

SENATE BILL NO. 945

June 26, 2024, Introduced by Senators CAVANAGH, BAYER, GEISS, MCMORROW, CHANG, IRWIN, MOSS and SHINK and referred to the Committee on Education.

A bill to amend 1976 PA 451, entitled
"The revised school code,"
(MCL 380.1 to 380.1852) by adding section 1267a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1267a. (1) Before entering into a contract for the
2 provision of services to a public school academy, including, but
3 not limited to, educational, administrative, management, or
4 instructional services, an educational management organization
5 shall obtain competitive bids on all the material and labor
6 required for provision of the services.

1 (2) The educational management organization shall advertise
2 for the bids required under subsection (1) by placing an
3 advertisement for bids at least once in a newspaper of general
4 circulation in the area where the public school academy is located
5 and by posting an advertisement for bids for at least 2 weeks on
6 the department of technology, management, and budget website on a
7 page on the website maintained for this purpose or on a website
8 maintained by the public school academy and designated by the
9 department of technology, management, and budget for this purpose.
10 If the department of technology, management, and budget designates
11 a public school academy website for this purpose, the department of
12 technology, management, and budget shall indicate this fact on its
13 website and include a link on its website to the public school
14 academy website.

15 (3) The advertisement for bids described in subsection (2)
16 must do all of the following:

17 (a) Specify the date and time by which all bids must be
18 received by the educational management organization.

19 (b) State that the educational management organization will
20 not consider or accept a bid received by the educational management
21 organization after the date and time specified for bid submission.

22 (c) Identify the time, date, and place of a public meeting at
23 which the educational management organization or its designee will
24 open and read aloud each bid received by the educational management
25 organization by the date and time specified in subdivision (a).

26 (d) State that the bid must be accompanied by a sworn and
27 notarized statement disclosing any familial relationship that
28 exists between the owner or any employee of the bidder and any
29 member of the educational management organization or chief

1 administrator of the public school academy. An educational
2 management organization shall not accept a bid that does not
3 include this sworn and notarized disclosure statement.

4 (4) The educational management organization shall require each
5 bidder for a contract under this section to file with the
6 educational management organization a security in an amount not
7 less than 1/20 of the amount of the bid conditioned to secure the
8 educational management organization from loss or damage by reason
9 of the withdrawal of the bid or by the failure of the bidder to
10 enter a contract for performance, if the bid is accepted by the
11 educational management organization.

12 (5) The educational management organization shall not open,
13 consider, or accept a bid that the educational management
14 organization receives after the date and time specified for bid
15 submission in the advertisement for bids described in subsection
16 (3).

17 (6) At the public meeting identified in the advertisement for
18 bids described in subsection (3), the educational management
19 organization or its designee shall open and read aloud each bid
20 that the educational management organization received at or before
21 the time and date for bid submission specified in the advertisement
22 for bids. The educational management organization may reject any or
23 all bids, and if all bids are rejected, the educational management
24 organization shall readvertise in the manner required by this
25 section.

26 (7) An educational management organization may adopt and
27 implement a policy that gives preference to a Michigan-based
28 business in awarding a contract under this section. The policy may
29 provide for a preference based on the status of the primary

1 contractor as a Michigan-based business or based on the status of 1
2 or more subcontractors of the primary contractor as Michigan-based
3 businesses, or both. A policy adopted under this subsection must be
4 consistent with federal statutes and regulations and must not be
5 applied to a contract that is to be paid with federal funds. Upon
6 request by an educational management organization that has adopted
7 and implemented a policy described in this subsection, the
8 department of treasury shall disclose to that educational
9 management organization verifying information as described in
10 section 268(3) of the management and budget act, 1984 PA 431, MCL
11 18.1268. The adoption, implementation, or application of a policy
12 described in this subsection, or a decision not to adopt,
13 implement, or apply such a policy, does not create a cause of
14 action.

15 (8) A bid accepted by an educational management organization
16 under this section must be approved by the board of directors of
17 the public school academy for which the services will be provided
18 at an open meeting of the board of directors, with evidence
19 presented that the educational management organization followed the
20 competitive bidding process as described in this section.

21 (9) This section does not apply to contracts for the provision
22 of services costing less than \$29,572.00. The maximum amount
23 specified in this subsection must be adjusted each year by
24 multiplying the amount for the immediately preceding year by the
25 percentage by which the average consumer price index for all items
26 for the 12 months ending August 31 of the year in which the
27 adjustment is made differs from that index's average for the 12
28 months ending on August 31 of the immediately preceding year and
29 adding that product to the maximum amount that applied in the

1 immediately preceding year, rounding to the nearest whole dollar.

2 (10) A public school academy that violates this section shall
3 forfeit an amount equal to the amount of the contract for which the
4 competitive bidding process was not followed. The amount forfeited
5 under this subsection must be taken from the funds due to the
6 public school academy under article I of the state school aid act
7 of 1979, 1979 PA 94, MCL 388.1601 to 388.1772.

8 (11) As used in this section:

9 (a) "Educational management organization" means an entity that
10 enters into a management agreement with a public school academy.

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

14 (c) "Management agreement" means an agreement to provide
15 comprehensive educational, administrative, management, or
16 instructional services or staff to a public school academy.

17 (d) "Michigan-based business" means a business that would
18 qualify for a preference in a procurement contract with this state
19 under section 268 of the management and budget act, 1984 PA 431,
20 MCL 18.1268.