AN ACT

AMENDING SECTIONS 15-185, 15-249.01 AND 15-874, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1041.01; AMENDING SECTIONS 15-1042 AND 15-1043, ARIZONA REVISED STATUTES; REPEALING SECTION 15-1044, ARIZONA REVISED STATUTES; AMENDING SECTION 15-1045, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1046; REPEALING SECTION 41-3016.23, ARIZONA REVISED STATUTES; RELATING TO STUDENT DATA.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-185, Arizona Revised Statutes, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Equalization assistance shall not be less than zero.
2. For a charter school sponsored by the state board of education, the state board for charter schools, a university, a community college district or a group of community college districts, the total of the base support level and the charter additional assistance shall not be less than zero.
3. For a charter school sponsored by a school district, the base support level for the school district shall not be reduced by more than the amount that the charter school increased the district's base support level and district additional assistance allocation.

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

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

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

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

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

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

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

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

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

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

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

P. For the purposes of this section:

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

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

Sec. 2. Section 15-249.01, Arizona Revised Statutes, is amended to
read:

15-249.01. Data governance commission; membership; terms;
duties; commission termination; definition

A. The data governance commission is established in the department of
education consisting of:

1. The chief technology managers, or the managers' designees, of each
of the universities under the jurisdiction of the Arizona board of regents.
2. The chief technology manager, or the manager's designee, of a community college district located in a county with a population of eight hundred thousand persons or more who has expertise in technology and who is appointed by the governor.

3. The chief technology manager, or the manager's designee, of a community college district located in a county with a population of less than eight hundred thousand persons who has expertise in technology and who is appointed by the governor.

4. The chief executive officer of the Arizona early childhood development and health board or the chief executive officer's designee.

5. An officer or employee of a school district located in a county with a population of eight hundred thousand persons or more who has expertise in technology and who is appointed by the governor.

6. An officer or employee of a school district located in a county with a population of less than eight hundred thousand persons who has expertise in technology and who is appointed by the governor.

7. An officer or employee of a charter school located in a county with a population of eight hundred thousand persons or more who has expertise in technology and who is appointed by the president of the senate.

8. An officer or employee of a charter school located in a county with a population of less than eight hundred thousand persons who has expertise in technology and who is appointed by the speaker of the house of representatives.

9. Two representatives of the business community, one of whom is appointed by the president of the senate and one of whom is appointed by the speaker of the house of representatives.

10. The director of the department of administration or the director's designee.

11. The superintendent of public instruction or the superintendent's designee.

B. The initial appointed members shall assign themselves by lot to terms of two, three and four years in office. All subsequent appointed members of the commission shall serve four-year terms. The chairperson shall notify the governor, the speaker of the house of representatives and the president of the senate on appointments of these terms. Members of the commission shall elect a chairperson from among the members of the commission. Members of the commission shall not receive compensation. The department of education shall provide adequate staff support for the commission.

C. The commission shall identify, examine and evaluate the needs of public institutions that provide instruction to pupils in preschool programs, kindergarten programs, grades one through twelve and postsecondary programs in Arizona and shall:
1. Establish guidelines related to the following:
   (a) Managed data access.
   (b) Technology.
   (c) Privacy and security.
   (d) Adequacy of training.
   (e) Adequacy of data model implementation.
   (f) Prioritization of funding opportunities.
   (g) Resolution of data conflicts.
   (h) The form and format of data elements that are required for state and federal reporting and interagency data sharing.

2. Provide recommendations on technology spending.

3. Provide analyses and recommendations of the following:
   (a) The control of data confidentiality and data security for stored data and data in transmission.
   (b) Access privileges and access management.
   (c) Data audit management, including data quality metrics, sanctions and incentives for data quality improvement.
   (d) Data standards for stored data and data in transmission, including rules for definition, format, source, provenance, element level and contextual integrity.
   (e) Documentation standards for data elements and systems components.
   (f) Data archival and retrieval management systems, including change control and change tracking.
   (g) Publication of standard and ad hoc reports for state and local level use on student achievement.
   (h) Publication of implementation timelines and progress.

