

Conference Engrossed

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1455

AN ACT

AMENDING SECTIONS 15-183 AND 15-185, ARIZONA REVISED STATUTES; RELATING TO
CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-183, Arizona Revised Statutes, is amended to
3 read:

4 15-183. Charter schools; application; requirements; immunity;
5 exemptions; renewal of application; reprisal;
6 definitions

7 A. An applicant seeking to establish a charter school shall submit a
8 written application to a proposed sponsor as prescribed in subsection C of
9 this section. The application shall include a detailed business plan for the
10 charter school and may include a mission statement for the charter school, a
11 description of the charter school's organizational structure and the
12 governing body, a financial plan for the first three years of operation of
13 the charter school, a description of the charter school's hiring policy, the
14 name of the charter school's applicant or applicants and requested sponsor, a
15 description of the charter school's facility and the location of the school,
16 a description of the grades being served and an outline of criteria designed
17 to measure the effectiveness of the school.

18 B. The sponsor of a charter school may contract with a public body,
19 private person or private organization for the purpose of establishing a
20 charter school pursuant to this article.

21 C. The sponsor of a charter school may be either a school district
22 governing board, the state board of education, ~~or~~ the state board for charter
23 schools, A PUBLIC UNIVERSITY, A PUBLIC COLLEGE OR A COMMUNITY COLLEGE,
24 subject to the following requirements:

25 1. For charter schools that submit an application for sponsorship to a
26 school district governing board:

27 (a) An applicant for a charter school may submit its application to a
28 school district governing board, which shall either accept or reject
29 sponsorship of the charter school within ninety days. An applicant may
30 submit a revised application for reconsideration by the governing board. If
31 the governing board rejects the application, the governing board shall notify
32 the applicant in writing of the reasons for the rejection. The applicant may
33 request, and the governing board may provide, technical assistance to improve
34 the application.

35 (b) In the first year that a school district is determined to be out
36 of compliance with the uniform system of financial records, within fifteen
37 days of the determination of noncompliance, the school district shall notify
38 by certified mail each charter school sponsored by the school district that
39 the school district is out of compliance with the uniform system of financial
40 records. The notification shall include a statement that if the school
41 district is determined to be out of compliance for a second consecutive year,
42 the charter school will be required to transfer sponsorship to another entity
43 pursuant to subdivision (c) of this paragraph.

44 (c) In the second consecutive year that a school district is
45 determined to be out of compliance with the uniform system of financial

1 records, within fifteen days of the determination of noncompliance, the
2 school district shall notify by certified mail each charter school sponsored
3 by the school district that the school district is out of compliance with the
4 uniform system of financial records. A charter school that receives a
5 notification of school district noncompliance pursuant to this subdivision
6 shall file a written sponsorship transfer application within forty-five days
7 with the state board of education, the state board for charter schools or the
8 school district governing board if the charter school is located within the
9 geographic boundaries of that school district. A charter school that
10 receives a notification of school district noncompliance may request an
11 extension of time to file a sponsorship transfer application and the state
12 board of education, the state board for charter schools or a school district
13 governing board may grant an extension of not more than an additional thirty
14 days if good cause exists for the extension. The state board of education
15 and the state board for charter schools shall approve a sponsorship transfer
16 application pursuant to this paragraph.

17 (d) Beginning July 1, 2000, a school district governing board shall
18 not grant a charter to a charter school that is located outside the
19 geographic boundaries of that school district.

20 (e) A school district that has been determined to be out of compliance
21 with the uniform system of financial records during either of the previous
22 two fiscal years shall not sponsor a new or transferring charter school.

23 2. The applicant may submit the application to the state board of
24 education or the state board for charter schools. The state board of
25 education or the state board for charter schools may approve the application
26 if the application meets the requirements of this article and may approve the
27 charter if the proposed sponsor determines, within its sole discretion, that
28 the applicant is sufficiently qualified to operate a charter school. The
29 state board of education or the state board for charter schools may approve
30 any charter schools transferring charters. The state board of education and
31 the state board for charter schools shall approve any charter schools
32 transferring charters from a school district that is determined to be out of
33 compliance with the uniform system of financial records pursuant to this
34 section, but may require the charter school to sign a new charter that is
35 equivalent to the charter awarded by the former sponsor. If the state board
36 of education or the state board for charter schools rejects the preliminary
37 application, the state board of education or the state board for charter
38 schools shall notify the applicant in writing of the reasons for the
39 rejection and of suggestions for improving the application. An applicant may
40 submit a revised application for reconsideration by the state board of
41 education or the state board for charter schools. The applicant may request,
42 and the state board of education or the state board for charter schools may
43 provide, technical assistance to improve the application.

