

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HOUSE BILL 2318

AN ACT

AMENDING SECTIONS 15-183 AND 15-239, ARIZONA REVISED STATUTES; RELATING TO SCHOOLS THAT DO NOT RECEIVE FEDERAL FUNDING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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

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

21 C. The sponsor of a charter school may be either a school district
22 governing board, the state board of education, the state board for charter
23 schools, a university under the jurisdiction of the Arizona board of regents,
24 a community college district with enrollment of more than fifteen thousand
25 full-time equivalent students or a group of community college districts with
26 a combined enrollment of more than fifteen thousand full-time equivalent
27 students, subject to the following requirements:

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

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

38 (b) In the first year that a school district is determined to be out
39 of compliance with the uniform system of financial records, within fifteen
40 days of the determination of noncompliance, the school district shall notify
41 by certified mail each charter school sponsored by the school district that
42 the school district is out of compliance with the uniform system of financial
43 records. The notification shall include a statement that if the school
44 district is determined to be out of compliance for a second consecutive year,

1 the charter school will be required to transfer sponsorship to another entity
2 pursuant to subdivision (c) of this paragraph.

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

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

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

27 2. The applicant may submit the application to the state board of
28 education or the state board for charter schools. The state board of
29 education or the state board for charter schools may approve the application
30 if the application meets the requirements of this article and may approve the
31 charter if the proposed sponsor determines, within its sole discretion, that
32 the applicant is sufficiently qualified to operate a charter school and that
33 the applicant is applying to operate as a separate charter holder by
34 considering factors such as whether:

35 (a) The schools have separate governing bodies, governing body
36 membership, staff, facilities, and student population.

37 (b) Daily operations are carried out by different administrators.

38 (c) The applicant intends to have an affiliation agreement for the
39 purpose of providing enrollment preferences.

40 (d) The applicant's charter management organization has multiple
41 charter holders serving varied grade configurations on one physical site or
42 nearby sites serving one community.

43 (e) It is reconstituting an existing school site population at the
44 same or new site.

1 (f) It is reconstituting an existing grade configuration from a prior
2 charter holder with at least one grade remaining on the original site with
3 the other grade or grades moving to a new site.

4 The state board of education or the state board for charter schools may
5 approve any charter schools transferring charters. The state board of
6 education and the state board for charter schools shall approve any charter
7 schools transferring charters from a school district that is determined to be
8 out of compliance with the uniform system of financial records pursuant to
9 this section, but may require the charter school to sign a new charter that
10 is equivalent to the charter awarded by the former sponsor. If the state
11 board of education or the state board for charter schools rejects the
12 preliminary application, the state board of education or the state board for
13 charter schools shall notify the applicant in writing of the reasons for the
14 rejection and of suggestions for improving the application. An applicant may
15 submit a revised application for reconsideration by the state board of
16 education or the state board for charter schools. The applicant may request,
17 and the state board of education or the state board for charter schools may
18 provide, technical assistance to improve the application.

19 3. The applicant may submit the application to a university under the
20 jurisdiction of the Arizona board of regents, a community college district or
21 a group of community college districts. A university, a community college
22 district or a group of community college districts may approve the
23 application if it meets the requirements of this article and if the proposed
24 sponsor determines, in its sole discretion, that the applicant is
25 sufficiently qualified to operate a charter school.

26 4. Each applicant seeking to establish a charter school shall submit a
27 full set of fingerprints to the approving agency for the purpose of obtaining
28 a state and federal criminal records check pursuant to section 41-1750 and
29 Public Law 92-544. If an applicant will have direct contact with students,
30 the applicant shall possess a valid fingerprint clearance card that is issued
31 pursuant to title 41, chapter 12, article 3.1. The department of public
32 safety may exchange this fingerprint data with the federal bureau of
33 investigation. The criminal records check shall be completed before the
34 issuance of a charter.

