House Engrossed

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

HOUSE BILL 2731

AN ACT

AMENDING SECTIONS 15-183, 15-185 AND 15-241, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 3, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-342.01; AMENDING SECTION 15-701.01, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 7, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 6; RELATING TO THE BOARD EXAMINATION SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

15-183. Charter schools; application; requirements; immunity; exemptions; renewal of application; reprisal

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

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

C. The sponsor of a charter school may be either a school district governing board, the state board of education or the state board for charter schools, subject to the following requirements:

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

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

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

(c) In the second consecutive year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored

by the school district that the school district is out of compliance with the uniform system of financial records. A charter school that receives a notification of school district noncompliance pursuant to this subdivision shall file a written sponsorship transfer application within forty-five days with the state board of education, the state board for charter schools or the school district governing board if the charter school is located within the geographic boundaries of that school district. A charter school that receives a notification of school district noncompliance may request an extension of time to file a sponsorship transfer application, and the state board of education, the state board for charter schools or a school district governing board may grant an extension of not more than an additional thirty days if good cause exists for the extension. The state board of education and the state board for charter schools shall approve a sponsorship transfer application pursuant to this paragraph.

(d) A school district governing board shall not grant a charter to a charter school that is located outside the geographic boundaries of that school district.

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

2. The applicant may submit the application to the state board of education or the state board for charter schools. The state board of education or the state board for charter schools may approve the application if the application meets the requirements of this article and may approve the charter if the proposed sponsor determines, within its sole discretion, that the applicant is sufficiently qualified to operate a charter school. The state board of education or the state board for charter schools may approve any charter schools transferring charters. The state board of education and the state board for charter schools shall approve any charter schools transferring charters from a school district that is determined to be out of compliance with the uniform system of financial records pursuant to this section, but may require the charter school to sign a new charter that is equivalent to the charter awarded by the former sponsor. If the state board of education or the state board for charter schools rejects the preliminary application, the state board of education or the state board for charter schools shall notify the applicant in writing of the reasons for the rejection and of suggestions for improving the application. An applicant may submit a revised application for reconsideration by the state board of education or the state board for charter schools. The applicant may request, and the state board of education or the state board for charter schools may provide, technical assistance to improve the application.

3. Each applicant seeking to establish a charter school shall submit a full set of fingerprints to the approving agency for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. If an applicant will have direct contact with students,

the applicant shall possess a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1. The department of public safety may exchange this fingerprint data with the federal bureau of investigation. The criminal records check shall be completed before the issuance of a charter.

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

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

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

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

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

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

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

5. A charter school that complies with the fingerprinting requirements of this section shall be deemed to have complied with section 15-512 and is

entitled to the same rights and protections provided to school districts by section 15-512.

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

7. A person who is employed by a charter school or who is an applicant for employment with a charter school, who is arrested for or charged with a nonappealable offense listed in section 41-1758.03, subsection B and who does not immediately report the arrest or charge to the person's supervisor or potential employer is guilty of unprofessional conduct and the person shall be immediately dismissed from employment with the charter school or immediately excluded from potential employment with the charter school.

8. A person who is employed by a charter school and who is convicted of any nonappealable offense listed in section 41-1758.03, subsection B or is convicted of any nonappealable offense that amounts to unprofessional conduct under section 15-550 shall immediately do all of the following:

(a) Surrender any certificates issued by the department of education.

(b) Notify the person's employer or potential employer of the conviction.

(c) Notify the department of public safety of the conviction.

(d) Surrender the person's fingerprint clearance card.

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

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

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

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

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

4. That it designs a method to measure pupil progress toward the pupil outcomes adopted by the state board of education pursuant to section

15-741.01, including participation in the Arizona instrument to measure standards test and the nationally standardized norm-referenced achievement test as designated by the state board and the completion and distribution of an annual report card as prescribed in chapter 7, article 3 of this title.

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

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

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

8. That it provides for a governing body for the charter school that is responsible for the policy decisions of the charter school. Notwithstanding section 1-216, if there is a vacancy or vacancies on the governing body, a majority of the remaining members of the governing body constitute a quorum for the transaction of business, unless that quorum is prohibited by the charter school’s operating agreement.

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

F. The charter of a charter school shall include a description of the charter school's personnel policies, personnel qualifications and method of school governance and the specific role and duties of the sponsor of the charter school. A charter school shall keep on file the resumes of all current and former employees who provide instruction to pupils at the charter school. Resumes shall include an individual's educational and teaching background and experience in a particular academic content subject area. A charter school shall inform parents and guardians of the availability of the resume information and shall make the resume information available for inspection on request of parents and guardians of pupils enrolled at the

charter school. Nothing in this subsection shall be construed to require any charter school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

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

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

I. An approved plan to establish a charter school is effective for fifteen years from the first day of the fiscal year the charter school is in operation, subject to the following:

1. At least eighteen months before the expiration of the approved plan, the sponsor shall notify the charter school that the charter school may apply for renewal. A charter school that elects to apply for renewal shall file an application for renewal at least fifteen months before the expiration of the approved plan. In addition to any other requirements, the application for renewal shall include a detailed business plan for the charter school, a review of fiscal audits and academic performance data for the charter school that are annually collected by the sponsor and a review of the current contract between the sponsor and the charter school. The sponsor may deny the request for renewal if, in its judgment, the charter school has failed to complete the obligations of the contract or has failed to comply with this article. A sponsor shall give written notice of its intent not to renew the charter school's request for renewal to the charter school at least twelve months before the expiration of the approved plan to allow the charter school an opportunity to apply to another sponsor to transfer the operation of the charter school. If the operation of the charter school is transferred to another sponsor, the fifteen year period of the current charter shall be maintained.

2. A charter operator may apply for early renewal. At least nine months before the charter school's intended renewal consideration, the operator of the charter school shall submit a letter of intent to the sponsor to apply for early renewal. The sponsor shall review fiscal audits and academic performance data for the charter school that are annually collected by the sponsor, review the current contract between the sponsor and the charter school and provide the qualifying charter school with a renewal application. On submission of a complete application, the sponsor shall give written notice of its consideration of the renewal application.

3. A sponsor shall review a charter at five year intervals and may revoke a charter at any time if the charter school breaches one or more provisions of its charter. At least ninety days before the effective date of the proposed revocation the sponsor shall give written notice to the operator of the charter school of its intent to revoke the charter. Notice of the sponsor's intent to revoke the charter shall be delivered personally to the operator of the charter school or sent by certified mail, return receipt requested, to the address of the charter school. The notice shall

incorporate a statement of reasons for the proposed revocation of the charter. The sponsor shall allow the charter school at least ninety days to correct the problems associated with the reasons for the proposed revocation of the charter. The final determination of whether to revoke the charter shall be made at a public hearing called for such purpose.

J. The charter may be renewed for successive periods of twenty years if the sponsor deems that the school is in compliance with its own charter and this article.

K. A charter school that is sponsored by the state board of education or the state board for charter schools may not be located on the property of a school district unless the district governing board grants this authority.

L. A governing board or a school district employee who has control over personnel actions shall not take unlawful reprisal against another employee of the school district because the employee is directly or indirectly involved in an application to establish a charter school. A governing board or a school district employee shall not take unlawful reprisal against an educational program of the school or the school district because an application to establish a charter school proposes the conversion of all or a portion of the educational program to a charter school. For the purposes of this subsection, "unlawful reprisal" means an action that is taken by a governing board or a school district employee as a direct result of a lawful application to establish a charter school and that is adverse to another employee or an education program and:

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

(a) Disciplinary or corrective action.

(b) Detail, transfer or reassignment.

(c) Suspension, demotion or dismissal.

(d) An unfavorable performance evaluation.

