

State of Arizona  
Senate  
Fifty-fourth Legislature  
First Regular Session  
2019

# SENATE BILL 1394

AN ACT

AMENDING SECTIONS 15-182 AND 15-183, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-183.02; AMENDING SECTIONS 15-184 AND 15-213, ARIZONA REVISED STATUTES; 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 15-182, Arizona Revised Statutes, is amended to  
3 read:

4 15-182. State board for charter schools: membership; terms;  
5 compensation; duties

6 A. The state board for charter schools is established consisting of  
7 the following members:

8 1. The superintendent of public instruction or the superintendent's  
9 designee.

10 2. Six members of the general public, at least two of whom ~~shall~~  
11 reside in a school district where at least sixty percent of the children  
12 who attend school in the district meet the eligibility requirements  
13 established under the national school lunch and child nutrition acts (42  
14 United States Code sections 1751 through 1785) for free lunches, and at  
15 least one of whom ~~shall reside~~ RESIDES on an Indian reservation, who are  
16 appointed by the governor pursuant to section 38-211.

17 3. Two members of the business community who are appointed by the  
18 governor pursuant to section 38-211.

19 4. A teacher who provides classroom instruction at a charter school  
20 and who is appointed by the governor pursuant to section 38-211.

21 5. An operator of a charter school who is appointed by the governor  
22 pursuant to section 38-211.

23 6. Three members of the legislature who ~~shall~~ serve as advisory  
24 members and who are appointed jointly by the president of the senate and  
25 the speaker of the house of representatives.

26 B. The superintendent of public instruction ~~shall serve~~ SERVES a  
27 term on the state board for charter schools that runs concurrently with  
28 the superintendent's term of office. The members appointed pursuant to  
29 subsection A, paragraph 6 of this section ~~shall~~ serve two-year terms on  
30 the state board for charter schools that begin and end on the third Monday  
31 in January and that run concurrently with their respective terms of  
32 office. Members appointed pursuant to subsection A, paragraphs 2, 3, 4  
33 and 5 of this section ~~shall~~ serve staggered four-year terms that begin and  
34 end on the third Monday in January.

35 C. The state board for charter schools shall annually elect a  
36 president and such other officers as it deems necessary from among its  
37 membership.

38 D. Members of the state board for charter schools are not eligible  
39 to receive compensation but are eligible for reimbursement of expenses  
40 pursuant to title 38, chapter 4, article 2.

41 E. The state board for charter schools shall:

42 1. Exercise general supervision over charter schools that are  
43 sponsored by the board, recommend legislation pertaining to charter  
44 schools to the legislature and adopt rules and policies that the STATE

1 board deems necessary to accomplish the purposes prescribed in this  
2 section.

3 2. Grant charter status to qualifying applicants for charter  
4 schools pursuant to section 15-183.

5 3. Adopt and use an official seal in the authentication of its  
6 acts.

7 4. Keep a record of its proceedings.

8 5. Adopt rules for its own government.

9 6. Determine the policy of the STATE board and the work undertaken  
10 by it.

11 7. Delegate to the superintendent of public instruction the  
12 execution of STATE board policies.

13 8. Prepare a budget for expenditures necessary for the proper  
14 maintenance of the STATE board and the accomplishment of its purpose.

15 9. DEVELOP A TRAINING COURSE FOR GOVERNING BODY MEMBERS AND KEY  
16 ADMINISTRATIVE PERSONNEL OF CHARTER SCHOOLS WITH INPUT FROM CURRENT  
17 CHARTER SCHOOL OPERATORS, THE DEPARTMENT OF EDUCATION, THE ATTORNEY  
18 GENERAL'S OFFICE AND A STATEWIDE ASSOCIATION OF CHARTER SCHOOLS. AT NO  
19 COST TO THE CHARTER SCHOOL, THE STATE BOARD SHALL MAKE THE COURSE  
20 MATERIALS AVAILABLE ONLINE. THE COURSE SHALL PROVIDE CONTENT RELATED TO  
21 ALL OF THE FOLLOWING:

22 1. THE OPEN MEETING LAW.

23 2. PUBLIC RECORDS REQUIREMENTS.

24 3. ENROLLMENT LAWS AND REGULATIONS.

25 4. APPLICABLE PROCUREMENT RULES.

