-YEAR PERIOD UNDER SECTION 390(12), AS APPLICABLE,
19 THE EDUCATION COMMISSION SHALL BE FULLY DISSOLVED AND ANY REMAINING
20 ASSETS OF THE EDUCATION COMMISSION SHALL BE TRANSFERRED TO THE
21 COMMUNITY DISTRICT.

22 SEC. 390B. (1) AN EDUCATION COMMISSION SHALL HAVE THE
23 FOLLOWING RIGHTS, POWERS, AND DUTIES:

24 (A) TO SUE OR BE SUED.

25 (B) TO HIRE OR CONTRACT WITH PERSONNEL AS NECESSARY FOR THE
26 EDUCATION COMMISSION TO PERFORM ITS FUNCTIONS UNDER THIS ACT. AN
27 EDUCATION COMMISSION MAY INDEMNIFY ITS EMPLOYEES.

1 (C) TO PROCURE APPROPRIATE GOODS AND SERVICES IN KINDS AND
2 AMOUNTS NECESSARY TO CARRY OUT THE PURPOSES OF THE EDUCATION
3 COMMISSION.

4 (D) TO PROCURE INSURANCE FOR THE EDUCATION COMMISSION AND ITS
5 EMPLOYEES AND CONTRACTORS IN TYPES AND AMOUNTS NECESSARY TO OPERATE
6 THE EDUCATION COMMISSION.

7 (E) TO RECEIVE, ACCOUNT FOR, INVEST, OR EXPEND EDUCATION
8 COMMISSION MONEY.

9 (F) TO ACQUIRE, HOLD, AND TRANSFER INTERESTS IN PROPERTY.

10 (2) UNLESS OTHERWISE EXPRESSLY PROVIDED IN THIS ACT, AN
11 EDUCATION COMMISSION SHALL NOT DIRECTLY OR INDIRECTLY OPERATE A
12 PUBLIC SCHOOL OR PROVIDE EDUCATIONAL SERVICES TO ANY PUPIL.

13 SEC. 390C. AN EDUCATION COMMISSION SHALL COMPLY WITH ALL OF
14 THE FOLLOWING:

15 (A) THE OPEN MEETINGS ACT, 1976 PA 267, MCL 15.261 TO 15.275.

16 (B) THE FREEDOM OF INFORMATION ACT, 1976 PA 442, MCL 15.231 TO
17 15.246.

18 (C) THE UNIFORM BUDGETING AND ACCOUNTING ACT, 1968 PA 2, MCL
19 141.421 TO 141.440A.

20 (D) 1968 PA 317, MCL 15.321 TO 15.330.

21 (E) 1978 PA 566, MCL 15.181 TO 15.185.

22 SEC. 391. (1) SUBJECT TO SUBSECTION (3), NOT LATER THAN 6
23 MONTHS AFTER THE COMPLETION OF APPOINTMENTS TO THE EDUCATION
24 COMMISSION UNDER SECTION 390, AN EDUCATION COMMISSION SHALL PREPARE
25 AND MAKE PUBLICLY AVAILABLE A REPORT ON THE SITING OF EXISTING AND
26 FUTURE PUBLIC SCHOOLS WITHIN THE COMMUNITY DISTRICT THAT MAKES
27 SPECIFIC SITING RECOMMENDATIONS FOR PUBLIC SCHOOLS WITHIN THE

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

7 (2) SUBJECT TO SUBSECTION (3), AFTER THE EDUCATION COMMISSION
8 HAS COMPLETED AND SUBMITTED THE REPORT UNDER SUBSECTION (1), THE
9 EDUCATION COMMISSION SHALL PREPARE AND MAKE PUBLICLY AVAILABLE AN
10 ANNUAL REPORT UPDATING THE INFORMATION AND RECOMMENDATIONS IN THE
11 REPORT UNDER SUBSECTION (1). THE EDUCATION COMMISSION SHALL PROVIDE
12 A COPY OF EACH ANNUAL REPORT TO THE SCHOOL BOARD OF THE COMMUNITY
13 DISTRICT, TO THE STATE SCHOOL REFORM/REDESIGN OFFICER, TO THE
14 AUTHORIZING BODY OF EACH PUBLIC SCHOOL ACADEMY LOCATED WITHIN THE
15 COMMUNITY DISTRICT, AND TO THE STANDING COMMITTEES OF THE SENATE
16 AND HOUSE OF REPRESENTATIVES WITH RESPONSIBILITY FOR EDUCATION
17 LEGISLATION.

18 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AN
19 EDUCATION COMMISSION SHALL MAKE ITS SITING RECOMMENDATIONS UNDER
20 SUBSECTIONS (1) AND (2) BASED ON THE SITING OF EXISTING PUBLIC
21 SCHOOLS WITHIN VARIOUS GEOGRAPHIC AREAS WITHIN THE COMMUNITY
22 DISTRICT. THE RECOMMENDATIONS SHALL IDENTIFY AS "PRIORITY ZONES"
23 THOSE GEOGRAPHIC AREAS WHERE THERE IS EXTRAORDINARY NEED FOR THE
24 SITING OF NEW PUBLIC SCHOOLS TO SERVE RESIDENTS OF THOSE AREAS. THE
25 EDUCATION COMMISSION SHALL MAKE ITS SITING RECOMMENDATIONS UNDER
26 SUBSECTIONS (1) AND (2) BASED ON THE SITING OF EXISTING PUBLIC
27 SCHOOLS WITHIN EACH OF THE ZIP CODES LOCATED IN THE COMMUNITY

1 DISTRICT. THE RECOMMENDATIONS SHALL BE BROKEN DOWN BY GRADE
2 CONFIGURATIONS AND SHALL TAKE INTO ACCOUNT AT LEAST ALL OF THE
3 FOLLOWING:

4 (A) THE RATIO OF SCHOOL-AGE POPULATION TO THE ENROLLMENT
5 CAPACITY OF EXISTING PUBLIC SCHOOLS WITHIN EACH AREA. THE
6 RECOMMENDATIONS SHALL EMPHASIZE THE NEED FOR ADDITIONAL PUBLIC
7 SCHOOLS IN AREAS IDENTIFIED AS HAVING UNMET NEED FOR PUBLIC SCHOOLS
8 BASED ON THIS RATIO.

9 (B) THE ACADEMIC OPPORTUNITIES AVAILABLE AT THE EXISTING
10 PUBLIC SCHOOLS WITHIN EACH AREA BASED ON FACTORS IDENTIFIED BY THE
11 EDUCATION COMMISSION, INCLUDING, BUT NOT LIMITED TO, STANDARDIZED
12 TEST SCORES, PUPIL ATTENDANCE, EMPLOYEE ATTENDANCE AND TURNOVER,
13 AND PARENTAL SATISFACTION.

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

18 (D) THE DEMOGRAPHICS AND GENERAL CHARACTERISTICS OF
19 NEIGHBORHOODS WITHIN EACH AREA, INCLUDING, BUT NOT LIMITED TO,
20 SCHOOL-AGE POPULATION, ENROLLMENT TRENDS, CRIME RATES, AND HOUSING
21 INVENTORY.

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

24 (4) THIS SECTION DOES NOT AUTHORIZE AN EDUCATION COMMISSION TO
25 ESTABLISH OR RECOMMEND A CAP, BAN, OR MORATORIUM ON THE OPENING OF
26 NEW PUBLIC SCHOOLS WITHIN A COMMUNITY DISTRICT; TO REGULATE OR
27 AUDIT ANY ASPECT OF THE OPERATIONS OF AN EXISTING OR FUTURE PUBLIC

1 SCHOOL ACADEMY OR AUTHORIZING BODY; OR TO EXERCISE ANY OTHER POWER
2 OR AUTHORITY THAT IS NOT EXPRESSLY GRANTED TO AN EDUCATION
3 COMMISSION UNDER THIS PART OR NECESSARILY INCIDENT TO A POWER
4 EXPRESSLY GRANTED TO AN EDUCATION COMMISSION UNDER THIS PART.

5 (5) AS PART OF ITS REPORTS UNDER SUBSECTIONS (1) AND (2), AN
6 EDUCATION COMMISSION MAY INCLUDE AN ASSESSMENT OF THE ACADEMICS AND
7 OPERATIONS OF THE COMMUNITY DISTRICT AND MAKE RECOMMENDATIONS ON
8 THE USE OF FACILITIES, ENROLLMENT, BUILDING CAPACITY,
9 TRANSPORTATION, STUDENT PROFICIENCY AND GROWTH, GRADUATION RATES
10 AND TRENDS, SPECIAL EDUCATION, WRAP-AROUND SERVICES, AND OTHER
11 RELATED MATTERS. THIS SUBSECTION DOES NOT GRANT TO AN EDUCATION
12 COMMISSION ANY AUTHORITY OVER A PUBLIC SCHOOL LOCATED WITHIN THE
13 COMMUNITY DISTRICT WITH REGARD TO ANY RECOMMENDATIONS UNDER THIS
14 SUBSECTION.

15 SEC. 392. (1) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN
16 A COMMUNITY DISTRICT, EXCEPT AS OTHERWISE PROVIDED IN THIS
17 SUBSECTION, THE SCHOOL BOARD OF THE COMMUNITY DISTRICT SHALL NOT
18 TAKE ACTION TO APPROVE THE OPENING OF A NEW PUBLIC SCHOOL AND AN
19 AUTHORIZING BODY SHALL NOT ISSUE A CONTRACT FOR A NEW PUBLIC SCHOOL
20 ACADEMY TO BE LOCATED IN THE COMMUNITY DISTRICT WITHOUT SITING
21 APPROVAL BY THE EDUCATION COMMISSION UNDER SUBSECTION (2). THIS
22 SITING APPROVAL IS NOT REQUIRED FOR A PROPOSED NEW SCHOOL IF THAT
23 SCHOOL MEETS EITHER OF THE FOLLOWING:

24 (A) IF THE ACCOUNTABILITY SYSTEM UNDER SECTION 393 HAS BEEN IN
25 EFFECT FOR FEWER THAN 3 SCHOOL YEARS, THE NEW SCHOOL WILL BE
26 OPERATED BY THE SCHOOL BOARD OF THE COMMUNITY DISTRICT AND WILL
27 REPLICATE A SPECIFIC EXISTING SCHOOL THAT IS OPERATED BY THE

1 COMMUNITY DISTRICT AND THAT HAS ACHIEVED A LETTER GRADE OF "A" OR
2 "B" UNDER SECTION 393 FOR EACH SCHOOL YEAR FOR WHICH THAT
3 ACCOUNTABILITY SYSTEM HAS BEEN IN EFFECT. IF THE ACCOUNTABILITY
4 SYSTEM UNDER SECTION 393 HAS BEEN IN EFFECT FOR AT LEAST 3 YEARS,
5 THE NEW SCHOOL WILL BE OPERATED BY THE SCHOOL BOARD OF THE
6 COMMUNITY DISTRICT AND WILL REPLICATE A SPECIFIC EXISTING SCHOOL
7 THAT IS OPERATED BY THE COMMUNITY DISTRICT AND THAT, AS OF THE DATE
8 OF FINAL ACTION TO APPROVE THE NEW SCHOOL, HAS ACHIEVED A LETTER
9 GRADE OF "A" OR "B" UNDER SECTION 393 FOR THE 3 MOST RECENT SCHOOL
10 YEARS FOR WHICH THE DATA ARE AVAILABLE. FOR THE PURPOSES OF THE
11 LIMITATION UNDER THIS SUBDIVISION, THERE MAY NOT BE MORE THAN 1 NEW
12 SCHOOL REPLICATING A SPECIFIC EXISTING SCHOOL.

13 (B) IF THE ACCOUNTABILITY SYSTEM UNDER SECTION 393 HAS BEEN IN
14 EFFECT FOR FEWER THAN 3 SCHOOL YEARS, THE NEW SCHOOL WILL BE A
15 PUBLIC SCHOOL ACADEMY THAT WILL REPLICATE A SPECIFIC EXISTING
16 PUBLIC SCHOOL THAT IS OPERATED BY THE SAME GOVERNING BOARD OR
17 EDUCATIONAL MANAGEMENT ORGANIZATION THAT WILL OPERATE THE PROPOSED
18 NEW PUBLIC SCHOOL ACADEMY AND THAT HAS ACHIEVED A LETTER GRADE OF
19 "A" OR "B" UNDER SECTION 393 FOR EACH SCHOOL YEAR FOR WHICH THAT
20 ACCOUNTABILITY SYSTEM HAS BEEN IN EFFECT. IF THE ACCOUNTABILITY
21 SYSTEM UNDER SECTION 393 HAS BEEN IN EFFECT FOR AT LEAST 3 YEARS,
22 THE NEW SCHOOL WILL BE A PUBLIC SCHOOL ACADEMY THAT WILL REPLICATE
23 A SPECIFIC EXISTING PUBLIC SCHOOL THAT IS OPERATED BY THE SAME
24 GOVERNING BOARD OR EDUCATIONAL MANAGEMENT ORGANIZATION THAT WILL
25 OPERATE THE NEW SCHOOL AND THAT, AS OF THE DATE OF ISSUANCE OF THE
26 CONTRACT FOR THE NEW PUBLIC SCHOOL ACADEMY, HAS ACHIEVED A LETTER
27 GRADE OF "A" OR "B" UNDER SECTION 393 FOR THE 3 MOST RECENT SCHOOL

1 YEARS FOR WHICH THE DATA ARE AVAILABLE. FOR THE PURPOSES OF THE
2 LIMITATION UNDER THIS SUBDIVISION, THERE MAY NOT BE MORE THAN 1 NEW
3 PUBLIC SCHOOL ACADEMY REPLICATING A SPECIFIC EXISTING PUBLIC
4 SCHOOL.

