Senate Engrossed

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE BILL 1451

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 1 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 17, SECTION 2, CHAPTER 306, SECTION 1, CHAPTER 332, SECTION 4 AND CHAPTER 333, SECTION 2; REPEALING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 1; AMENDING SECTIONS 15-342.03, 15-701.01, 15-792.02 AND 15-792.03, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; 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 15-185, Arizona Revised Statutes, as amended by Laws 2010, seventh special session, chapter 8, section 1 and Laws 2010, second regular session, chapter 17, section 2, chapter 306, section 1, chapter 332, section 4 and chapter 333, section 2, 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, the state board for charter schools, a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts.

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, the state board for charter schools, a university, a community college district or a group of community college districts are as follows:

1. The charter school shall calculate a base support level as prescribed in section 15-943, except that section 15-941 does 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, the state board for charter schools, the sponsoring university, the sponsoring community college district or the sponsoring group of community college districts 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 six hundred seven dollars fifty cents per student count in kindergarten programs and grades one through eight and one thousand eight hundred seventy-three dollars fifty-two 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~~ 1, subdivisions (a) and (b) and daily attendance as prescribed in section 15-901, subsection A, paragraph ~~6~~ 5, 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 technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical 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 technical education district and resides within the boundaries of a school district participating in the joint technical education district, the sum of the average daily membership for that pupil in the charter school and the joint technical education district shall be reduced to 1.25 and shall be apportioned between the charter school and the joint technical education district based on the percentage of total time that the pupil is enrolled or in attendance in the charter school and the joint technical 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, the state board for charter schools, a university, a community college district or a group of community college districts, 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, a university, a community college district, a group of community college districts 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. Notwithstanding any other law, a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts shall not include any student in the student count of the university, community college district or group of community college districts for state funding purposes if that student is enrolled in and attending a charter school sponsored by the university, community college district or group of community college districts.

M. The governing body of a charter school shall transmit a copy of its proposed budget or the summary of the proposed budget and a notice of the public hearing to the department of education for posting on the department of education's website no later than ten days before the hearing and meeting. If the charter school maintains a website, the charter school governing body shall post on its website a copy of its proposed budget or the summary of the proposed budget and a notice of the public hearing.

N. The governing body of a charter school ~~may contract~~ SHALL COLLABORATE 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.

O. 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. 2. Repeal

Section 15-185, Arizona Revised Statutes, as amended by Laws 2010, chapter 318, section 1, is repealed.

Sec. 3. Section 15-342.03, Arizona Revised Statutes, is amended to read:

15-342.03. Other powers and duties

A. The governing board ~~may contract~~ SHALL COLLABORATE 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. 4. 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~~ BE ELIGIBLE FOR 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~~ IS ELIGIBLE FOR a Grand Canyon diploma may elect to remain in high school through grade twelve AND SHALL NOT BE PREVENTED FROM ENROLLING AT A HIGH SCHOOL AFTER THE PUPIL BECOMES ELIGIBLE FOR A GRAND CANYON DIPLOMA. A pupil who ~~earns~~ IS ELIGIBLE FOR 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. 5. Section 15-792.02, Arizona Revised Statutes, is amended to read:

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~~ COLLABORATE 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~~ EVALUATED TO ENSURE ALIGNMENT WITH INTERNATIONALLY BENCHMARKED 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~~ SKILLS AND KNOWLEDGE NEEDED 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.

Sec. 6. Section 15-792.03, Arizona Revised Statutes, is amended to read:

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. STUDENTS ARE ELIGIBLE FOR the Grand Canyon diploma AND may be awarded THE GRAND CANYON DIPLOMA at the end of grade ten or during or at the end of grade eleven or twelve ~~to~~ IF THE 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~~ ARE ELIGIBLE FOR 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 at that school district or charter school~~ AS A FULL-TIME STUDENT IN A COMMUNITY COLLEGE UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT IN THIS STATE. The school district or charter school shall SUBTRACT TWENTY PER CENT OF ITS AVERAGE DAILY MEMBERSHIP AMOUNT AND 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~~ IF THE STUDENT HAS EARNED A GRAND CANYON DIPLOMA AND IS ATTENDING A COMMUNITY COLLEGE AS A FULL-TIME STUDENT. If the student attends community college on a community college campus, the school district or charter school shall reimburse the community college district for the amount of operating and capital outlay full-time student equivalency monies. For the purposes of this paragraph, the amount of operating full-time student equivalency monies shall be equivalent to the average appropriation per full-time student equivalent for all community college districts as calculated pursuant to section 15-1466, subsection C, paragraph 2. Fifty per cent of the remaining balance of the per pupil funding shall be used for teacher and pupil incentives, including scholarship programs, ~~and~~ TO OFFSET THE COSTS OF BOARD EXAMINATIONS AND TO PROVIDE CUSTOMIZED PROGRAMS OF ASSISTANCE FOR STUDENTS WHO DO NOT PASS THE BOARD EXAMINATIONS. THE OTHER 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.~~ UNDER THIS PARAGRAPH, A STUDENT WHO EARNS A GRAND