26 5. STUDENT DISCIPLINE.

27 F. The state board for charter schools may:

28 1. Contract.

29 2. Sue and be sued.

30 3. Use the services of the auditor general.

31 4. Subject to title 41, chapter 4, article 4 and legislative  
32 appropriation, employ staff.

33 G. The state board for charter schools may accept gifts or grants  
34 of monies or real or personal property from public and private  
35 organizations, if the purpose of the gift or grant specified by the donor  
36 is approved by the STATE board and is within the scope of the STATE  
37 board's powers and duties. The STATE board shall establish and administer  
38 a gift and grant fund for the deposit of monies received pursuant to this  
39 subsection.

40 H. FOR THE PURPOSES OF SUBSECTION E, PARAGRAPH 9 OF THIS SECTION,  
41 "KEY ADMINISTRATIVE PERSONNEL" MEANS PERSONS WHO THE CHARTER SCHOOL  
42 DETERMINES HAVE ADMINISTRATIVE RESPONSIBILITIES ASSOCIATED WITH THE OPEN  
43 MEETING LAW, PUBLIC RECORDS, STUDENT ENROLLMENT, PROCUREMENT OR STUDENT  
44 DISCIPLINE.

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

3           15-183. Charter schools; application; requirements; immunity;  
4                           exemptions; renewal of application; reprisal; fee;  
5                           funds; annual reports; definition

6           A. An applicant seeking to establish a charter school shall submit  
7 ~~a written~~ AN application to a proposed sponsor as prescribed in subsection  
8 C of this section. The application, application process and application  
9 time frames shall be posted on the sponsor's website and shall include the  
10 following, as specified in the application adopted by the sponsor:

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

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

18           C. The sponsor of a charter school may be either the state board of  
19 education, the state board for charter schools, a university under the  
20 jurisdiction of the Arizona board of regents, a community college district  
21 or a group of community college districts, subject to the following  
22 requirements:

23           1. An applicant may not ~~submit an application~~ APPLY for sponsorship  
24 to any person or entity other than those prescribed in this subsection.

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

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

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

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

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

1 (e) ~~it~~ THE APPLICANT is reconstituting an existing school site  
2 population at the same or new site.

3 (f) ~~it~~ THE APPLICANT is reconstituting an existing grade  
4 configuration from a prior charter holder with at least one grade  
5 remaining on the original site with the other grade or grades moving to a  
6 new site. The state board of education or the state board for charter  
7 schools may approve any charter schools transferring charters. If the  
8 state board of education or the state board for charter schools rejects  
9 the preliminary application, the state board of education or the state  
10 board for charter schools shall notify the applicant in writing of the  
11 reasons for the rejection and of suggestions for improving the  
12 application. An applicant may submit a revised application for  
13 reconsideration by the state board of education or the state board for  
14 charter schools. The applicant may request, and the state board of  
15 education or the state board for charter schools may provide, technical  
16 assistance to improve the application.

17 3. The applicant may submit the application to a university under  
18 the jurisdiction of the Arizona board of regents, a community college  
19 district or a group of community college districts. A university, a  
20 community college district or a group of community college districts shall  
21 not grant a charter to a school district governing board for a new charter  
22 school or for the conversion of an existing district public school to a  
23 charter school. A university, a community college district or a group of  
24 community college districts may approve the application if it meets the  
25 requirements of this article and if the proposed sponsor determines, in  
26 its sole discretion, that the applicant is sufficiently qualified to  
27 operate a charter school.

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

37 5. All persons engaged in instructional work directly as a  
38 classroom, laboratory or other teacher or indirectly as a supervisory  
39 teacher, speech therapist or principal shall have a valid fingerprint  
40 clearance card that is issued pursuant to title 41, chapter 12,  
41 article 3.1, unless the person is a volunteer or guest speaker who is  
42 accompanied in the classroom by a person with a valid fingerprint  
43 clearance card. A charter school shall not employ a teacher whose  
44 certificate has been surrendered or revoked, unless the teacher's  
45 certificate has been subsequently reinstated by the state board of