4. Create, publish and make publicly available on the department's website a data dictionary with definitions of student data elements in the education data system, including:
   (a) Student data elements required to be reported by state and federal education mandates.
   (b) Any student data element that has been proposed for inclusion in the education data system with a statement regarding the purpose or reason for the proposed collection.
   (c) Any student data elements the department collects or maintains with no currently identified purpose.

5. Review and approve data elements to be included in the education data system pursuant to section 15-1042. Any new student data collection shall be announced to the general public and posted for a review and comment period of at least sixty days.

6. Ensure that the guidelines and recommendations adopted pursuant to this subsection reduce duplication and administrative requirements for public schools, postsecondary institutions and public agencies.

7. Submit an annual report on or before December 1 regarding the commission's activities to the governor, the speaker of the house of
representatives and the president of the senate. The data governance commission shall provide copies of this report to the secretary of state. THE REPORT SHALL INCLUDE:

(a) ANY NEW DATA ELEMENTS PROPOSED FOR INCLUSION IN THE EDUCATION DATA SYSTEM.
(b) CHANGES TO EXISTING DATA COLLECTIONS REQUIRED FOR ANY REASON, INCLUDING CHANGES TO FEDERAL REPORTING REQUIREMENTS.
(c) AN EXPLANATION OF ANY EXCEPTIONS GRANTED BY THE DEPARTMENT DURING THE YEAR REGARDING THE RELEASE OF STUDENT LEVEL DATA OUT OF STATE PURSUANT TO SECTION 15-1045, SUBSECTION E.
(d) THE RESULTS OF ANY PRIVACY OR SECURITY AUDIT CONDUCTED WITHIN THE PRECEDING YEAR. THE REPORT MAY NOT INCLUDE ANY INFORMATION THAT WOULD POSE A THREAT TO THE SECURITY OR THE CONFIDENTIALITY OF THE EDUCATION DATA SYSTEM OR TO THE SECURE TRANSMISSION OF DATA BETWEEN SCHOOL DISTRICTS, CHARTER SCHOOLS AND THE DEPARTMENT.

D. The commission established by this section ends on July 1, 2020 pursuant to section 41-3103.

E. FOR THE PURPOSES OF THIS SECTION, "EDUCATION DATA SYSTEM" HAS THE SAME MEANING PRESCRIBED IN SECTION 15-1041.01.

Sec. 3. Section 15-874, Arizona Revised Statutes, is amended to read:

15-874. Records; reporting requirements
A. Each pupil's immunizations shall be recorded on the school immunization record. The school immunization record shall be a standardized form developed by the department of health services in conjunction with the department of education and provided by the department of health services and shall be a part of the mandatory permanent student record MAINTAINED ACCORDING TO STANDARDS SET BY THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS. The records are open to inspection by the department of health services and the local health department.
B. Each immunization record shall contain at least the following information:
1. The pupil's name and birth date.
2. The date of the pupil's admission to the school.
3. The type of immunizing agents administered to the pupil.
4. The date each dose of immunizing agent is administered to the pupil.
5. The established schedule for completion of immunizations if the pupil is admitted to or allowed to continue to attend a school pursuant to section 15-872, subsection E.
6. Laboratory evidence of immunity if this evidence is presented as part of a pupil's documentary proof.
7. If an exemption from immunization as provided in section 15-873 is submitted to the school administrator, the date the exemption is submitted and the reason for the exemption.
8. Additional information prescribed by the director of the department of health services by rule.

C. A school shall transfer an immunization record with the mandatory permanent student record and provide at no charge, on request, a copy of the immunization record to the parent or guardian of the pupil.

