

State of Arizona
Senate
Fifty-second Legislature
First Regular Session
2015

SENATE BILL 1193

AN ACT

AMENDING SECTION 15-183, ARIZONA REVISED STATUTES; AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2015, CHAPTER 15, SECTION 1; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

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

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, application process and application time
10 frames shall be posted on the sponsor's website and shall include the
11 following, as specified in the application adopted by the sponsor:

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

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

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

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

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

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

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

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

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

25 (f) Notwithstanding any other law, a school district governing board
26 shall not grant a charter to a new charter school that begins initial
27 operations after June 30, 2013 or convert an existing district public school
28 to a charter school that begins initial operations after June 30, 2013.

29 2. The applicant may submit the application to the state board of
30 education or the state board for charter schools. Notwithstanding any other
31 law, neither the state board for charter schools nor the state board of
32 education shall grant a charter to a school district governing board for a
33 new charter school that begins initial operations after June 30, 2013 or for
34 the conversion of an existing district public school to a charter school that
35 begins initial operations after June 30, 2013. The state board of education
36 or the state board for charter schools may approve the application if the
37 application meets the requirements of this article and may approve the
38 charter if the proposed sponsor determines, within its sole discretion, that
39 the applicant is sufficiently qualified to operate a charter school and that
40 the applicant is applying to operate as a separate charter holder by
41 considering factors such as whether:

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

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

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

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

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

8 (f) It is reconstituting an existing grade configuration from a prior
9 charter holder with at least one grade remaining on the original site with
10 the other grade or grades moving to a new site. The state board of education
11 or the state board for charter schools may approve any charter schools
12 transferring charters. The state board of education and the state board for
13 charter schools shall approve any charter schools transferring charters from
14 a school district that is determined to be out of compliance with the uniform
15 system of financial records pursuant to this section, but may require the
16 charter school to sign a new charter that is equivalent to the charter
17 awarded by the former sponsor. If the state board of education or the state
18 board for charter schools rejects the preliminary application, the state
19 board of education or the state board for charter schools shall notify the
20 applicant in writing of the reasons for the rejection and of suggestions for
21 improving the application. An applicant may submit a revised application for
22 reconsideration by the state board of education or the state board for
23 charter schools. The applicant may request, and the state board of education
24 or the state board for charter schools may provide, technical assistance to
25 improve the application.

26 3. The applicant may submit the application to a university under the
27 jurisdiction of the Arizona board of regents, a community college district or
28 a group of community college districts. A university, a community college
29 district or a group of community college districts shall not grant a charter
30 to a school district governing board for a new charter school that begins
31 initial operations after June 30, 2013 or for the conversion of an existing
32 district public school to a charter school that begins initial operations
33 after June 30, 2013. A university, a community college district or a group
34 of community college districts may approve the application if it meets the
35 requirements of this article and if the proposed sponsor determines, in its
36 sole discretion, that the applicant is sufficiently qualified to operate a
37 charter school.

38 4. Each applicant seeking to establish a charter school shall submit a
39 full set of fingerprints to the approving agency for the purpose of obtaining
40 a state and federal criminal records check pursuant to section 41-1750 and
41 Public Law 92-544. If an applicant will have direct contact with students,
42 the applicant shall possess a valid fingerprint clearance card that is issued
43 pursuant to title 41, chapter 12, article 3.1. The department of public
44 safety may exchange this fingerprint data with the federal bureau of

1 investigation. The criminal records check shall be completed before the
2 issuance of a charter.

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

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

28 (b) Ensures that the department of public safety completes a statewide
29 criminal records check on the applicant. A statewide criminal records check
30 shall be completed by the department of public safety every one hundred
31 twenty days until the date that the fingerprint check is completed or the
32 fingerprint clearance card is issued or denied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

44 4. Ensure that it designs a method to measure pupil progress toward
45 the pupil outcomes adopted by the state board of education pursuant to

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

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

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

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

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

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

38 F. A charter school shall keep on file the resumes of all current and
39 former employees who provide instruction to pupils at the charter school.
40 Resumes shall include an individual's educational and teaching background and
41 experience in a particular academic content subject area. A charter school
42 shall inform parents and guardians of the availability of the resume
43 information and shall make the resume information available for inspection on
44 request of parents and guardians of pupils enrolled at the charter school.
45 This subsection does not require any charter school to release personally

1 identifiable information in relation to any teacher or employee, including
2 the teacher's or employee's address, salary, social security number or
3 telephone number.