1 education. All other personnel shall be fingerprint checked pursuant to  
2 section 15-512, or the charter school may require those personnel to  
3 obtain a fingerprint clearance card issued pursuant to title 41, chapter  
4 12, article 3.1. Before employment, the charter school shall make  
5 documented, good faith efforts to contact previous employers of a person  
6 to obtain information and recommendations that may be relevant to ~~a~~ THE  
7 person's fitness for employment as prescribed in section 15-512,  
8 subsection F. The charter school shall notify the department of public  
9 safety if the charter school or sponsor receives credible evidence that a  
10 person who possesses a valid fingerprint clearance card is arrested for or  
11 is charged with an offense listed in section 41-1758.03, subsection B. A  
12 person who is employed at a charter school that has met the requirements  
13 of this paragraph is not required to meet any additional requirements that  
14 are established by the department of education or that may be established  
15 by rule by the state board of education. The state board of education may  
16 not adopt rules that exceed the requirements for persons WHO ARE qualified  
17 to teach in charter schools prescribed in title I of the every student  
18 succeeds act (P.L. 114-95) or the individuals with disabilities education  
19 improvement act of 2004 (P.L. 108-446). Charter schools may hire  
20 personnel who have not yet received a fingerprint clearance card if proof  
21 is provided of the submission of an application to the department of  
22 public safety for a fingerprint clearance card and if the charter school  
23 that is seeking to hire the applicant does all of the following:

24 (a) Documents in the applicant's file the necessity for hiring and  
25 ~~placement of~~ PLACING the applicant before ~~receiving~~ THE APPLICANT RECEIVES  
26 a fingerprint clearance card.

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

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

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

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

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

42 6. A charter school that complies with the fingerprinting  
43 requirements of this section shall be deemed to have complied with section  
44 15-512 and is entitled to the same rights and protections provided to  
45 school districts by section 15-512.

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

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

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

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

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

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

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

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

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

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

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

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

1           4. Ensure that it designs a method to measure pupil progress toward  
2 the pupil outcomes adopted by the state board of education pursuant to  
3 section 15-741.01, including participation in the statewide assessment and  
4 the nationally standardized norm-referenced achievement test as designated  
5 by the state board and the completion and distribution of an annual report  
6 card as prescribed in chapter 7, article 3 of this title.

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

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

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

28          8. Ensure that it provides for a governing body for the charter  
29 school that is responsible for the policy decisions of the charter school.  
30 **THERE SHALL BE AT LEAST THREE GOVERNING BODY MEMBERS. NOT MORE THAN TWO**  
31 **IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BODY OF**  
32 **THE SAME CHARTER SCHOOL, AND IMMEDIATE FAMILY MEMBERS MAY NOT BE A**  
33 **MAJORITY OF THE GOVERNING BODY MEMBERS OF THE SAME CHARTER SCHOOL.**  
34 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
35 governing body, a majority of the remaining members of the governing body  
36 constitute a quorum for the transaction of business, unless that quorum is  
37 prohibited by the charter school's operating agreement. **FOR THE PURPOSES**  
38 **OF THIS PARAGRAPH, "IMMEDIATE FAMILY" HAS THE SAME MEANING PRESCRIBED IN**  
39 **SECTION 15-421.**

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



1 F. A charter school shall keep in the personnel file of ~~att~~ EACH  
2 current ~~employees~~ EMPLOYEE who ~~provide~~ PROVIDES instruction to pupils at  
3 the charter school information about the employee's educational and  
4 teaching background and experience in a particular academic content  
5 subject area. A charter school shall inform parents and guardians of the  
6 availability of the information and shall make the information available  
7 for inspection on request of parents and guardians of pupils enrolled at  
8 the charter school. This subsection does not require any charter school  
9 to release personally identifiable information in relation to any teacher  
10 or employee, including the teacher's or employee's address, salary, social  
11 security number or telephone number.

12 G. The charter of a charter school may be amended at the request of  
13 the governing body of the charter school and on the approval of the  
14 sponsor.

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

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

18 1. At least eighteen months before the expiration of the charter,  
19 the sponsor shall notify the charter school that the charter school may  
20 apply for renewal and shall make the renewal application available to the  
21 charter school. A charter school that elects to apply for renewal shall  
22 file a complete renewal application at least fifteen months before ~~the~~  
23 ~~expiration of~~ the charter EXPIRES. A sponsor shall give written notice of  
24 its intent not to renew the charter school's request for renewal to the  
25 charter school at least twelve months before ~~the expiration of~~ the charter  
26 EXPIRES. The sponsor shall make data used in making renewal decisions  
27 available to the school and the public and shall provide a public report  
28 summarizing the evidence basis for each decision. The sponsor may deny  
29 the request for renewal if, in its judgment, the charter holder has failed  
30 to do any of the following:

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

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

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

37 (d) Complete the obligations of the contract.