5 (2) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN A
6 COMMUNITY DISTRICT, FOR A PROPOSED NEW SCHOOL THAT IS NOT EXEMPT
7 UNDER SUBSECTION (1) FROM THE REQUIREMENT FOR EDUCATION COMMISSION
8 SITING APPROVAL, BEFORE THE SCHOOL BOARD OF THE COMMUNITY DISTRICT
9 TAKES ACTION TO APPROVE THE OPENING OF A NEW PUBLIC SCHOOL OR AN
10 AUTHORIZING BODY ISSUES A CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY
11 TO BE LOCATED IN THE COMMUNITY DISTRICT, THE SCHOOL BOARD OR
12 AUTHORIZING BODY SHALL SUBMIT A WRITTEN REQUEST FOR SITING APPROVAL
13 TO THE EDUCATION COMMISSION. THE EDUCATION COMMISSION SHALL
14 CONSIDER AND ACT TO APPROVE OR DISAPPROVE A SITING APPROVAL REQUEST
15 WITHIN 90 DAYS AFTER IT IS SUBMITTED TO THE EDUCATION COMMISSION.
16 THE SITING APPROVAL REQUEST IS CONSIDERED TO BE APPROVED IF THE
17 EDUCATION COMMISSION DOES NOT DISAPPROVE THE SITING APPROVAL
18 REQUEST WITHIN 90 DAYS AFTER IT IS SUBMITTED FOR APPROVAL. IF THE
19 EDUCATION COMMISSION DISAPPROVES A SITING APPROVAL REQUEST
20 DESCRIBED IN THIS SUBDIVISION, THE PERSON SUBMITTING THE REQUEST
21 MAY APPEAL THAT DECISION TO THE SUPERINTENDENT OF PUBLIC
22 INSTRUCTION WITHIN 30 DAYS AFTER THE DATE OF THE DISAPPROVAL. THE
23 SUPERINTENDENT OF PUBLIC INSTRUCTION SHALL CONSIDER THE APPEAL
24 WITHIN 60 DAYS AFTER IT IS SUBMITTED. UNLESS THE SUPERINTENDENT OF
25 PUBLIC INSTRUCTION DETERMINES WITHIN THIS 60-DAY PERIOD THAT THE
26 DISAPPROVAL WAS ARBITRARY AND CAPRICIOUS, THE SUPERINTENDENT OF
27 PUBLIC INSTRUCTION SHALL AFFIRM THE DISAPPROVAL. IF THE

1 SUPERINTENDENT OF PUBLIC INSTRUCTION ISSUES TO THE PERSON
2 SUBMITTING THE REQUEST AND THE EDUCATION COMMISSION WITHIN THIS 60-
3 DAY PERIOD A FINDING THAT THE DISAPPROVAL WAS ARBITRARY AND
4 CAPRICIOUS, THE SITING APPROVAL REQUEST SHALL BE CONSIDERED TO BE
5 APPROVED. THE DECISION OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION
6 IS FINAL AND IS NOT SUBJECT TO FURTHER APPEAL.

7 (3) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN THE
8 COMMUNITY DISTRICT, FOR A PROPOSED NEW SCHOOL THAT IS EXEMPT UNDER
9 SUBSECTION (1) FROM THE REQUIREMENT FOR EDUCATION COMMISSION SITING
10 APPROVAL, BEFORE THE SCHOOL BOARD OF THE COMMUNITY DISTRICT TAKES
11 ACTION TO APPROVE THE OPENING OF A NEW PUBLIC SCHOOL OR AN
12 AUTHORIZING BODY ISSUES A CONTRACT FOR A NEW PUBLIC SCHOOL ACADEMY
13 TO BE LOCATED IN THE COMMUNITY DISTRICT, THE SCHOOL BOARD OR
14 AUTHORIZING BODY SHALL PROVIDE THE EDUCATION COMMISSION OF THE
15 COMMUNITY DISTRICT A PERIOD OF AT LEAST 90 DAYS TO SUBMIT WRITTEN
16 COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW SCHOOL, UNLESS
17 THE EDUCATION COMMISSION AGREES IN WRITING TO WAIVE THE COMMENT
18 PERIOD. IF THE EDUCATION COMMISSION SUBMITS WRITTEN COMMENTS
19 CONCERNING THE LOCATION OF THE PROPOSED NEW SCHOOL, THE SCHOOL
20 BOARD OR AUTHORIZING BODY SHALL CONSIDER THE EDUCATION COMMISSION'S
21 COMMENTS AS PART OF ITS DECISION WHETHER OR NOT TO TAKE FINAL
22 ACTION TO APPROVE THE OPENING OF THE NEW SCHOOL OR TO ISSUE A
23 CONTRACT FOR THE NEW PUBLIC SCHOOL ACADEMY, AS APPLICABLE.

24 (4) AS PART OF THE COMMENT PROCESS UNDER SUBSECTION (3), THE
25 EDUCATION COMMISSION MAY REQUEST THE STATE SCHOOL REFORM/REDESIGN
26 OFFICER TO REVIEW A PROPOSED NEW SCHOOL TO ENSURE THAT IT MEETS THE
27 STANDARDS UNDER SUBSECTION (5) FOR BEING CONSIDERED TO BE

1 REPLICATING AN EXISTING SCHOOL. IF THE EDUCATION COMMISSION
2 REQUESTS SUCH A REVIEW, THE STATE SCHOOL REFORM/REDESIGN OFFICER
3 SHALL CONDUCT THE REVIEW. IF THE STATE SCHOOL REFORM/REDESIGN
4 OFFICER DETERMINES AS A RESULT OF THE REVIEW THAT A PROPOSED NEW
5 SCHOOL DOES NOT MEET THE STANDARDS UNDER SUBSECTION (5) FOR BEING
6 CONSIDERED TO BE REPLICATING AN EXISTING SCHOOL, THE STATE SCHOOL
7 REFORM/REDESIGN OFFICER SHALL NOTIFY THE SCHOOL BOARD OF THE
8 COMMUNITY DISTRICT OR THE AUTHORIZING BODY, AS APPLICABLE, OF THIS
9 DETERMINATION. A REVIEW BY THE STATE SCHOOL REFORM/REDESIGN OFFICER
10 UNDER THIS SUBSECTION IS LIMITED TO THE ISSUE OF WHETHER A PROPOSED
11 NEW SCHOOL MEETS THE STANDARDS UNDER SUBSECTION (5) FOR BEING
12 CONSIDERED TO BE REPLICATING AN EXISTING SCHOOL AND SHALL NOT
13 CONSIDER SITING OF THE PROPOSED NEW SCHOOL OR ANY OTHER ISSUE.

14 (5) FOR THE PURPOSES OF THIS SECTION, A NEW SCHOOL IS
15 CONSIDERED TO BE REPLICATING AN EXISTING SCHOOL IF THE NEW SCHOOL
16 WILL OPERATE USING THE SAME EDUCATIONAL AND OPERATIONAL MODELS AS
17 THE EXISTING SCHOOL, WILL OPERATE THE SAME AGE OR GRADE
18 CONFIGURATION AS THE EXISTING SCHOOL, AND WILL HAVE A
19 DEMOGRAPHICALLY SIMILAR EXPECTED PUPIL POPULATION AS THE EXISTING
20 SCHOOL.

21 SEC. 393. (1) THE STATE SCHOOL REFORM/REDESIGN OFFICER SERVING
22 UNDER SECTION 1280C SHALL ESTABLISH, IMPLEMENT, AND ADMINISTER A
23 COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER THIS SECTION FOR ALL
24 PUBLIC SCHOOLS LOCATED WITHIN THE BOUNDARIES OF A COMMUNITY
25 DISTRICT, INCLUDING ALL SCHOOLS OPERATED BY THE COMMUNITY DISTRICT
26 AND ALL PUBLIC SCHOOL ACADEMIES LOCATED WITHIN THE BOUNDARIES OF
27 THE COMMUNITY DISTRICT. THE ACCOUNTABILITY SYSTEM SHALL MEET ALL OF

1 THE REQUIREMENTS OF THIS SECTION. IF THERE IS AN EDUCATION
2 COMMISSION IN PLACE IN THE COMMUNITY DISTRICT, THE STATE SCHOOL
3 REFORM/REDESIGN OFFICER SHALL ESTABLISH AND IMPLEMENT THE
4 ACCOUNTABILITY SYSTEM ACCORDING TO THE FOLLOWING:

5 (A) NOT LATER THAN 30 DAYS AFTER THE CREATION OF THE EDUCATION
6 COMMISSION, THE EDUCATION COMMISSION MAY RECOMMEND TO THE STATE
7 SCHOOL REFORM/REDESIGN OFFICER AN ACCOUNTABILITY SYSTEM THAT
8 COMPLIES WITH THIS SECTION.

9 (B) IF THE EDUCATION COMMISSION SUBMITS A TIMELY
10 RECOMMENDATION UNDER SUBDIVISION (A), WITHIN 30 DAYS AFTER RECEIPT
11 OF THE RECOMMENDATION, THE STATE SCHOOL REFORM/REDESIGN OFFICER
12 SHALL EITHER APPROVE THE RECOMMENDATION OR DISAPPROVE THE
13 RECOMMENDATION WITH SPECIFIC REASONS FOR THE DISAPPROVAL. IF THE
14 RECOMMENDATION IS APPROVED, THE STATE SCHOOL REFORM/REDESIGN
15 OFFICER SHALL ESTABLISH AND IMPLEMENT THE RECOMMENDED
16 ACCOUNTABILITY SYSTEM.

17 (C) IF THE RECOMMENDATION OF THE EDUCATION COMMISSION IS
18 DISAPPROVED WITH REASONS FOR THE DISAPPROVAL UNDER SUBDIVISION (B),
19 THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL SUBMIT THE REASONS
20 FOR THE DISAPPROVAL TO THE EDUCATION COMMISSION. WITHIN 15 DAYS
21 AFTER THE REASONS FOR THE DISAPPROVAL ARE SUBMITTED TO THE
22 EDUCATION COMMISSION, THE EDUCATION COMMISSION MAY SUBMIT A REVISED
23 RECOMMENDATION TO THE STATE SCHOOL REFORM/REDESIGN OFFICER.

24 (D) IF THE EDUCATION COMMISSION SUBMITS A REVISED
25 RECOMMENDATION TO THE STATE SCHOOL REFORM/REDESIGN OFFICER UNDER
26 SUBDIVISION (C), THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
27 EITHER APPROVE THE REVISED RECOMMENDATION OR APPROVE THE REVISED

1 RECOMMENDATION WITH CHANGES, AS DETERMINED BY THE STATE SCHOOL
2 REFORM/REDESIGN OFFICER. IF THE REVISED RECOMMENDATION IS APPROVED
3 OR IS APPROVED WITH CHANGES, THE STATE SCHOOL REFORM/REDESIGN
4 OFFICER SHALL ESTABLISH AND IMPLEMENT THE RECOMMENDED
5 ACCOUNTABILITY SYSTEM AND IS NOT REQUIRED TO OBTAIN ANY OTHER
6 REVIEW OR APPROVAL.

7 (E) IF THE EDUCATION COMMISSION DOES NOT SUBMIT A TIMELY
8 RECOMMENDATION UNDER SUBDIVISION (A) OR A TIMELY REVISED
9 RECOMMENDATION UNDER SUBDIVISION (C), THE STATE SCHOOL
10 REFORM/REDESIGN OFFICER SHALL ESTABLISH AND IMPLEMENT AN
11 ACCOUNTABILITY SYSTEM THAT COMPLIES WITH THIS SECTION AS HE OR SHE
12 DETERMINES AND IS NOT REQUIRED TO OBTAIN ANY OTHER REVIEW OR
13 APPROVAL.

14 (F) ONCE AN ACCOUNTABILITY SYSTEM IS ESTABLISHED AND
15 IMPLEMENTED UNDER THIS SUBSECTION, THE STATE REFORM/REDESIGN
16 OFFICER SHALL ADMINISTER THE ACCOUNTABILITY SYSTEM.