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

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

7 I. The charter is effective for fifteen years from the first day of
8 the fiscal year as specified in the charter, subject to the following:

9 1. At least eighteen months before the expiration of the charter, the
10 sponsor shall notify the charter school that the charter school may apply for
11 renewal and shall make the renewal application available to the charter
12 school. A charter school that elects to apply for renewal shall file a
13 complete renewal application at least fifteen months before the expiration of
14 the charter. A sponsor shall give written notice of its intent not to renew
15 the charter school's request for renewal to the charter school at least
16 twelve months before the expiration of the charter. The sponsor shall make
17 data used in making renewal decisions available to the school and the public
18 and shall provide a public report summarizing the evidence basis for each
19 decision. The sponsor may deny the request for renewal if, in its judgment,
20 the charter holder has failed to do any of the following:

21 (a) Meet or make sufficient progress toward the academic performance
22 expectations set forth in the performance framework.

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

25 (c) Complete the obligations of the contract.

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

28 2. A charter operator may apply for early renewal. At least nine
29 months before the charter school's intended renewal consideration, the
30 operator of the charter school shall submit a letter of intent to the sponsor
31 to apply for early renewal. The sponsor shall review fiscal audits and
32 academic performance data for the charter school that are annually collected
33 by the sponsor, review the current contract between the sponsor and the
34 charter school and provide the qualifying charter school with a renewal
35 application. On submission of a complete application, the sponsor shall give
36 written notice of its consideration of the renewal application. The sponsor
37 may deny the request for early renewal if, in the sponsor's judgment, the
38 charter holder has failed to do any of the following:

39 (a) Meet or make sufficient progress toward the academic performance
40 expectations set forth in the performance framework.

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

43 (c) Complete the obligations of the contract.

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

1 3. A sponsor shall review a charter at five-year intervals using a
2 performance framework adopted by the sponsor and may revoke a charter at any
3 time if the charter school breaches one or more provisions of its charter or
4 if the sponsor determines that the charter holder has failed to do any of the
5 following:

6 (a) Meet or make sufficient progress toward the academic performance
7 expectations set forth in the performance framework.

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

10 (c) Comply with this article or any provision of law from which the
11 charter school is not exempt.

12 4. IN DETERMINING WHETHER TO RENEW OR REVOKE A CHARTER HOLDER, THE
13 SPONSOR MUST CONSIDER MAKING SUFFICIENT PROGRESS TOWARD THE ACADEMIC
14 PERFORMANCE EXPECTATIONS SET FORTH IN THE SPONSOR'S PERFORMANCE FRAMEWORK AS
15 ONE OF THE MOST IMPORTANT FACTORS.

16 ~~4.~~ 5. At least sixty days before the effective date of the proposed
17 revocation, the sponsor shall give written notice to the operator of the
18 charter school of its intent to revoke the charter. Notice of the sponsor's
19 intent to revoke the charter shall be delivered personally to the operator of
20 the charter school or sent by certified mail, return receipt requested, to
21 the address of the charter school. The notice shall incorporate a statement
22 of reasons for the proposed revocation of the charter. The sponsor shall
23 allow the charter school at least sixty days to correct the problems
24 associated with the reasons for the proposed revocation of the charter. The
25 final determination of whether to revoke the charter shall be made at a
26 public hearing called for such purpose.

27 J. The charter may be renewed for successive periods of twenty years.

28 K. A charter school that is sponsored by the state board of education,
29 the state board for charter schools, a university, a community college
30 district or a group of community college districts may not be located on the
31 property of a school district unless the district governing board grants this
32 authority.

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

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

3 (a) Disciplinary or corrective action.

4 (b) Detail, transfer or reassignment.

5 (c) Suspension, demotion or dismissal.

6 (d) An unfavorable performance evaluation.

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

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

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

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

14 (a) Suspension or termination of the program.