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

40 2. A charter operator may apply for early renewal. At least nine  
41 months before the charter school's intended renewal consideration, the  
42 operator of the charter school shall submit a letter of intent to the  
43 sponsor to apply for early renewal. The sponsor shall review fiscal  
44 audits and academic performance data for the charter school that are  
45 annually collected by the sponsor, review the current contract between the

1 sponsor and the charter school and provide the qualifying charter school  
2 with a renewal application. On submission of a complete application, the  
3 sponsor shall give written notice of its consideration of the renewal  
4 application. The sponsor may deny the request for early renewal if, in  
5 the sponsor's judgment, the charter holder has failed to do any of the  
6 following:

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

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

11 (c) Meet the financial performance expectations set forth in the  
12 performance framework or any improvement plans.

13 (d) Complete the obligations of the contract.

14 (e) Comply with this article or any provision of law from which the  
15 charter school is not exempt.

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

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

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

25 (c) Meet the financial performance expectations set forth in the  
26 performance framework or any improvement plans.

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

29 4. In determining whether to renew or revoke a charter holder, the  
30 sponsor must consider making sufficient progress toward the academic  
31 performance expectations set forth in the sponsor's performance framework  
32 as one of the most important factors.

33 5. At least sixty days before the effective date of the proposed  
34 revocation, the sponsor shall give written notice to the operator of the  
35 charter school of its intent to revoke the charter. Notice of the  
36 sponsor's intent to revoke the charter shall be delivered personally to  
37 the operator of the charter school or sent by certified mail, return  
38 receipt requested, to the address of the charter school. The notice shall  
39 incorporate a statement of reasons for the proposed revocation of the  
40 charter. The sponsor shall allow the charter school at least sixty days  
41 to correct the problems associated with the reasons for the proposed  
42 revocation of the charter. The final determination of whether to revoke  
43 the charter shall be made at a public hearing called for ~~such~~ THAT  
44 purpose.

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

3 K. A charter school that is sponsored by the state board of  
4 education, the state board for charter schools, a university, a community  
5 college district or a group of community college districts may not be  
6 located on the property of a school district unless the district governing  
7 board grants this authority.

8 L. A governing board or a school district employee who has control  
9 over personnel actions shall not take unlawful reprisal against another  
10 employee of the school district because the employee is directly or  
11 indirectly involved in an application to establish a charter school. A  
12 governing board or a school district employee shall not take unlawful  
13 reprisal against an educational program of the school or the school  
14 district because an application to establish a charter school proposes ~~the~~  
15 ~~conversion of~~ CONVERTING all or a portion of the educational program to a  
16 charter school. For the purposes of this subsection, "unlawful reprisal"  
17 means an action that is taken by a governing board or a school district  
18 employee as a direct result of a lawful application to establish a charter  
19 school and that is adverse to another employee or an education program  
20 and:

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

- 23 (a) Disciplinary or corrective action.
- 24 (b) Detail, transfer or reassignment.
- 25 (c) Suspension, demotion or dismissal.
- 26 (d) An unfavorable performance evaluation.
- 27 (e) A reduction in pay, benefits or awards.
- 28 (f) Elimination of the employee's position without a reduction in  
29 force by reason of lack of monies or work.
- 30 (g) Other significant changes in duties or responsibilities that  
31 are inconsistent with the employee's salary or employment classification.

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

- 34 (a) Suspension or termination of the program.
- 35 (b) Transfer or reassignment of the program to a less favorable  
36 department.
- 37 (c) Relocation of the program to a less favorable site within the  
38 school or school district.
- 39 (d) Significant reduction or termination of funding for the  
40 program.

41 M. Charter schools shall secure insurance for liability and  
42 property loss. The governing body of a charter school that is sponsored  
43 by the state board of education or the state board for charter schools may  
44 enter into an intergovernmental agreement or otherwise contract to  
45 participate in an insurance program offered by a risk retention pool

1 established pursuant to section 11-952.01 or 41-621.01 or the charter  
2 school may secure its own insurance coverage. The pool may charge the  
3 requesting charter school reasonable fees for any services it performs in  
4 connection with the insurance program.

