

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

**CHAPTER 299**  
**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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

45 5. All persons engaged in instructional work directly as a classroom,  
46 laboratory or other teacher or indirectly as a supervisory teacher, speech

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

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

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

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

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

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

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

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

43 7. If a charter school operator is not already subject to a public  
44 meeting or hearing by the municipality in which the charter school is  
45 located, the operator of a charter school shall conduct a public meeting at  
46 least thirty days before the charter school operator opens a site or sites

1 for the charter school. The charter school operator shall post notices of  
2 the public meeting in at least three different locations that are within  
3 three hundred feet of the proposed charter school site.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33           F. A charter school shall keep on file the resumes of all current and  
34 former employees who provide instruction to pupils at the charter school.  
35 Resumes shall include an individual's educational and teaching background and  
36 experience in a particular academic content subject area. A charter school  
37 shall inform parents and guardians of the availability of the resume  
38 information and shall make the resume information available for inspection on  
39 request of parents and guardians of pupils enrolled at the charter school.  
40 This subsection does not require any charter school to release personally  
41 identifiable information in relation to any teacher or employee, including  
42 the teacher's or employee's address, salary, social security number or  
43 telephone number.

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

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

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

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

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

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

19 (c) Complete the obligations of the contract.

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

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

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

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

37 (c) Complete the obligations of the contract.

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

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

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

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

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

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

9 ~~4.~~ 5. At least sixty days before the effective date of the proposed  
10 revocation, the sponsor shall give written notice to the operator of the  
11 charter school of its intent to revoke the charter. Notice of the sponsor's  
12 intent to revoke the charter shall be delivered personally to the operator of  
13 the charter school or sent by certified mail, return receipt requested, to  
14 the address of the charter school. The notice shall incorporate a statement  
15 of reasons for the proposed revocation of the charter. The sponsor shall  
16 allow the charter school at least sixty days to correct the problems  
17 associated with the reasons for the proposed revocation of the charter. The  
18 final determination of whether to revoke the charter shall be made at a  
19 public hearing called for such purpose.

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

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

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

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

40 (a) Disciplinary or corrective action.

41 (b) Detail, transfer or reassignment.

42 (c) Suspension, demotion or dismissal.

43 (d) An unfavorable performance evaluation.

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

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

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

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

5 (a) Suspension or termination of the program.

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

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

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

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

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

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

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

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

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

43 1. The academic performance expectations of the charter school and the  
44 measurement of sufficient progress toward the academic performance  
45 expectations.

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

3           3. Intervention and improvement policies.

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

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

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

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

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

40           X. Notwithstanding subsection Y of this section, the state board for  
41 charter schools shall charge a processing fee to any charter school that  
42 amends its contract to participate in Arizona online instruction pursuant to  
43 section 15-808. The charter Arizona online instruction processing fund is  
44 established consisting of fees collected and administered by the state board  
45 for charter schools. The state board for charter schools shall use monies in  
46 the fund only for the processing of contract amendments for charter schools

1 participating in Arizona online instruction. Monies in the fund are  
2 continuously appropriated.

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

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

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

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

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

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

30 EE. Pursuant to the prescribed graduation requirements adopted by the  
31 state board of education, the governing body of a charter school operating a  
32 high school may approve a rigorous computer science course that would fulfill  
33 a mathematics course required for graduation from high school. The governing  
34 body may approve a rigorous computer science course only if the rigorous  
35 computer science course includes significant mathematics content and the  
36 governing body determines the high school where the rigorous computer science  
37 course is offered has sufficient capacity, infrastructure and qualified  
38 staff, including competent teachers of computer science.

39 FF. A charter school may permit the use of school property, including  
40 school buildings, grounds, buses and equipment, by any person, group or  
41 organization for any lawful purpose, including A recreational, educational,  
42 political, economic, artistic, moral, scientific, social, religious or other  
43 civic or governmental purpose. The charter school may charge a reasonable  
44 fee for the use of the school property.