D. By November 30 of each school year, each school district and private school shall complete and file a report with the local health department and the department of health services, using forms provided by the department of health services. The report shall state the number of pupils attending who have completed required immunizations or who have submitted laboratory evidence of immunity, the number of pupils attending with uncompleted required immunizations and the number of pupils attending with an exemption from immunization pursuant to section 15-873.

Sec. 4. Title 15, chapter 9, article 8, Arizona Revised Statutes, is amended by adding section 15-1041.01, to read:

15-1041.01. Definitions

IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

1. "AGGREGATED DATA" MEANS DATA THAT IS COLLECTED OR REPORTED AT THE GROUP, COHORT, SCHOOL, SCHOOL DISTRICT, CHARTER SCHOOL OR STATE LEVEL.

2. "EDUCATION DATA SYSTEM" MEANS THE STUDENT ACCOUNTABILITY INFORMATION SYSTEM ESTABLISHED BY SECTION 15-1041, OR ITS SUCCESSOR SYSTEM, AND THE EDUCATION LEARNING AND ACCOUNTABILITY SYSTEM ESTABLISHED PURSUANT TO SECTION 15-249, OR ITS SUCCESSOR SYSTEM, AND ALL OF THOSE SYSTEMS' RESPECTIVE COMPONENTS.

3. "LOCAL EDUCATION AGENCY" MEANS A SCHOOL DISTRICT, CHARTER HOLDER, OR EDUCATION SERVICE AGENCY.

4. "PERSONALLY IDENTIFIABLE INFORMATION" MEANS INFORMATION THAT MAY BE USED ON ITS OWN OR WITH OTHER INFORMATION TO IDENTIFY AN INDIVIDUAL PUPIL.

5. "PUPIL RECORDS" MEANS EITHER OF THE FOLLOWING:

   (a) ANY PUPIL-RELATED INFORMATION MAINTAINED BY A LOCAL EDUCATION AGENCY.

   (b) ANY INFORMATION ACQUIRED DIRECTLY FROM THE PUPIL THROUGH THE USE OF SOFTWARE OR APPLICATIONS ASSIGNED TO THE PUPIL BY A LOCAL EDUCATION AGENCY OR ITS EMPLOYEES.

6. "STUDENT LEVEL DATA" MEANS ALL DATA ELEMENTS THAT ARE COMPILED AND SUBMITTED FOR EACH INDIVIDUAL STUDENT IN THIS STATE AND THAT ARE NECESSARY FOR THE COMPLETION OF THE STATUTORY REQUIREMENTS OF THE DEPARTMENT OF EDUCATION AND THE STATE BOARD OF EDUCATION RELATING TO THE CALCULATION OF FUNDING FOR PUBLIC EDUCATION, THE DETERMINATION OF STUDENT ACADEMIC PROGRESS AS MEASURED BY STUDENT TESTING PROGRAMS IN THIS STATE, STATE AND FEDERAL REPORTING REQUIREMENTS AND OTHER DUTIES PRESCRIBED BY LAW TO THE DEPARTMENT OF EDUCATION OR THE STATE BOARD OF EDUCATION. STUDENT LEVEL DATA DOES NOT INCLUDE DATA ELEMENTS THAT ARE RELATED TO STUDENT BEHAVIOR, DISCIPLINE, CRIMINAL HISTORY, MEDICAL HISTORY, RELIGIOUS AFFILIATION, PERSONAL PHYSICAL
DESCRIPTORS OR FAMILY INFORMATION AND THAT ARE NOT AUTHORIZED BY THE PARENT
OR GUARDIAN OF THE PUPIL OR NOT OTHERWISE REQUIRED BY LAW.

7. “THIRD-PARTY PROVIDER” MEANS A PROVIDER OF DIGITAL SOFTWARE AND
SERVICES, INCLUDING CLOUD-BASED SERVICES, FOR INSTRUCTIONAL, DIAGNOSTIC AND
ASSESSMENT PURPOSES AND FOR THE DIGITAL STORAGE, MANAGEMENT AND RETRIEVAL OF
PUPIL RECORDS.