5 N. Charter schools do not have the authority to acquire property by  
6 eminent domain.

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

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

13 Q. The sponsor of a charter school shall establish procedures to  
14 conduct administrative hearings on determination by the sponsor that  
15 grounds exist to revoke a charter. Procedures for administrative hearings  
16 shall be similar to procedures prescribed for adjudicative proceedings in  
17 title 41, chapter 6, article 10. Except as provided in section  
18 41-1092.08, subsection H, final decisions of the state board of education  
19 and the state board for charter schools from hearings conducted pursuant  
20 to this subsection are subject to judicial review pursuant to title 12,  
21 chapter 7, article 6.

22 R. The sponsoring entity of a charter school shall have oversight  
23 and administrative responsibility for the charter schools that it  
24 sponsors. In implementing its oversight and administrative  
25 responsibilities, the sponsor shall ground its actions in evidence of the  
26 charter holder's performance in accordance with the performance framework  
27 adopted by the sponsor. The performance framework shall be publicly  
28 available, shall be placed on the sponsoring entity's website and shall  
29 include:

30 1. The academic performance expectations of the charter school and  
31 the measurement of sufficient progress toward the academic performance  
32 expectations.

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

35 3. The financial expectations of the charter school.

36 4. Intervention and improvement policies.

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

39 T. All property accumulated by a charter school shall remain the  
40 property of the charter school.

41 U. Charter schools may not locate a school on property that is less  
42 than one-fourth mile from agricultural land regulated pursuant to section  
43 3-365, except that the owner of the agricultural land may agree to comply  
44 with the buffer zone requirements of section 3-365. If the owner agrees  
45 in writing to comply with the buffer zone requirements and records the

1 agreement in the office of the county recorder as a restrictive covenant  
2 running with the title to the land, the charter school may locate a school  
3 within the affected buffer zone. The agreement may include any  
4 stipulations regarding the charter school, including conditions for future  
5 expansion of the school and changes in the operational status of the  
6 school that will result in a breach of the agreement.

7 V. A transfer of a charter to another sponsor, a transfer of a  
8 charter school site to another sponsor or a transfer of a charter school  
9 site to a different charter shall be completed before the beginning of the  
10 fiscal year that the transfer is scheduled to become effective. An entity  
11 that sponsors charter schools may accept a transferring school after the  
12 beginning of the fiscal year if the transfer is approved by the  
13 superintendent of public instruction. The superintendent of public  
14 instruction shall have the discretion to consider each transfer during the  
15 fiscal year on a case-by-case basis. A charter holder seeking to transfer  
16 sponsors shall comply with the current charter terms regarding assignment  
17 of the charter. A charter holder transferring sponsors shall notify the  
18 current sponsor that the transfer has been approved by the new sponsor.

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

24 X. Notwithstanding subsection Y of this section, the state board  
25 for charter schools shall charge a processing fee to any charter school  
26 that amends its contract to participate in Arizona online instruction  
27 pursuant to section 15-808. The charter Arizona online instruction  
28 processing fund is established consisting of fees collected and  
29 administered by the state board for charter schools. The state board for  
30 charter schools shall use monies in the fund only for ~~the~~ processing ~~of~~  
31 contract amendments for charter schools participating in Arizona online  
32 instruction. Monies in the fund are continuously appropriated.

33 Y. The sponsoring entity may not charge any fees to a charter  
34 school that it sponsors unless the sponsor has provided services to the  
35 charter school and the fees represent the full value of those services  
36 provided by the sponsor. On request, the value of the services provided  
37 by the sponsor to the charter school shall be demonstrated to the  
38 department of education.

39 Z. Charter schools may enter into an intergovernmental agreement  
40 with a presiding judge of the juvenile court to implement a law-related  
41 education program as defined in section 15-154. The presiding judge of  
42 the juvenile court may assign juvenile probation officers to participate  
43 in a law-related education program in any charter school in the county.  
44 The cost of juvenile probation officers who participate in the program

1 implemented pursuant to this subsection shall be funded by the charter  
2 school.