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

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

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

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

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

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

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

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

1 R. The sponsoring entity of a charter school shall have oversight and
2 administrative responsibility for the charter schools that it sponsors. In
3 implementing its oversight and administrative responsibilities, the sponsor
4 shall ground its actions in evidence of the charter holder's performance in
5 accordance with the performance framework adopted by the sponsor. The
6 performance framework shall be publicly available, shall be placed on the
7 sponsoring entity's website and shall include:

8 1. The academic performance expectations of the charter school and the
9 measurement of sufficient progress toward the academic performance
10 expectations.

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

13 3. Intervention and improvement policies.

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

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

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

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

1 W. Notwithstanding subsection V of this section, a charter holder on
2 an improvement plan must notify parents or guardians of registered students
3 of the intent to transfer the charter and the timing of the proposed
4 transfer. On the approved transfer, the new sponsor shall enforce the
5 improvement plan but may modify the plan based on performance.

6 X. Notwithstanding subsection Y of this section, the state board for
7 charter schools shall charge a processing fee to any charter school that
8 amends its contract to participate in Arizona online instruction pursuant to
9 section 15-808. The charter Arizona online instruction processing fund is
10 established consisting of fees collected and administered by the state board
11 for charter schools. The state board for charter schools shall use monies in
12 the fund only for the processing of contract amendments for charter schools
13 participating in Arizona online instruction. Monies in the fund are
14 continuously appropriated.

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

20 Z. Charter schools may enter into an intergovernmental agreement with
21 a presiding judge of the juvenile court to implement a law related education
22 program as defined in section 15-154. The presiding judge of the juvenile
23 court may assign juvenile probation officers to participate in a law related
24 education program in any charter school in the county. The cost of juvenile
25 probation officers who participate in the program implemented pursuant to
26 this subsection shall be funded by the charter school.

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

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

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

40 DD. A charter school may choose to provide a preschool program for
41 children with disabilities pursuant to section 15-771.

42 EE. Pursuant to the prescribed graduation requirements adopted by the
43 state board of education, the governing body of a charter school operating a
44 high school may approve a rigorous computer science course that would fulfill
45 a mathematics course required for graduation from high school. The governing

1 body may approve a rigorous computer science course only if the rigorous
2 computer science course includes significant mathematics content and the
3 governing body determines the high school where the rigorous computer science
4 course is offered has sufficient capacity, infrastructure and qualified
5 staff, including competent teachers of computer science.

6 FF. A charter school may permit the use of school property, including
7 school buildings, grounds, buses and equipment, by any person, group or
8 organization for any lawful purpose, including A recreational, educational,
9 political, economic, artistic, moral, scientific, social, religious or other
10 civic or governmental purpose. The charter school may charge a reasonable
11 fee for the use of the school property.

12 GG. A charter school and its employees, including the governing body,
13 or chief administrative officer, are immune from civil liability with respect
14 to all decisions made and actions taken to allow the use of school property,
15 unless the charter school or its employees are guilty of gross negligence or
16 intentional misconduct. This subsection does not limit any other immunity
17 provisions that are prescribed by law.

18 HH. SPONSORS AUTHORIZED PURSUANT TO THIS SECTION SHALL SUBMIT AN
19 ANNUAL REPORT TO THE AUDITOR GENERAL ON OR BEFORE OCTOBER 1 OF EACH YEAR.
20 THE REPORT SHALL INCLUDE:

21 1. THE CURRENT NUMBER OF CHARTERS AUTHORIZED AND THE NUMBER OF SCHOOLS
22 OPERATED BY AUTHORIZED CHARTER HOLDERS.

23 2. THE ACADEMIC AND OPERATIONAL PERFORMANCE OF THE SPONSOR'S CHARTER
24 PORTFOLIO AS MEASURED BY THE SPONSOR'S ADOPTED PERFORMANCE FRAMEWORK.

25 3. THE NUMBER OF NEW CHARTERS APPROVED AND THE NUMBER OF CHARTER
26 SCHOOLS CLOSED AND REASON FOR THE CLOSURE IN THE PRIOR YEAR.