35 5. All persons engaged in instructional work directly as a classroom,
36 laboratory or other teacher or indirectly as a supervisory teacher, speech
37 therapist or principal shall have a valid fingerprint clearance card that is
38 issued pursuant to title 41, chapter 12, article 3.1, unless the person is a
39 volunteer or guest speaker who is accompanied in the classroom by a person
40 with a valid fingerprint clearance card. A charter school shall not employ a
41 teacher whose certificate has been surrendered or revoked, unless the
42 teacher's certificate has been subsequently reinstated by the state board of
43 education. All other personnel shall be fingerprint checked pursuant to
44 section 15-512. Before employment, the charter school shall make documented,
45 good faith efforts to contact previous employers of a person to obtain

1 information and recommendations that may be relevant to a person's fitness
2 for employment as prescribed in section 15-512, subsection F. The charter
3 school shall notify the department of public safety if the charter school or
4 sponsor receives credible evidence that a person who possesses a valid
5 fingerprint clearance card is arrested for or is charged with an offense
6 listed in section 41-1758.03, subsection B. Charter schools may hire
7 personnel that have not yet received a fingerprint clearance card if proof is
8 provided of the submission of an application to the department of public
9 safety for a fingerprint clearance card and if the charter school that is
10 seeking to hire the applicant does all of the following:

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

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

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

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

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

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

27 6. A charter school that complies with the fingerprinting requirements
28 of this section shall be deemed to have complied with section 15-512 and is
29 entitled to the same rights and protections provided to school districts by
30 section 15-512.

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

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

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

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

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

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

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

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

15 E. The charter of a charter school shall do all of the following:

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

21 2. Ensure that it is nonsectarian in its programs, admission policies
22 and employment practices and all other operations.

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

28 4. Ensure that it designs a method to measure pupil progress toward
29 the pupil outcomes adopted by the state board of education pursuant to
30 section 15-741.01, including participation in the Arizona instrument to
31 measure standards test and the nationally standardized norm-referenced
32 achievement test as designated by the state board and the completion and
33 distribution of an annual report card as prescribed in chapter 7, article 3
34 of this title.

35 5. Ensure that, except as provided in this article and in its charter,
36 it is exempt from all statutes and rules relating to schools, governing
37 boards and school districts. FOR A CHARTER SCHOOL THAT DOES NOT ACCEPT
38 FEDERAL MONIES UNDER THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT OF
39 1965, AS AMENDED BY THE NO CHILD LEFT BEHIND ACT OF 2001, THE DEPARTMENT OF
40 EDUCATION SHALL GRANT EXEMPTION FROM FEDERAL RULES, REGULATIONS AND STATUTES
41 OR STATE RULES, REGULATIONS AND STATUTES FUNDED BY FEDERAL APPROPRIATIONS,
42 INCLUDING ACADEMIC STANDARDS, STATE OR FEDERAL ASSESSMENTS, TEACHER AND
43 PRINCIPAL EVALUATION REQUIREMENTS AND STUDENT AND COURSE TRACKING SYSTEMS. A
44 CHARTER SCHOOL THAT DOES NOT ACCEPT FEDERAL MONIES UNDER THE FEDERAL
45 ELEMENTARY AND SECONDARY EDUCATION ACT SHALL BE GRANTED EXEMPTION FROM ALL

1 FEDERAL OR STATE REQUIREMENTS OR STATE STATUTES FUNDED WITH FEDERAL DOLLARS,
2 EXCEPT RULES, REGULATIONS AND STATUTES DEALING WITH HEALTH, SAFETY, CIVIL
3 RIGHTS AND INSURANCE. A CHARTER SCHOOL THAT DOES NOT ACCEPT FEDERAL MONIES
4 UNDER THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT SHALL SUBMIT A
5 LETTER TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION REQUESTING AN EXEMPTION
6 PURSUANT TO THIS PARAGRAPH AND SHALL INCLUDE FINANCIAL RECORDS FROM THE
7 CHARTER SCHOOL'S FINANCIAL INSTITUTION OR FROM THE CHARTER SCHOOL'S ANNUAL
8 AUDIT THAT DOCUMENT THAT THE CHARTER SCHOOL DOES NOT RECEIVE FEDERAL
9 EDUCATION FUNDING. THIS PARAGRAPH DOES NOT PROHIBIT THE STATE BOARD OF
10 EDUCATION FROM ADOPTING STATE TESTING STANDARDS OR IMPLEMENTING STATE
11 ASSESSMENTS FOR PUPILS WHO ARE ENROLLED IN CHARTER SCHOOLS THAT DO NOT ACCEPT
12 FEDERAL MONIES UNDER THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

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

27 7. Ensure compliance with all federal and state laws relating to the
28 education of children with disabilities in the same manner as a school
29 district.