17 (2) THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL IMPLEMENT
18 AND ADMINISTER THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION AS SOON
19 AS POSSIBLE AFTER COMPLETING THE PROCESS UNDER SUBSECTION (1).
20 AFTER THE ACCOUNTABILITY SYSTEM IS IMPLEMENTED, THE STATE SCHOOL
21 REFORM/REDESIGN OFFICER, NOT MORE FREQUENTLY THAN ANNUALLY, MAY
22 MAKE ADJUSTMENTS TO THE ACCOUNTABILITY SYSTEM THAT ARE CONSISTENT
23 WITH THIS SECTION. IF THERE IS AN EDUCATION COMMISSION IN PLACE IN
24 THE COMMUNITY DISTRICT, THE EDUCATION COMMISSION, NOT MORE
25 FREQUENTLY THAN ANNUALLY, MAY REQUEST THE STATE SCHOOL
26 REFORM/REDESIGN OFFICER TO REVIEW THE ACCOUNTABILITY SYSTEM AND
27 MAKE ADJUSTMENTS. IF AN EDUCATION COMMISSION MAKES SUCH A REQUEST,

1 THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL REVIEW THE
2 ACCOUNTABILITY SYSTEM AND EACH REQUESTED ADJUSTMENT. UNLESS THE
3 STATE SCHOOL REFORM/REDESIGN OFFICER DETERMINES, AFTER CONSULTATION
4 WITH THE EDUCATION COMMISSION, THAT THERE IS A SUBSTANTIAL
5 LIKELIHOOD THAT BETTER RESULTS WILL BE ACHIEVED BY NOT MAKING A
6 REQUESTED ADJUSTMENT OR THAT A REQUESTED ADJUSTMENT IS NOT
7 CONSISTENT WITH THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN
8 OFFICER SHALL MAKE AN ADJUSTMENT REQUESTED BY THE EDUCATION
9 COMMISSION.

10 (3) A COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER THIS
11 SECTION SHALL MEET ALL OF THE FOLLOWING:

12 (A) THE ACCOUNTABILITY SYSTEM ANNUALLY SHALL ASSIGN A LETTER
13 GRADE OF A, B, C, D, OR F TO EACH PUBLIC SCHOOL LOCATED WITHIN THE
14 BOUNDARIES OF THE COMMUNITY DISTRICT.

15 (B) THE ACCOUNTABILITY SYSTEM SHALL ASSIGN THE LETTER GRADES
16 UNDER SUBDIVISION (A) BASED ON A POINT SCALE FROM 0 TO 100 POINTS,
17 USING THE TOTAL POINTS ACHIEVED BY A SCHOOL TO DETERMINE THE LETTER
18 GRADE. THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL DETERMINE HOW
19 MANY POINTS ARE NECESSARY FOR EACH LETTER GRADE.

20 (C) THE POINTS UNDER SUBDIVISION (B) SHALL BE ASSIGNED BASED
21 ON A SCHOOL'S PERFORMANCE ON PROFICIENCY MEASURES, GROWTH MEASURES,
22 AND NONACADEMIC MEASURES, AS PRESCRIBED UNDER SUBSECTION (4).

23 (D) IF POSSIBLE, A SCHOOL'S PERFORMANCE ON PROFICIENCY
24 MEASURES, GROWTH MEASURES, AND NONACADEMIC MEASURES SHALL BE BASED
25 ON THE AVERAGE OF THE RESULTS FROM THE 2 MOST RECENT SCHOOL YEARS
26 FOR WHICH THE DATA ARE AVAILABLE. IF 2 YEARS OF DATA ARE NOT
27 AVAILABLE FOR A PARTICULAR MEASURE, THE SCHOOL'S PERFORMANCE FOR

1 THAT MEASURE SHALL BE BASED ON THE RESULTS FROM THE MOST RECENT
2 SCHOOL YEAR FOR WHICH THE DATA ARE AVAILABLE.

3 (4) IN DETERMINING THE NUMBER OF POINTS TO BE ASSIGNED FOR
4 EACH PUBLIC SCHOOL UNDER SUBSECTION (3), THE STATE SCHOOL
5 REFORM/REDESIGN OFFICER SHALL ENSURE THAT NOT LESS THAN 80% OF THE
6 TOTAL POINTS ASSIGNED ARE BASED ON THE COMBINED WEIGHT GIVEN TO
7 PROFICIENCY MEASURES AND GROWTH MEASURES. OF THE COMBINED WEIGHT
8 GIVEN TO THESE 2 MEASURES, GROWTH MEASURES SHALL ACCOUNT FOR AT
9 LEAST 50% AND NOT MORE THAN 70% OF THAT COMBINED WEIGHT. THE
10 BALANCE THAT IS NOT BASED ON PROFICIENCY MEASURES AND GROWTH
11 MEASURES SHALL BE BASED ON NONACADEMIC MEASURES. ALL OF THE
12 FOLLOWING APPLY TO THESE MEASURES:

13 (A) PROFICIENCY MEASURES SHALL INCLUDE ALL OF THE FOLLOWING:

14 (i) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES K TO 8,
15 BOTH OF THE FOLLOWING:

16 (A) OVERALL PROFICIENCY AS MEASURED ON THE ENGLISH LANGUAGE
17 ARTS AND MATHEMATICS PORTIONS OF THE M-STEP.

18 (B) PROFICIENCY FOR CONTINUOUSLY ENROLLED PUPILS AS MEASURED
19 ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-
20 STEP. THIS SHALL BE BASED ON THE PERCENTAGE OF PUPILS WHO HAVE BEEN
21 ENROLLED IN THAT SCHOOL FOR 2 OR MORE CONSECUTIVE SCHOOL YEARS WHO
22 ACHIEVE PROFICIENCY OR ADVANCED ON THESE PORTIONS OF THE M-STEP,
23 ASSIGNING EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND MATHEMATICS
24 RESULTS.

25 (ii) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES 9 TO 12,
26 ALL OF THE FOLLOWING:

27 (A) THE PERCENTAGE OF PUPILS WHO GRADUATE WITHIN 4 YEARS.

1 (B) PUPIL SCORES ON THE COLLEGE ENTRANCE EXAMINATION COMPONENT
2 OF THE MICHIGAN MERIT EXAMINATION UNDER SECTION 1279G(2) (A) .

3 (C) THE PERCENTAGE OF PUPILS ENROLLED IN THAT SCHOOL IN
4 COLLEGE LEVEL EQUIVALENT COURSES AND THE PERCENTAGE OF THOSE PUPILS
5 WHO PASS THE COURSES AND ACHIEVE THE SCORE ON A COLLEGE LEVEL
6 EQUIVALENT CREDIT EXAMINATION THAT MUST BE ACHIEVED TO QUALIFY FOR
7 COLLEGE LEVEL EQUIVALENT CREDIT FOR EACH OF THE COURSES. AS USED IN
8 THIS SUB-SUBPARAGRAPH, "COLLEGE LEVEL EQUIVALENT COURSE" AND
9 "COLLEGE LEVEL EQUIVALENT CREDIT EXAMINATION" MEAN THOSE TERMS AS
10 DEFINED IN SECTION 1471.

11 (D) OVERALL PROFICIENCY AS MEASURED ON THE SOCIAL STUDIES AND
12 SCIENCE PORTIONS OF THE M-STEP.

13 (B) GROWTH MEASURES SHALL INCLUDE ALL OF THE FOLLOWING:

14 (i) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES K TO 8,
15 ALL OF THE FOLLOWING:

16 (A) OVERALL GROWTH AMONG ALL PUPILS ENROLLED IN THAT SCHOOL
17 FOR THE FULL SCHOOL YEAR AS MEASURED BY GROWTH ACHIEVED FROM 1
18 SCHOOL YEAR TO THE NEXT ON THE ENGLISH LANGUAGE ARTS AND
19 MATHEMATICS PORTIONS OF THE M-STEP, ASSIGNING EQUAL WEIGHT TO
20 ENGLISH LANGUAGE ARTS AND MATHEMATICS RESULTS.

21 (B) GROWTH AMONG CONTINUOUSLY ENROLLED PUPILS AS MEASURED ON
22 THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-STEP.
23 THIS SHALL BE BASED ON THE AVERAGE STUDENT GROWTH ACHIEVED FROM 1
24 SCHOOL YEAR TO THE NEXT AMONG PUPILS WHO HAVE BEEN ENROLLED IN THAT
25 SCHOOL FOR 2 OR MORE CONSECUTIVE SCHOOL YEARS ON THE ENGLISH
26 LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-STEP, ASSIGNING
27 EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND MATHEMATICS RESULTS.

1 (C) GROWTH AMONG THE BOTTOM 30% OF PUPILS ENROLLED IN THAT
2 SCHOOL AS MEASURED ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS
3 PORTIONS OF THE M-STEP. THIS SHALL BE BASED ON THE AVERAGE STUDENT
4 GROWTH ACHIEVED FROM 1 SCHOOL YEAR TO THE NEXT AMONG PUPILS WHOSE
5 TEST SCORES FOR THE FIRST OF THE 2 SCHOOL YEARS WERE IN THE BOTTOM
6 30% ON THE ENGLISH LANGUAGE ARTS AND MATHEMATICS PORTIONS OF THE M-
7 STEP, ASSIGNING EQUAL WEIGHT TO ENGLISH LANGUAGE ARTS AND
8 MATHEMATICS RESULTS.

9 (ii) FOR A PUBLIC SCHOOL THAT OPERATES ANY OF GRADES 9 TO 12,
10 BOTH OF THE FOLLOWING:

11 (A) PROGRESS MADE IN IMPROVING THE PERCENTAGE OF PUPILS WHO
12 GRADUATE WITHIN 4 YEARS.

13 (B) PROGRESS MADE IN IMPROVING PUPIL SCORES ON THE COLLEGE
14 ENTRANCE EXAMINATION COMPONENT OF THE MICHIGAN MERIT EXAMINATION
15 UNDER SECTION 1279G(2)(A).

16 (C) NONACADEMIC MEASURES SHALL INCLUDE ALL OF THE FOLLOWING
17 FOR ALL PUBLIC SCHOOLS, REGARDLESS OF GRADE LEVEL:

18 (i) STUDENT SURVEY RESULTS. THE STUDENT SURVEY SHALL BE
19 PROCURED FROM A THIRD-PARTY VENDOR AND MUST INCLUDE MEASURES OF
20 STUDENT ENGAGEMENT AND PUPILS' PERCEPTIONS OF SCHOOL SAFETY AND
21 LEARNING ENVIRONMENT. THERE MUST BE PUBLISHED EVIDENCE OF THE
22 RELIABILITY AND VALIDITY OF THE STUDENT SURVEY INSTRUMENTS USED,
23 INCLUDING EVIDENCE THAT THE SURVEY RESULTS ARE PREDICTIVE OF
24 STUDENT GROWTH RESULTS AND THAT THE SURVEY RESULTS CAN BE USED TO
25 MAKE MEANINGFUL DISTINCTIONS IN PERFORMANCE ACROSS SCHOOLS.

26 (ii) YEAR-TO-YEAR REENROLLMENT RATES, AS MEASURED BY THE
27 PERCENTAGE OF PUPILS WHO ENROLLED IN THAT SCHOOL IN THE CURRENT

1 SCHOOL YEAR AMONG ALL PUPILS WHO WERE ENROLLED IN THAT SCHOOL AT
2 THE END OF THE IMMEDIATELY PRECEDING SCHOOL YEAR, EXCLUDING THOSE
3 WHO MOVED RESIDENCES OR COMPLETED THE TERMINAL GRADE IN THE SCHOOL.

4 (iii) ABSENTEEISM RATES, AS MEASURED BY THE PERCENTAGE OF
5 PUPILS ENROLLED IN THAT SCHOOL FOR THE FULL SCHOOL YEAR WHO MISS
6 MORE THAN 10% OF SCHOOL DAYS.

7 (iv) PARENT PARTICIPATION IN SCHOOL SATISFACTION SURVEYS. IN
8 DETERMINING A SCHOOL'S PERFORMANCE ON THE NONACADEMIC MEASURES,
9 THIS MEASURE MAY NOT BE GIVEN MORE THAN 1/4 WEIGHT AMONG THE
10 MEASURES LISTED IN THIS SUBDIVISION.

11 (D) FOR PUBLIC SCHOOLS THAT OPERATE A CONFIGURATION OF GRADE
12 LEVELS THAT INCLUDES PUPILS IN BOTH ANY OF GRADES K TO 8 AND ANY OF
13 GRADES 9 TO 12, THE PUBLIC SCHOOL'S PERFORMANCE ON PROFICIENCY
14 MEASURES AND GROWTH MEASURES SHALL BE DETERMINED USING A WEIGHTED
15 AVERAGE OF THE MEASUREMENTS UNDER SUBDIVISIONS (A) AND (B).