8. "UNIQUE PUPIL IDENTIFIER" MEANS THE METHOD OF IDENTIFYING EACH
INDIVIDUAL STUDENT ESTABLISHED BY THE DEPARTMENT PURSUANT TO SECTION
15-1045.

Sec. 5. Section 15-1042, Arizona Revised Statutes, is amended to read:

15-1042. Student level data; requirements; confidentiality

A. The department of education shall notify school districts, joint
technical education districts and charter schools of electronic data
submission procedures and shall distribute a list of the specific student
level data elements, including the statutory or regulatory reference for each
data element, that school districts, joint technical education districts and
charter schools are required to submit. The department of education shall
not make any changes to the student level data elements to be collected
unless the student level data element has been reviewed and adopted by the
data governance commission established by section 15-249.01.

B. Each school district, joint technical education district and
charter school shall submit electronic data on a school-by-school basis,
including student level data, to the department of education in order for the
school district, joint technical education district or charter school to
receive monies for the cost of educating students pursuant to this title.

C. The department of education shall grant a school district, joint
technical education district or charter school an extension to the deadline
for the submission of student level data or may provide for an alternative
method for the submission of student level data if the school district, joint
technical education district or charter school proves that good cause exists
for the extension, and the school district, joint technical education
district or charter school shall continue to receive monies for the cost of
educating students pursuant to this title. The request for an extension of
the deadline for the submission of student level data pursuant to this
subsection shall include a justification for the extension and the status of
current efforts towards complying with the submission of student level data.

D. A pupil or the parent or guardian of a pupil shall not be
required to submit data that does not relate to the provision of educational
services or assistance to the pupil.

E. Unless otherwise prescribed, school districts, joint technical
education districts and charter schools shall begin to report new data
elements on July 1 of the year that follows the effective date of the law
that requires the collection of the data.

F. Student level data items submitted to the department of
education by school districts, joint technical education districts and
charter schools pursuant to this section shall not be used to adjust funding levels or calculate the average daily membership for the purpose of funding school districts at any time other than the fortieth, one hundredth and two hundredth days of the school year.

G. A school district, joint technical education district or charter school is not required to submit student level data to the department of education more often than once every twenty school days.

H. Notwithstanding subsection J of this section, The student level data shall include reasons for the withdrawal if reasons are provided by the withdrawing pupil or the pupil's parent or guardian. For the purposes of this subsection, the department of education shall include in the specific student level data elements that school districts, joint technical education districts and charter schools are required to submit data relating to students who withdraw from school because the student is pregnant or because the student is the biological parent of a child.

I. All student level data collected pursuant to this section is confidential and is not a public record. The data collected may be used for aggregate research and reporting and for providing access of student level data to school districts, joint technical education districts, charter schools, community colleges and universities under the jurisdiction of the Arizona board of regents.

J. For the purposes of this section, “student level data” means all data elements that are compiled and submitted for each student in this state and that are necessary for the completion of the statutory requirements of the department of education and the state board of education relating to the calculation of funding for public education, the determination of student academic progress as measured by student testing programs in this state, state and federal reporting requirements and other duties prescribed to the department of education or the state board of education by law. Student level data does not include data elements related to student behavior, discipline, criminal history, medical history, religious affiliation, personal physical descriptors or family information not authorized by the parent or guardian of the pupil or otherwise required by law.

Sec. 6. Section 15-1043, Arizona Revised Statutes, is amended to read:

15-1043. Student level data; access; confidentiality

A. Any disclosure of educational records compiled by the department of education pursuant to this article shall comply with the family educational rights and privacy act OF 1974 (20 United States Code section 1232g).

B. Student level data may not be updated unless the change is authorized by the school district, joint technical education district or charter school.