27 4. THE SPONSOR'S APPLICATION, AMENDMENT, RENEWAL AND REVOCATION
28 PROCESSES, CHARTER CONTRACT TEMPLATE AND CURRENT PERFORMANCE FRAMEWORK AS
29 REQUIRED BY THIS SECTION.

30 II. THE AUDITOR GENERAL SHALL PRESCRIBE THE FORMAT FOR THE ANNUAL
31 REPORT REQUIRED BY SUBSECTION HH OF THIS SECTION AND MAY REQUIRE THAT THE
32 ANNUAL REPORT BE SUBMITTED ELECTRONICALLY. THE AUDITOR GENERAL SHALL REVIEW
33 THE SUBMITTED ANNUAL REPORTS TO ENSURE THAT THE REPORTS INCLUDE THE REQUIRED
34 ITEMS IN SUBSECTION HH OF THIS SECTION AND SHALL MAKE THE ANNUAL REPORTS
35 AVAILABLE UPON REQUEST. IF THE AUDITOR GENERAL FINDS SIGNIFICANT
36 NONCOMPLIANCE OR A SPONSOR'S FAILURE TO SUBMIT THE ANNUAL REPORT REQUIRED BY
37 SUBSECTION HH OF THIS SECTION, ON OR BEFORE DECEMBER 31 OF EACH YEAR THE
38 AUDITOR GENERAL SHALL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE,
39 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRS OF THE SENATE AND
40 HOUSE EDUCATION COMMITTEES OR THEIR SUCCESSOR COMMITTEES, AND THE LEGISLATURE
41 SHALL CONSIDER REVOKING THE SPONSOR'S AUTHORITY TO SPONSOR CHARTER SCHOOLS.

1 Sec. 2. Section 15-185, Arizona Revised Statutes, as amended by Laws
2 2015, chapter 15, section 1, is amended to read:

3 15-185. Charter schools; financing; civil penalty;
4 transportation; definition

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

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

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education, the state board for
21 charter schools, a university under the jurisdiction of the Arizona board of
22 regents, a community college district or a group of community college
23 districts.

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

25 (a) Increase its student count as provided in subsection B, paragraph
26 2 of this section during the first year of the charter school's operation to
27 include those charter school pupils who were not previously enrolled in the
28 school district. A charter school sponsored by a school district governing
29 board is eligible for the charter additional assistance prescribed in
30 subsection B, paragraph 4 of this section. The district additional
31 assistance allocation as provided in section 15-961 for the school district
32 sponsoring the charter school shall be increased by the amount of the charter
33 additional assistance. The school district shall include the full amount of
34 the charter additional assistance in the funding provided to the charter
35 school.

36 (b) Compute separate weighted student counts pursuant to section
37 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
38 school pupils in order to maintain eligibility for small school district
39 support level weights authorized in section 15-943, paragraph 1 for its
40 noncharter school pupils only. The portion of a district's student count
41 that is attributable to charter school pupils is not eligible for small
42 school district support level weights.

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

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

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

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

27 B. Financial provisions for a charter school that is sponsored by the
28 state board of education, the state board for charter schools, a university,
29 a community college district or a group of community college districts are as
30 follows:

31 1. The charter school shall calculate a base support level as
32 prescribed in section 15-943, except that:

33 (a) Section 15-941 does not apply to these charter schools.

34 (b) The small school weights prescribed in section 15-943, paragraph 1
35 apply if a charter holder, as defined in section 15-101, holds one charter
36 for one or more school sites and the average daily membership for the school
37 sites are combined for the calculation of the small school weight. The small
38 school weight shall not be applied individually to a charter holder if one or
39 more of the following conditions exists and the combined average daily
40 membership derived from the following conditions is greater than six hundred:

41 (i) The organizational structure or management agreement of the
42 charter holder requires the charter holder or charter school to contract with
43 a specific management company.

44 (ii) The governing body of the charter holder has identical membership
45 to another charter holder in this state.

1 (iii) The charter holder is a subsidiary of a corporation that has
2 other subsidiaries that are charter holders in this state.

3 (iv) The charter holder holds ~~one or~~ more ~~charters~~ THAN ONE CHARTER in
4 this state.