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

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

41 F. The charter of a charter school shall include a description of the
42 charter school's personnel policies, personnel qualifications and method of
43 school governance and the specific role and duties of the sponsor of the
44 charter school. A charter school shall keep on file the resumes of all
45 current and former employees who provide instruction to pupils at the charter

1 school. Resumes shall include an individual's educational and teaching
2 background and experience in a particular academic content subject area. A
3 charter school shall inform parents and guardians of the availability of the
4 resume information and shall make the resume information available for
5 inspection on request of parents and guardians of pupils enrolled at the
6 charter school. Nothing in this subsection shall be construed to require any
7 charter school to release personally identifiable information in relation to
8 any teacher or employee, including the teacher's or employee's address,
9 salary, social security number or telephone number.

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

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

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

16 1. At least eighteen months before the expiration of the approved
17 plan, the sponsor shall notify the charter school that the charter school may
18 apply for renewal. A charter school that elects to apply for renewal shall
19 file an application for renewal at least fifteen months before the expiration
20 of the approved plan. In addition to any other requirements, the application
21 for renewal shall include a detailed business plan for the charter school, a
22 review of fiscal audits and academic performance data for the charter school
23 that are annually collected by the sponsor and a review of the current
24 contract between the sponsor and the charter school. A sponsor shall give
25 written notice of its intent not to renew the charter school's request for
26 renewal to the charter school at least twelve months before the expiration of
27 the approved plan to allow the charter school an opportunity to apply to
28 another sponsor to transfer the operation of the charter school. If the
29 operation of the charter school is transferred to another sponsor, the
30 fifteen-year period of the current charter shall be maintained. The sponsor
31 shall make data used in making renewal decisions available to the school and
32 the public and shall provide a public report summarizing the evidence basis
33 for each decision. The sponsor may deny the request for renewal if, in its
34 judgment, the charter holder has failed to do any of the following:

35 (a) Meet or make sufficient progress toward the academic performance
36 expectations set forth in the performance framework or any improvement plans.

37 (b) Meet the operational performance expectations set forth in the
38 performance framework or any improvement plans.

39 (c) Complete the obligations of the contract.

40 (d) Comply with this article or any provision of law from which the
41 charter school is not exempt.

42 2. A charter operator may apply for early renewal. At least nine
43 months before the charter school's intended renewal consideration, the
44 operator of the charter school shall submit a letter of intent to the sponsor
45 to apply for early renewal. The sponsor shall review fiscal audits and

1 academic performance data for the charter school that are annually collected
2 by the sponsor, review the current contract between the sponsor and the
3 charter school and provide the qualifying charter school with a renewal
4 application. On submission of a complete application, the sponsor shall give
5 written notice of its consideration of the renewal application.

6 3. A sponsor shall review a charter at five year intervals using a
7 performance framework adopted by the sponsor and may revoke a charter at any
8 time if the charter school breaches one or more provisions of its charter.
9 At least ninety days before the effective date of the proposed revocation,
10 the sponsor shall give written notice to the operator of the charter school
11 of its intent to revoke the charter. Notice of the sponsor's intent to
12 revoke the charter shall be delivered personally to the operator of the
13 charter school or sent by certified mail, return receipt requested, to the
14 address of the charter school. The notice shall incorporate a statement of
15 reasons for the proposed revocation of the charter. The sponsor shall allow
16 the charter school at least ninety days to correct the problems associated
17 with the reasons for the proposed revocation of the charter. The final
18 determination of whether to revoke the charter shall be made at a public
19 hearing called for such purpose.

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

23 K. A charter school that is sponsored by the state board of education,
24 the state board for charter schools, a university, a community college
25 district or a group of community college districts may not be located on the
26 property of a school district unless the district governing board grants this
27 authority.