C. The department of education shall adopt policies and procedures to allow access of student level data for currently enrolled students to school districts, joint technical education districts and charter schools, SUBJECT TO SECTION 15-1045, SUBSECTION D.
D. THE DEPARTMENT SHALL DEVELOP CRITERIA FOR THE APPROVAL OF DATA
REQUESTS FROM STATE AND LOCAL AGENCIES, THE LEGISLATURE AND RESEARCHERS IF
THE DEPARTMENT DETERMINES THE REQUEST QUALIFIES FOR AN EXCEPTION UNDER THE
FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974 (20 UNITED STATES CODE
SECTION 1232g). STUDENT LEVEL DATA SHALL REMAIN REDACTED AT ALL TIMES UNLESS
SPECIFICALLY ALLOWED BY LAW.

Sec. 7. Repeal
Section 15-1044, Arizona Revised Statutes, is repealed.

Sec. 8. Section 15-1045, Arizona Revised Statutes, is amended to read:

15-1045. Education data system; pupil privacy
A. Any collection, maintenance or disclosure of pupil educational
records compiled by the department of education in an education database of
pupil records DATA SYSTEM shall comply with the family educational rights and
privacy act OF 1974 (20 United States Code section 1232g).

B. The department of education shall maintain the database in the
following manner:
1. The use of the information is limited to comply with statutory
obligations.
2. Personally identifiable information is confidential and is not
public record.
3. Proper security measures are employed to ensure the confidentiality
and integrity of the education database.
4. Data is secured from breaches and identity theft through
implementation of protections and standards.

B. PERSONALLY IDENTIFIABLE INFORMATION AND STUDENT LEVEL DATA
CONTAINED IN THE EDUCATION DATA SYSTEM ARE CONFIDENTIAL AND ARE NOT A PUBLIC
RECORD.

C. THE DEPARTMENT SHALL CREATE A UNIQUE PUPIL IDENTIFIER FOR EACH
PUPIL IN THE EDUCATION DATA SYSTEM. The pupil identifier in the education
database is unique, MAY not BE identifiable by anyone other than officials
maintaining the education database DATA SYSTEM and shall MAY not be the
pupil's social security number or any variation of the pupil's social
security number.

D. THE DEPARTMENT SHALL DEVELOP, PUBLISH AND MAKE PUBLICLY AVAILABLE
POLICIES AND PROCEDURES TO COMPLY WITH ALL RELEVANT STATE AND FEDERAL PRIVACY
LAWS, INCLUDING THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974 (20
UNITED STATES CODE SECTION 1232g). THE POLICIES SHALL REQUIRE THAT:
1. ACCESS TO STUDENT LEVEL DATA IN THE EDUCATION DATA SYSTEM BE
RESTRICTED TO:
(a) THE AUTHORIZED STAFF OF THE DEPARTMENT WHO REQUIRE ACCESS TO
PERFORM THEIR ASSIGNED DUTIES AS REQUIRED BY LAW, BY INTERAGENCY DATA SHARING
AGREEMENTS OR OTHER LEGAL OBLIGATIONS.
(b) SCHOOL DISTRICT AND CHARTER SCHOOL ADMINISTRATORS, TEACHERS AND
SCHOOL PERSONNEL WHO REQUIRE ACCESS TO PERFORM THEIR ASSIGNED DUTIES.
(c) A student and the student’s parents, except that the student and parents may have access to data about only that particular student.

(d) The authorized staff of other state agencies in this state or political subdivisions of this state as required by law or as defined by interagency data sharing agreements pursuant to this section.

2. The department use only aggregated data that does not contain personally identifiable information in public reports and in response to public records requests, except as provided in subsection E of this section.

3. Students and parents be notified of their rights to privacy of educational records under federal and state law.

E. Unless otherwise allowed by law, subject to section 15-1043, the department may not transfer student level data deemed confidential under this article to any federal agency or any state or local agency.