45 GG. A charter school and its employees, including the governing body,  
46 or chief administrative officer, are immune from civil liability with respect

1 to all decisions made and actions taken to allow the use of school property,  
2 unless the charter school or its employees are guilty of gross negligence or  
3 intentional misconduct. This subsection does not limit any other immunity  
4 provisions that are prescribed by law.

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

8 1. THE CURRENT NUMBER OF CHARTERS AUTHORIZED AND THE NUMBER OF SCHOOLS  
9 OPERATED BY AUTHORIZED CHARTER HOLDERS.

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

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

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

17 II. THE AUDITOR GENERAL SHALL PRESCRIBE THE FORMAT FOR THE ANNUAL  
18 REPORT REQUIRED BY SUBSECTION HH OF THIS SECTION AND MAY REQUIRE THAT THE  
19 ANNUAL REPORT BE SUBMITTED ELECTRONICALLY. THE AUDITOR GENERAL SHALL REVIEW  
20 THE SUBMITTED ANNUAL REPORTS TO ENSURE THAT THE REPORTS INCLUDE THE REQUIRED  
21 ITEMS IN SUBSECTION HH OF THIS SECTION AND SHALL MAKE THE ANNUAL REPORTS  
22 AVAILABLE UPON REQUEST. IF THE AUDITOR GENERAL FINDS SIGNIFICANT  
23 NONCOMPLIANCE OR A SPONSOR'S FAILURE TO SUBMIT THE ANNUAL REPORT REQUIRED BY  
24 SUBSECTION HH OF THIS SECTION, ON OR BEFORE DECEMBER 31 OF EACH YEAR THE  
25 AUDITOR GENERAL SHALL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE,  
26 THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE CHAIRS OF THE SENATE AND  
27 HOUSE EDUCATION COMMITTEES OR THEIR SUCCESSOR COMMITTEES, AND THE LEGISLATURE  
28 SHALL CONSIDER REVOKING THE SPONSOR'S AUTHORITY TO SPONSOR CHARTER SCHOOLS.

29 Sec. 2. Section 15-185, Arizona Revised Statutes, as amended by Laws  
30 2015, chapter 15, section 1, is amended to read:

31 15-185. Charter schools; financing; civil penalty;  
32 transportation; definition

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

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

1           2. A school district is not financially responsible for any charter  
2 school that is sponsored by the state board of education, the state board for  
3 charter schools, a university under the jurisdiction of the Arizona board of  
4 regents, a community college district or a group of community college  
5 districts.

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

7           (a) Increase its student count as provided in subsection B, paragraph  
8 2 of this section during the first year of the charter school's operation to  
9 include those charter school pupils who were not previously enrolled in the  
10 school district. A charter school sponsored by a school district governing  
11 board is eligible for the charter additional assistance prescribed in  
12 subsection B, paragraph 4 of this section. The district additional  
13 assistance allocation as provided in section 15-961 for the school district  
14 sponsoring the charter school shall be increased by the amount of the charter  
15 additional assistance. The school district shall include the full amount of  
16 the charter additional assistance in the funding provided to the charter  
17 school.

18           (b) Compute separate weighted student counts pursuant to section  
19 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
20 school pupils in order to maintain eligibility for small school district  
21 support level weights authorized in section 15-943, paragraph 1 for its  
22 noncharter school pupils only. The portion of a district's student count  
23 that is attributable to charter school pupils is not eligible for small  
24 school district support level weights.

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

29           5. A school district that sponsors a charter school is not eligible to  
30 include the charter school pupils in its student count for the purpose of  
31 computing an increase in its district additional assistance as provided in  
32 section 15-961, subsection B, except that if the charter school was  
33 previously a school in the district, the district may include in its student  
34 count any charter school pupils who were enrolled in the school district in  
35 the prior year.

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

41           7. If a school district converts one or more of its district public  
42 schools to a charter school and receives assistance as prescribed in  
43 subsection B, paragraph 4 of this section, and subsequently converts the  
44 charter school back to a district public school, the school district shall  
45 repay the state the total charter additional assistance received for the  
46 charter school for all years that the charter school was in operation. The

1 repayment shall be in one lump sum and shall be reduced from the school  
2 district's current year equalization assistance. The school district's  
3 general budget limit shall be reduced by the same lump sum amount in the  
4 current year.