(e) A reduction in pay, benefits or awards.

(f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work.

(g) Other significant changes in duties or responsibilities that are inconsistent with the employee's salary or employment classification.

2. With respect to an educational program, results in one or more of the following:

(a) Suspension or termination of the program.

(b) Transfer or reassignment of the program to a less favorable department.

(c) Relocation of the program to a less favorable site within the school or school district.

(d) Significant reduction or termination of funding for the program.

M. Charter schools shall secure insurance for liability and property loss. The governing body of a charter school that is sponsored by the state board of education or the state board for charter schools may enter into an

intergovernmental agreement or otherwise contract to participate in an insurance program offered by a risk retention pool established pursuant to section 11-952.01 or 41-621.01 or the charter school may secure its own insurance coverage. The pool may charge the requesting charter school reasonable fees for any services it performs in connection with the insurance program.

N. Charter schools do not have the authority to acquire property by eminent domain.

O. A sponsor, including members, officers and employees of the sponsor, is immune from personal liability for all acts done and actions taken in good faith within the scope of its authority.

P. Charter school sponsors and this state are not liable for the debts or financial obligations of a charter school or persons who operate charter schools.

Q. The sponsor of a charter school shall establish procedures to conduct administrative hearings on determination by the sponsor that grounds exist to revoke a charter. Procedures for administrative hearings shall be similar to procedures prescribed for adjudicative proceedings in title 41, chapter 6, article 10. Except as provided in section 41-1092.08, subsection H, final decisions of the state board of education and the state board for charter schools from hearings conducted pursuant to this subsection are subject to judicial review pursuant to title 12, chapter 7, article 6.

R. The sponsoring entity of a charter school shall have oversight and administrative responsibility for the charter schools that it sponsors.

S. Charter schools may pledge, assign or encumber their assets to be used as collateral for loans or extensions of credit.

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

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

V. A transfer of a charter to another sponsor, a transfer of a charter school site to another sponsor or a transfer of a charter school site to a different charter shall be completed before the beginning of the fiscal year that the transfer is scheduled to become effective. An entity that sponsors charter schools may accept a transferring school after the beginning of the fiscal year if the transfer is approved by the superintendent of public

instruction. The superintendent of public instruction shall have the discretion to consider each transfer during the fiscal year on a case by case basis. If a charter school is sponsored by a school district that is determined to be out of compliance with this title, the uniform system of financial records or any other state or federal law, the charter school may transfer to another sponsoring entity at any time during the fiscal year.

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

X. Charter schools may enter into an intergovernmental agreement with a presiding judge of the juvenile court to implement a law related education program as defined in section 15-154. The presiding judge of the juvenile court may assign juvenile probation officers to participate in a law related education program in any charter school in the county. The cost of juvenile probation officers who participate in the program implemented pursuant to this ~~paragraph~~ SUBSECTION shall be funded by the charter school.

Y. THE SPONSOR OF A CHARTER SCHOOL SHALL MODIFY PREVIOUSLY APPROVED CURRICULUM REQUIREMENTS FOR A CHARTER SCHOOL THAT WISHES TO PARTICIPATE IN THE BOARD EXAMINATION SYSTEM PRESCRIBED IN CHAPTER 7, ARTICLE 6 OF THIS TITLE.

Z. IF A CHARTER SCHOOL DECIDES NOT TO PARTICIPATE IN THE BOARD EXAMINATION SYSTEM PRESCRIBED IN CHAPTER 7, ARTICLE 6 OF THIS TITLE, PUPILS ENROLLED AT THAT CHARTER SCHOOL MAY EARN A GRAND CANYON DIPLOMA BY OBTAINING A PASSING SCORE ON THE SAME BOARD EXAMINATIONS.

Sec. 2. Section 15-185, Arizona Revised Statutes, is amended to read:

15-185. Charter schools: financing: civil penalty: transportation: definitions

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

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

2. A school district is not financially responsible for any charter school that is sponsored by the state board of education or the state board for charter schools.

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

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

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

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

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

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

7. If a school district converts one or more of its district public schools to a charter school and receives assistance as prescribed in subsection B, paragraph 4 of this section, and subsequently converts the charter school back to a district public school, the school district shall repay the state the total additional assistance received for the charter school for all years that the charter school was in operation. The repayment shall be in one lump sum and shall be reduced from the school district's

current year equalization assistance. The school district's general budget limit shall be reduced by the same lump sum amount in the current year.

B. Financial provisions for a charter school that is sponsored by the state board of education or the state board for charter schools are as follows:

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

2. Notwithstanding paragraph 1 of this subsection, the student count shall be determined initially using an estimated student count based on actual registration of pupils before the beginning of the school year. After the first one hundred days or two hundred days in session, as applicable, the charter school shall revise the student count to be equal to the actual average daily membership, as defined in section 15-901, or the adjusted average daily membership, as prescribed in section 15-902, of the charter school. A charter school that provides two hundred days of instruction may use section 15-902.02 for the purposes of this section. Before the one hundredth day or two hundredth day in session, as applicable, the state board of education or the state board for charter schools may require a charter school to report periodically regarding pupil enrollment and attendance, and the department of education may revise its computation of equalization assistance based on the report. A charter school shall revise its student count, base support level and additional assistance before May 15. A charter school that overestimated its student count shall revise its budget before May 15. A charter school that underestimated its student count may revise its budget before May 15.

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

4. Equalization assistance for the charter school shall be determined by adding the amount of the base support level and additional assistance. The amount of the additional assistance is one thousand five hundred eighty-eight dollars forty-four cents per student count in kindergarten programs and grades one through eight and one thousand eight hundred fifty-one dollars thirty cents per student count in grades nine through twelve.

5. The state board of education shall apportion state aid from the appropriations made for such purposes to the state treasurer for disbursement to the charter schools in each county in an amount as determined by this paragraph. The apportionments shall be made as prescribed in section 15-973, subsection B.

6. The charter school shall not charge tuition for pupils who reside in this state, levy taxes or issue bonds. A charter school may admit pupils

who are not residents of this state and shall charge tuition for those pupils in the same manner prescribed in section 15-823.

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

C. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the sum of the daily membership, which includes enrollment as prescribed in section 15-901, subsection A, paragraph 2, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph 6, for that pupil in the school district and the charter school shall not exceed 1.0, except that if the pupil is enrolled in both a charter school and a joint technological education district and resides within the boundaries of a school district participating in the joint technological education district, the sum of the average daily membership for that pupil in the charter school and the joint technological education district shall not exceed 1.25. If a pupil is enrolled in both a charter school and a public school that is not a charter school, the department of education shall direct the average daily membership to the school with the most recent enrollment date. Upon validation of actual enrollment in both a charter school and a public school that is not a charter school and if the sum of the daily membership or daily attendance for that pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between the public school and the charter school based on the percentage of total time that the pupil is enrolled or in attendance in the public school and the charter school, except that if the pupil is enrolled in both a charter school and a joint technological education district and resides within the boundaries of a school district participating in the joint technological education district, the sum of the average daily membership for that pupil in the charter school and the joint technological education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technological education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint technological education district. The uniform system of financial records shall include guidelines for the apportionment of the pupil enrollment and attendance as provided in this section.

D. Charter schools are allowed to accept grants and gifts to supplement their state funding, but it is not the intent of the charter school law to require taxpayers to pay twice to educate the same pupils. The base support level for a charter school or for a school district sponsoring a charter school shall be reduced by an amount equal to the total amount of monies received by a charter school from a federal or state agency if the federal or state monies are intended for the basic maintenance and operations

of the school. The superintendent of public instruction shall estimate the amount of the reduction for the budget year and shall revise the reduction to reflect the actual amount before May 15 of the current year. If the reduction results in a negative amount, the negative amount shall be used in computing all budget limits and equalization assistance, except that:

1. Equalization assistance shall not be less than zero.

2. For a charter school sponsored by the state board of education or the state board for charter schools, the total of the base support level and the additional assistance shall not be less than zero.