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

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

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

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

19 EE. Pursuant to the prescribed graduation requirements adopted by  
20 the state board of education, the governing body of a charter school  
21 operating a high school may approve a rigorous computer science course  
22 that would fulfill a mathematics course required for graduation from high  
23 school. The governing body may approve a rigorous computer science course  
24 only if the rigorous computer science course includes significant  
25 mathematics content and the governing body determines the high school  
26 where the rigorous computer science course is offered has sufficient  
27 capacity, infrastructure and qualified staff, including competent teachers  
28 of computer science.

29 FF. A charter school may permit the use of school property,  
30 including school buildings, grounds, buses and equipment, by any person,  
31 group or organization for any lawful purpose, including a recreational,  
32 educational, political, economic, artistic, moral, scientific, social,  
33 religious or other civic or governmental purpose. The charter school may  
34 charge a reasonable fee for the use of the school property.

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

41 HH. Sponsors authorized pursuant to this section shall submit an  
42 annual report to the auditor general on or before October 1. The report  
43 shall include:

44 1. The current number of charters authorized and the number of  
45 schools operated by authorized charter holders.

1           2. The academic, operational and financial performance of the  
2 sponsor's charter portfolio as measured by the sponsor's adopted  
3 performance framework.

4           3. For the prior year, the number of new charters approved, the  
5 number of charter schools closed and the reason for the closure.

6           4. The sponsor's application, amendment, renewal and revocation  
7 processes, charter contract template and current performance framework as  
8 required by this section.

9           II. The auditor general shall prescribe the format for the annual  
10 report required by subsection HH of this section and may require that the  
11 annual report be submitted electronically. The auditor general shall  
12 review the submitted annual reports to ensure that the reports include the  
13 required items in subsection HH of this section and shall make the annual  
14 reports available on request. If the auditor general finds significant  
15 noncompliance or if a sponsor fails to submit the annual report required  
16 by subsection HH of this section, on or before December 31 of each year  
17 the auditor general shall report to the governor, the president of the  
18 senate, the speaker of the house of representatives and the chairs of the  
19 senate and house education committees or their successor committees, and  
20 the legislature shall consider revoking the sponsor's authority to sponsor  
21 charter schools.

22           JJ. THE SPONSOR OF A CHARTER SCHOOL SHALL ANNUALLY COMPILE  
23 INFORMATION PERTAINING TO THE GOVERNANCE AND OPERATIONS OF EACH CHARTER  
24 SCHOOL IT SPONSORS. A NONPROFIT CHARTER HOLDER THAT IS RESPONSIBLE FOR  
25 ANNUALLY FILING A FORM 990 WITH THE INTERNAL REVENUE SERVICE MAY MEET THE  
26 RELEVANT DATA REQUIREMENTS PRESCRIBED IN PARAGRAPHS 3 THROUGH 12 OF THIS  
27 SUBSECTION BY SUBMITTING THE CHARTER HOLDER'S FORM 990 TO THE SCHOOL'S  
28 SPONSOR. A CHARTER SCHOOL SPONSOR SHALL POST TO A PUBLIC WEBSITE THE  
29 FOLLOWING INFORMATION FOR EACH CHARTER SCHOOL IT SPONSORS:

30           1. THE NAMES OF VOTING MEMBERS OF THE CHARTER SCHOOL GOVERNING  
31 BODY.

32           2. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER SCHOOL  
33 GOVERNING BODY. FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT VOTING  
34 MEMBERS" MEANS MEMBERS WHO ARE NOT EMPLOYED BY THE SCHOOL OR WHO DO NOT  
35 HAVE IMMEDIATE FAMILY OR BUSINESS RELATIONSHIPS WITH THE CHARTER SCHOOL.

36           3. THE NAMES OF VOTING MEMBERS OF THE CHARTER HOLDER.

37           4. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER HOLDER.

38           5. THE TOTAL ANNUAL STATE REVENUES.

39           6. THE TOTAL ANNUAL REVENUES FROM OTHER SOURCES, INCLUDING GRANTS,  
40 DONATIONS AND INVESTMENT INCOME.

41           7. THE TOTAL ANNUAL EXPENSES.

42           8. THE TOTAL ANNUAL REVENUES MINUS TOTAL ANNUAL EXPENSES.