5 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal year
6 2015-2016 the department of education shall reduce by thirty-three percent
7 the amount provided by the small school weight for charter schools prescribed
8 in subdivision (b) of this paragraph.

9 (d) Notwithstanding subdivision (b) of this paragraph, for fiscal year
10 2016-2017 the department of education shall reduce by sixty-seven percent the
11 amount provided by the small school weight for affiliated charter schools
12 prescribed in subdivision (b) of this paragraph.

13 2. Notwithstanding paragraph 1 of this subsection, the student count
14 shall be determined initially using an estimated student count based on
15 actual registration of pupils before the beginning of the school year.
16 Notwithstanding section 15-1042, subsection F, student level data submitted
17 to the department may be used to determine estimated student counts. After
18 the first forty days, one hundred days or two hundred days in session, as
19 applicable, the charter school shall revise the student count to be equal to
20 the actual average daily membership, as defined in section 15-901, of the
21 charter school. Before the fortieth day, one hundredth day or two hundredth
22 day in session, as applicable, the state board of education, the state board
23 for charter schools, the sponsoring university, the sponsoring community
24 college district or the sponsoring group of community college districts may
25 require a charter school to report periodically regarding pupil enrollment
26 and attendance, and the department of education may revise its computation of
27 equalization assistance based on the report. A charter school shall revise
28 its student count, base support level and charter additional assistance
29 before May 15. A charter school that overestimated its student count shall
30 revise its budget before May 15. A charter school that underestimated its
31 student count may revise its budget before May 15.

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

35 4. Equalization assistance for the charter school shall be determined
36 by adding the amount of the base support level and charter additional
37 assistance. The amount of the charter additional assistance is one thousand
38 seven hundred thirty-four dollars ninety-two cents per student count in
39 preschool programs for children with disabilities, kindergarten programs and
40 grades one through eight and two thousand twenty-two dollars two cents per
41 student count in grades nine through twelve.

42 5. The state board of education shall apportion state aid from the
43 appropriations made for such purposes to the state treasurer for disbursement
44 to the charter schools in each county in an amount as determined by this

1 paragraph. The apportionments shall be made as prescribed in section 15-973,
2 subsection B.

3 6. The charter school shall not charge tuition for pupils who reside
4 in this state, levy taxes or issue bonds. A charter school may admit pupils
5 who are not residents of this state and shall charge tuition for those pupils
6 in the same manner prescribed in section 15-823.

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

13 C. If a pupil is enrolled in both a charter school and a public school
14 that is not a charter school, the sum of the daily membership, which includes
15 enrollment as prescribed in section 15-901, subsection A, paragraph 1,
16 subdivisions (a) and (b) and daily attendance as prescribed in section
17 15-901, subsection A, paragraph 5, for that pupil in the school district and
18 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
19 charter school and a public school that is not a charter school, the
20 department of education shall direct the average daily membership to the
21 school with the most recent enrollment date. On validation of actual
22 enrollment in both a charter school and a public school that is not a charter
23 school and if the sum of the daily membership or daily attendance for that
24 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
25 apportioned between the public school and the charter school based on the
26 percentage of total time that the pupil is enrolled or in attendance in the
27 public school and the charter school. The uniform system of financial
28 records shall include guidelines for the apportionment of the pupil
29 enrollment and attendance as provided in this section.

30 D. Charter schools are allowed to accept grants and gifts to
31 supplement their state funding, but it is not the intent of the charter
32 school law to require taxpayers to pay twice to educate the same pupils. The
33 base support level for a charter school or for a school district sponsoring a
34 charter school shall be reduced by an amount equal to the total amount of
35 monies received by a charter school from a federal or state agency if the
36 federal or state monies are intended for the basic maintenance and operations
37 of the school. The superintendent of public instruction shall estimate the
38 amount of the reduction for the budget year and shall revise the reduction to
39 reflect the actual amount before May 15 of the current year. If the
40 reduction results in a negative amount, the negative amount shall be used in
41 computing all budget limits and equalization assistance, except that:

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

43 2. For a charter school sponsored by the state board of education, the
44 state board for charter schools, a university, a community college district

1 or a group of community college districts, the total of the base support
2 level and the charter additional assistance shall not be less than zero.