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

E. If a charter school was a district public school in the prior year and is now being operated for or by the same school district and sponsored by the state board of education, the state board for charter schools or a school district governing board, the reduction in subsection D of this section applies. The reduction to the base support level of the charter school or the sponsoring district of the charter school shall equal the sum of the base support level and the additional assistance received in the current year for those pupils who were enrolled in the traditional public school in the prior year and are now enrolled in the charter school in the current year.

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

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

H. If the sponsor of the charter school determines at a public meeting that the charter school is not in compliance with federal law, with the laws of this state or with its charter, the sponsor of a charter school may submit a request to the department of education to withhold up to ten per cent of the monthly apportionment of state aid that would otherwise be due the charter school. The department of education shall adjust the charter school's apportionment accordingly. The sponsor shall provide written notice to the charter school at least seventy-two hours before the meeting and shall allow the charter school to respond to the allegations of noncompliance at the meeting before the sponsor makes a final determination to notify the department of education of noncompliance. The charter school shall submit a corrective action plan to the sponsor on a date specified by the sponsor at the meeting. The corrective action plan shall be designed to correct deficiencies at the charter school and to ensure that the charter school promptly returns to compliance. When the sponsor determines that the charter

school is in compliance, the department of education shall restore the full amount of state aid payments to the charter school.

I. In addition to the withholding of state aid payments pursuant to subsection H of this section, the sponsor of a charter school may impose a civil penalty of one thousand dollars per occurrence if a charter school fails to comply with the fingerprinting requirements prescribed in section 15-183, subsection C or section 15-512. The sponsor of a charter school shall not impose a civil penalty if it is the first time that a charter school is out of compliance with the fingerprinting requirements and if the charter school provides proof within forty-eight hours of written notification that an application for the appropriate fingerprint check has been received by the department of public safety. The sponsor of the charter school shall obtain proof that the charter school has been notified, and the notification shall identify the date of the deadline and shall be signed by both parties. The sponsor of a charter school shall automatically impose a civil penalty of one thousand dollars per occurrence if the sponsor determines that the charter school subsequently violates the fingerprinting requirements. Civil penalties pursuant to this subsection shall be assessed by requesting the department of education to reduce the amount of state aid that the charter school would otherwise receive by an amount equal to the civil penalty. The amount of state aid withheld shall revert to the state general fund at the end of the fiscal year.

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

K. If a school district transports or contracts to transport pupils to the Arizona state schools for the deaf and the blind during any fiscal year, the school district may transport or contract with a charter school to transport sensory impaired pupils during that same fiscal year to a charter school if requested by the parent of the pupil and if the distance from the pupil's place of actual residence within the school district to the charter school is less than the distance from the pupil's place of actual residence within the school district to the campus of the Arizona state schools for the deaf and the blind.

L. THE GOVERNING BODY OF A CHARTER SCHOOL MAY CONTRACT WITH THE PRIVATE ORGANIZATION THAT IS APPROVED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-792.02 TO PROVIDE APPROVED BOARD EXAMINATION SYSTEMS FOR THE CHARTER SCHOOL.

~~L.~~ M. For the purposes of this section:

1. "Monies intended for the basic maintenance and operations of the school" means monies intended to provide support for the educational program of the school, except that it does not include supplemental assistance for a specific purpose or title VIII of the elementary and secondary education act of 1965 monies. The auditor general shall determine which federal or state monies meet the definition in this paragraph.

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

Sec. 3. Section 15-241, Arizona Revised Statutes, is amended to read:

15-241. School accountability; schools failing to meet academic standards; failing schools tutoring fund; classification label for school districts and charter school operators

A. The department of education shall compile an annual achievement profile for each public school.

B. Each school shall submit to the department any data that is required and requested and that is necessary to compile the achievement profile. A school that fails to submit the information that is necessary is not eligible to receive monies from the classroom site fund established by section 15-977.

C. The department shall establish a baseline achievement profile for each school ~~by October 15, 2001~~. The baseline achievement profile shall be used to determine a standard measurement of acceptable academic progress for each school and a school classification pursuant to subsection H of this section. Any disclosure of educational records compiled by the department of education pursuant to this section shall comply with the family educational and privacy rights act of 1974 (20 United States Code section 1232g).

D. The achievement profile for schools that offer instruction in kindergarten programs and grades one through eight, or any combination of those programs or grades, shall include the following school academic performance indicators:

1. The Arizona measure of academic progress. The department shall compute the extent of academic progress made by the pupils in each school during the course of each year.

2. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education. The superintendent of public instruction and the department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

3. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

E. The achievement profile for schools that offer instruction in grades nine through twelve, or any combination of those grades, shall include the following school academic performance indicators:

1. The Arizona instrument to measure standards test. The department shall compute the percentage of pupils pursuant to subsection G of this section who meet or exceed the standard on the Arizona instrument to measure standards test, as prescribed by the state board of education. The superintendent of public instruction and the department may calculate academic gain on the Arizona instrument to measure standards test according to each of the school classifications prescribed in subsection G of this section on a statewide basis, for each school district in this state and for each school by determining the average scale scores for students in the current academic year as compared to the average scale scores for the previous academic year for the same students.

2. The annual dropout rate.

3. The annual graduation rate.

4. The results of English language learners tests administered pursuant to section 15-756, subsection B, section 15-756.05 and section 15-756.06.

F. Schools that offer instruction in all or a combination of the grades specified in subsections D and E of this section shall include a single achievement profile for that school that includes the school academic performance indicators specified in subsections D and E of this section.

G. Subject to final adoption by the state board of education, the department shall determine the criteria for each school classification using a research based methodology. The methodology shall include the performance of pupils at all achievement levels, account for pupil mobility, account for the distribution of pupil achievement at each school and include longitudinal indicators of academic performance. For the purposes of this subsection, "research based methodology" means the systematic and objective application of statistical and quantitative research principles to determine a standard measurement of acceptable academic progress for each school.

H. EXCEPT AS PROVIDED IN SUBSECTION EE OF THIS SECTION, the achievement profile shall be used to determine a school classification that designates each school as one of the following:

1. An excelling school.

2. A highly performing school.

3. A performing school.

4. An underperforming school.

5. A school failing to meet academic standards.

I. The classification for each school and the criteria used to determine classification pursuant to subsection G of this section shall be included on the school report card prescribed in section 15-746.

J. Subject to final adoption by the state board of education, the department of education shall develop a parallel achievement profile for

accommodation schools, alternative schools as defined by the state board of education and extremely small schools as defined by the state board of education for the purposes of this section.

K. If a school is designated as an underperforming school, within ninety days after receiving notice of the designation, the governing board shall develop an improvement plan for the school, submit a copy of the plan to the superintendent of public instruction and supervise the implementation of the plan. The plan shall include necessary components as identified by the state board of education. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a special public meeting in each school that has been designated as an underperforming school and shall present the respective improvement plans that have been developed for each school. The school district governing board, within thirty days of receiving notice of the designation, shall provide written notification of the classification to each residence within the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection.

L. A school that has not submitted an improvement plan pursuant to subsection K of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection K of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

M. If a charter school is designated as an underperforming school, within thirty days the school shall notify the parents of the students attending the school of the classification. The notice shall explain the improvement plan process and provide information regarding the public meeting required by this subsection. Within ninety days of receiving the classification, the charter holder shall present an improvement plan to the charter sponsor at a public meeting and submit a copy of the plan to the superintendent of public instruction. The improvement plan shall include necessary components as identified by the state board of education. For every day that an improvement plan is not received by the superintendent of public instruction, the school is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection K of this section plus an additional ninety days. The charter holder shall appear before the sponsoring board and explain why the improvement plan has not been submitted.