43           9. THE TOTAL ASSETS AND LIABILITIES.

1           10. THE AUTHORIZATION OF ANY RELATED PARTY TRANSACTION AND THE  
2 INDIVIDUALS OR ENTITIES THAT ARE PARTY TO THE TRANSACTION, THE SERVICES OR  
3 GOODS PROVIDED AND THE TOTAL TRANSACTION COST.

4           11. WHETHER THE CHARTER SCHOOL SOLD, EXCHANGED, DISPOSED OF OR  
5 TRANSFERRED MORE THAN TWENTY-FIVE PERCENT OF THE CHARTER SCHOOL'S ASSETS  
6 IN THE PREVIOUS FISCAL YEAR.

7           12. THE CONFIRMATION OF AN ADOPTED CONFLICT OF INTEREST POLICY.

8           13. A COPY OF THE ADOPTED CONFLICT OF INTEREST POLICY.

9           14. IF THE CHARTER SCHOOL CONTRACTS WITH A CHARTER MANAGEMENT  
10 ORGANIZATION, A WRITTEN STATEMENT FROM THE CHARTER SCHOOL IDENTIFYING THE  
11 CHARTER MANAGEMENT ORGANIZATION AND DESCRIBING THE SERVICES PROVIDED TO  
12 THE CHARTER SCHOOL AND THE TOTAL AGGREGATE AMOUNT THE CHARTER SCHOOL  
13 SPENDS FOR THE CHARTER MANAGEMENT ORGANIZATION'S SERVICES.

14           15. SPENDING DATA THAT THE CHARTER SCHOOL SPONSOR COMPILES FROM  
15 ANNUAL FINANCIAL REPORTS FOR EACH CHARTER HOLDER FOR THE FOLLOWING  
16 CATEGORIES:

- 17           (a) TEACHER SALARIES.
- 18           (b) CLASSROOM INSTRUCTION.
- 19           (c) STUDENT SUPPORT SERVICES.
- 20           (d) OTHER SUPPORT SERVICES AND OPERATIONS.
- 21           (e) SPECIAL EDUCATION.
- 22           (f) ADMINISTRATION.
- 23           (g) FEDERAL PROJECTS.
- 24           (h) FACILITIES EXPENSES.

25           KK. THE WEBSITE OF EACH CHARTER SCHOOL SHALL INCLUDE A LINK TO THE  
26 INFORMATION REQUIRED TO BE POSTED ON THE CHARTER SCHOOL SPONSOR'S WEBSITE  
27 PURSUANT TO SUBSECTION JJ OF THIS SECTION.

28           LL. EACH NEW GOVERNING BODY MEMBER AND EACH NEW KEY ADMINISTRATIVE  
29 PERSONNEL MEMBER OF A CHARTER SCHOOL SHALL COMPLETE THE TRAINING DEVELOPED  
30 PURSUANT TO SECTION 15-182, SUBSECTION E, PARAGRAPH 9 WITHIN THE FIRST  
31 YEAR AFTER THE GOVERNING BODY MEMBER'S APPOINTMENT TO THE CHARTER SCHOOL  
32 GOVERNING BODY OR THE KEY ADMINISTRATIVE PERSONNEL MEMBER'S EMPLOYMENT AT  
33 THE CHARTER SCHOOL. TRAINING SHALL BE PROVIDED CONSISTENT WITH THE COURSE  
34 DEVELOPED BY THE STATE BOARD AND A CHARTER SCHOOL SHALL MAINTAIN RECORDS  
35 FOR REVIEW DURING THE ANNUAL AUDIT OF THE CHARTER SCHOOL.

36           MM. FOR THE PURPOSES OF THIS SECTION, "CHARTER MANAGEMENT  
37 ORGANIZATION":

38           1. MEANS AN ORGANIZATION THAT CONTRACTS WITH A CHARTER SCHOOL OR  
39 CHARTER HOLDER TO PROVIDE ACADEMIC SERVICES AND ADMINISTRATIVE SERVICES TO  
40 ONE OR MORE CHARTER SCHOOLS.

41           2. INCLUDES AN ORGANIZATION COMMONLY REFERRED TO AS AN EDUCATIONAL  
42 MANAGEMENT ORGANIZATION OR AN EDUCATIONAL SERVICE PROVIDER.