F. The department shall develop and implement a detailed security plan that includes:

1. Procedures for authorizing access to the education data system and to student level data.

2. Standards for compliance with federal and state privacy laws and regulations.

3. Privacy and security audits.

4. Planning for a possible breach of data security, including notification procedures to entities that own data that may be affected.


6. At a minimum, compliance with statewide technology security standards adopted by the Department of Administration.

G. The department shall ensure that any contracts with private vendors governing databases, assessments or instructional supports that include student level data include express provisions that safeguard privacy and security and include civil penalties for noncompliance.

H. School districts and charter schools may not report the following student level data to the department:

1. Juvenile delinquency records.

2. Criminal records, except for incident data required to be reported for school safety purposes.

3. Medical and health records.

I. School districts and charter schools may not collect the following data about any student:

1. Political affiliation.

2. Religious affiliation.


4. Firearms ownership.

J. The superintendent shall appoint a chief privacy officer, who shall assume primary responsibility for the agency privacy policy. The chief privacy officer shall:
1. Ensure that the use of technologies sustain, and do not erode, privacy protections.

2. Ensure that student level data contained in the education data system is handled in full compliance with this section and other applicable state and federal laws.

3. In conjunction with the chief data officer, evaluate legislative and regulatory proposals involving the collection, use and disclosure of student data by the department.

4. In conjunction with the chief data officer, conduct a privacy impact assessment on proposed rules of the department in general, and the proposed rules of the department on the privacy of student data, including the type of personal information collected and the number of students affected.

5. Coordinate with the attorney general and chief data officer to ensure that programs, policies and procedures affecting civil rights, civil liberties and privacy considerations are addressed in an integrated and comprehensive manner.

6. Establish and operate a process for parents to file complaints of possible privacy violations, including complaints made pursuant to section 15-142, subsection C, and to provide redress.

7. Ensure that all privacy-related incidents are properly reported, investigated and mitigated, as appropriate.

8. Work with the chief data officer to provide training, education and outreach to build a culture of privacy throughout the department.

9. Make investigations and reports regarding the administration of programs and operations of the department regarding privacy matters and shall have access to all records, reports, audits, reviews, documents, papers, recommendations and other materials available to the department that are necessary to complete the chief privacy officer's responsibilities.

K. The chief information officer of the department shall appoint a chief data officer. The chief data officer shall:

1. Coordinate with the chief privacy officer to fulfill the requirements of this section.

2. Establish policies and procedures to ensure the efficient and secure collection, storage, maintenance and disposition of all data collected in the education data system according to applicable laws.

3. Establish department policies necessary for implementing fair information practice principles to enhance privacy protections.

4. Work with the chief privacy officer and other officials in engaging stakeholders about the quality, usefulness, openness and privacy of data.

5. Establish and operate a department privacy incident response process in coordination with the chief information officer.

L. The department may assess fees for the production of requests for data pursuant to section 15-1043 or for the assembly of data that is
OTHERWISE CONFIDENTIAL AND NOT A PUBLIC RECORD, INTO AGGREGATED REPORTS THAT ARE NOT ALREADY AVAILABLE FROM THE DEPARTMENT.

M. THE PARENT OR GUARDIAN OF A STUDENT MAY REQUEST TO REVIEW A COPY OF THE STUDENT'S EDUCATIONAL RECORD, INCLUDING DATA SUBMITTED TO THE EDUCATION DATA SYSTEM, USING THE PROCESS PRESCRIBED IN SECTION 15-102.

Sec. 9. Title 15, chapter 9, article 8, Arizona Revised Statutes, is amended by adding section 15-1046, to read:

15-1046. Student records; privacy; third-party providers; contracts

A. A LOCAL EDUCATIONAL AGENCY MAY ENTER INTO A CONTRACT WITH A THIRD-PARTY PROVIDER FOR EITHER OR BOTH OF THE FOLLOWING PURPOSES:

1. TO PROVIDE SERVICES, INCLUDING CLOUD-BASED SERVICES, FOR THE DIGITAL STORAGE, MANAGEMENT AND RETRIEVAL OF PUPIL RECORDS.