N. The department of education shall establish an appeals process, to be approved by the state board of education, for a school to appeal data used to determine the achievement profile of the school. The criteria established

shall be based on mitigating factors and may include a visit to the school site by the department of education.

O. If a school remains classified as an underperforming school for a third consecutive year, the department of education shall visit the school site to confirm the classification data and to review the implementation of the school's improvement plan. The school shall be classified as failing to meet academic standards unless an alternate classification is made after an appeal pursuant to subsection N of this section.

P. The school district governing board, within thirty days of receiving notice of the school failing to meet academic standards classification, shall provide written notification of the classification to each residence in the attendance area of the school. The notice shall explain the improvement plan process and provide information regarding the public meeting required by subsection S of this section.

Q. The superintendent of public instruction, based on need, shall assign a solutions team to an underperforming school, a school failing to meet academic standards or any other school pursuant to a mutual agreement between the department of education and the school comprised of master teachers, fiscal analysts and curriculum assessment experts who are certified by the state board of education as Arizona academic standards technicians. The department of education may hire or contract with administrators, principals and teachers who have demonstrated experience with the characteristics and situations in an underperforming school or a school failing to meet academic standards and may use these personnel as part of the solutions team. The department of education shall work with staff at the school to assist in curricula alignment and shall instruct teachers on how to increase pupil academic progress, considering the school's achievement profile. The solutions team shall consider the existing improvement plan to assess the need for changes to curriculum, professional development and resource allocation and shall present a statement of its findings to the school administrator and district superintendent. Within forty-five days after the presentation of the solutions team's statement of findings, the school district governing board, in cooperation with each school within the school district that is designated an underperforming school and its assigned solutions team representative, shall develop and submit to the department of education an action plan that details the manner in which the school district will assist the school as the school incorporates the findings of the solutions team into the improvement plan. The department of education shall review the action plan and shall either accept the action plan or return the action plan to the school district for modification. If the school district does not submit an approved action plan within forty-five days, the state board of education may direct the superintendent of public instruction to withhold up to ten per cent of state monies that the school district would otherwise be entitled to receive each month until the plan is submitted to

the department of education, at which time those monies shall be returned to the school district.

R. The parent or the guardian of the pupil may apply to the department of education, in a manner determined by the department of education, for a certificate of supplemental instruction from the failing schools tutoring fund established by this section. Pupils attending a school designated as an underperforming school or a school failing to meet academic standards or a pupil who has failed to pass one or more portions of the Arizona instrument to measure standards test in grades eight through twelve in order to graduate from high school may select an alternative tutoring program in academic standards from a provider that is certified by the state board of education. To qualify, the provider must state in writing a level of academic improvement for the pupil that includes a timeline for improvement that is agreed to by the parent or guardian of the pupil. The state board of education shall annually review academic performance levels for providers certified pursuant to this subsection and may remove a provider at a public hearing from an approved list of providers if that provider fails to meet its stated level of academic improvement. The state board of education shall determine the application guidelines and the maximum value for each certificate of supplemental instruction. The state board of education shall annually complete a market survey in order to determine the maximum value for each certificate of supplemental instruction. Nothing in this subsection shall be construed to require the state to provide additional monies beyond the monies provided pursuant to section 42-5029, subsection E, paragraph 7.

S. Within sixty days of receiving notification of designation as a school failing to meet academic standards, the school district governing board shall evaluate needed changes to the existing improvement plan for the school, consider recommendations from the solutions team, submit a copy of the plan to the superintendent of public instruction and supervise the implementation of the plan. Within thirty days after submitting the improvement plan to the superintendent of public instruction, the governing board shall hold a public meeting in each school that has been designated as a school failing to meet academic standards and shall present the respective improvement plans that have been developed for each school.

T. A school that has not submitted an improvement plan pursuant to subsection S of this section is not eligible to receive monies from the classroom site fund established by section 15-977 for every day that a plan has not been received by the superintendent of public instruction within the time specified in subsection S of this section plus an additional ninety days. The state board of education shall require the superintendent of the school district to testify before the board and explain the reasons that an improvement plan for that school has not been submitted.

U. If a charter school is designated as a school failing to meet academic standards, the department of education shall immediately notify the charter school's sponsor. The charter school's sponsor shall either take

action to restore the charter school to acceptable performance or revoke the charter school's charter. Within thirty days the school shall notify the parents of the students attending the school of the classification and of any pending public meetings to review the issue.

V. A school that has been designated as a school failing to meet academic standards shall be evaluated by the department of education to determine if the school failed to properly implement its school improvement plan, align the curriculum with academic standards, provide teacher training, prioritize the budget or implement other proven strategies to improve academic performance. After visiting the school site pursuant to subsection O of this section, the department of education shall submit to the state board of education a recommendation to proceed pursuant to subsections Q, R and S of this section or that the school be subject to a public hearing to determine if the school failed to properly implement its improvement plan and the reasons for the department's recommendation.

W. If the department does recommend a public hearing, the state board of education shall meet and may provide by a majority vote at the public hearing for the continued operation of the school as allowed by this subsection. The state board of education shall determine whether governmental, nonprofit and private organizations may submit applications to the state board to fully or partially manage the school. The state board's determination shall include:

1. If and to what extent the local governing board may participate in the operation of the school including personnel matters.

2. If and to what extent the state board of education shall participate in the operation of the school.

3. Resource allocation pursuant to subsection Y of this section.

4. Provisions for the development and submittal of a school improvement plan to be presented in a public meeting at the school.

5. A suggested time frame for the alternative operation of the school.

X. The state board shall periodically review the status of a school that is operated by an organization other than the school district governing board to determine whether the operation of the school should be returned to the school district governing board. Before the state board makes a determination, the state board or its designee shall meet with the school district governing board or its designee to determine the time frame, operational considerations and the appropriate continuation of existing improvements that are necessary to assure a smooth transition of authority from the other organization back to the school district governing board.

Y. If an alternative operation plan is provided pursuant to subsection W of this section, the state board of education shall pay for the operation of the school and shall adjust the school district's student count pursuant to section 15-902, soft capital allocation pursuant to section 15-962, capital outlay revenue limit pursuant to section 15-961, base support level pursuant to section 15-943, monies distributed from the classroom site fund

established by section 15-977 and transportation support level pursuant to section 15-945 to accurately reflect any reduction in district services that are no longer provided to that school by the district. The state board of education may modify the school district's revenue control limit, the district support level and the general budget limit calculated pursuant to section 15-947 by an amount that corresponds to this reduction in services. The state board of education shall retain the portion of state aid that would otherwise be due the school district for the school and shall distribute that portion of state aid directly to the organization that contracts with the state board of education to operate the school.

Z. If the state board of education determines that a charter school failed to properly implement its improvement plan, the sponsor of the charter school shall revoke the charter school's charter.

AA. If there are more than two schools in a district and more than one-half, or in any case more than five, of the schools in the district are designated as schools failing to meet academic standards for more than two consecutive years, in the next election of members of the governing board the election ballot shall contain the following statement immediately above the listing of governing board candidates:

> Within the last five years, (number of schools) schools in the _____ school district have been designated as "schools failing to meet academic standards" by the superintendent of public instruction.

BB. At least twice each year the department of education shall publish in a newspaper of general circulation in each county of this state a list of schools that are designated as schools failing to meet academic standards.