3 3. For a charter school sponsored by a school district, the base
4 support level for the school district shall not be reduced by more than the
5 amount that the charter school increased the district's base support level
6 and district additional assistance allocation.

7 E. If a charter school was a district public school in the prior year
8 and is now being operated for or by the same school district and sponsored by
9 the state board of education, the state board for charter schools, a
10 university, a community college district, a group of community college
11 districts or a school district governing board, the reduction in subsection D
12 of this section applies. The reduction to the base support level of the
13 charter school or the sponsoring district of the charter school shall equal
14 the sum of the base support level and the charter additional assistance
15 received in the current year for those pupils who were enrolled in the
16 traditional public school in the prior year and are now enrolled in the
17 charter school in the current year.

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

21 G. At the request of a charter school, the county school
22 superintendent of the county where the charter school is located may provide
23 the same educational services to the charter school as prescribed in section
24 15-308, subsection A. The county school superintendent may charge a fee to
25 recover costs for providing educational services to charter schools.

26 H. If the sponsor of the charter school determines at a public meeting
27 that the charter school is not in compliance with federal law, with the laws
28 of this state or with its charter, the sponsor of a charter school may submit
29 a request to the department of education to withhold up to ten percent of the
30 monthly apportionment of state aid that would otherwise be due the charter
31 school. The department of education shall adjust the charter school's
32 apportionment accordingly. The sponsor shall provide written notice to the
33 charter school at least seventy-two hours before the meeting and shall allow
34 the charter school to respond to the allegations of noncompliance at the
35 meeting before the sponsor makes a final determination to notify the
36 department of education of noncompliance. The charter school shall submit a
37 corrective action plan to the sponsor on a date specified by the sponsor at
38 the meeting. The corrective action plan shall be designed to correct
39 deficiencies at the charter school and to ensure that the charter school
40 promptly returns to compliance. When the sponsor determines that the charter
41 school is in compliance, the department of education shall restore the full
42 amount of state aid payments to the charter school.

43 I. In addition to the withholding of state aid payments pursuant to
44 subsection H of this section, the sponsor of a charter school may impose a
45 civil penalty of one thousand dollars per occurrence if a charter school

1 fails to comply with the fingerprinting requirements prescribed in section
2 15-183, subsection C or section 15-512. The sponsor of a charter school
3 shall not impose a civil penalty if it is the first time that a charter
4 school is out of compliance with the fingerprinting requirements and if the
5 charter school provides proof within forty-eight hours of written
6 notification that an application for the appropriate fingerprint check has
7 been received by the department of public safety. The sponsor of the charter
8 school shall obtain proof that the charter school has been notified, and the
9 notification shall identify the date of the deadline and shall be signed by
10 both parties. The sponsor of a charter school shall automatically impose a
11 civil penalty of one thousand dollars per occurrence if the sponsor
12 determines that the charter school subsequently violates the fingerprinting
13 requirements. Civil penalties pursuant to this subsection shall be assessed
14 by requesting the department of education to reduce the amount of state aid
15 that the charter school would otherwise receive by an amount equal to the
16 civil penalty. The amount of state aid withheld shall revert to the state
17 general fund at the end of the fiscal year.

18 J. A charter school may receive and spend monies distributed by the
19 department of education pursuant to section 42-5029, subsection E and section
20 37-521, subsection B.

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

30 L. Notwithstanding any other law, a university under the jurisdiction
31 of the Arizona board of regents, a community college district or a group of
32 community college districts shall not include any student in the student
33 count of the university, community college district or group of community
34 college districts for state funding purposes if that student is enrolled in
35 and attending a charter school sponsored by the university, community college
36 district or group of community college districts.

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

44 N. The governing body of a charter school shall collaborate with the
45 private organization that is approved by the state board of education

1 pursuant to section 15-792.02 to provide approved board examination systems
2 for the charter school.

3 0. If permitted by federal law, a charter school may opt out of
4 federal grant opportunities if the charter holder or the appropriate
5 governing body of the charter school determines that the federal requirements
6 impose unduly burdensome reporting requirements.

7 P. For the purposes of this section:

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

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