44 3. THE APPLICANT MAY SUBMIT THE APPLICATION TO A PUBLIC UNIVERSITY, A
45 PUBLIC COLLEGE OR A COMMUNITY COLLEGE. A PUBLIC UNIVERSITY, A PUBLIC COLLEGE

1 OR A COMMUNITY COLLEGE MAY APPROVE THE APPLICATION IF THE APPLICATION MEETS
2 THE REQUIREMENTS OF THIS ARTICLE AND MAY APPROVE THE CHARTER IF THE PROPOSED
3 SPONSOR DETERMINES, WITHIN ITS SOLE DISCRETION, THAT THE APPLICANT IS
4 SUFFICIENTLY QUALIFIED TO OPERATE A CHARTER SCHOOL.

5 ~~3-~~ 4. Each applicant seeking to establish a charter school shall
6 submit a full set of fingerprints to the approving agency for the purpose of
7 obtaining a state and federal criminal records check pursuant to section
8 41-1750 and Public Law 92-544. If an applicant will have direct contact with
9 students, the applicant shall possess a valid fingerprint clearance card that
10 is issued pursuant to title 41, chapter 12, article 3.1. The department of
11 public safety may exchange this fingerprint data with the federal bureau of
12 investigation. The criminal records check shall be completed before the
13 issuance of a charter.

14 ~~4-~~ 5. All persons engaged in instructional work directly as a
15 classroom, laboratory or other teacher or indirectly as a supervisory
16 teacher, speech therapist or principal shall have a valid fingerprint
17 clearance card that is issued pursuant to title 41, chapter 12, article 3.1,
18 unless the person is a volunteer or guest speaker who is accompanied in the
19 classroom by a person with a valid fingerprint clearance card. A charter
20 school shall not employ a teacher whose certificate has been revoked for a
21 violation of section 15-507 or 15-550 or for any offense that placed a pupil
22 in danger. All other personnel shall be fingerprint checked pursuant to
23 section 15-512. Before employment, the charter school shall make documented,
24 good faith efforts to contact previous employers of a person to obtain
25 information and recommendations that may be relevant to a person's fitness
26 for employment as prescribed in section 15-512, subsection F. The charter
27 school shall notify the department of public safety if the charter school or
28 sponsor receives credible evidence that a person who possesses a valid
29 fingerprint clearance card is arrested for or is charged with an offense
30 listed in section 41-1758.03, subsection B. Charter schools may hire
31 personnel that have not yet received a fingerprint clearance card if proof is
32 provided of the submission of an application to the department of public
33 safety for a fingerprint clearance card and if the charter school that is
34 seeking to hire the applicant does all of the following:

35 (a) Documents in the applicant's file the necessity for hiring and
36 placement of the applicant before receiving a fingerprint clearance card.

37 (b) Ensures that the department of public safety completes a statewide
38 criminal history information check on the applicant. A statewide criminal
39 history information check shall be completed by the department of public
40 safety every one hundred twenty days until the date that the fingerprint
41 check is completed.

42 (c) Obtains references from the applicant's current employer and the
43 two most recent previous employers except for applicants who have been
44 employed for at least five years by the applicant's most recent employer.

1 (d) Provides general supervision of the applicant until the date that
2 the fingerprint card is obtained.

3 (e) Completes a search of criminal records in all local jurisdictions
4 outside of this state in which the applicant has lived in the previous five
5 years.

6 (f) Verifies the fingerprint status of the applicant with the
7 department of public safety.

8 ~~5.~~ 6. If a charter school operator is not already subject to a public
9 meeting or hearing by the municipality in which the charter school is
10 located, the operator of a charter school shall conduct a public meeting at
11 least thirty days before the charter school operator opens a site or sites
12 for the charter school. The charter school operator shall post notices of
13 the public meeting in at least three different locations that are within
14 three hundred feet of the proposed charter school site.

15 7. BEGINNING JULY 1, 2006, EXCEPT FOR A SCHOOL DISTRICT, A SPONSOR OF
16 A CHARTER SCHOOL SHALL NOT OWN, OPERATE OR ADMINISTER A CHARTER SCHOOL.

17 D. ~~A-board~~ AN ENTITY that is authorized to sponsor charter schools
18 pursuant to this article has no legal authority over or responsibility for a
19 charter school sponsored by a different ~~board~~ ENTITY. This subsection does
20 not apply to the state board of education's duty to exercise general
21 supervision over the public school system pursuant to section 15-203,
22 subsection A, paragraph 1.