CC. The failing schools tutoring fund is established consisting of monies collected pursuant to section 42-5029, subsection E as designated for this purpose. The department of education shall administer the fund. The department of education may use monies from the fund to purchase materials designed to assist students to meet the Arizona academic standards and to achieve a passing score on the Arizona instrument to measure standards test in order to graduate from high school.

DD. The department of education may develop a classification label for school districts and charter school operators. If the department of education develops a classification label for school districts and charter school operators, the classification label may be developed from the following components:

1. Measures of academic progress.

2. Pupil assessment data.

3. The attendance rates and graduation rates of pupils who are educated in that charter school operator's charter schools or in that school district's schools.

4. The percentage of the parents of pupils enrolled in that charter school operator's charter schools or in that school district's schools that

categorizes the quality of their child's education as excellent on a parental rating of school quality.

EE. THE STATE BOARD OF EDUCATION SHALL DETERMINE APPROPRIATE MODIFICATIONS TO THE CRITERIA USED TO CALCULATE ACHIEVEMENT PROFILES FOR SCHOOLS THAT PARTICIPATE IN THE BOARD EXAMINATION SYSTEM PRESCRIBED IN CHAPTER 7, ARTICLE 6 OF THIS TITLE.

Sec. 4. Title 15, chapter 3, article 3, Arizona Revised Statutes, is amended by adding section 15-342.01, to read:

15-342.01. Other discretionary powers

A. THE GOVERNING BOARD MAY CONTRACT WITH THE PRIVATE ORGANIZATION THAT IS APPROVED BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 15-792.02 TO PROVIDE APPROVED BOARD EXAMINATION SYSTEMS FOR THE SCHOOLS IN THE SCHOOL DISTRICT.

B. IF A SCHOOL DISTRICT DECIDES NOT TO PARTICIPATE IN THE BOARD EXAMINATION SYSTEM PRESCRIBED IN CHAPTER 7, ARTICLE 6 OF THIS TITLE, PUPILS ENROLLED IN THAT SCHOOL DISTRICT MAY EARN A GRAND CANYON DIPLOMA BY OBTAINING A PASSING SCORE ON THE SAME BOARD EXAMINATIONS.

Sec. 5. Section 15-701.01, Arizona Revised Statutes, is amended to read:

15-701.01. High school; graduation; requirements; community college or university courses; transfer from private schools; academic credit

A. The state board of education shall:

1. Prescribe a minimum course of study, as defined in section 15-101 and incorporating the academic standards adopted by the state board of education, for the graduation of pupils from high school.

2. Prescribe competency requirements for the graduation of pupils from high school incorporating the academic standards in at least the areas of reading, writing, mathematics, science and social studies.

3. Develop and adopt competency tests pursuant to section 15-741 for the graduation of pupils from high school in at least the areas of reading, writing and mathematics and shall establish passing scores for each such test. For the purposes of satisfying the graduation requirements of this paragraph, a minimum score as determined by the state board of education on one or more nationally recognized college entrance examinations selected by the state board of education, if examination information may be accessed at no cost to this state, may be substituted for passing scores on the Arizona instrument to measure standards test if a pupil who is in grade twelve has previously taken the Arizona instrument to measure standards test at each administration of the test. FOR THE PURPOSES OF SATISFYING THE GRADUATION REQUIREMENTS OF THIS PARAGRAPH, A SCORE AS DETERMINED BY THE STATE BOARD OF EDUCATION ON A BOARD EXAMINATION PRESCRIBED IN ARTICLE 6 OF THIS CHAPTER MAY BE SUBSTITUTED FOR PASSING SCORES ON THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IF A PUPIL WHO IS IN GRADE TWELVE HAS PREVIOUSLY TAKEN THE BOARD EXAMINATION AND HAS NOT ACHIEVED THE MINIMUM SCORE REQUIRED TO EARN A

GRAND CANYON DIPLOMA. A pupil shall not be required to pass the competency test required in this paragraph to graduate from high school if the pupil transfers into the district from out-of-state and has successfully passed a statewide assessment test on state adopted standards that are substantially equivalent to the state board adopted academic standards.

B. If the state board of education adopts a competency test as a graduation requirement for a child with a disability as defined in section 15-761 or a child who receives special education pursuant to section 15-763, pupils with individualized education programs shall not be required to achieve passing scores on competency tests in order to graduate from high school unless the pupil is learning at a level appropriate for the pupil's grade level in a specific academic area and unless passing scores on a competency test are specifically required in a specific academic area by the pupil's individualized education program as mutually agreed on by the pupil's parents and the pupil's individualized education program team or the pupil, if the pupil is at least eighteen years of age. These competency tests shall be administered to pupils in a manner prescribed in the pupil's individualized education program, and school districts and charter schools shall make specific and appropriate accommodations for pupils with individualized education programs. Pupils with section 504 plans as defined in section 15-731 shall not be required to achieve passing scores on competency tests in order to graduate from high school unless the pupil is learning at a level appropriate for the pupil's grade level in a specific academic area and unless passing scores on a competency test are specifically required in a specific academic area by the pupil's section 504 plan that is developed in consultation with the pupil's parents. These competency tests shall be administered to pupils in a manner prescribed in the pupil's section 504 plan, and school districts and charter schools shall make specific and appropriate accommodations for pupils with a section 504 plan. A pupil with an individualized education program or a section 504 plan who graduates from high school but who is not required to achieve a passing score on a competency test in order to graduate from high school shall receive the standard diploma issued by the school district or charter school.

C. The governing board of a school district shall:

1. Prescribe curricula that include the academic standards in the required subject areas pursuant to subsection A, paragraph 1 of this section.

2. Prescribe criteria for the graduation of pupils from the high schools in the school district. These criteria shall include accomplishment of the academic standards in at least reading, writing, mathematics, science and social studies, as determined by district assessment. Other criteria may include additional measures of academic achievement and attendance.

D. The governing board may prescribe the course of study and competency requirements for the graduation of pupils from high school that are in addition to or higher than the course of study and competency requirements which the state board prescribes.

E. The governing board may prescribe competency requirements for the passage of pupils in courses that are required for graduation from high school.

F. A teacher shall determine whether to pass or fail a pupil in a course in high school as provided in section 15-521, paragraph 3 on the basis of the competency requirements, if any have been prescribed. The governing board, if it reviews the decision of a teacher to pass or fail a pupil in a course in high school as provided in section 15-342, paragraph 11, shall base its decision on the competency requirements, if any have been prescribed.

G. Graduation requirements established by the governing board may be met by a pupil who passes courses in the required or elective subjects at a community college or university, if the course is at a higher level than the course taught in the high school attended by the pupil or, if the course is not taught in the high school, the level of the course is equal to or higher than the level of a high school course. The governing board shall determine if the subject matter of the community college or university course is appropriate to the specific requirement the pupil intends it to fulfill and if the level of the community college or university course is less than, equal to or higher than a high school course, and the governing board shall award one-half of a carnegie unit for each three semester hours of credit the pupil earns in an appropriate community college or university course. If a pupil is not satisfied with the decision of the governing board regarding the amount of credit granted or the subjects for which credit is granted, the pupil may request that the state board of education review the decision of the governing board, and the state board shall make the final determination of the amount of credit to be given the pupil and for which subjects. The governing board shall not limit the number of credits that is required for high school graduation and that may be met by taking community college or university courses. For the purposes of this subsection:

1. "Community college" means an educational institution that is operated by a community college district as defined in section 15-1401 or a postsecondary educational institution under the jurisdiction of an Indian tribe recognized by the United States department of the interior.

2. "University" means a university under the jurisdiction of the Arizona board of regents.