16 (5) THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION SHALL REMAIN
17 IN EFFECT UNTIL A STATE ACCOUNTABILITY SYSTEM IS ESTABLISHED BY THE
18 LEGISLATURE FOR ALL PUBLIC SCHOOLS IN THIS STATE AND IS DESIGNATED
19 AS REPLACING THE ACCOUNTABILITY SYSTEM UNDER THIS SECTION. IF SUCH
20 A STATE ACCOUNTABILITY SYSTEM IS ESTABLISHED, THE ACCOUNTABILITY
21 SYSTEM UNDER THIS SECTION IS TERMINATED AND THE PUBLIC SCHOOLS
22 LOCATED WITHIN THE BOUNDARIES OF A COMMUNITY DISTRICT ARE SUBJECT
23 TO THAT STATE ACCOUNTABILITY SYSTEM AS PROVIDED UNDER THAT SYSTEM.

24 (6) AS USED IN THIS SECTION, "M-STEP" MEANS THE MICHIGAN
25 STUDENT TEST OF EDUCATIONAL PROGRESS OR A SUCCESSOR STATEWIDE
26 ASSESSMENT ADOPTED AND IMPLEMENTED BY THE DEPARTMENT.

27 SEC. 394. (1) NOTWITHSTANDING SECTION 1280C, EXCEPT FOR A

1 SCHOOL THAT IS AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT
2 POPULATION, AND SUBJECT TO SUBSECTION (2), IF A SCHOOL OPERATED BY
3 A COMMUNITY DISTRICT HAS BEEN ASSIGNED A GRADE OF "F" UNDER SECTION
4 393 FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL
5 YEARS, OR FOR 3 OF THE PRECEDING 5 SCHOOL YEARS, OR IS AMONG THE
6 LOWEST ACHIEVING 5% OF ALL PUBLIC SCHOOLS IN THIS STATE FOR 3
7 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR
8 FOR 3 OF THE PRECEDING 5 SCHOOL YEARS, AS DETERMINED UNDER SECTION
9 1280C, THE STATE SCHOOL REFORM/REDESIGN OFFICER UNDER SECTION 1280C
10 SHALL ORDER THE COMMUNITY DISTRICT TO IMPLEMENT 1 OF THE SCHOOL
11 INTERVENTION MODELS SPECIFIED IN SECTION 1280C(2) OR ANOTHER
12 INTERVENTION MODEL AUTHORIZED BY THE STATE SCHOOL REFORM/REDESIGN
13 OFFICER, EFFECTIVE NO LATER THAN THE END OF THE CURRENT SCHOOL
14 YEAR.

15 (2) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN A
16 COMMUNITY DISTRICT, BEFORE ORDERING THE COMMUNITY DISTRICT TO
17 IMPLEMENT 1 OF THE SCHOOL INTERVENTION MODELS FOR A SCHOOL UNDER
18 SUBSECTION (1), THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL
19 NOTIFY THE EDUCATION COMMISSION. THE EDUCATION COMMISSION MAY MAKE
20 A RECOMMENDATION TO THE STATE SCHOOL REFORM/REDESIGN OFFICER ON THE
21 INTERVENTION MODEL THAT SHOULD BE IMPLEMENTED FOR THE SCHOOL. THE
22 STATE SCHOOL REFORM/REDESIGN OFFICER SHALL ORDER THE COMMUNITY
23 DISTRICT TO IMPLEMENT THE INTERVENTION MODEL RECOMMENDED BY THE
24 EDUCATION COMMISSION UNLESS THE STATE SCHOOL REFORM/REDESIGN
25 OFFICER DETERMINES, AFTER CONSULTATION WITH THE EDUCATION
26 COMMISSION, THAT THERE IS A SUBSTANTIAL LIKELIHOOD THAT BETTER
27 RESULTS WILL BE ACHIEVED BY IMPLEMENTATION OF ANOTHER INTERVENTION

1 MODEL. THE DECISION OF THE STATE SCHOOL REFORM/REDESIGN OFFICER IS
2 FINAL AND IS NOT SUBJECT TO APPEAL.

3 SEC. 395. (1) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO A
4 LEASE BETWEEN THE QUALIFYING SCHOOL DISTRICT AND AN ACHIEVEMENT
5 AUTHORITY, ON OR AFTER THE TRANSFER DATE THE COMMUNITY DISTRICT
6 SHALL NOT RENEW OR EXTEND THE LEASE.

7 (2) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO AN
8 INTERLOCAL AGREEMENT WITH A STATE PUBLIC UNIVERSITY CREATING AN
9 ACHIEVEMENT AUTHORITY, AS SOON AS POSSIBLE AFTER THE TRANSFER DATE
10 THE COMMUNITY DISTRICT SHALL TAKE ACTION TO WITHDRAW FROM THAT
11 INTERLOCAL AGREEMENT TO THE EXTENT PERMITTED UNDER THAT INTERLOCAL
12 AGREEMENT.

13 (3) IF A QUALIFYING SCHOOL DISTRICT IS A PARTY TO AN
14 INTERLOCAL AGREEMENT WITH A STATE PUBLIC UNIVERSITY CREATING AN
15 ACHIEVEMENT AUTHORITY, THE COMMUNITY DISTRICT IS NOT AUTHORIZED TO
16 JOINTLY EXERCISE ANY POWERS, PRIVILEGES, OR AUTHORITIES UNDER THAT
17 INTERLOCAL AGREEMENT AFTER THE JUNE 30 FOLLOWING THE TRANSFER DATE.

18 (4) AS USED IN THIS SECTION, "ACHIEVEMENT AUTHORITY" MEANS
19 THAT TERM AS DEFINED IN SECTION 3 OF THE STATE SCHOOL AID ACT OF
20 1979, MCL 388.1603.

21 SEC. 396. FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2016,
22 \$250,000.00 IS APPROPRIATED FROM THE GENERAL FUND TO THE DEPARTMENT
23 OF TREASURY FOR THE PURPOSE OF PROVIDING FINANCIAL SUPPORT FOR THE
24 ORGANIZATION AND ADMINISTRATION OF ANY COMMUNITY DISTRICT FORMED
25 UNDER THIS PART DURING THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.

26 Sec. 501. (1) A public school academy is a public school under
27 section 2 of article VIII of the state constitution of 1963, is a

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

10 (2) As used in this part:

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

13 (i) The board of a school district. ~~that operates grades K to~~
14 ~~12.~~

15 (ii) An intermediate school board.

16 (iii) The board of a community college.

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

18 (v) Two or more of the public agencies described in
19 subparagraphs (i) to (iv) 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 (b) "Certificated teacher" means an individual who holds a
24 valid teaching certificate issued by the superintendent of public
25 instruction under section 1531.

26 (c) "Community college" means a community college organized
27 under the community college act of 1966, 1966 PA 331, MCL 389.1 to

1 389.195, or a federal tribally controlled community college that is
2 recognized under the tribally controlled colleges and universities
3 assistance act of 1978, 25 USC 1801 to ~~1852~~, **1864**, and is
4 determined by the department to meet the requirements for
5 accreditation by a recognized regional accrediting body.

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

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

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

20 Sec. 502. (1) A public school academy shall be organized and
21 administered under the direction of a board of directors in
22 accordance with this part and with bylaws adopted by the board of
23 directors. A public school academy corporation shall be organized
24 under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to
25 450.3192, except that a public school academy corporation is not
26 required to comply with sections 170 to 177 of 1931 PA 327, MCL
27 450.170 to 450.177. To the extent disqualified under the state or

1 federal constitution, a public school academy shall not be
2 organized by a church or other religious organization and shall not
3 have any organizational or contractual affiliation with or
4 constitute a church or other religious organization.

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

8 (a) The board of a school district. ~~that operates grades K to~~
9 ~~12.~~ However, the board of a school district shall not issue a
10 contract for a public school academy to operate outside the school
11 district's boundaries, and a public school academy authorized by
12 the board of a school district shall not operate outside that
13 school district's boundaries.

14 (b) An intermediate school board. However, the board of an
15 intermediate school district shall not issue a contract for a
16 public school academy to operate outside the intermediate school
17 district's boundaries, and a public school academy authorized by
18 the board of an intermediate school district shall not operate
19 outside that intermediate school district's boundaries.

20 (c) The board of a community college. However, except as
21 otherwise provided in this subdivision, the board of a community
22 college shall not issue a contract for a public school academy to
23 operate in a school district organized as a school district of the
24 first class, a public school academy authorized by the board of a
25 community college shall not operate in a school district organized
26 as a school district of the first class, the board of a community
27 college shall not issue a contract for a public school academy to

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

14 (d) The governing board of a state public university. However,
15 the combined total number of contracts for public school academies
16 issued by all state public universities shall not exceed 300
17 through December 31, 2012 and shall not exceed 500 through December
18 31, 2014. After December 31, 2014, there is no limit on the
19 combined total number of contracts for public school academies that
20 may be issued by all state public universities.

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

26 (3) To obtain a contract to organize and operate 1 or more
27 public school academies, 1 or more persons or an entity may apply

1 to an authorizing body described in subsection (2). The application
2 shall include at least all of the following:

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

4 (b) Subject to the resolution adopted by the authorizing body
5 under section 503(5), a list of the proposed members of the board
6 of directors of the public school academy and a description of the
7 qualifications and method for appointment or election of members of
8 the board of directors.

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

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

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

13 This language shall provide that the public school academy is
14 incorporated pursuant to this part and that the public school
15 academy corporation is a governmental entity.

16 (iii) The name of the authorizing body.

17 (iv) The proposed time when the articles of incorporation will
18 be effective.

19 (v) Other matters considered expedient to be in the articles
20 of incorporation.

21 (d) A copy of the proposed bylaws of the public school
22 academy.

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

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

26 (ii) A copy of the educational goals of the public school
27 academy and the curricula to be offered and methods of pupil

1 assessment to be used by the public school academy. The educational
2 goals shall include demonstrated improved pupil academic
3 achievement for all groups of pupils. To the extent applicable, the
4 progress of the pupils in the public school academy shall be
5 assessed using ~~at least a Michigan education assessment program~~
6 ~~(MEAP) test~~ **BOTH THE MATHEMATICS AND READING PORTIONS OF THE**
7 **MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-STEP)** or the
8 Michigan merit examination under section 1279g, as applicable.

9 (iii) The admission policy and criteria to be maintained by
10 the public school academy. The admission policy and criteria shall
11 comply with section 504. This part of the application also shall
12 include a description of how the applicant will provide to the
13 general public adequate notice that a public school academy is
14 being created and adequate information on the admission policy,
15 criteria, and process.

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

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

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

20 (g) For an application to the board of a school district, an
21 intermediate school board, or board of a community college,
22 identification of the local and intermediate school districts in
23 which the public school academy will be located.

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

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

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

14 (5) If the superintendent of public instruction finds that an
15 authorizing body is not engaging in appropriate continuing
16 oversight of 1 or more public school academies operating under a
17 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 public 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 (6) 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 a public school academy in an amount that exceeds a
27 combined total of 3% of the total state school aid received by the

1 public school academy in the school year in which the fees or
2 expenses are charged. An authorizing body may provide other
3 services for a public school academy and charge a fee for those
4 services, but shall not require such an arrangement as a condition
5 to issuing the contract authorizing the public school academy.

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

9 (8) An authorizing body may enter into an intergovernmental
10 agreement with another authorizing body to issue public school
11 academy contracts. At a minimum, the agreement shall further the
12 purposes set forth in section 501, describe which authorizing body
13 shall issue the contract, and set forth which authorizing body will
14 be responsible for monitoring compliance by the board of directors
15 of the public school academy with the contract and all applicable
16 law.

17 (9) ALL OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
18 FOR A NEW PUBLIC SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY
19 DISTRICT:

20 (A) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN THE
21 COMMUNITY DISTRICT, BOTH OF THE FOLLOWING:

22 (i) THE DECISION WHETHER TO ISSUE THE CONTRACT FOR THE NEW
23 PUBLIC SCHOOL ACADEMY IS SUBJECT TO EDUCATION COMMISSION SITING
24 APPROVAL UNDER SECTION 392(2) UNLESS THE PROPOSED NEW PUBLIC SCHOOL
25 ACADEMY IS EXEMPT UNDER SECTION 392(1) FROM THE REQUIREMENT FOR
26 EDUCATION COMMISSION SITING APPROVAL.

27 (ii) BEFORE AN AUTHORIZING BODY ISSUES A CONTRACT FOR A NEW

1 PUBLIC SCHOOL ACADEMY THAT IS EXEMPT UNDER SECTION 392(1) FROM THE
2 REQUIREMENT FOR EDUCATION COMMISSION SITING APPROVAL, THE
3 AUTHORIZING BODY SHALL PROVIDE THE EDUCATION COMMISSION OF THE
4 COMMUNITY DISTRICT A PERIOD OF AT LEAST 90 DAYS TO SUBMIT WRITTEN
5 COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW PUBLIC SCHOOL
6 ACADEMY, UNLESS THE EDUCATION COMMISSION AGREES IN WRITING TO WAIVE
7 THE COMMENT PERIOD. IF THE EDUCATION COMMISSION SUBMITS WRITTEN
8 COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW PUBLIC SCHOOL
9 ACADEMY, THE AUTHORIZING BODY SHALL CONSIDER THE EDUCATION
10 COMMISSION'S COMMENTS AS PART OF ITS DECISION WHETHER OR NOT TO
11 TAKE FINAL ACTION TO ISSUE A CONTRACT FOR THE NEW PUBLIC SCHOOL
12 ACADEMY.

