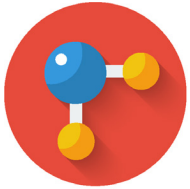


School FACT Act

School Freedom, Accountability, Choice and Transparency Act



There are **295** active charter schools in Michigan.

At least **239** of Michigan's charters are run by for-profit corporations.

For FY 2021-22, charters received **\$1.4B** in state funding.

To date, **136** charters have been closed, many due to financial and academic mismanagement.



About **10.7%** of Michigan students attend a charter, but charters receive **11.4%** of the funding.



There are **43** active authorizers in Michigan.

Michigan has a higher percentage of charter schools run by for-profit EMOs than any other state in the nation.

Note: These numbers include Michigan's 14 cyber schools.

(Rep. Steckloff/Sen. Polehanki)

House Bill 5853/Senate Bill 927: Require EMOs to produce annual audited financial statements for authorizers to account for any fees collected to oversee charters.

(Rep. Kuppa/Sen. Bayer)

House Bill 5846/Senate Bill 928: Require an EMO contract to include annual audited financial statement provisions.

(Rep. Young/Sen. Bayer)

House Bill 5856/Senate Bill 929: Require all schools to post annual student recruitment costs.

(Rep. Koleszar/Sen. Polehanki)

House Bill 5850/Senate Bill 930: Establish a due process and rehabilitation process and require state superintendents to suspend authorizers for failing to provide appropriate continuing oversight.

(Rep. Cavanagh/Sen. Moss)

House Bill 5848/Senate Bill 931: Require the Department of Treasury to notify authorizers of fiscal distress in a school they oversee and require authorizers to notify other charters under their oversight of a fiscally distressed school contracting with the same EMO.

(Rep. Camilleri/Sen. Polehanki)

House Bill 5847/Senate Bill 932: Prevent expansion or authorizer shopping by charter schools performing in the bottom 5% of schools.

(Rep. Scott/ Sen. Bayer)

House Bill 5851/Senate Bill 933: Establish and strengthen authorizer requirements and school board bylaw requirements.

(Rep. Stone/Sen. Polehanki)

House Bill 5854/Senate Bill 934: Prevent EMOs from making "sweetheart" real estate deals and require the board of directors to ensure the lease or purchase of property reflects fair market rates.

(Rep. Weiss/Sen. Moss)

House Bill 5855/Senate Bill 935: Prevent conflicts of interest between EMOs and groups or individuals who establish charters.

(Rep. Clemente/Sen. Bayer)

House Bill 5849/Senate Bill 936: Subjects EMOs to FOIA.

(Rep. Sowerby/Sen. Bayer)

House Bill 5852/Senate Bill 937: Require schools to hold monthly school board meetings subject to the Open Meetings Act.

Where Does the Money Go?

10.7% of our students, **11.4%** of our funding, **\$1.4 billion**

Authorizer

Receives 3% of per pupil funding, but not required to disclose how they use it.

- Can be a university, community college, or school district.
- Approves the charter.
- Approves contract between school board and EMO.

School Board

Unlike traditional public school board members, they are appointed, **not** elected.

- Has the option of contracting with an EMO. Currently, all charter schools in Michigan contract with an EMO.
- Unelected board members are not accountable to the community.

Education Management Organization (EMO)

85% of EMOs operating in Michigan are for-profit and manage schools using taxpayer dollars, but are not required to provide audited financial statements.

- Receives a lump-sum payment from the school board and collects a profit for running the school.
- Manages daily operations often including instructional services or real estate.



What is a charter school?

Charter schools are publicly funded through taxpayers and operated by privately-owned management companies. Charter schools are often established, operated, and maintained by for-profit organizations, and are not necessarily held to the same standards as traditional public schools.



What is an authorizing body or authorizer?

By law, an authorizer must ensure the charter school is following all laws and regulations, as well as meeting its academic performance and financial goals. Authorizers are meant to provide oversight of the contract between and EMO and the school board, intervening when necessary.



What is an EMO?

An EMO, or education management organization, is an organization or firm that manages the charter school. EMOs can be for-profit or nonprofit companies. Because EMOs are private entities, when they act as employer of record, teachers and staff are private employees. They do not pay into the Michigan Public School Employee's Retirement System.