2. TO PROVIDE DIGITAL EDUCATIONAL SOFTWARE THAT AUTHORIZES A THIRD-PARTY PROVIDER TO ACCESS AND ACQUIRE PUPIL RECORDS.

B. A LOCAL EDUCATIONAL AGENCY THAT ENTERS INTO A CONTRACT WITH A THIRD-PARTY PROVIDER PURSUANT TO SUBSECTION A OF THIS SECTION SHALL ENSURE THAT THE CONTRACT CONTAINS ALL OF THE FOLLOWING:

1. A STATEMENT THAT PUPIL RECORDS CONTINUE TO BE THE PROPERTY OF AND UNDER THE CONTROL OF THE LOCAL EDUCATIONAL AGENCY.

2. A PROHIBITION AGAINST THE THIRD-PARTY PROVIDER USING PERSONALLY IDENTIFIABLE INFORMATION IN INDIVIDUAL PUPIL RECORDS FOR COMMERCIAL OR ADVERTISING PURPOSES.

3. A PROHIBITION AGAINST THE THIRD-PARTY PROVIDER USING ANY INFORMATION IN THE PUPIL RECORD FOR ANY PURPOSE OTHER THAN FOR THE REQUIREMENTS OF THE CONTRACT.

4. A DESCRIPTION OF THE PROCEDURES BY WHICH A PARENT, GUARDIAN OR ELIGIBLE PUPIL MAY REVIEW THE PUPIL'S RECORDS AND CORRECT ERRONEOUS INFORMATION.

5. A DESCRIPTION OF THE ACTIONS THE THIRD-PARTY PROVIDER WILL TAKE, INCLUDING THE DESIGNATION AND TRAINING OF RESPONSIBLE INDIVIDUALS, TO ENSURE THE SECURITY OF PUPIL RECORDS. COMPLIANCE WITH THIS REQUIREMENT DOES NOT, IN ITSELF, ABSOLVE THE THIRD-PARTY PROVIDER OF LIABILITY IN THE EVENT OF AN UNAUTHORIZED DISCLOSURE OF PUPIL RECORDS.


7. A CERTIFICATION THAT A PUPIL'S RECORDS WILL NOT BE RETAINED BY OR AVAILABLE TO THE THIRD-PARTY PROVIDER ON COMPLETION OF THE TERMS OF THE CONTRACT AND A DESCRIPTION OF HOW THAT CERTIFICATION WILL BE ENFORCED.

8. A DESCRIPTION OF HOW THE LOCAL EDUCATION AGENCY AND THE THIRD-PARTY PROVIDER WILL JOINTLY ENSURE COMPLIANCE WITH THIS ARTICLE, THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974 (20 UNITED STATES CODE SECTION 1232g) AND THE CHILDREN'S ONLINE PRIVACY PROTECTION ACT OF 1998 (15 UNITED
STATES CODE SECTION 6501) FOR ALL PUPILS, INCLUDING PUPILS WHO ARE AT LEAST
THIRTEEN YEARS OF AGE.

C. A CONTRACT THAT FAILS TO COMPLY WITH THE REQUIREMENTS OF THIS
SECTION IS VOIDABLE AND ALL PUPIL RECORDS IN THE POSSESSION OF THE
THIRD-PARTY PROVIDER SHALL BE RETURNED TO THE LOCAL EDUCATION AGENCY.

D. THIS SECTION DOES NOT APPLY TO CONTRACTS THAT WERE EXECUTED BEFORE
OCTOBER 1, 2015 UNTIL THE EXPIRATION, AMENDMENT OR RENEWAL OF THOSE
CONTRACTS.

Sec. 10. Repeal

Section 41-3016.23, Arizona Revised Statutes, is repealed.