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

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

- 42 (a) Disciplinary or corrective action.
- 43 (b) Detail, transfer or reassignment.
- 44 (c) Suspension, demotion or dismissal.
- 45 (d) An unfavorable performance evaluation.

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

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

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

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

8 (a) Suspension or termination of the program.

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

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

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

14 M. Charter schools shall secure insurance for liability and property
15 loss. The governing body of a charter school that is sponsored by the state
16 board of education or the state board for charter schools may enter into an
17 intergovernmental agreement or otherwise contract to participate in an
18 insurance program offered by a risk retention pool established pursuant to
19 section 11-952.01 or 41-621.01 or the charter school may secure its own
20 insurance coverage. The pool may charge the requesting charter school
21 reasonable fees for any services it performs in connection with the insurance
22 program.

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

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

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

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

39 R. The sponsoring entity of a charter school shall have oversight and
40 administrative responsibility for the charter schools that it sponsors. In
41 implementing its oversight and administrative responsibilities, the sponsor
42 shall ground its actions in evidence of the charter holder's performance in
43 accordance with the performance framework adopted by the sponsor. The
44 performance framework shall include:

1 1. The academic performance expectations of the charter school and the
2 measurement of sufficient progress toward the academic performance
3 expectations.

4 2. The operational expectations of the charter school, including
5 adherence to all applicable laws and obligations of the charter contract.

6 3. Intervention and improvement policies.

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

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

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

22 V. A transfer of a charter to another sponsor, a transfer of a charter
23 school site to another sponsor or a transfer of a charter school site to a
24 different charter shall be completed before the beginning of the fiscal year
25 that the transfer is scheduled to become effective. An entity that sponsors
26 charter schools may accept a transferring school after the beginning of the
27 fiscal year if the transfer is approved by the superintendent of public
28 instruction. The superintendent of public instruction shall have the
29 discretion to consider each transfer during the fiscal year on a case by case
30 basis. If a charter school is sponsored by a school district that is
31 determined to be out of compliance with this title, the uniform system of
32 financial records or any other state or federal law, the charter school may
33 transfer to another sponsoring entity at any time during the fiscal year. A
34 charter holder seeking to transfer sponsors shall comply with the current
35 charter terms regarding assignment of the charter. A charter holder
36 transferring sponsors shall notify the current sponsor that the transfer has
37 been approved by the new sponsor.

38 W. Notwithstanding subsection V of this section, a charter holder on
39 an improvement plan must notify parents or guardians of registered students
40 of the intent to transfer the charter and the timing of the proposed
41 transfer. Upon the approved transfer, the new sponsor shall enforce the
42 improvement plan but may modify the plan based on performance.

43 X. Notwithstanding subsection Y of this section, the state board for
44 charter schools shall charge a processing fee to any charter school that
45 amends its contract to participate in Arizona online instruction pursuant to

1 section 15-808. The charter Arizona online instruction processing fund is
2 established consisting of fees collected and administered by the state board
3 for charter schools. The state board for charter schools shall use monies in
4 the fund only for the processing of contract amendments for charter schools
5 participating in Arizona online instruction. Monies in the fund are
6 continuously appropriated.

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

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

19 AA. The sponsor of a charter school shall modify previously approved
20 curriculum requirements for a charter school that wishes to participate in
21 the board examination system prescribed in chapter 7, article 6 of this
22 title.

23 BB. If a charter school decides not to participate in the board
24 examination system prescribed in chapter 7, article 6 of this title, pupils
25 enrolled at that charter school may earn a Grand Canyon diploma by obtaining
26 a passing score on the same board examinations.

27 CC. Notwithstanding subsection Y of this section, a sponsor of charter
28 schools may charge a new charter application processing fee to any applicant.
29 The application fee shall fully cover the cost of application review and any
30 needed technical assistance. Authorizers may approve policies that allow a
31 portion of the fee to be returned to the applicant whose charter is approved.

32 Sec. 2. Section 15-239, Arizona Revised Statutes, is amended to read:

33 15-239. School compliance and recognition; accreditation;
34 audits

35 A. The department of education may:

36 1. Monitor school districts to ascertain that laws applying to the
37 school districts are implemented as prescribed by law.