H. A pupil who transfers from a private school shall be provided with a list that indicates those credits that have been accepted and denied by the school district. A pupil may request to take an examination in each particular course in which credit has been denied. The school district shall accept the credit for each particular course in which the pupil takes an examination and receives a passing score on a test designed and evaluated by a teacher in the school district who teaches the subject matter on which the examination is based. In addition to the above requirements, the governing board of a school district may prescribe requirements for the acceptance of the credits of pupils who transfer from a private school.

I. If a pupil who was previously enrolled in a charter school or school district enrolls in a school district in this state, the school district shall accept credits earned by the pupil in courses or instructional programs at the charter school or school district. The governing board of a school district may adopt a policy concerning the application of transfer credits for the purpose of determining whether a credit earned by a pupil who was previously enrolled in a school district or charter school will be assigned as an elective or core credit.

J. A pupil who transfers from a charter school or school district shall be provided with a list that indicates which credits have been accepted as an elective credit and which credits have been accepted as a core credit by the school district. Within ten school days after receiving the list, a pupil may request to take an examination in each particular course in which core credit has been denied. The school district shall accept the credit as a core credit for each particular course in which the pupil takes an examination and receives a passing score on a test designed and evaluated by a teacher in the school district who teaches the subject matter on which the examination is based.

K. The state board of education shall adopt rules to allow high school pupils who can demonstrate competency in a particular academic course or subject to obtain academic credit for the course or subject without enrolling in the course or subject.

L. PUPILS WHO EARN A GRAND CANYON DIPLOMA PURSUANT TO ARTICLE 6 OF THIS CHAPTER ARE EXEMPT FROM THE GRADUATION REQUIREMENTS PRESCRIBED IN THIS SECTION, INCLUDING THE REQUIREMENT THAT A PUPIL OBTAIN PASSING SCORES ON THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST IN ORDER TO GRADUATE FROM HIGH SCHOOL. PUPILS WHO EARN A GRAND CANYON DIPLOMA ARE ENTITLED TO ALL THE RIGHTS AND PRIVILEGES OF PERSONS WHO GRADUATE WITH A HIGH SCHOOL DIPLOMA ISSUED PURSUANT TO THIS SECTION, INCLUDING ACCESS TO POSTSECONDARY SCHOLARSHIPS AND OTHER FORMS OF STUDENT FINANCIAL AID AND ACCESS TO ALL FORMS OF POSTSECONDARY EDUCATION. NOTWITHSTANDING ANY OTHER LAW, A PUPIL WHO EARNS A GRAND CANYON DIPLOMA MAY ELECT TO REMAIN IN HIGH SCHOOL THROUGH GRADE TWELVE. A PUPIL WHO EARNS A GRAND CANYON DIPLOMA AND WHO ELECTS NOT TO PURSUE ONE OF THE OPTIONS PRESCRIBED IN SECTION 15-792.03 MAY ONLY BE READMITTED TO THAT HIGH SCHOOL OR ANOTHER HIGH SCHOOL IN THIS STATE PURSUANT TO POLICIES ADOPTED BY THE SCHOOL DISTRICT OF READMISSION.

Sec. 6. Title 15, chapter 7, Arizona Revised Statutes, is amended by adding article 6, to read:

ARTICLE 6. BOARD EXAMINATION SYSTEM

15-792. Declaration of purpose and policy

THE LEGISLATURE DECLARES AND FINDS THAT:

1. IT IS IN THE INTEREST OF THIS STATE TO GREATLY INCREASE THE PROPORTION OF STUDENTS WHO ENTER HIGH SCHOOL AND WHO SUBSEQUENTLY LEAVE THOSE HIGH SCHOOLS WITH THE SKILLS NEEDED TO COMPETE EFFECTIVELY IN A GLOBAL

ECONOMY THAT PROVIDES WORLD CLASS WAGES ONLY TO WORKERS WITH WORLD CLASS SKILLS.

2. IT IS IN THE INTEREST OF STUDENTS IN THIS STATE, THEIR FAMILIES AND SCHOOLS TO PROVIDE A COLLEGE AND WORK READINESS ASSESSMENT TO STUDENTS.

3. THE PURPOSE OF THIS ARTICLE IS TO GREATLY INCREASE THE PROPORTION OF STUDENTS IN THIS STATE WHO LEAVE HIGH SCHOOL WITH THE SKILLS AND KNOWLEDGE NEEDED TO SUCCEED IN COLLEGE IN A WAY THAT DOES NOT SIGNIFICANTLY INCREASE THE COST OF HIGH SCHOOL.

15-792.01. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "APPROVED BOARD EXAMINATION SYSTEM" MEANS A BOARD EXAMINATION SYSTEM THAT HAS BEEN APPROVED BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS.

2. "BOARD EXAMINATION SYSTEM" MEANS A COMPLETE INSTRUCTIONAL SYSTEM THAT INCLUDES ALL OF THE FOLLOWING COMPONENTS:

(a) A COHERENT GROUP OF COURSES THAT COLLECTIVELY CONSTITUTES A CORE CURRICULUM AT THE HIGH SCHOOL LEVEL.

(b) A COMPREHENSIVE SYLLABUS FOR EACH COURSE.

(c) APPROPRIATE INSTRUCTIONAL AND TEACHING MATERIALS FOR EACH COURSE.

(d) HIGH QUALITY EXAMINATIONS THAT ARE CLOSELY ALIGNED WITH THE COURSE SYLLABUS.

(e) PROFESSIONAL SCORING OF EXAMINATIONS.

(f) TEACHER EDUCATION THAT IS DESIGNED TO TRAIN TEACHERS TO PROPERLY TEACH THOSE COURSES.

3. "GRAND CANYON DIPLOMA" MEANS A HIGH SCHOOL DIPLOMA THAT IS OFFERED TO ANY STUDENT WHO DEMONSTRATES READINESS FOR COLLEGE LEVEL MATHEMATICS AND ENGLISH ACCORDING TO STANDARDS PRESCRIBED BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS AND WHO HAS PASSING GRADES ON AN ADDITIONAL SET OF REQUIRED APPROVED BOARD EXAMINATIONS.

4. "READINESS FOR COLLEGE LEVEL MATHEMATICS AND ENGLISH" MEANS THAT A STUDENT HAS THE ENGLISH AND MATHEMATICS SKILLS AND KNOWLEDGE NEEDED TO SUCCEED IN COLLEGE LEVEL COURSES THAT COUNT TOWARD A DEGREE OR CERTIFICATE WITHOUT TAKING REMEDIAL OR DEVELOPMENTAL COURSEWORK.

15-792.02. Board examination system; private contractor; duties

A. THE STATE BOARD OF EDUCATION SHALL SELECT AND ENTER INTO A FIVE-YEAR AGREEMENT WITH A PRIVATE ORGANIZATION TO OPERATE AND ADMINISTER THE BOARD EXAMINATION SYSTEM PRESCRIBED IN THIS ARTICLE.

B. THE PRIVATE ORGANIZATION SELECTED BY THE STATE BOARD OF EDUCATION SHALL:

1. IDENTIFY, SELECT AND CONTRACT WITH A NATIONAL ORGANIZATION THAT IS DEVOTED TO ISSUES CONCERNING EDUCATION AND THE ECONOMY AND THAT IS SELECTED BY THE STATE BOARD OF EDUCATION TO PROVIDE TECHNICAL SERVICES TO DEVELOP AND MAINTAIN AN INTERSTATE SYSTEM OF APPROVED BOARD EXAMINATION SYSTEMS.