13 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
14 ORGANIZE AND OPERATE A PUBLIC SCHOOL ACADEMY UNDER THIS PART TO AN
15 EXISTING PUBLIC SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT WITH ITS
16 PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT RENEWED OR
17 THAT IS CURRENTLY ASSIGNED A LETTER GRADE OF "F" UNDER THE
18 COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER SECTION 393. THE
19 BOARD OF DIRECTORS OF A PUBLIC SCHOOL ACADEMY DESCRIBED IN THIS
20 SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS
21 SUBSECTION. THIS SUBDIVISION DOES NOT APPLY TO THE NONRENEWAL OF A
22 CONTRACT BY AN AUTHORIZING BODY IF THE AUTHORIZING BODY'S GOVERNING
23 BOARD HAS MADE AN OFFICIAL DETERMINATION THAT IT WILL NOT ISSUE OR
24 RENEW ANY CONTRACTS UNDER THIS ACT AUTHORIZING THE OPERATION OF A
25 PUBLIC SCHOOL ACADEMY REGARDLESS OF THE MERITS OF RENEWING THE
26 CONTRACT.

27 Sec. 507. (1) An authorizing body that issues a contract for a

1 public school academy under this part shall do all of the
2 following:

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

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

7 (c) Establish the method of selection, length of term, and
8 number of members of the board of directors of each public school
9 academy that it authorizes. The authorizing body shall ensure that
10 the board of directors includes representation from the local
11 community.

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

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

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

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

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

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

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

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

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

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

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

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

(5) Except for a public school academy that is an alternative school serving a special student population, if the ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** determines that a public school academy site that has been operating for at least 4 years is among the lowest achieving 5% of all public schools in this state **FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5 SCHOOL YEARS**, as ~~defined for the purposes of the federal incentive grant program created under sections 14005 and 14006 of title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5, is in year 2 of restructuring sanctions under the no child left behind act of 2001, Public Law 107-110, DETERMINED UNDER SECTION 1280C~~, not to include the ~~ANY~~ individualized education plan subgroup, and is not currently undergoing reconstitution under this section, the ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER** shall notify the public school academy's authorizing body. **ALSO, EXCEPT FOR A PUBLIC SCHOOL ACADEMY THAT IS AN ALTERNATIVE SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE STATE SCHOOL REFORM/REDESIGN OFFICER DETERMINES THAT A PUBLIC SCHOOL ACADEMY SITE LOCATED IN A COMMUNITY DISTRICT HAS BEEN ASSIGNED A GRADE OF "F" UNDER SECTION 393 FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE**

1 PRECEDING 5 SCHOOL YEARS, AND IS NOT CURRENTLY UNDERGOING
2 RECONSTITUTION UNDER THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN
3 OFFICER SHALL NOTIFY THE PUBLIC SCHOOL ACADEMY'S AUTHORIZING BODY.

4 If an authorizing body receives notice from the ~~superintendent of~~
5 ~~public instruction~~ STATE SCHOOL REFORM/REDESIGN OFFICER under this
6 subsection, the authorizing body shall amend the public school
7 academy's contract to eliminate the public school academy's
8 authority to operate the existing age and grade levels at the site
9 and the public school academy shall cease operating the existing
10 age and grade levels at the site, effective at the end of the
11 current school year. If the public school academy operates at only
12 1 site, and the authorizing body receives notice from the
13 ~~superintendent of public instruction~~ STATE SCHOOL REFORM/REDESIGN
14 OFFICER under this subsection, the authorizing body shall revoke
15 the public school academy's contract, effective at the end of the
16 current school year.

17 (6) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 502 OR 503,
18 THE decision of an authorizing body to issue, not issue, or
19 reconstitute a contract under this part, or to terminate or revoke
20 a contract under this section, is solely within the discretion of
21 the authorizing body, is final, and is not subject to review by a
22 court or any state agency. An authorizing body that issues, does
23 not issue, or reconstitutes a contract under this part, or that
24 terminates or revokes a contract under this section, is not liable
25 for that action to the public school academy, the public school
26 academy corporation, a pupil of the public school academy, the
27 parent or guardian of a pupil of the public school academy, or any

1 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 public school
6 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, canceling a contract with an educational management
11 organization, if any, withdrawing approval of a contract under
12 section 506, or appointing a new board of directors or a trustee to
13 take over operation of the public 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 public
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) Not more than 10 days after a public school academy's
27 contract terminates or is revoked, the authorizing body shall

1 notify the superintendent of public instruction in writing of the
2 name of the public school academy whose contract has terminated or
3 been revoked and the date of contract termination or revocation.

4 Sec. 522. (1) An urban high school academy shall be organized
5 and administered under the direction of a board of directors in
6 accordance with this part and with bylaws adopted by the board of
7 directors. An urban high school academy corporation shall be
8 organized under the nonprofit corporation act, 1982 PA 162, MCL
9 450.2101 to 450.3192, except that an urban high school academy
10 corporation is not required to comply with sections 170 to 177 of
11 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
12 under the state or federal constitution, an urban high school
13 academy shall not be organized by a church or other religious
14 organization and shall not have any organizational or contractual
15 affiliation with or constitute a church or other religious
16 organization.

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

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

26 (4) To obtain a contract to organize and operate 1 or more
27 urban high school academies, an entity may apply to an authorizing

1 body described in subsection (2). The contract shall be issued to
2 an urban high school academy corporation designated by the entity
3 applying for the contract. The application shall include at least
4 all of the following:

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

6 (b) Subject to the resolution adopted by the authorizing body
7 under section 528, a list of the proposed members of the board of
8 directors of the urban high school academy and a description of the
9 qualifications and method for appointment or election of members of
10 the board of directors.

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

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

15 (ii) The purposes for the urban high school academy
16 corporation. This language shall provide that the urban high school
17 academy is incorporated pursuant to this part and that the urban
18 high school academy corporation is a governmental entity and
19 political subdivision of this state.

20 (iii) The name of the authorizing body.

21 (iv) The proposed time when the articles of incorporation will
22 be effective.

23 (v) Other matters considered expedient to be in the articles
24 of incorporation.

25 (d) A copy of the proposed bylaws of the urban high school
26 academy.

27 (e) Documentation meeting the application requirements of the

1 authorizing body, including at least all of the following:

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

3 (ii) A copy of the educational goals of the urban high school
4 academy and the curricula to be offered and methods of pupil
5 assessment to be used by the urban high school academy. The
6 educational goals shall include demonstrated improved pupil
7 academic achievement for all groups of pupils. To the extent
8 applicable, the progress of the pupils in the urban high school
9 academy shall be assessed using ~~at least a Michigan education~~
10 ~~assessment program (MEAP) test~~ **BOTH THE MATHEMATICS AND READING**
11 **PORTIONS OF THE MICHIGAN STUDENT TEST OF EDUCATIONAL PROGRESS (M-**
12 **STEP)** or the Michigan merit examination under section 1279g, as
13 applicable.

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

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

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

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

25 (g) A description of and address for the proposed building or
26 buildings in which the urban high school academy will be located,
27 and a financial commitment by the entity applying for the contract

1 to construct or renovate the building or buildings that will be
2 occupied by the urban high school academy that is issued the
3 contract.

4 (5) If a particular state public university issues a contract
5 that allows an urban high school academy to operate the same
6 configuration of grades at more than 1 site, as provided in section
7 524(1), each of those sites shall be under the direction of the
8 board of directors that is a party to the contract.

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

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

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

27 (i) Considering applications and issuing or administering

1 contracts.

2 (ii) Compliance monitoring and oversight of urban high school
3 academies.

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

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

7 (v) Academic support to urban high school academies or to
8 pupils or graduates of urban high school academies.

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

10 (vii) Training of teachers, including supervision of teacher
11 interns.

12 (viii) Other purposes that assist the urban high school
13 academies or traditional public schools in achieving improved
14 academic performance.

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

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

22 (9) ALL OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
23 FOR A NEW URBAN HIGH SCHOOL ACADEMY TO BE LOCATED IN A COMMUNITY
24 DISTRICT:

25 (A) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN THE
26 COMMUNITY DISTRICT, BOTH OF THE FOLLOWING:

27 (i) THE DECISION WHETHER TO ISSUE THE CONTRACT FOR THE NEW

1 URBAN HIGH SCHOOL ACADEMY IS SUBJECT TO EDUCATION COMMISSION SITING
2 APPROVAL UNDER SECTION 392(2) UNLESS THE PROPOSED NEW URBAN HIGH
3 SCHOOL ACADEMY IS EXEMPT UNDER SECTION 392(1) FROM THE REQUIREMENT
4 FOR EDUCATION COMMISSION SITING APPROVAL.

5 (ii) BEFORE AN AUTHORIZING BODY ISSUES A CONTRACT FOR A NEW
6 URBAN HIGH SCHOOL ACADEMY THAT IS EXEMPT UNDER SECTION 392(1) FROM
7 THE REQUIREMENT FOR EDUCATION COMMISSION SITING APPROVAL, THE
8 AUTHORIZING BODY SHALL PROVIDE THE EDUCATION COMMISSION OF THE
9 COMMUNITY DISTRICT A PERIOD OF AT LEAST 90 DAYS TO SUBMIT WRITTEN
10 COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW URBAN HIGH
11 SCHOOL ACADEMY, UNLESS THE EDUCATION COMMISSION AGREES IN WRITING
12 TO WAIVE THE COMMENT PERIOD. IF THE EDUCATION COMMISSION SUBMITS
13 WRITTEN COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW URBAN
14 HIGH SCHOOL ACADEMY, THE AUTHORIZING BODY SHALL CONSIDER THE
15 EDUCATION COMMISSION'S COMMENTS AS PART OF ITS DECISION WHETHER OR
16 NOT TO TAKE FINAL ACTION TO ISSUE A CONTRACT FOR THE NEW URBAN HIGH
17 SCHOOL ACADEMY.

18 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
19 ORGANIZE AND OPERATE AN URBAN HIGH SCHOOL ACADEMY UNDER THIS PART
20 TO AN EXISTING URBAN HIGH SCHOOL ACADEMY THAT HAS HAD ITS CONTRACT
21 WITH ITS PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT
22 RENEWED OR THAT IS CURRENTLY ASSIGNED A LETTER GRADE OF "F" UNDER
23 THE COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER SECTION 393. THE
24 BOARD OF DIRECTORS OF AN URBAN HIGH SCHOOL ACADEMY DESCRIBED IN
25 THIS SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE
26 THIS SUBSECTION. THIS SUBDIVISION DOES NOT APPLY TO THE NONRENEWAL
27 OF A CONTRACT BY AN AUTHORIZING BODY IF THE AUTHORIZING BODY'S

1 GOVERNING BOARD HAS MADE AN OFFICIAL DETERMINATION THAT IT WILL NOT
2 ISSUE OR RENEW ANY CONTRACTS UNDER THIS ACT AUTHORIZING THE
3 OPERATION OF AN URBAN HIGH SCHOOL ACADEMY REGARDLESS OF THE MERITS
4 OF RENEWING THE CONTRACT.

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

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

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

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

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

26 (e) Develop and implement a process for holding an urban high
27 school academy board of directors accountable for meeting

1 applicable academic performance standards set forth in the contract
2 and for implementing corrective action for an urban high school
3 academy that does not meet those standards.

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

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

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

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

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

1 for the urban high school academy to receive funding under the
2 state school aid act of 1979.

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

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

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

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

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

16 (5) Except for an urban high school academy that is an
17 alternative school serving a special student population, if the
18 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
19 **OFFICER** determines that an urban high school academy site that has
20 been operating for at least 4 years is among the lowest achieving
21 5% of all public schools in this state **FOR 3 CONSECUTIVE SCHOOL**
22 **YEARS, FOR 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE**
23 **PRECEDING 5 SCHOOL YEARS,** as ~~defined for the purposes of the~~
24 ~~federal incentive grant program created under sections 14005 and~~
25 ~~14006 of title XIV of the American recovery and reinvestment act of~~
26 ~~2009, Public Law 111-5, is in year 2 of restructuring sanctions~~
27 ~~under the no child left behind act of 2001, Public Law 107-110,~~

1 DETERMINED UNDER SECTION 1280C, not to include ~~the~~ ANY
2 individualized education plan subgroup, and is not currently
3 undergoing reconstitution under this section, the ~~superintendent of~~
4 ~~public instruction~~ STATE SCHOOL REFORM/REDESIGN OFFICER shall
5 notify the urban high school academy's authorizing body. ALSO,
6 EXCEPT FOR AN URBAN HIGH SCHOOL ACADEMY THAT IS AN ALTERNATIVE
7 SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE STATE SCHOOL
8 REFORM/REDESIGN OFFICER DETERMINES THAT AN URBAN HIGH SCHOOL
9 ACADEMY SITE LOCATED IN A COMMUNITY DISTRICT HAS BEEN ASSIGNED A
10 GRADE OF "F" UNDER SECTION 393 FOR 3 CONSECUTIVE SCHOOL YEARS, FOR
11 3 OF THE PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5
12 SCHOOL YEARS, AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER
13 THIS SECTION, THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL NOTIFY
14 THE URBAN HIGH SCHOOL ACADEMY'S AUTHORIZING BODY. If an authorizing
15 body receives notice from the ~~superintendent of public instruction~~
16 STATE SCHOOL REFORM/REDESIGN OFFICER under this subsection, the
17 authorizing body shall amend the urban high school academy's
18 contract to eliminate the urban high school academy's authority to
19 operate the existing age and grade levels at the site and the urban
20 high school academy shall cease operating the existing age and
21 grade levels at the site, effective at the end of the current
22 school year. If the urban high school academy operates at only 1
23 site, and the authorizing body receives notice from the
24 ~~superintendent of public instruction~~ STATE SCHOOL REFORM/REDESIGN
25 OFFICER under this subsection, the authorizing body shall revoke
26 the urban high school academy's contract, effective at the end of
27 the current school year.