23 E. The charter of a charter school shall ensure the following:

24 1. Compliance with federal, state and local rules, regulations and
25 statutes relating to health, safety, civil rights and insurance. The
26 department of education shall publish a list of relevant rules, regulations
27 and statutes to notify charter schools of their responsibilities under this
28 paragraph.

29 2. That it is nonsectarian in its programs, admission policies and
30 employment practices and all other operations.

31 3. That it provides a comprehensive program of instruction for at
32 least a kindergarten program or any grade between grades one and twelve,
33 except that a school may offer this curriculum with an emphasis on a specific
34 learning philosophy or style or certain subject areas such as mathematics,
35 science, fine arts, performance arts or foreign language.

36 4. That it designs a method to measure pupil progress, toward the
37 pupil outcomes adopted by the state board of education pursuant to section
38 15-741.01 including participation in the Arizona instrument to measure
39 standards test and the nationally standardized norm-referenced achievement
40 test as designated by the state board and the completion and distribution of
41 an annual report card as prescribed in chapter 7, article 3 of this title.

42 5. That, except as provided in this article and in its charter, it is
43 exempt from all statutes and rules relating to schools, governing boards and
44 school districts.

1 6. That, except as provided in this article, it is subject to the same
2 financial and electronic data submission requirements as a school district,
3 including the uniform system of financial records as prescribed in chapter 2,
4 article 4 of this title, procurement rules as prescribed in section 15-213
5 and audit requirements. The auditor general shall conduct a comprehensive
6 review and revision of the uniform system of financial records to ensure that
7 the provisions of the uniform system of financial records that relate to
8 charter schools are in accordance with commonly accepted accounting
9 principles used by private business. A school's charter may include
10 exceptions to the requirements of this paragraph that are necessary as
11 determined by the district governing board, the state board of education or
12 the state board for charter schools. The department of education or the
13 office of the auditor general may conduct financial, program or compliance
14 audits.

15 7. Compliance with all federal and state laws relating to the
16 education of children with disabilities in the same manner as a school
17 district.

18 8. That it provides for a governing body for the charter school that
19 is responsible for the policy decisions of the charter school.

20 9. That it provides a minimum of one hundred seventy-five
21 instructional days before June 30 of each fiscal year unless it is operating
22 on an alternative calendar approved by its sponsor. The superintendent of
23 public instruction shall adjust the apportionment schedule accordingly to
24 accommodate a charter school utilizing an alternative calendar.

25 F. The charter of a charter school shall include a description of the
26 charter school's personnel policies, personnel qualifications and method of
27 school governance and the specific role and duties of the sponsor of the
28 charter school. A charter school shall keep on file the resumes of all
29 current and former employees who provide instruction to pupils at the charter
30 school. Resumes shall include an individual's educational and teaching
31 background and experience in a particular academic content subject area. A
32 charter school shall inform parents and guardians of the availability of the
33 resume information and shall make the resume information available for
34 inspection on request of parents and guardians of pupils enrolled at the
35 charter school. Nothing in this subsection shall be construed to require any
36 charter school to release personally identifiable information in relation to
37 any teacher or employee including the teacher's or employee's address,
38 salary, social security number or telephone number.

39 G. The charter of a charter school may be amended at the request of
40 the governing body of the charter school and on the approval of the sponsor.

41 H. Charter schools may contract, sue and be sued.

42 I. An approved plan to establish a charter school is effective for
43 fifteen years from the first day of operation. At the conclusion of the
44 first fourteen years of operation, the charter school may apply for renewal.
45 In addition to any other requirements, the application for renewal shall

1 include a detailed business plan for the charter school. The sponsor may
 2 deny the request for renewal if, in its judgment, the charter school has
 3 failed to complete the obligations of the contract or has failed to comply
 4 with this article. A sponsor shall give written notice of its intent not to
 5 renew the charter school's request for renewal to the charter school at least
 6 twelve months before the expiration of the approved plan to allow the charter
 7 school an opportunity to apply to another sponsor to transfer the operation
 8 of the charter school. If the operation of the charter school is transferred
 9 to another sponsor, the fifteen year period of the current charter shall be
 10 maintained. A sponsor shall review a charter at five year intervals and may
 11 revoke a charter at any time if the charter school breaches one or more
 12 provisions of its charter. At least ninety days before the effective date of
 13 the proposed revocation the sponsor shall give written notice to the operator
 14 of the charter school of its intent to revoke the charter. Notice of the
 15 sponsor's intent to revoke the charter shall be delivered personally to the
 16 operator of the charter school or sent by certified mail, return receipt
 17 requested, to the address of the charter school. The notice shall
 18 incorporate a statement of reasons for the proposed revocation of the
 19 charter. The sponsor shall allow the charter school at least ninety days to
 20 correct the problems associated with the reasons for the proposed revocation
 21 of the charter. The final determination of whether to revoke the charter
 22 shall be made at a public hearing called for such purpose.