2. PROVIDE DATA AND OTHER INFORMATION TO A NATIONAL ORGANIZATION THAT IS DEVOTED TO ISSUES CONCERNING EDUCATION AND THE ECONOMY AND THAT IS

SELECTED BY THE STATE BOARD OF EDUCATION TO PROVIDE TECHNICAL SERVICES THE NATIONAL ORGANIZATION DEEMS NECESSARY TO SET APPROPRIATE PERFORMANCE STANDARDS FOR THE STUDENTS IN THIS STATE. THE DEPARTMENT OF EDUCATION SHALL PROVIDE DATA AND OTHER INFORMATION TO THE PRIVATE ORGANIZATION.

3. CONDUCT TECHNICAL STUDIES REQUIRED BY THE STATE BOARD OF EDUCATION TO COMPARE THE SCORES ON APPROVED BOARD EXAMINATIONS BY THE STUDENTS IN THIS STATE TO SCORES ON THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST AND OTHER MEASURES DEEMED NECESSARY TO ENSURE THE EFFICACY OF THE APPROVED BOARD EXAMINATIONS. THE PRIVATE ORGANIZATION MAY CONTRACT WITH OTHER ENTITIES THAT ARE SELECTED BY THE STATE BOARD OF EDUCATION FOR THE PURPOSE OF CONDUCTING TECHNICAL STUDIES.

4. IN COOPERATION WITH THE SUPERINTENDENT OF PUBLIC INSTRUCTION AND THE STATE BOARD OF EDUCATION, SOLICIT MONIES FROM ALL LAWFUL PRIVATE AND PUBLIC SOURCES, INCLUDING FEDERAL MONIES, TO OFFSET THE COSTS OF INSTRUCTION PROVIDED TO STUDENTS UNDER THIS ARTICLE.

5. EXERCISE GENERAL SUPERVISION OVER THE IMPLEMENTATION OF THE APPROVED BOARD EXAMINATION SYSTEMS IN THIS STATE FOR THE DURATION OF THE FIVE-YEAR CONTRACT. THESE EXAMINATION SYSTEMS SHALL MEET THE FOLLOWING CRITERIA:

(a) APPEAR ON A LIST OF APPROVED BOARD EXAMINATION SYSTEMS SELECTED BY THE INTERSTATE COMPACT.

(b) BE PERIODICALLY MODIFIED TO REFLECT CORE STANDARDS SELECTED BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS.

(c) HAVE COMMON PASSING SCORES THAT ARE PRESCRIBED BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS AND THAT ARE SET TO THE LEVEL OF LITERACY REQUIRED TO SUCCEED IN COLLEGE-LEVEL COURSES OFFERED BY COMMUNITY COLLEGES IN THIS STATE THAT COUNT TOWARD A DEGREE OR CERTIFICATE WITHOUT TAKING REMEDIAL OR DEVELOPMENTAL COURSEWORK. THE PRIVATE ORGANIZATION, ON APPROVAL OF THE STATE BOARD OF EDUCATION AND WITH INPUT FROM REPRESENTATIVES FROM SCHOOL DISTRICTS, CHARTER SCHOOLS, COMMUNITY COLLEGES AND UNIVERSITIES IN THIS STATE, SHALL DESIGNATE TWO INDIVIDUALS TO REPRESENT THIS STATE IN AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS TO PRESCRIBE THE COMMON PASSING SCORES PRESCRIBED IN THIS SUBDIVISION.

6. PREPARE AN ANNUAL REPORT FOR THE STATE BOARD OF EDUCATION, WHICH SHALL FORWARD IT TO THE LEGISLATURE AND THE GOVERNOR, ON THE PROGRESS MADE TOWARD THE GOALS ESTABLISHED IN THIS ARTICLE AND PROVIDE COPIES TO THE SECRETARY OF STATE. PARTICIPATING SCHOOLS AND THE DEPARTMENT OF EDUCATION SHALL PROVIDE DATA TO THE PRIVATE ORGANIZATION AS NEEDED IN ORDER TO COMPLETE THE ANNUAL REPORT.

7. IDENTIFY, SELECT AND REPRESENT THIS STATE ON THE NATIONAL GOVERNING BODY OF AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS, AS APPROVED BY THE STATE BOARD OF EDUCATION, TO ENABLE STATES TO COLLABORATE IN THE FOLLOWING AREAS:

(a) THE SELECTION OF BOARD EXAMINATION SYSTEMS FOR USE IN THOSE STATES.

(b) PROVIDING TECHNICAL ASSISTANCE REQUIRED TO IMPLEMENT THE BOARD EXAMINATION SYSTEMS EFFECTIVELY IN THOSE STATES FOR THE USE OF THOSE EXAMINATIONS.

(c) ENTERING INTO CONTRACTS WITH BOARD EXAMINATION SYSTEM PROVIDERS OR WITH A NATIONAL ORGANIZATION THAT IS DEVOTED TO ISSUES CONCERNING EDUCATION AND THE ECONOMY TO DEVELOP NEW OR IMPROVED BOARD EXAMINATION SYSTEMS.

8. SELECT THIS STATE'S REPRESENTATIVES IN AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS IN ACCORDANCE WITH POLICIES PRESCRIBED BY THAT INTERSTATE COMPACT.

C. THE STATE BOARD OF EDUCATION SHALL ADOPT RULES TO CARRY OUT THE PURPOSES OF THIS SECTION AND SHALL SELECT COLLEGE AND CAREER READY EXAMINATIONS THAT ARE AVAILABLE TO PUPILS IN GRADE EIGHT, INCLUDING THOSE PUPILS WHO INTEND TO PARTICIPATE IN THE BOARD EXAMINATIONS SYSTEM IN HIGH SCHOOL. THE EXAMINATIONS SHALL BE SELECTED TO PROVIDE DATA TO PUPILS, THEIR FAMILIES AND SCHOOLS REGARDING THE PUPIL'S LEVEL OF PREPARATION FOR ENTRY INTO A COLLEGE AND CAREER READY PATHWAY IN HIGH SCHOOL.

D. PURSUANT TO RULES ADOPTED BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT OF EDUCATION SHALL DEVELOP A SYSTEM TO TRACK THE ACADEMIC PROGRESS OF PUPILS WHO PARTICIPATE IN THE BOARD EXAMINATION SYSTEM.

E. ALL ACTIONS TAKEN PURSUANT TO THIS SECTION SHALL COMPLY WITH THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974 (P.L. 93-380), AS AMENDED.

15-792.03. Grand Canyon diploma

A. THE PRIVATE ORGANIZATION SELECTED PURSUANT TO SECTION 15-792.02 SHALL DEVELOP THE GRAND CANYON DIPLOMA TO BE APPROVED AND ADOPTED BY THE STATE BOARD OF EDUCATION. SCHOOL DISTRICTS AND CHARTER SCHOOLS IN THIS STATE MAY CHOOSE TO OFFER A GRAND CANYON DIPLOMA BEGINNING IN THE 2012-2013 SCHOOL YEAR. A HIGH SCHOOL STUDENT WHO IS ENROLLED IN A SCHOOL DISTRICT OR CHARTER SCHOOL THAT OFFERS A GRAND CANYON DIPLOMA MAY CHOOSE TO PURSUE A GRAND CANYON DIPLOMA.

B. THE GRAND CANYON DIPLOMA MAY BE AWARDED AT THE END OF GRADE TEN OR DURING OR AT THE END OF GRADE ELEVEN OR TWELVE TO STUDENTS WHO MEET THE CRITERIA. STUDENTS WHO ELECT TO PURSUE A GRAND CANYON DIPLOMA SHALL PARTICIPATE IN A BOARD EXAMINATION SYSTEM THAT CONSISTS OF INTERNATIONALLY BENCHMARKED INSTRUCTIONAL PROGRAMS OF STUDY CHOSEN BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS.