38 2. Adopt a system of recognition for school districts that meet or
39 exceed the requirements of the law that apply to the school districts.

40 3. Establish standards and procedures for the accreditation of all
41 schools requesting state accreditation.

42 B. The department of education may adopt guidelines necessary to
43 implement this section.

44 C. The department of education may conduct financial, compliance or
45 average daily membership audits of school districts and charter schools.

1 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the
2 department of education shall include at least a ten per cent sample of daily
3 attendance records as part of the average daily membership audits.

4 D. The auditor general may conduct financial, program, compliance or
5 average daily membership audits of school districts and charter schools.
6 Beginning in fiscal year 2011-2012 and in each fiscal year thereafter, the
7 auditor general shall include at least a ten per cent sample of daily
8 attendance records as part of the average daily membership audits.

9 E. When conducting monitoring and audit activities allowed by this
10 section, the department of education shall prescribe an audit window of up to
11 three consecutive fiscal years immediately preceding the current fiscal year
12 at the time the monitoring or audit activity commences. If the department
13 issues findings within twenty-four months after the beginning of audit or
14 monitoring activities, the department may adjust funding to a school district
15 or charter school if actions that took place within the audit window resulted
16 in overpayment or underpayment of state aid to the school district or charter
17 school.

18 F. FOR A SCHOOL THAT IS OPERATED BY A SCHOOL DISTRICT AND THAT DOES
19 NOT ACCEPT FEDERAL MONIES UNDER THE FEDERAL ELEMENTARY AND SECONDARY
20 EDUCATION ACT OF 1965, AS AMENDED BY THE NO CHILD LEFT BEHIND ACT OF 2001,
21 THE DEPARTMENT OF EDUCATION SHALL GRANT EXEMPTION FROM FEDERAL RULES,
22 REGULATIONS AND STATUTES OR STATE RULES, REGULATIONS AND STATUTES FUNDED BY
23 FEDERAL APPROPRIATIONS, INCLUDING ACADEMIC STANDARDS, STATE OR FEDERAL
24 ASSESSMENTS, TEACHER AND PRINCIPAL EVALUATION REQUIREMENTS AND STUDENT AND
25 COURSE TRACKING SYSTEMS. A SCHOOL THAT IS OPERATED BY A SCHOOL DISTRICT AND
26 THAT DOES NOT ACCEPT FEDERAL MONIES UNDER THE FEDERAL ELEMENTARY AND
27 SECONDARY EDUCATION ACT SHALL BE GRANTED EXEMPTION FROM ALL FEDERAL OR STATE
28 REQUIREMENTS OR STATE STATUTES FUNDED WITH FEDERAL DOLLARS, EXCEPT RULES,
29 REGULATIONS AND STATUTES DEALING WITH HEALTH, SAFETY, CIVIL RIGHTS AND
30 INSURANCE. A SCHOOL THAT IS OPERATED BY A SCHOOL DISTRICT AND THAT DOES NOT
31 ACCEPT FEDERAL MONIES UNDER THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION
32 ACT SHALL SUBMIT A LETTER TO THE SUPERINTENDENT OF PUBLIC INSTRUCTION
33 REQUESTING AN EXEMPTION PURSUANT TO THIS SUBSECTION AND SHALL INCLUDE
34 FINANCIAL RECORDS FROM THE SCHOOL'S FINANCIAL INSTITUTION OR FROM THE
35 SCHOOL'S ANNUAL AUDIT THAT DOCUMENT THAT THE SCHOOL DOES NOT RECEIVE FEDERAL
36 EDUCATION FUNDING. THIS SUBSECTION DOES NOT PROHIBIT THE STATE BOARD OF
37 EDUCATION FROM ADOPTING STATE TESTING STANDARDS OR IMPLEMENTING STATE
38 ASSESSMENTS FOR PUPILS WHO ARE ENROLLED IN SCHOOLS THAT ARE OPERATED BY
39 SCHOOL DISTRICTS AND THAT DO NOT ACCEPT FEDERAL MONIES UNDER THE FEDERAL
40 ELEMENTARY AND SECONDARY EDUCATION ACT.