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

13 (7) Except as otherwise provided in ~~subsection (5)~~, **THIS**
14 **SECTION**, before an authorizing body revokes a contract, the
15 authorizing body may consider and take corrective measures to avoid
16 revocation. An authorizing body may reconstitute the urban high
17 school academy in a final attempt to improve student educational
18 performance or to avoid interruption of the educational process. An
19 authorizing body shall include a reconstituting provision in the
20 contract that identifies these corrective measures, including, but
21 not limited to, removing 1 or more members of the board of
22 directors, withdrawing approval to contract under section 527, or
23 appointing a new board of directors or a trustee to take over
24 operation of the urban high school academy.

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

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

10 ~~—— (9) If an authorizing body revokes a contract issued under~~
11 ~~this part, the authorizing body may issue a new contract within the~~
12 ~~1-year period following the revocation without the new contract~~
13 ~~counting toward the maximum number of contracts that may be issued~~
14 ~~under this part.~~

15 (9) ~~(10)~~ Not more than 10 days after an urban high school
16 academy's contract terminates or is revoked, the authorizing body
17 shall notify the superintendent of public instruction in writing of
18 the name of the urban high school academy whose contract has
19 terminated or been revoked and the date of contract termination or
20 revocation.

21 (10) ~~(11)~~ If an urban high school academy's contract
22 terminates or is revoked, title to all real and personal property,
23 interest in real or personal property, and other assets owned by
24 the urban high school academy shall revert to the state. This
25 property shall be distributed in accordance with the following:

26 (a) Within 30 days following the termination or revocation,
27 the board of directors of an urban high school academy shall hold a

1 public meeting to adopt a plan of distribution of assets and to
2 approve the dissolution of the urban high school academy
3 corporation, all in accordance with chapter 8 of the nonprofit
4 corporation act, 1982 PA 162, MCL 450.2801 to 450.2864.

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

9 (c) Simultaneously with the filing of the certificate of
10 dissolution under subdivision (b), the urban high school academy
11 board of directors shall provide a copy of the board of directors'
12 plan of distribution of assets to the state treasurer for approval.
13 Within 30 days, the state treasurer, or his or her designee, shall
14 review and approve the board of directors' plan of distribution of
15 assets. If the proposed plan of distribution of assets is not
16 approved within 30 days, the state treasurer, or his or her
17 designee, shall provide the board of directors with an acceptable
18 plan of distribution of assets.

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

23 (e) As part of the plan of distribution of assets, the urban
24 high school academy board of directors shall designate the director
25 of the department of technology, management, and budget, or his or
26 her designee, to dispose of all real property of the urban high
27 school academy corporation in accordance with the directives

1 developed for disposition of surplus land and facilities under
2 section 251 of the management and budget act, 1984 PA 431, MCL
3 18.1251.

4 (f) If the board of directors of an urban high school academy
5 fails to take any necessary action under this section, the state
6 treasurer, or his or her designee, may suspend the urban high
7 school academy board of directors and appoint a trustee to carry
8 out the board's plan of distribution of assets. Upon appointment,
9 the trustee shall have all the rights, powers, and privileges under
10 law that the urban high school academy board of directors had
11 before being suspended.

12 (g) Following the sale of the real or personal property or
13 interests in the real or personal property, and after payment of
14 any urban high school academy debt secured by the property or
15 interest in property, whether real or personal, the urban high
16 school academy board of directors, or a trustee appointed under
17 this section, shall forward any remaining money to the state
18 treasurer. Following receipt, the state treasurer, or his or her
19 designee, shall deposit this remaining money in the state school
20 aid fund.

21 Sec. 551. (1) A school of excellence is a public school under
22 section 2 of article VIII of the state constitution of 1963, is a
23 school district for the purposes of section 11 of article IX of the
24 state constitution of 1963 and for the purposes of section 1225 and
25 section 1351a, and is subject to the leadership and general
26 supervision of the state board over all public education under
27 section 3 of article VIII of the state constitution of 1963. A

1 school of excellence is a body corporate and is a governmental
2 agency. The powers granted to a school of excellence under this
3 part constitute the performance of essential public purposes and
4 governmental functions of this state.

5 (2) As used in this part:

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

8 (i) The board of a school district. ~~that operates grades K to~~
9 ~~12.~~

10 (ii) An intermediate school board.

11 (iii) The board of a community college.

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

13 (v) Two or more of the public agencies described in
14 subparagraphs (i) to (iv) exercising power, privilege, or authority
15 jointly pursuant to an interlocal agreement under the urban
16 cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
17 124.512.

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

21 (c) "Community college" means a community college organized
22 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
23 389.195, or a federal tribally controlled community college that is
24 recognized under the tribally controlled colleges and universities
25 assistance act of 1978, 25 USC 1801 to ~~1852,~~ **1864**, and is
26 determined by the department to meet the requirements for
27 accreditation by a recognized regional accrediting body.

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

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

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

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

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

26 Sec. 552. (1) An authorizing body may issue contracts under
27 this subsection to organize and operate a school of excellence. All

1 of the following apply to the issuance of a contract by an
2 authorizing body under this subsection:

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

8 (b) The first 5 contracts issued by all authorizing bodies
9 under this subsection shall be for schools of excellence that offer
10 1 or more of high school grades 9 to 12, or any combination of
11 those grades, as specified in the contract.

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

16 (2) Subject to the limitations in this subsection and
17 ~~subsection (14),~~ **SUBSECTIONS (14) AND (15)**, an authorizing body may
18 issue contracts under this subsection for 1 or more schools of
19 excellence that are cyber schools. ~~Until December 31, 2013, the~~
20 ~~combined total number of contracts that may be issued by all~~
21 ~~statewide authorizing bodies under this subsection for schools of~~
22 ~~excellence that are cyber schools shall not exceed 5. Until~~
23 ~~December 31, 2014, the combined total number of contracts that may~~
24 ~~be issued by all statewide authorizing bodies under this subsection~~
25 ~~for schools of excellence that are cyber schools shall not exceed~~
26 ~~10. After December 31, 2014, the~~ **THE** combined total number of
27 contracts issued by all statewide authorizing bodies under this

1 subsection for schools of excellence that are cyber schools shall
2 not exceed 15. The board of a school district, an intermediate
3 school board, the board of a community college that is not a
4 statewide authorizing body, or 2 or more public agencies acting
5 jointly as described in subsection (6)(e) may not act as the
6 authorizing body for more than 1 school of excellence that is a
7 cyber school. An authorizing body shall not issue a contract for a
8 school of excellence that is a cyber school unless the school of
9 excellence that is a cyber school meets all of the following
10 requirements:

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

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

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

21 (d) The enrollment in the school of excellence that is a cyber
22 school is limited to not more than 2,500 pupils in membership for
23 the first school year of operation of the school of excellence that
24 is a cyber school, not more than 5,000 pupils in membership for the
25 second school year of operation of the school of excellence that is
26 a cyber school, and not more than 10,000 pupils in membership for
27 the third and subsequent school years of operation of the school of

1 excellence that is a cyber school. As used in this subdivision,
2 "membership" means that term as defined in section 6 of the state
3 school aid act of 1979, MCL 388.1606.

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

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

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

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

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

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

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

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

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

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

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

1 (5) A school of excellence shall be organized and administered
2 under the direction of a board of directors in accordance with this
3 part and with bylaws adopted by the board of directors. A school of
4 excellence shall be organized under the nonprofit corporation act,
5 1982 PA 162, MCL 450.2101 to 450.3192, except that a school of
6 excellence is not required to comply with sections 170 to 177 of
7 1931 PA 327, MCL 450.170 to 450.177. To the extent disqualified
8 under the state or federal constitution, a school of excellence
9 shall not be organized by a church or other religious organization
10 and shall not have any organizational or contractual affiliation
11 with or constitute a church or other religious organization.

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

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

25 (b) An intermediate school board. However, except as otherwise
26 provided in this subdivision, the board of an intermediate school
27 district shall not issue a contract for a school of excellence to

1 operate outside the intermediate school district's boundaries, and
2 a school of excellence authorized by the board of an intermediate
3 school district shall not operate outside that intermediate school
4 district's boundaries. If the board of an intermediate school
5 district issues a contract for a school of excellence that is a
6 cyber school, the contract may authorize the school of excellence
7 that is a cyber school to operate outside that intermediate school
8 district's boundaries.

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

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

2 (e) Two or more of the public agencies described in
3 subdivisions (a) to (d) 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 (7) To obtain a contract to organize and operate 1 or more
8 schools of excellence, 1 or more persons or an entity may apply to
9 an authorizing body described in this section. The application
10 shall include at least all of the following:

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

12 (b) Subject to the resolution adopted by the authorizing body
13 under section 553(4), a list of the proposed members of the board
14 of directors of the school of excellence 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 school of excellence.

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

21 This language shall provide that the school of excellence is
22 incorporated pursuant to this part and that the school of
23 excellence is a governmental entity.

24 (iii) The name of the authorizing body.

25 (iv) The proposed time when the articles of incorporation will
26 be effective.

27 (v) Other matters considered expedient to be in the articles

1 of incorporation.

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

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

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

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

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

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

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

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

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

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

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

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

23 (9) If the superintendent of public instruction finds that an
24 authorizing body is not engaging in appropriate continuing
25 oversight of 1 or more schools of excellence operating under a
26 contract issued by the authorizing body, the superintendent of
27 public instruction may suspend the power of the authorizing body to

1 issue new contracts to organize and operate schools of excellence.
2 A contract issued by the authorizing body during the suspension is
3 void. A contract issued by the authorizing body before the
4 suspension is not affected by the suspension.

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

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

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

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

26 (14) If the department determines that the combined total
27 statewide final audited membership for all pupils in membership in

1 schools of excellence that are cyber schools for the 2012-2013
2 state fiscal year exceeds a number equal to 1% of the combined
3 total statewide final audited membership for all pupils in
4 membership in public schools for the 2011-2012 state fiscal year,
5 then all of the following apply:

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

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

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

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

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

27 (c) If the department determines that the combined total

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

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

17 (17) As used in this section:

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

20 (b) "Statewide authorizing body" means the governing board of
21 a state public university or the board of a federal tribally
22 controlled community college that is recognized under the tribally
23 controlled colleges and universities assistance act of 1978, 25 USC
24 1801 to ~~1852,~~ **1864**, and is determined by the department to meet the
25 requirements for accreditation by a recognized regional accrediting
26 body.

27 (18) Not later than October 1, 2012, If a district, an

1 intermediate school district, a public school academy, or the
2 education achievement system offers online learning, the board or
3 board of directors of the district, intermediate school district,
4 or public school academy, or the education achievement system,
5 shall submit to the department a report that details the per-pupil
6 costs of operating the online learning. The report shall include,
7 on a per-pupil basis, at least all of the following costs:

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

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

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

13 (d) Purchased courses and curricula.

14 (e) Fees associated with oversight and regulation.

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

17 (g) Facilities costs.

18 (h) Costs associated with special education.

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

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

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

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

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

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

16 (22) ALL OF THE FOLLOWING APPLY TO THE ISSUANCE OF A CONTRACT
17 FOR A NEW SCHOOL OF EXCELLENCE TO BE LOCATED IN A COMMUNITY
18 DISTRICT:

19 (A) IF THERE IS AN EDUCATION COMMISSION IN PLACE IN THE
20 COMMUNITY DISTRICT, BOTH OF THE FOLLOWING:

21 (i) THE DECISION WHETHER TO ISSUE THE CONTRACT FOR THE NEW
22 SCHOOL OF EXCELLENCE IS SUBJECT TO EDUCATION COMMISSION SITING
23 APPROVAL UNDER SECTION 392(2) UNLESS THE PROPOSED NEW SCHOOL OF
24 EXCELLENCE IS EXEMPT UNDER SECTION 392(1) FROM THE REQUIREMENT FOR
25 EDUCATION COMMISSION SITING APPROVAL.