C. STUDENTS WHO EARN A GRAND CANYON DIPLOMA SHALL HAVE MULTIPLE PATHWAYS AVAILABLE TO THEM AND MAY:

1. ENROLL THE FOLLOWING FALL SEMESTER IN A COMMUNITY COLLEGE UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT IN THIS STATE. COMMUNITY COLLEGES UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT IN THIS STATE SHALL ADMIT STUDENTS WHO OBTAIN A GRAND CANYON DIPLOMA AND WHO OTHERWISE MEET THE QUALIFICATIONS FOR ADMISSION WITHOUT REQUIRING THOSE STUDENTS TO ENROLL IN REMEDIAL COURSES. THE SCHOOL DISTRICT OR CHARTER SCHOOL FROM WHICH THE STUDENT EARNED THE GRAND CANYON DIPLOMA SHALL INCLUDE THAT STUDENT IN THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S STUDENT COUNT AND SHALL CONTINUE TO

RECEIVE PER PUPIL FUNDING FOR A STUDENT WHO EARNS A GRAND CANYON DIPLOMA UNTIL THAT STUDENT WOULD OTHERWISE HAVE GRADUATED AT THE END OF GRADE TWELVE, AS LONG AS THAT STUDENT IS ENROLLED IN APPROVED POSTSECONDARY STUDIES. THE SCHOOL DISTRICT OR CHARTER SCHOOL SHALL REIMBURSE THE COMMUNITY COLLEGE DISTRICT FOR THE AMOUNT OF OPERATING FULL-TIME STUDENT EQUIVALENCY MONIES THAT THE COMMUNITY COLLEGE DISTRICT WOULD BE ENTITLED TO RECEIVE IF THE STUDENT WAS ENROLLED AS A FULL-TIME EQUIVALENT STUDENT IN A COMMUNITY COLLEGE DISTRICT. FIFTY PER CENT OF THE REMAINING BALANCE OF THE PER PUPIL FUNDING SHALL BE USED FOR TEACHER AND PUPIL INCENTIVES, INCLUDING SCHOLARSHIP PROGRAMS AND FIFTY PER CENT SHALL BE USED FOR MAINTENANCE AND OPERATIONS, INCLUDING CAPITAL. THE REMAINING BALANCE OF THE PER PUPIL FUNDING FOR TEACHER AND PUPIL INCENTIVES, INCLUDING SCHOLARSHIP PROGRAMS, SHALL BE USED TO OFFSET THE COSTS OF BOARD EXAMINATIONS AND TO PROVIDE CUSTOMIZED PROGRAMS OF ASSISTANCE FOR STUDENTS WHO DO NOT PASS THE BOARD EXAMINATIONS. A STUDENT WHO EARNS A GRAND CANYON DIPLOMA MAY ENROLL IN COMMUNITY COLLEGE COURSES OFFERED ON A COMMUNITY COLLEGE CAMPUS OR A HIGH SCHOOL CAMPUS, OR BOTH. NOTWITHSTANDING ANY OTHER LAW, COMMUNITY COLLEGE DISTRICTS SHALL NOT CLASSIFY A STUDENT WHO REMAINS IN HIGH SCHOOL PURSUANT TO THIS PARAGRAPH AS A FULL-TIME EQUIVALENT STUDENT. STUDENTS WHO TAKE COURSES ON HIGH SCHOOL CAMPUSES PURSUANT TO THIS PARAGRAPH SHALL BE ELIGIBLE TO PARTICIPATE IN EXTRACURRICULAR ACTIVITIES, INCLUDING INTERSCHOLASTIC SPORTS, THROUGH THE END OF GRADE TWELVE.

2. REMAIN IN HIGH SCHOOL AND ENROLL IN ADDITIONAL ADVANCED PREPARATION BOARD EXAMINATION PROGRAMS THAT ARE DESIGNED TO PREPARE THOSE STUDENTS FOR ADMISSION TO HIGH QUALITY POSTSECONDARY INSTITUTIONS THAT OFFER BACCALAUREATE DEGREE PROGRAMS. THESE BOARD EXAMINATION PROGRAMS SHALL BE SELECTED FROM A LIST APPROVED BY AN INTERSTATE COMPACT FOR BOARD EXAMINATION SYSTEMS.

3. ENROLL IN A FULL-TIME CAREER AND TECHNICAL EDUCATION PROGRAM OFFERED ON A COMMUNITY COLLEGE CAMPUS, A HIGH SCHOOL CAMPUS OR A JOINT TECHNOLOGICAL EDUCATION DISTRICT CAMPUS, OR ANY COMBINATION OF THESE CAMPUSES. STUDENTS WHO ELECT TO REMAIN IN HIGH SCHOOL PURSUANT TO THIS PARAGRAPH SHALL BE ELIGIBLE TO PARTICIPATE IN EXTRACURRICULAR ACTIVITIES, INCLUDING INTERSCHOLASTIC SPORTS, THROUGH THE END OF GRADE TWELVE. NOTWITHSTANDING ANY OTHER LAW, IF THE INSTRUCTION PROVIDED UNDER THIS PARAGRAPH IS PROVIDED BY A JOINT TECHNOLOGICAL EDUCATION DISTRICT, THE AVERAGE DAILY MEMBERSHIP FOR THAT PUPIL SHALL BE 1.25.

4. RETURN TO A TRADITIONAL ACADEMIC PROGRAM WITHOUT COMPLETING THE NEXT LEVEL OF BOARD EXAMINATION SYSTEMS CURRICULUM.

D. STUDENTS WHO PURSUE BUT DO NOT EARN A GRAND CANYON DIPLOMA AT THE END OF GRADE TEN OR ELEVEN SHALL RECEIVE A CUSTOMIZED PROGRAM OF ASSISTANCE DURING THE NEXT SCHOOL YEAR THAT ADDRESSES AREAS IN WHICH THE STUDENT DEMONSTRATED DEFICIENCIES IN THE APPROVED BOARD EXAMINATIONS. THESE STUDENTS MAY RETAKE THE BOARD EXAMINATIONS AT THE NEXT AVAILABLE EXAMINATION ADMINISTRATION. STUDENTS MAY CHOOSE TO RETURN TO A TRADITIONAL ACADEMIC PROGRAM WITHOUT COMPLETING THE BOARD EXAMINATION SYSTEM CURRICULUM.

E. THE PRIVATE ORGANIZATION SELECTED PURSUANT TO SECTION 15-792.02 SHALL DEVELOP DETAILED REQUIREMENTS FOR STUDENTS TO EARN THE GRAND CANYON DIPLOMA, AS APPROVED AND ADOPTED BY THE STATE BOARD OF EDUCATION, THAT INCLUDE AT LEAST THE FOLLOWING:

1. DEMONSTRATED SKILLS AND KNOWLEDGE IN ENGLISH AND MATHEMATICAL LITERACY TO BE SUCCESSFUL IN COLLEGE LEVEL COURSES OFFERED BY THE COMMUNITY COLLEGES IN THIS STATE THAT COUNT TOWARD A DEGREE OR CERTIFICATE WITHOUT TAKING REMEDIAL OR DEVELOPMENTAL COURSEWORK AS DETERMINED BY AN INTERSTATE COMPACT ON BOARD EXAMINATION SYSTEMS.

2. SATISFACTORY GRADES ON APPROVED BOARD EXAMINATIONS IN SUBJECTS DETERMINED TO BE NECESSARY TO PREPARE A STUDENT TO ENTER COMMUNITY COLLEGE WITHOUT REMEDIAL OR DEVELOPMENTAL COURSEWORK AND THAT DO NOT INCLUDE COURSEWORK REQUIRED EXCLUSIVELY FOR ENTRY INTO AN INSTITUTION THAT AWARDS BACCALAUREATE DEGREES.