23 J. After renewal of the charter at the end of the fifteen year period
 24 described in subsection I of this section, the charter may be renewed for
 25 successive periods of fifteen years if the charter school and its sponsor
 26 deem that the school is in compliance with its own charter and this article.

27 K. A charter school that is sponsored by the state board of education,
 28 ~~or~~ the state board for charter schools, A PUBLIC UNIVERSITY, A PUBLIC COLLEGE
 29 OR A COMMUNITY COLLEGE may not be located on the property of a school
 30 district unless the district governing board grants this authority.

31 L. A governing board or a school district employee who has control
 32 over personnel actions shall not take unlawful reprisal against another
 33 employee of the school district because the employee is directly or
 34 indirectly involved in an application to establish a charter school. A
 35 governing board or a school district employee shall not take unlawful
 36 reprisal against an educational program of the school or the school district
 37 because an application to establish a charter school proposes the conversion
 38 of all or a portion of the educational program to a charter school. ~~As used~~
 39 ~~in~~ FOR THE PURPOSES OF this subsection, "unlawful reprisal" means an action
 40 that is taken by a governing board or a school district employee as a direct
 41 result of a lawful application to establish a charter school and that is
 42 adverse to another employee or an education program and:

43 1. With respect to a school district employee, results in one or more
 44 of the following:

45 (a) Disciplinary or corrective action.

1 (b) Detail, transfer or reassignment.
2 (c) Suspension, demotion or dismissal.
3 (d) An unfavorable performance evaluation.
4 (e) A reduction in pay, benefits or awards.
5 (f) Elimination of the employee's position without a reduction in
6 force by reason of lack of monies or work.
7 (g) Other significant changes in duties or responsibilities that are
8 inconsistent with the employee's salary or employment classification.
9 2. With respect to an educational program, results in one or more of
10 the following:
11 (a) Suspension or termination of the program.
12 (b) Transfer or reassignment of the program to a less favorable
13 department.
14 (c) Relocation of the program to a less favorable site within the
15 school or school district.
16 (d) Significant reduction or termination of funding for the program.
17 M. Charter schools shall secure insurance for liability and property
18 loss. The governing body of a charter school that is sponsored by the state
19 board of education or the state board for charter schools may enter into an
20 intergovernmental agreement or otherwise contract to participate in an
21 insurance program offered by a risk retention pool established pursuant to
22 section 11-952.01 or 41-621.01 or the charter school may secure its own
23 insurance coverage. The pool may charge the requesting charter school
24 reasonable fees for any services it performs in connection with the insurance
25 program.
26 N. Charter schools do not have the authority to acquire property by
27 eminent domain.
28 O. A sponsor, including members, officers and employees of the
29 sponsor, is immune from personal liability for all acts done and actions
30 taken in good faith within the scope of its authority.
31 P. Charter school sponsors and this state are not liable for the debts
32 or financial obligations of a charter school or persons who operate charter
33 schools.
34 Q. The sponsor of a charter school shall establish procedures to
35 conduct administrative hearings on determination by the sponsor that grounds
36 exist to revoke a charter. Procedures for administrative hearings shall be
37 similar to procedures prescribed for adjudicative proceedings in title 41,
38 chapter 6, article 10. Except as provided in section 41-1092.08, subsection
39 H, final decisions of the state board of education and the state board for
40 charter schools from hearings conducted pursuant to this subsection are
41 subject to judicial review pursuant to title 12, chapter 7, article 6.
42 R. The sponsoring entity of a charter school shall have oversight and
43 administrative responsibility for the charter schools that it sponsors.
44 S. Charter schools may pledge, assign or encumber their assets to be
45 used as collateral for loans or extensions of credit.

1 T. All property accumulated by a charter school shall remain the
2 property of the charter school.

3 U. Charter schools may not locate a school on property that is less
4 than one-fourth mile from agricultural land regulated pursuant to section
5 3-365, except that the owner of the agricultural land may agree to comply
6 with the buffer zone requirements of section 3-365. If the owner agrees in
7 writing to comply with the buffer zone requirements and records the agreement
8 in the office of the county recorder as a restrictive covenant running with
9 the title to the land, the charter school may locate a school within the
10 affected buffer zone. The agreement may include any stipulations regarding
11 the charter school, including conditions for future expansion of the school
12 and changes in the operational status of the school that will result in a
13 breach of the agreement.

