

REFERENCE TITLE: empowerment scholarships; financial oversight; treasurer

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

## **HB 2022**

Introduced by  
Representative Finchem

**AN ACT**

**AMENDING SECTION 15-2403, ARIZONA REVISED STATUTES; RELATING TO ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS.**

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-2403, Arizona Revised Statutes, is amended to  
3 read:

4 15-2403. Empowerment scholarship accounts: administration:  
5 audit; rules

6 A. The treasurer may contract with private financial management  
7 firms to manage Arizona empowerment scholarship accounts. **THE TREASURER**  
8 **HAS EXCLUSIVE AUTHORITY TO OVERSEE AND MANAGE THE FOLLOWING AS THEY RELATE**  
9 **TO ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS PURSUANT TO THIS CHAPTER:**

- 10 1. ISSUING REQUESTS FOR PROPOSALS.  
11 2. SELECTING PAYMENT PROCESSING VENDORS.  
12 3. EXECUTING CONTRACTS WITH VENDORS AND OTHER PROVIDERS OF GOODS  
13 AND SERVICES.

14 B. The department shall conduct or contract for annual audits of  
15 ARIZONA empowerment scholarship accounts to ensure compliance with section  
16 15-2402, subsection B, paragraph 4. The department shall also conduct or  
17 contract for random, quarterly and annual audits of empowerment  
18 scholarship accounts as needed to ensure compliance with section 15-2402,  
19 subsection B, paragraph 4.

20 C. The department may remove any parent or qualified student from  
21 eligibility for an Arizona empowerment scholarship account if the parent  
22 or qualified student fails to comply with the terms of the contract or  
23 applicable laws, rules or orders or knowingly misuses monies or knowingly  
24 fails to comply with the terms of the contract with intent to defraud and  
25 shall notify the treasurer. The department shall notify the treasurer to  
26 suspend the account of a parent or qualified student and shall notify the  
27 parent or qualified student in writing that the account has been suspended  
28 and that no further transactions will be allowed or disbursements made.  
29 The notification shall specify the reason for the suspension and state  
30 that the parent or qualified student has ten days, not including weekends,  
31 to respond and take corrective action. If the parent or qualified student  
32 refuses or fails to contact the department, furnish any information or  
33 make any report that may be required for reinstatement within the ten-day  
34 period, the department may remove the parent or qualified student pursuant  
35 to this subsection.

36 D. A parent may appeal the department's decision pursuant to title  
37 41, chapter 6, article 10.

38 E. The department may refer cases of substantial misuse of monies  
39 to the attorney general for the purpose of collection or for the purpose  
40 of a criminal investigation if the department obtains evidence of  
41 fraudulent use of an account.

42 F. The department shall make quarterly transfers of the amount  
43 calculated pursuant to section 15-2402, subsection C to the treasurer for  
44 deposit ~~into~~ **IN** the ARIZONA empowerment scholarship account of each  
45 qualified student, except the department may make transfers according to

1 another transfer schedule if the department determines a transfer schedule  
2 other than quarterly transfers is necessary for the operation of the  
3 ARIZONA empowerment scholarship account.

4 G. The department shall accept applications between July 1 and June  
5 30 of each year. The department shall enroll and issue an award letter to  
6 eligible applicants within forty-five days after receipt of a completed  
7 application and all required documentation. On or before May 30 of each  
8 year, the department shall furnish to the joint legislative budget  
9 committee an estimate of the amount required to fund ARIZONA empowerment  
10 scholarship accounts for the following fiscal year. The department shall  
11 include in its budget request for the following fiscal year the amount  
12 estimated ~~in~~ PURSUANT TO section 15-2402, subsection C for each qualified  
13 student.

14 H. The department may adopt rules and policies necessary ~~for the~~  
15 ~~administration of~~ TO ADMINISTER ARIZONA empowerment scholarship accounts,  
16 including RULES AND POLICIES:

17 1. ~~Policies~~ For conducting or contracting for examinations of the  
18 use of account monies.

19 2. FOR conducting or contracting for random, quarterly and annual  
20 reviews of accounts.

21 3. FOR establishing or contracting for the establishment of an  
22 online anonymous fraud reporting service.

23 4. FOR establishing an anonymous telephone hotline for fraud  
24 reporting.

25 5. ~~Policies~~ That require a surety bond or insurance for account  
26 holders.

27 I. The department shall contract with an independent third party  
28 for the purposes of determining ~~if~~ WHETHER a qualified student is eligible  
29 to receive educational therapies or services pursuant to section 15-2402,  
30 subsection B, paragraph 4, subdivision (c).