5 B. Financial provisions for a charter school that is sponsored by the  
6 state board of education, the state board for charter schools, a university,  
7 a community college district or a group of community college districts are as  
8 follows:

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

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

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

19 (i) The organizational structure or management agreement of the  
20 charter holder requires the charter holder or charter school to contract with  
21 a specific management company.

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

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

26 (iv) The charter holder holds ~~one or more charters~~ **THAN ONE CHARTER** in  
27 this state.

28 (c) Notwithstanding subdivision (b) of this paragraph, for fiscal year  
29 2015-2016 the department of education shall reduce by thirty-three percent  
30 the amount provided by the small school weight for charter schools prescribed  
31 in subdivision (b) of this paragraph.

32 (d) Notwithstanding subdivision (b) of this paragraph, for fiscal year  
33 2016-2017 the department of education shall reduce by sixty-seven percent the  
34 amount provided by the small school weight for affiliated charter schools  
35 prescribed in subdivision (b) of this paragraph.

36 2. Notwithstanding paragraph 1 of this subsection, the student count  
37 shall be determined initially using an estimated student count based on  
38 actual registration of pupils before the beginning of the school year.  
39 Notwithstanding section 15-1042, subsection F, student level data submitted  
40 to the department may be used to determine estimated student counts. After  
41 the first forty days, one hundred days or two hundred days in session, as  
42 applicable, the charter school shall revise the student count to be equal to  
43 the actual average daily membership, as defined in section 15-901, of the  
44 charter school. Before the fortieth day, one hundredth day or two hundredth  
45 day in session, as applicable, the state board of education, the state board  
46 for charter schools, the sponsoring university, the sponsoring community

1 college district or the sponsoring group of community college districts may  
2 require a charter school to report periodically regarding pupil enrollment  
3 and attendance, and the department of education may revise its computation of  
4 equalization assistance based on the report. A charter school shall revise  
5 its student count, base support level and charter additional assistance  
6 before May 15. A charter school that overestimated its student count shall  
7 revise its budget before May 15. A charter school that underestimated its  
8 student count may revise its budget before May 15.

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

12 4. Equalization assistance for the charter school shall be determined  
13 by adding the amount of the base support level and charter additional  
14 assistance. The amount of the charter additional assistance is one thousand  
15 seven hundred thirty-four dollars ninety-two cents per student count in  
16 preschool programs for children with disabilities, kindergarten programs and  
17 grades one through eight and two thousand twenty-two dollars two cents per  
18 student count in grades nine through twelve.

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

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

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

34 C. If a pupil is enrolled in both a charter school and a public school  
35 that is not a charter school, the sum of the daily membership, which includes  
36 enrollment as prescribed in section 15-901, subsection A, paragraph 1,  
37 subdivisions (a) and (b) and daily attendance as prescribed in section  
38 15-901, subsection A, paragraph 5, for that pupil in the school district and  
39 the charter school shall not exceed 1.0. If a pupil is enrolled in both a  
40 charter school and a public school that is not a charter school, the  
41 department of education shall direct the average daily membership to the  
42 school with the most recent enrollment date. On validation of actual  
43 enrollment in both a charter school and a public school that is not a charter  
44 school and if the sum of the daily membership or daily attendance for that  
45 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be  
46 apportioned between the public school and the charter school based on the

1 percentage of total time that the pupil is enrolled or in attendance in the  
2 public school and the charter school. The uniform system of financial  
3 records shall include guidelines for the apportionment of the pupil  
4 enrollment and attendance as provided in this section.

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

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

18 2. For a charter school sponsored by the state board of education, the  
19 state board for charter schools, a university, a community college district  
20 or a group of community college districts, the total of the base support  
21 level and the charter additional assistance shall not be less than zero.