14 V. A transfer of a charter to another sponsor, a transfer of a charter
15 school site to another sponsor or a transfer of a charter school site to a
16 different charter shall be completed before the beginning of the fiscal year
17 that the transfer is scheduled to become effective. An entity that sponsors
18 charter schools may accept a transferring school after the beginning of the
19 fiscal year if the transfer is approved by the superintendent of public
20 instruction. The superintendent of public instruction shall have the
21 discretion to consider each transfer during the fiscal year on a case by case
22 basis. If a charter school is sponsored by a school district that is
23 determined to be out of compliance with this title, the uniform system of
24 financial records or any other state or federal law, the charter school may
25 transfer to another sponsoring entity at any time during the fiscal year.

26 W. The sponsoring entity may not charge any fees to a charter school
27 that it sponsors unless the sponsor has provided services to the charter
28 school and the fees represent the full value of those services provided by
29 the sponsor. On request, the value of the services provided by the sponsor
30 to the charter school shall be demonstrated to the department of education.

31 X. A CHARTER SCHOOL SPONSORED BY A PUBLIC UNIVERSITY, A PUBLIC COLLEGE
32 OR A COMMUNITY COLLEGE SHALL MEET OR EXCEED THE ACCOUNTABILITY STANDARDS
33 ESTABLISHED BY THE STATE BOARD FOR CHARTER SCHOOLS, AND THOSE SPONSORS SHALL
34 DEVELOP AND ADOPT POLICIES AND PROCEDURES TO ASSURE THAT ALL CHARTER SCHOOLS
35 SPONSORED BY THOSE ENTITIES COMPLY WITH ALL APPLICABLE STATE AND FEDERAL
36 LAWS. IN ORDER TO MEET THE REQUIREMENTS OF THIS SUBSECTION, A PUBLIC
37 UNIVERSITY, A PUBLIC COLLEGE OR A COMMUNITY COLLEGE THAT SPONSORS A CHARTER
38 SCHOOL SHALL COMPLY WITH ALL OF THE FOLLOWING REQUIREMENTS:

39 1. ESTABLISH SPECIFIC APPLICATION, OVERSIGHT AND REVIEW POLICIES AND
40 PROCEDURES.

41 2. LIST MANDATORY REPORTING REQUIREMENTS.

42 3. REQUIRE ANNUAL FINANCIAL AND COMPLIANCE AUDITS OF EACH CHARTER
43 SCHOOL THAT IS SPONSORED BY THAT ENTITY AND MAKE THESE AUDIT FINDINGS PUBLIC
44 AS PRESCRIBED IN SECTION 15-914.

1 4. REQUIRE CHARTER SCHOOLS THAT ARE SPONSORED BY THAT ENTITY TO
2 DEMONSTRATE ALIGNMENT WITH THE ACADEMIC STANDARDS ADOPTED BY THE STATE BOARD
3 OF EDUCATION.

4 5. ASSURE THAT ALL POLICIES AND PROCEDURES ARE BASED ON GENERALLY
5 ACCEPTED BUSINESS STANDARDS, STANDARDS PRESCRIBED BY THE STATE BOARD FOR
6 CHARTER SCHOOLS OR STANDARDS PRESCRIBED BY THE NATIONAL ASSOCIATION OF
7 CHARTER SCHOOL AUTHORIZERS.

8 Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:
9 15-185. Charter schools; financing; civil penalty; definitions

10 A. Financial provisions for a charter school that is sponsored by a
11 school district governing board are as follows:

12 1. The charter school shall be included in the district's budget and
13 financial assistance calculations pursuant to paragraph 3 of this subsection
14 and chapter 9 of this title, except for chapter 9, article 4 of this title.
15 The charter of the charter school shall include a description of the methods
16 of funding the charter school by the school district. The school district
17 shall send a copy of the charter and application, including a description of
18 how the school district plans to fund the school, to the state board of
19 education before the start of the first fiscal year of operation of the
20 charter school. The charter or application shall include an estimate of the
21 student count for the charter school for its first fiscal year of operation.
22 This estimate shall be computed pursuant to the requirements of paragraph 3
23 of this subsection.

24 2. A school district is not financially responsible for any charter
25 school that is sponsored by the state board of education, ~~or~~ the state board
26 for charter schools, A PUBLIC UNIVERSITY, A PUBLIC COLLEGE OR A COMMUNITY
27 COLLEGE.