CANYON DIPLOMA IS RESPONSIBLE FOR TUITION. 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. The expenditure by community college districts of payments from the school district or charter school to the community colleges under this section shall not be included under the district expenditure limitation prescribed pursuant to article IX, section 21, Constitution of Arizona. IF THE INSTRUCTION PROVIDED UNDER THIS PARAGRAPH IS OFFERED ON A COMMUNITY COLLEGE CAMPUS, THE FUNDING AND IMPLEMENTATION MECHANICS BETWEEN THE SCHOOL DISTRICT OR CHARTER SCHOOL AND THE COMMUNITY COLLEGE SHALL BE DETERMINED BY AGREEMENT BETWEEN THE SCHOOL DISTRICT OR CHARTER SCHOOL AND THE COMMUNITY COLLEGE.

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~~ SELECTIVE 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. The school district or charter school from which the student ~~earned~~ BECAME ELIGIBLE FOR 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~~ IS ELIGIBLE FOR 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 advanced preparation board examination programs at that school district or charter school. Students who elect to remain in high school pursuant to this paragraph SHALL NOT BE PREVENTED FROM ENROLLING AT A HIGH SCHOOL AFTER THE PUPIL BECOMES ELIGIBLE FOR A GRAND CANYON DIPLOMA AND shall be eligible to participate in extracurricular activities, including interscholastic sports, through the end of grade twelve.

3. Enroll in a full-time career and technical education program offered on ~~a community college campus,~~ a high school campus or a joint technical education district campus, or any combination of these campuses. Students who elect to remain in high school pursuant to this paragraph SHALL NOT BE PREVENTED FROM ENROLLING AT A HIGH SCHOOL AFTER THE PUPIL BECOMES ELIGIBLE FOR A GRAND CANYON DIPLOMA AND shall be eligible to participate in extracurricular activities, including interscholastic sports, through the end of grade twelve. The school district or charter school from which the student ~~earned~~ BECAME ELIGIBLE FOR 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~~ IS ELIGIBLE FOR 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 an approved full-time career and technical education program. Notwithstanding any other law, if the instruction provided under this paragraph is provided by a joint technical education district IN A FULL-TIME CAREER AND TECHNICAL EDUCATION PROGRAM THAT IS DESIGNED TO LEAD TO A CERTIFICATE THAT IS AWARDED BY AN INDUSTRY OR RECOGNIZED AS MEETING INDUSTRY STANDARDS, the SUM OF THE average daily membership for that pupil shall ~~be~~ NOT EXCEED 1.25, AND THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED AT 1.0 FOR THE JOINT TECHNICAL EDUCATION DISTRICT AND 0.25 FOR THE SCHOOL DISTRICT.

~~4. Return to a traditional academic program without completing the next level of board examination systems curriculum.~~

4. REMAIN IN HIGH SCHOOL WITHOUT COMPLETING THE NEXT LEVEL OF BOARD EXAMINATION SYSTEMS AND PARTICIPATE IN PROGRAMS OF STUDY AVAILABLE TO THE STUDENTS THROUGH THE SCHOOL DISTRICT OR CHARTER SCHOOL. THE SCHOOL DISTRICT OR CHARTER SCHOOL WILL CONTINUE TO INCLUDE THE STUDENTS IN THE SCHOOL DISTRICT'S OR CHARTER SCHOOL'S COUNT AND SHALL CONTINUE TO RECEIVE PER PUPIL FUNDING FOR THE STUDENTS UNTIL THOSE STUDENTS WOULD HAVE OTHERWISE GRADUATED AT THE END OF GRADE TWELVE, AS LONG AS THOSE STUDENTS ARE ENROLLED IN APPROVED PROGRAMS OF STUDY AT THAT SCHOOL DISTRICT OR CHARTER SCHOOL. STUDENTS WHO ELECT TO REMAIN IN HIGH SCHOOL PURSUANT TO THIS PARAGRAPH SHALL BE ELIGIBLE TO PARTICIPATE IN EXTRACURRICULAR ACTIVITIES, INCLUDING INTERSCHOLASTIC SPORTS.

D. Students who pursue but do not ~~earn~~ MEET THE ELIGIBILITY REQUIREMENTS FOR 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~~ BECOME ELIGIBLE FOR 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.

F. A student who obtains a Grand Canyon diploma pursuant to this section is not eligible to participate in the early graduation scholarship program established by section 15-105 if the student elects to pursue one of the pathways prescribed in subsection C, paragraph 1, 2 or 3 of this section. The department of education shall not transmit any monies to the commission for postsecondary education pursuant to section 15-105, subsection F on behalf of any student who obtains a Grand Canyon diploma pursuant to this section if the student elects to pursue one of the pathways prescribed in subsection C, paragraph 1, 2 or 3 of this section.