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

26 E. If a charter school was a district public school in the prior year  
27 and is now being operated for or by the same school district and sponsored by  
28 the state board of education, the state board for charter schools, a  
29 university, a community college district, a group of community college  
30 districts or a school district governing board, the reduction in subsection D  
31 of this section applies. The reduction to the base support level of the  
32 charter school or the sponsoring district of the charter school shall equal  
33 the sum of the base support level and the charter additional assistance  
34 received in the current year for those pupils who were enrolled in the  
35 traditional public school in the prior year and are now enrolled in the  
36 charter school in the current year.

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

40 G. At the request of a charter school, the county school  
41 superintendent of the county where the charter school is located may provide  
42 the same educational services to the charter school as prescribed in section  
43 15-308, subsection A. The county school superintendent may charge a fee to  
44 recover costs for providing educational services to charter schools.

45 H. If the sponsor of the charter school determines at a public meeting  
46 that the charter school is not in compliance with federal law, with the laws

1 of this state or with its charter, the sponsor of a charter school may submit  
2 a request to the department of education to withhold up to ten percent of the  
3 monthly apportionment of state aid that would otherwise be due the charter  
4 school. The department of education shall adjust the charter school's  
5 apportionment accordingly. The sponsor shall provide written notice to the  
6 charter school at least seventy-two hours before the meeting and shall allow  
7 the charter school to respond to the allegations of noncompliance at the  
8 meeting before the sponsor makes a final determination to notify the  
9 department of education of noncompliance. The charter school shall submit a  
10 corrective action plan to the sponsor on a date specified by the sponsor at  
11 the meeting. The corrective action plan shall be designed to correct  
12 deficiencies at the charter school and to ensure that the charter school  
13 promptly returns to compliance. When the sponsor determines that the charter  
14 school is in compliance, the department of education shall restore the full  
15 amount of state aid payments to the charter school.

16 I. In addition to the withholding of state aid payments pursuant to  
17 subsection H of this section, the sponsor of a charter school may impose a  
18 civil penalty of one thousand dollars per occurrence if a charter school  
19 fails to comply with the fingerprinting requirements prescribed in section  
20 15-183, subsection C or section 15-512. The sponsor of a charter school  
21 shall not impose a civil penalty if it is the first time that a charter  
22 school is out of compliance with the fingerprinting requirements and if the  
23 charter school provides proof within forty-eight hours of written  
24 notification that an application for the appropriate fingerprint check has  
25 been received by the department of public safety. The sponsor of the charter  
26 school shall obtain proof that the charter school has been notified, and the  
27 notification shall identify the date of the deadline and shall be signed by  
28 both parties. The sponsor of a charter school shall automatically impose a  
29 civil penalty of one thousand dollars per occurrence if the sponsor  
30 determines that the charter school subsequently violates the fingerprinting  
31 requirements. Civil penalties pursuant to this subsection shall be assessed  
32 by requesting the department of education to reduce the amount of state aid  
33 that the charter school would otherwise receive by an amount equal to the  
34 civil penalty. The amount of state aid withheld shall revert to the state  
35 general fund at the end of the fiscal year.

36 J. A charter school may receive and spend monies distributed by the  
37 department of education pursuant to section 42-5029, subsection E and section  
38 37-521, subsection B.

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

1 within the school district to the campus of the Arizona state schools for the  
2 deaf and the blind.

3 L. Notwithstanding any other law, a university under the jurisdiction  
4 of the Arizona board of regents, a community college district or a group of  
5 community college districts shall not include any student in the student  
6 count of the university, community college district or group of community  
7 college districts for state funding purposes if that student is enrolled in  
8 and attending a charter school sponsored by the university, community college  
9 district or group of community college districts.

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

17 N. The governing body of a charter school shall collaborate with the  
18 private organization that is approved by the state board of education  
19 pursuant to section 15-792.02 to provide approved board examination systems  
20 for the charter school.

21 O. If permitted by federal law, a charter school may opt out of  
22 federal grant opportunities if the charter holder or the appropriate  
23 governing body of the charter school determines that the federal requirements  
24 impose unduly burdensome reporting requirements.

25 P. For the purposes of this section:

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

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

APPROVED BY THE GOVERNOR APRIL 10, 2015.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 14, 2015.