28 3. A school district that sponsors a charter school may:

29 (a) Increase its student count as provided in subsection B, paragraph
30 2 of this section during the first year of the charter school's operation to
31 include those charter school pupils who were not previously enrolled in the
32 school district. A charter school sponsored by a school district governing
33 board is eligible for the assistance prescribed in subsection B, paragraph 4
34 of this section. The soft capital allocation as provided in section 15-962
35 for the school district sponsoring the charter school shall be increased by
36 the amount of the additional assistance. The school district shall include
37 the full amount of the additional assistance in the funding provided to the
38 charter school.

39 (b) Compute separate weighted student counts pursuant to section
40 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
41 school pupils in order to maintain eligibility for small school district
42 support level weights authorized in section 15-943, paragraph 1 for its
43 noncharter school pupils only. The portion of a district's student count
44 that is attributable to charter school pupils is not eligible for small
45 school district support level weights.

1 4. If a school district uses the provisions of paragraph 3 of this
2 subsection, the school district is not eligible to include those pupils in
3 its student count for the purposes of computing an increase in its revenue
4 control limit and district support level as provided in section 15-948.

5 5. A school district that sponsors a charter school is not eligible to
6 include the charter school pupils in its student count for the purpose of
7 computing an increase in its capital outlay revenue limit as provided in
8 section 15-961, subsection C, except that if the charter school was
9 previously a school in the district, the district may include in its student
10 count any charter school pupils who were enrolled in the school district in
11 the prior year.

12 6. A school district that sponsors a charter school is not eligible to
13 include the charter school pupils in its student count for the purpose of
14 computing the revenue control limit which is used to determine the maximum
15 budget increase as provided in chapter 4, article 4 of this title unless the
16 charter school is located within the boundaries of the school district.

17 7. If a school district converts one or more of its district public
18 schools to a charter school and receives assistance as prescribed in
19 subsection B, paragraph 4 of this section, and subsequently converts the
20 charter school back to a district public school, the school district shall
21 repay the state the total additional assistance received for the charter
22 school for all years that the charter school was in operation. The repayment
23 shall be in one lump sum and shall be reduced from the school district's
24 current year equalization assistance. The school district's general budget
25 limit shall be reduced by the same lump sum amount in the current year.

26 B. Financial provisions for a charter school that is sponsored by the
27 state board of education, ~~or~~ the state board for charter schools, **A PUBLIC**
28 **UNIVERSITY, A PUBLIC COLLEGE OR A COMMUNITY COLLEGE** are as follows:

29 1. The charter school shall calculate a base support level as
30 prescribed in section 15-943, except that sections 15-941 and 15-942 do not
31 apply to these charter schools.

32 2. Notwithstanding paragraph 1 of this subsection, the student count
33 shall be determined initially using an estimated student count based on
34 actual registration of pupils before the beginning of the school year. After
35 the first one hundred days or two hundred days in session, as applicable, the
36 charter school shall revise the student count to be equal to the actual
37 average daily membership, as defined in section 15-901, or the adjusted
38 average daily membership, as prescribed in section 15-902, of the charter
39 school. Before the one hundredth day or two hundredth day in session, as
40 applicable, the state board of education, ~~or~~ the state board for charter
41 schools, **THE UNIVERSITY, THE COLLEGE OR THE COMMUNITY COLLEGE** may require a
42 charter school to report periodically regarding pupil enrollment and
43 attendance and the department of education may revise its computation of
44 equalization assistance based on the report. A charter school shall revise
45 its student count, base support level and additional assistance before May

1 15. A charter school that overestimated its student count shall revise its
2 budget before May 15. A charter school that underestimated its student count
3 may revise its budget before May 15.

4 3. A charter school may utilize section 15-855 for the purposes of
5 this section. The charter school and the department of education shall
6 prescribe procedures for determining average daily attendance and average
7 daily membership.

8 4. Equalization assistance for the charter school shall be determined
9 by adding the amount of the base support level and additional assistance.
10 The amount of the additional assistance is one thousand three hundred thirty
11 dollars five cents per student count in kindergarten programs and grades one
12 through eight and one thousand five hundred fifty dollars fourteen cents per
13 student count in grades nine through twelve.

14 5. The state board of education shall apportion state aid from the
15 appropriations made for such purposes to the state treasurer for disbursement
16 to the charter schools in each county in an amount as determined by this
17 paragraph. The apportionments shall be made in twelve equal installments of
18 the total amount to be apportioned during the fiscal year on the fifteenth
19 day of each month of the fiscal year.