26 (ii) BEFORE AN AUTHORIZING BODY ISSUES A CONTRACT FOR A NEW
27 SCHOOL OF EXCELLENCE THAT IS EXEMPT UNDER SECTION 392(1) FROM THE

1 REQUIREMENT FOR EDUCATION COMMISSION SITING APPROVAL, THE
2 AUTHORIZING BODY SHALL PROVIDE THE EDUCATION COMMISSION OF THE
3 COMMUNITY DISTRICT A PERIOD OF AT LEAST 90 DAYS TO SUBMIT WRITTEN
4 COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW SCHOOL OF
5 EXCELLENCE, UNLESS THE EDUCATION COMMISSION AGREES IN WRITING TO
6 WAIVE THE COMMENT PERIOD. IF THE EDUCATION COMMISSION SUBMITS
7 WRITTEN COMMENTS CONCERNING THE LOCATION OF THE PROPOSED NEW SCHOOL
8 OF EXCELLENCE, THE AUTHORIZING BODY SHALL CONSIDER THE EDUCATION
9 COMMISSION'S COMMENTS AS PART OF ITS DECISION WHETHER OR NOT TO
10 TAKE FINAL ACTION TO ISSUE A CONTRACT FOR THE NEW SCHOOL OF
11 EXCELLENCE.

12 (B) AN AUTHORIZING BODY SHALL NOT ISSUE A NEW CONTRACT TO
13 ORGANIZE AND OPERATE A SCHOOL OF EXCELLENCE UNDER THIS PART TO AN
14 EXISTING SCHOOL OF EXCELLENCE THAT HAS HAD ITS CONTRACT WITH ITS
15 PREVIOUS AUTHORIZING BODY REVOKED, TERMINATED, OR NOT RENEWED OR
16 THAT IS CURRENTLY ASSIGNED A LETTER GRADE OF "F" UNDER THE
17 COMMUNITY DISTRICT ACCOUNTABILITY SYSTEM UNDER SECTION 393. THE
18 BOARD OF DIRECTORS OF A SCHOOL OF EXCELLENCE DESCRIBED IN THIS
19 SUBSECTION SHALL NOT APPLY FOR A CONTRACT THAT WOULD VIOLATE THIS
20 SUBSECTION. THIS SUBDIVISION DOES NOT APPLY TO THE NONRENEWAL OF A
21 CONTRACT BY AN AUTHORIZING BODY IF THE AUTHORIZING BODY'S GOVERNING
22 BOARD HAS MADE AN OFFICIAL DETERMINATION THAT IT WILL NOT ISSUE OR
23 RENEW ANY CONTRACTS UNDER THIS ACT AUTHORIZING THE OPERATION OF A
24 SCHOOL OF EXCELLENCE REGARDLESS OF THE MERITS OF RENEWING THE
25 CONTRACT.

26 Sec. 561. (1) If an authorizing body issues a contract for a
27 school of excellence under this part, the authorizing body shall do

1 all of the following:

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

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

6 (c) Establish the method of selection, length of term, and
7 number of members of the board of directors of each school of
8 excellence that it authorizes. The authorizing body shall ensure
9 that the board of directors includes representation from the local
10 community.

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

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

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

27 (g) Oversee and ensure that the pupil admission process used

1 by the school of excellence is operated in a fair and open manner
2 and is in compliance with the contract and this part.

3 (h) Ensure that the board of directors of the school of
4 excellence maintains and releases information as necessary to
5 comply with applicable law.

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

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

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

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

1 (b) Failure of the school of excellence to comply with all
2 applicable law.

3 (c) Failure of the school of excellence to meet generally
4 accepted public sector accounting principles and demonstrate sound
5 fiscal stewardship.

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

8 (5) Except for a school of excellence that is an alternative
9 school serving a special student population, if the ~~superintendent~~
10 ~~of public instruction~~ **STATE SCHOOL REFORM/REDESIGN OFFICER**
11 determines that a school of excellence site that has been operating
12 for at least 4 years is among the lowest achieving 5% of all public
13 schools in this state **FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE**
14 **PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5 SCHOOL YEARS,**
15 ~~as defined for the purposes of the federal incentive grant program~~
16 ~~created under sections 14005 and 14006 of title XIV of the American~~
17 ~~recovery and reinvestment act of 2009, Public Law 111-5, is in year~~
18 ~~2 of restructuring sanctions under the no child left behind act of~~
19 ~~2001, Public Law 107-110, DETERMINED UNDER SECTION 1280C,~~ not to
20 include ~~the~~ **ANY** individualized education plan subgroup, and is not
21 currently undergoing reconstitution under this section, the
22 ~~superintendent of public instruction~~ **STATE SCHOOL REFORM/REDESIGN**
23 **OFFICER** shall notify the school of excellence's authorizing body.
24 **ALSO, EXCEPT FOR A SCHOOL OF EXCELLENCE THAT IS AN ALTERNATIVE**
25 **SCHOOL SERVING A SPECIAL STUDENT POPULATION, IF THE STATE SCHOOL**
26 **REFORM/REDESIGN OFFICER DETERMINES THAT A SCHOOL OF EXCELLENCE SITE**
27 **LOCATED IN A COMMUNITY DISTRICT HAS BEEN ASSIGNED A GRADE OF "F"**

1 UNDER SECTION 393 FOR 3 CONSECUTIVE SCHOOL YEARS, FOR 3 OF THE
2 PRECEDING 4 SCHOOL YEARS, OR FOR 3 OF THE PRECEDING 5 SCHOOL YEARS,
3 AND IS NOT CURRENTLY UNDERGOING RECONSTITUTION UNDER THIS SECTION,
4 THE STATE SCHOOL REFORM/REDESIGN OFFICER SHALL NOTIFY THE SCHOOL OF
5 EXCELLENCE'S AUTHORIZING BODY. 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 school of excellence's contract to eliminate the
9 school of excellence's authority to operate the existing age and
10 grade levels at the site and the school of excellence shall cease
11 operating the existing age and grade levels at the site, effective
12 at the end of the current school year. If the school of excellence
13 operates at only 1 site or is a cyber school, 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 school of excellence's contract,
17 effective at the end of the current school year.

18 (6) Except for a contract issued by a school district pursuant
19 to a vote by the school electors on a ballot question under section
20 553(2), **AND EXCEPT AS OTHERWISE PROVIDED IN SECTION 552**, the
21 decision of the authorizing body to issue, not issue, or
22 reconstitute a contract under this part, or to terminate or revoke
23 a contract under this section, is solely within the discretion of
24 the authorizing body, is final, and is not subject to review by a
25 court or any other state agency. If the authorizing body issues,
26 does not issue, or reconstitutes a contract under this part, or
27 terminates or revokes a contract under this section, the

1 authorizing body is not liable for that action to the school of
2 excellence, the school of excellence corporation, a pupil of the
3 school of excellence, the parent or guardian of a pupil of the
4 school of excellence, or any other person.

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

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

1 and the center for educational performance and information.

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

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

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

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

22 (c) Simultaneously with the filing of the certificate of
23 dissolution under subdivision (b), the school of excellence board
24 of directors shall provide a copy of the board of directors' plan
25 of distribution of assets to the state treasurer for approval.
26 Within 30 days, the state treasurer, or his or her designee, shall
27 review and approve the board of directors' plan of distribution of

1 assets. If the proposed plan of distribution of assets is not
2 approved within 30 days, the state treasurer, or his or her
3 designee, shall provide the board of directors with an acceptable
4 plan of distribution of assets.

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

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

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

24 (g) Following the sale of the real or personal property or
25 interests in the real or personal property, and after payment of
26 any school of excellence debt secured by the property or interest
27 in property, whether real or personal, the school of excellence

1 board of directors, or a trustee appointed under this section,
 2 shall forward any remaining money to the state treasurer. Following
 3 receipt, the state treasurer, or his or her designee, shall deposit
 4 this remaining money in the state school aid fund.

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

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

10 (b) Suspend a teacher for cause until the **SCHOOL** board of
 11 ~~education~~ of the constituent district employing the teacher
 12 considers the suspension.

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

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

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

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

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

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

1 (2) If a resolution requesting that the question of a regional
2 enhancement property tax be submitted to the voters is adopted
3 within a 180-day period and transmitted to the intermediate school
4 board by 1 or more boards of its constituent ~~school~~-districts
5 representing a majority of the combined membership of the
6 constituent ~~school~~-districts as of the most recent pupil membership
7 count day and if those resolutions all contain an identical
8 specified number of mills to be levied under this section and an
9 identical specified number of years for which the tax shall be
10 levied, the question of levying a regional enhancement property tax
11 by the intermediate school district shall be placed on the ballot
12 by the intermediate school district at the next regular school
13 election held in each of the constituent districts. If the question
14 is to be submitted to the intermediate school electors of an
15 intermediate school district having a population of more than
16 1,400,000, the intermediate school board shall call a special
17 election to be held at the next state primary or general election.
18 If the resolution requirement is met more than 180 days before the
19 next regular school district elections, and if requested in the
20 resolutions, the intermediate school board shall submit the
21 question of levying a regional enhancement property tax within the
22 intermediate school district on the ballot at a special election
23 called by the intermediate school board for that purpose not
24 earlier than 90 days after the resolution requirements are met.

25 (3) Not later than 10 days after receipt by the intermediate
26 school district of the revenue from the regional enhancement
27 property tax, the intermediate school district shall calculate and

1 pay to each of its constituent ~~school~~-districts an amount of the
2 revenue calculated by dividing the total amount of the revenue by
3 the combined membership of the constituent ~~school~~-districts within
4 the intermediate **SCHOOL** district, as of the most recent pupil
5 membership count day, and multiplying that quotient by the
6 constituent ~~school~~-district's membership, as of the most recent
7 pupil membership count day for which a final department-audited
8 pupil count is available. **IF A CONSTITUENT DISTRICT HAS ENTERED**
9 **INTO AN AGREEMENT WITH ANOTHER SCHOOL DISTRICT OR PUBLIC ENTITY TO**
10 **PERFORM THE FUNCTIONS AND RESPONSIBILITIES OF THE CONSTITUENT**
11 **DISTRICT FOR OPERATING A PUBLIC SCHOOL OF THE CONSTITUENT DISTRICT,**
12 **THEN FOR THE PURPOSES OF THIS SUBSECTION THE PUPILS IN MEMBERSHIP**
13 **IN THAT PUBLIC SCHOOL SHALL BE CONSIDERED TO BE IN MEMBERSHIP IN**
14 **THE CONSTITUENT DISTRICT AND A PROPORTIONATE SHARE OF THE REVENUE**
15 **PAYABLE TO THE CONSTITUENT DISTRICT UNDER THIS SECTION SHALL BE**
16 **TRANSFERRED BY THE CONSTITUENT DISTRICT TO THE SCHOOL DISTRICT OR**
17 **PUBLIC ENTITY PERFORMING THE FUNCTIONS AND RESPONSIBILITIES OF THE**
18 **CONSTITUENT DISTRICT FOR OPERATING THE PUBLIC SCHOOL. THE**
19 **PROPORTIONATE SHARE OF THAT REVENUE TO BE PAID TO THAT SCHOOL**
20 **DISTRICT OR PUBLIC ENTITY SHALL BE DETERMINED ACCORDING TO THE**
21 **PERCENTAGE OF THE CONSTITUENT DISTRICT'S MEMBERSHIP THAT IS**
22 **ENROLLED IN THE PARTICULAR PUBLIC SCHOOL FOR THE STATE FISCAL YEAR**
23 **CORRESPONDING TO THE TAX YEAR. REVENUE FROM A REGIONAL ENHANCEMENT**
24 **PROPERTY TAX UNDER THIS SECTION SHALL NOT BE ALLOCATED OR PAID TO A**
25 **CONSTITUENT DISTRICT THAT DOES NOT OPERATE A PUBLIC SCHOOL DIRECTLY**
26 **BUT RETAINS A LIMITED SEPARATE IDENTITY FOR PURPOSES OF SECTION 12,**
27 **12B, 863, 903, OR 947.**

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

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

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

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

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

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

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

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

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

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

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

1 enroll in kindergarten ~~if the child is at least 5 years of age on~~
2 ~~September 1 of the school year of enrollment.~~ **IN A PUBLIC SCHOOL**
3 **OPERATED BY THE SCHOOL DISTRICT OR, FOR A COMMUNITY DISTRICT OR A**
4 **SCHOOL DISTRICT THAT DOES NOT DIRECTLY OPERATE SCHOOLS ON ITS OWN,**
5 **IN ANOTHER PUBLIC SCHOOL LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES**
6 **OF THE SCHOOL DISTRICT.**

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

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

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

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

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

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

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

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

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

27 (3) Notes issued under this section shall become due not later

1 than 372 days after the date on which they are issued, except as
2 otherwise provided in this section. Notes issued within a fiscal
3 year shall not exceed 70% of the difference between the total state
4 aid funds apportioned to the school district or intermediate school
5 district for that fiscal year and the portion already received or
6 pledged, except secondary pledges made under section 1356.