20 6. Notwithstanding paragraph 5 of this subsection, if sufficient
21 appropriated monies are available after the first forty days in session of
22 the current year, a charter school may request additional state monies to
23 fund the increased state aid due to anticipated student growth through the
24 first one hundred days or two hundred days in session, as applicable, of the
25 current year as provided in section 15-948. In no event shall a charter
26 school have received more than three-fourths of its total apportionment
27 before April 15 of the fiscal year. Early payments pursuant to this
28 subsection must be approved by the state treasurer, the director of the
29 department of administration and the superintendent of public instruction.

30 7. The charter school shall not charge tuition, levy taxes or issue
31 bonds.

32 8. Not later than noon on the day preceding each apportionment date
33 established by paragraph 5 of this subsection, the superintendent of public
34 instruction shall furnish to the state treasurer an abstract of the
35 apportionment and shall certify the apportionment to the department of
36 administration, which shall draw its warrant in favor of the charter schools
37 for the amount apportioned.

38 C. If a pupil is enrolled in both a charter school and a public school
39 that is not a charter school, the sum of the daily membership, which includes
40 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
41 subdivisions (a) and (b) and daily attendance as prescribed in section
42 15-901, subsection A, paragraph 6, for that pupil in the school district and
43 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
44 charter school and a public school that is not a charter school, the
45 department of education shall direct the average daily membership to the

1 school with the most recent enrollment date. Upon validation of actual
2 enrollment in both a charter school and a public school that is not a charter
3 school and if the sum of the daily membership or daily attendance for that
4 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
5 apportioned between the public school and the charter school based on the
6 percentage of total time that the pupil is enrolled or in attendance in the
7 public school and the charter school. The uniform system of financial
8 records shall include guidelines for the apportionment of the pupil
9 enrollment and attendance as provided in this section.

10 D. Charter schools are allowed to accept grants and gifts to
11 supplement their state funding, but it is not the intent of the charter
12 school law to require taxpayers to pay twice to educate the same pupils. The
13 base support level for a charter school or for a school district sponsoring a
14 charter school shall be reduced by an amount equal to the total amount of
15 monies received by a charter school from a federal or state agency if the
16 federal or state monies are intended for the basic maintenance and operations
17 of the school. The superintendent of public instruction shall estimate the
18 amount of the reduction for the budget year and shall revise the reduction to
19 reflect the actual amount before May 15 of the current year. If the
20 reduction results in a negative amount, the negative amount shall be used in
21 computing all budget limits and equalization assistance, except that:

22 1. Equalization assistance shall not be less than zero.

23 2. For a charter school sponsored by the state board of education, ~~or~~
24 the state board for charter schools, A PUBLIC UNIVERSITY, A PUBLIC COLLEGE OR
25 A COMMUNITY COLLEGE, the total of the base support level, the capital outlay
26 revenue limit, the soft capital allocation and the additional assistance
27 shall not be less than zero.

28 3. For a charter school sponsored by a school district, the base
29 support level for the school district shall not be reduced by more than the
30 amount that the charter school increased the district's base support level,
31 capital outlay revenue limit and soft capital allocation.

32 E. If a charter school was a district public school in the prior year
33 and is now being operated for or by the same school district and sponsored by
34 the state board of education, the state board for charter schools, A PUBLIC
35 UNIVERSITY, A PUBLIC COLLEGE, A COMMUNITY COLLEGE or a school district
36 governing board, the reduction in subsection D of this section applies. The
37 reduction to the base support level of the charter school or the sponsoring
38 district of the charter school shall equal the sum of the base support level
39 and the additional assistance received in the current year for those pupils
40 who were enrolled in the traditional public school in the prior year and are
41 now enrolled in the charter school in the current year.

42 F. Equalization assistance for charter schools shall be provided as a
43 single amount based on average daily membership without categorical
44 distinctions between maintenance and operations or capital.

1 G. At the request of a charter school, the county school
2 superintendent of the county where the charter school is located may provide
3 the same educational services to the charter school as prescribed in section
4 15-308, subsection A. The county school superintendent may charge a fee to
5 recover costs for providing educational services to charter schools.

6 H. If the sponsor of the charter school determines at a public meeting
7 that the charter school is not in compliance with federal law, with the laws
8 of this state or with its charter, the sponsor of a charter school may submit
9 a request to the department of education to withhold up to ten per cent of
10 the monthly apportionment of state aid that would otherwise be due the
11 charter school. The department of education shall adjust the charter
12 school's apportionment accordingly. The sponsor shall provide written notice
13 to the charter school at least seventy-two hours before the meeting and shall
14 allow the charter school to respond to the allegations of noncompliance at
15 the meeting before the sponsor makes a final determination to notify the
16 department of education of noncompliance. The charter school shall submit a
17 corrective action plan to the sponsor on a date specified by the sponsor at
18 the meeting. The corrective action plan shall be designed to correct
19 deficiencies at the charter school and to ensure that the charter school
20 promptly returns to compliance. When the sponsor determines that the charter
21 school is in compliance, the department of education shall restore the full
22 amount of state aid payments to the charter school.

23 I. IN ADDITION TO THE WITHHOLDING OF STATE AID PAYMENTS PURSUANT TO
24 SUBSECTION H OF THIS SECTION, THE SPONSOR OF A CHARTER SCHOOL MAY IMPOSE A
25 CIVIL PENALTY OF ONE THOUSAND DOLLARS PER VIOLATION IF A CHARTER SCHOOL FAILS
26 TO COMPLY WITH THE FINGERPRINTING REQUIREMENTS PRESCRIBED IN SECTION 15-183,
27 SUBSECTION C OR SECTION 15-512. A CIVIL PENALTY PURSUANT TO THIS SUBSECTION
28 SHALL BE ASSESSED BY REQUESTING THE DEPARTMENT OF EDUCATION TO REDUCE THE
29 AMOUNT OF STATE AID DUE TO THE CHARTER SCHOOL IN AN AMOUNT EQUIVALENT TO THE
30 CIVIL PENALTY. ALL PENALTIES COLLECTED PURSUANT TO THIS SUBSECTION REVERT TO
31 THE STATE GENERAL FUND AT THE END OF THE FISCAL YEAR. A CIVIL PENALTY SHALL
32 NOT BE ASSESSED IF BOTH OF THE FOLLOWING CONDITIONS ARE MET:

33 1. THE CHARTER SCHOOL HAS NOT PREVIOUSLY BEEN FOUND IN NONCOMPLIANCE.

34 2. THE CHARTER SCHOOL PROVIDES PROOF, WITHIN TWO BUSINESS DAYS OF
35 RECEIVING WRITTEN NOTIFICATION OF NONCOMPLIANCE FROM THE SPONSOR OF THE
36 CHARTER SCHOOL, THAT THE DEPARTMENT OF PUBLIC SAFETY HAS RECEIVED AN
37 APPLICATION FOR THE APPROPRIATE FINGERPRINT CHECK FOR EACH NONCOMPLIANT
38 INDIVIDUAL. THE SPONSOR SHALL OBTAIN PROOF THAT THE CHARTER SCHOOL HAS
39 RECEIVED THE WRITTEN NOTIFICATION OF NONCOMPLIANCE. THE NOTIFICATION OF
40 NONCOMPLIANCE SHALL IDENTIFY THE DATE OF THE DEADLINE AND SHALL BE SIGNED BY
41 THE CHARTER SCHOOL AND THE SPONSOR OF THE CHARTER SCHOOL.

42 ~~I.~~ J. A charter school may receive and spend monies distributed by
43 the department of education pursuant to section 42-5029, subsection E and
44 section 37-521, subsection B.

1 K. NOTWITHSTANDING ANY OTHER LAW, A PUBLIC UNIVERSITY, PUBLIC COLLEGE
2 OR COMMUNITY COLLEGE SHALL NOT INCLUDE ANY STUDENT IN THE STUDENT COUNT OF
3 THE UNIVERSITY, COLLEGE OR COMMUNITY COLLEGE FOR STATE FUNDING PURPOSES IF
4 THAT STUDENT IS ENROLLED IN AND ATTENDING A CHARTER SCHOOL SPONSORED BY THE
5 UNIVERSITY, COLLEGE OR COMMUNITY COLLEGE.

6 ~~J.~~ L. For the purposes of this section:

7 1. "Monies intended for the basic maintenance and operations of the
8 school" means monies intended to provide support for the educational program
9 of the school, except that it does not include supplemental assistance for a
10 specific purpose or P.L. 81-874 monies. The auditor general shall determine
11 which federal or state monies meet the definition in this paragraph.

12 2. "Operated for or by the same school district" means the charter
13 school is either governed by the same district governing board or operated by
14 the district in the same manner as other traditional schools in the district
15 or is operated by an independent party that has a contract with the school
16 district. The auditor general and the department of education shall
17 determine which charter schools meet the definition in this subsection.

18 Sec. 3. Retroactivity

19 Section 15-183, Arizona Revised Statutes, as amended by this act, is
20 effective retroactively to from and after June 30, 2006.