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

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

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

1 enforceability of a note issued under this section.

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

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

1 business days after receiving a proper application. If the state
2 treasurer disapproves an application, the state treasurer shall
3 include the reasons for disapproval in the notification to the
4 school board or intermediate school board.

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

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

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

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

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

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

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

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

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

23 (5) SUBJECT TO SUBSECTION (6), THE SCHOOL BOARD OF A SCHOOL
24 DISTRICT THAT IS A COMMUNITY DISTRICT MAY EMPLOY QUALIFIED TEACHERS
25 AND OTHER QUALIFIED INSTRUCTIONAL PERSONNEL AT A PUBLIC SCHOOL THAT
26 FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL AS NECESSARY TO CARRY
27 OUT THE PURPOSES OF THE COMMUNITY DISTRICT.

1 (6) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, FOR
2 A PERIOD OF 24 MONTHS AFTER TERMINATION OF AN INTERLOCAL AGREEMENT
3 DESCRIBED IN SECTION 395 OR UNTIL JUNE 30, 2018, WHICHEVER IS
4 EARLIER, THE TERMS AND CONDITIONS OF A CONTRACT FOR OR EMPLOYMENT
5 OF INDIVIDUALS PREVIOUSLY CONTRACTED FOR OR EMPLOYED AT A SCHOOL
6 THAT FORMERLY OPERATED AS AN ACHIEVEMENT SCHOOL SHALL BE THE SAME
7 AS THOSE TERMS AND CONDITIONS THAT APPLIED TO THE INDIVIDUALS
8 BEFORE TERMINATION OF THE INTERLOCAL AGREEMENT.

9 (7) ~~(5)~~—As used in this section: ~~—"teacher"~~

10 (A) "ACHIEVEMENT SCHOOL" MEANS A PUBLIC SCHOOL OPERATED OR
11 AUTHORIZED BY A PUBLIC BODY CORPORATE CREATED UNDER AN INTERLOCAL
12 AGREEMENT BETWEEN A SCHOOL DISTRICT AND STATE PUBLIC UNIVERSITY.

13 (B) "TEACHER" does not include a substitute teacher.

14 SEC. 1284C. THE GOVERNING BODY FOR A PUBLIC SCHOOL THAT
15 OPERATES A YEAR-ROUND PROGRAM OR OPERATES AS A YEAR-ROUND SCHOOL
16 MAY DESIGNATE A DATE AFTER MAY 31 AND BEFORE THE FIRST MONDAY IN
17 SEPTEMBER AS THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL. A
18 DATE ADOPTED BY THE GOVERNING BODY OF A PUBLIC SCHOOL UNDER THIS
19 SECTION SHALL BE THE END OF THE SCHOOL YEAR FOR THE PUBLIC SCHOOL
20 FOR PURPOSES OF THIS ACT AND OTHER LAWS OF THIS STATE.

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

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

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

1 and submitted with the annual report required under the revised
2 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

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

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

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

12 (c) Training, consulting, maintenance, service contracts,
13 software upgrades, troubleshooting, or software support.

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

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

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

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

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

1 Sec. 1356. (1) Notwithstanding section 1351, a school district
 2 that has an operating or projected operating deficit ~~in excess of~~
 3 ~~\$100.00 per membership pupil~~ **OR THAT HAS OUTSTANDING STATE AID**
 4 **ANTICIPATION NOTES ISSUED UNDER SECTION 1225 THROUGH THE MICHIGAN**
 5 **FINANCE AUTHORITY** may, **WITH THE APPROVAL OF THE STATE TREASURER,**
 6 borrow and issue ~~its negotiable interest bearing notes or bonds for~~
 7 the purpose of ~~funding~~ **ELIMINATING** the deficit **OR REFUNDING OR**
 8 **REFINANCING THE STATE AID ANTICIPATION NOTES** in accordance with
 9 this section. **NOTES OR BONDS ISSUED UNDER THIS SECTION SHALL BE**
 10 **KNOWN AS SCHOOL FINANCING STABILITY BONDS.** This authority is in
 11 addition to and not in derogation of any power granted to a school
 12 district by any other provision of this act. ~~However, except for~~
 13 ~~the purpose of funding an operating or projected operating deficit~~
 14 ~~resulting from a state tax tribunal order or a court order, a~~
 15 ~~school district shall not initiate the procedures to borrow money~~
 16 ~~or issue notes or bonds under this section after January 1, 1994.~~

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

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

25 (b) ~~During~~ **IF THE SCHOOL DISTRICT HAS A DEFICIT, DURING** or
 26 before the fiscal year in which the application is made, the school
 27 district has made every available effort to offset the deficit. 7

1 ~~including submission of a question to the school electors of the~~
2 ~~district to increase the rate of ad valorem property taxes levied~~
3 ~~in the school district.~~

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

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

27 (4) The notes or bonds may be issued in 1 or more series by

1 resolution adopted by the school board, which resolution in each
2 case shall make reference to the determination of the department of
3 treasury **UNDER SUBSECTION (3)**. The amount of a note or bond issued
4 shall not exceed the amount ~~of the operating deficit as shown by~~
5 ~~the determination.~~ **DETERMINED BY THE DEPARTMENT OF TREASURY UNDER**
6 **SUBSECTION (3)**.

7 (5) The school district ~~shall~~ **MAY** pledge as ~~secondary~~ security
8 for the **REPAYMENT OF PRINCIPAL AND INTEREST ON** notes or bonds
9 ~~future~~ **ISSUED UNDER THIS SECTION MONEY FROM** state school aid
10 payments ~~, if any,~~ **PAID OR PAYABLE TO THE SCHOOL DISTRICT, REVENUE**
11 **FORM TAXES LEVIED BY THE SCHOOL DISTRICT FOR SCHOOL OPERATING**
12 **PURPOSES UNDER SECTION 1211, and other funds** ~~TAX REVENUE OR MONEY~~
13 of the district legally available as security. **A PLEDGE UNDER THIS**
14 **SUBSECTION IS VALID AND BINDING FROM THE TIME THE PLEDGE IS MADE. A**
15 **PLEDGE UNDER THIS SUBSECTION FOR THE BENEFIT OF THE HOLDERS OF**
16 **NOTES OR BONDS OR FOR THE BENEFIT OF OTHERS IS PERFECTED WITHOUT**
17 **DELIVERY, RECORDING, OR NOTICE. A SCHOOL DISTRICT MAY ENTER INTO AN**
18 **AGREEMENT WITH THE DEPARTMENT OF TREASURY OR THE MICHIGAN FINANCE**
19 **AUTHORITY, OR BOTH, PROVIDING FOR THE DIRECT PAYMENT ON BEHALF OF**
20 **THE SCHOOL DISTRICT TO THE MICHIGAN FINANCE AUTHORITY OR A**
21 **DESIGNATED TRUSTEE OF STATE SCHOOL AID PLEDGED FOR THE REPAYMENT OF**
22 **PRINCIPAL AND INTEREST ON NOTES OR BONDS ISSUED UNDER THIS SECTION**
23 **IN THE SAME MANNER AS AN AGREEMENT UNDER SECTION 17A(4) OF THE**
24 **STATE SCHOOL AID ACT OF 1979, MCL 388.1617A. A SCHOOL DISTRICT ALSO**
25 **MAY PROVIDE FOR THE DEPOSIT OF REVENUES PLEDGED FOR THE PAYMENT OF**
26 **NOTES OR BONDS ISSUED UNDER THIS SECTION IN A SEPARATE ACCOUNT TO**
27 **PAY PRINCIPAL AND INTEREST ON NOTES OR BONDS, ASSOCIATED**

1 ADMINISTRATIVE COSTS, AND ANY OTHER OBLIGATIONS ISSUED BY THE
2 SCHOOL DISTRICT SECURED BY THE REVENUES. IF THE SCHOOL DISTRICT
3 ENTERS INTO AN AGREEMENT WITH A PERSON WITH A DUTY OR OBLIGATION TO
4 COLLECT FOR, PAY, REMIT, DISBURSE, OR DISTRIBUTE TO THE SCHOOL
5 DISTRICT ALL OR A PORTION OF THE REVENUES PLEDGED BY THE SCHOOL
6 DISTRICT UNDER THIS SECTION, THEN THE AGREEMENT MUST ALSO PROVIDE
7 FOR THE DIRECT PAYMENT OF THE REVENUES THAT THE PERSON HAS A DUTY
8 OR OBLIGATION TO COLLECT FOR, PAY, REMIT, DISBURSE, OR DISTRIBUTE
9 TO THE SCHOOL DISTRICT, AND THAT THE SCHOOL DISTRICT HAS PLEDGED
10 FOR PAYMENT OF THE NOTES OR BONDS ISSUED UNDER THIS SECTION, TO A
11 TRUSTEE TO BE DEPOSITED IN A TRUST ACCOUNT AND USED ONLY FOR PAYING
12 PRINCIPAL OF AND INTEREST ON THE NOTES OR BONDS AND RELATED
13 ADMINISTRATIVE COSTS AND ANY OTHER OBLIGATIONS ISSUED OR OWING BY
14 THE SCHOOL DISTRICT AND SECURED BY THE REVENUES. IF A SCHOOL
15 DISTRICT HAS ENTERED INTO AN AGREEMENT WITH A TRUSTEE FOR THE
16 DEPOSIT OF REVENUES PLEDGED BY A SCHOOL DISTRICT INTO A TRUST
17 ACCOUNT, THEN AFTER THE ISSUANCE OF THE NOTES OR BONDS AND BEFORE
18 THE DEPOSIT OF THE REVENUES OF THE SCHOOL DISTRICT INTO THAT TRUST
19 ACCOUNT, THE REVENUES OF THE SCHOOL DISTRICT TO BE DEPOSITED ARE
20 HELD IN TRUST FOR THE BENEFIT OF THE TRUSTEE AND THE NOTES OR BONDS
21 BY ANY PERSONS COMING INTO POSSESSION OF THE REVENUES. THE REVENUES
22 ARE HELD IN TRUST FOR THE BENEFIT OF THE TRUSTEE AND THE NOTES OR
23 BONDS WHETHER THE SCHOOL DISTRICT DIRECTLY COLLECTS THE REVENUES,
24 ANOTHER PERSON COLLECTS THE REVENUES, OR ANY OTHER PERSON COMES
25 INTO POSSESSION OF THE REVENUES, AND THE REVENUES REMAIN SUBJECT TO
26 THE TRUST REGARDLESS OF ANY SUBSEQUENT TRANSFER OF THE REVENUES
27 UNTIL THE REVENUES ARE DEPOSITED INTO THE TRUST ACCOUNT. IF THE

1 SCHOOL DISTRICT OR OTHER PERSON HOLDS A RESIDUAL OR OTHER INTEREST
 2 IN THE REVENUES HELD IN TRUST AND TO BE DEPOSITED WITH THE TRUSTEE
 3 IN THE TRUST ACCOUNT, THE INTEREST IS SUBORDINATE TO A LIEN ON THE
 4 REVENUES IN FAVOR OF THE TRUSTEE FOR THE PURPOSE OF ENSURING
 5 DELIVERY OF THE REVENUES TO THE TRUST ACCOUNT. THE LIEN ARISES BY
 6 OPERATION OF LAW AND WITHOUT FURTHER ACT OR NOTICE OF ANY KIND AT
 7 THE EARLIEST TIME THAT THE SCHOOL DISTRICT HAS OR ACQUIRES ANY
 8 RIGHTS IN THE REVENUES PLEDGED UNDER THE AGREEMENT, IS AND WILL
 9 REMAIN PARAMOUNT AND SUPERIOR TO ANY OTHER LIEN AND INTEREST OF ANY
 10 KIND, AND IS PERFECTED WITHOUT DELIVERY, RECORDING, OR NOTICE. THE
 11 REVENUES HELD IN TRUST AND TO BE DEPOSITED INTO THE TRUST ACCOUNT
 12 UNDER THIS SUBSECTION ARE EXEMPT FROM BEING LEVIED UPON, TAKEN,
 13 SEQUESTERED, OR APPLIED TOWARD PAYING THE DEBTS OR LIABILITIES OF
 14 THE SCHOOL DISTRICT OTHER THAN THOSE EXPRESSLY SPECIFIED IN THE
 15 AGREEMENT DESCRIBED IN THIS SUBSECTION.

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

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

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

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

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

1 annual basis and that the school district maintains a balanced
2 budget.

3 Enacting section 1. Part 5a and sections 403, 404, 412, 416a,
4 420, 421, 449, and 485 of the revised school code, 1976 PA 451, MCL
5 380.371 to 380.376, 380.403, 380.404, 380.412, 380.416a, 380.420,
6 380.421, 380.449, and 380.485, are repealed.

7 Enacting section 2. This amendatory act does not take effect
8 unless Senate Bill No. 711 of the 98th Legislature is enacted into
9 law.