1           Sec. 3. Title 15, chapter 1, article 8, Arizona Revised Statutes,  
2 is amended by adding section 15-183.02, to read:

3           15-183.02. Procurement policies; enforcement

4           A. ON OR BEFORE JULY 1, 2020, EACH CHARTER SCHOOL IN THIS STATE  
5 SHALL ADOPT AND COMPLY WITH PROCUREMENT POLICIES THAT INCLUDE AT LEAST THE  
6 FOLLOWING:

7           1. A REQUIREMENT THAT ANY PURCHASE OF GOODS OR SERVICES BY THE  
8 CHARTER SCHOOL OR BY THE CHARTER HOLDER ON BEHALF OF THE CHARTER SCHOOL BE  
9 MADE IN THE BEST INTERESTS OF THE CHARTER SCHOOL AFTER CONSIDERING THE  
10 TOTALITY OF THE CIRCUMSTANCES SURROUNDING THE PROCUREMENT, WHICH MAY  
11 INCLUDE PRICE, QUALITY, AVAILABILITY, TIMELINES, REPUTATION AND PRIOR  
12 DEALINGS.

13           2. A DESCRIPTION OF THE OFFICERS AND PERSONNEL WHO ARE AUTHORIZED  
14 TO PROCURE GOODS OR SERVICES OR MAKE AUTHORIZED EXPENDITURES ON BEHALF OF  
15 THE CHARTER SCHOOL.

16           3. ACCOUNTING POLICIES AND PROCEDURES THAT COMPLY WITH GENERALLY  
17 ACCEPTED ACCOUNTING PRINCIPLES.

18           4. A PROHIBITION ON PURCHASING ANY GOOD OR SERVICE FROM ANY OF THE  
19 FOLLOWING PERSONS, UNLESS A MAJORITY OF THE DISINTERESTED MEMBERS OF THE  
20 CHARTER SCHOOL GOVERNING BODY AUTHORIZE THE PURCHASE AFTER FULLY  
21 DISCLOSING THE SUBSTANTIAL INTEREST AND INCLUDE THIS INFORMATION AND A  
22 DESCRIPTION OF THE JUSTIFICATION FOR WHY THE PURCHASE IS IN THE BEST  
23 INTEREST OF THE SCHOOL IN THE MINUTES OF THE MEETING AT WHICH THE  
24 GOVERNING BODY APPROVES THE PURCHASE:

25           (a) ANY MEMBER OF THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING  
26 BODY.

27           (b) AN IMMEDIATE FAMILY MEMBER OF ANY MEMBER OF THE CHARTER HOLDER  
28 OR CHARTER SCHOOL GOVERNING BODY.

29           (c) ANY OTHER ENTITY IN WHICH ANY MEMBER OF THE CHARTER HOLDER OR  
30 CHARTER SCHOOL GOVERNING BODY OR AN IMMEDIATE FAMILY MEMBER OF A MEMBER OF  
31 THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING BODY MAY HAVE A SUBSTANTIAL  
32 INTEREST IN THE PROCUREMENT.

33           5. A REQUIREMENT THAT, FOR ANY PURCHASE MADE ON BEHALF OF THE  
34 CHARTER SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT THE CHARTER  
35 SCHOOL OR CHARTER HOLDER REASONABLY ANTICIPATES WILL EXCEED \$50,000, THE  
36 CHARTER SCHOOL MAINTAIN RECORDS DEMONSTRATING THAT THE PURCHASE IS IN THE  
37 BEST INTEREST OF THE CHARTER SCHOOL ON CONSIDERING THE TOTALITY OF THE  
38 CIRCUMSTANCES LISTED IN PARAGRAPH 1 OF THIS SUBSECTION. A CHARTER SCHOOL  
39 MAY DEMONSTRATE THAT THE PURCHASE IS IN THE BEST INTEREST OF THE CHARTER  
40 SCHOOL THROUGH RESEARCH OF LIKE PRODUCTS OR SERVICES OR BY RECEIVING  
41 MULTIPLE QUOTES. A CHARTER SCHOOL SHALL MAINTAIN RECORDS FOR REVIEW  
42 DURING THE CHARTER SCHOOL'S ANNUAL AUDIT. A PROJECT OR PURCHASE MAY NOT  
43 BE DIVIDED OR SEQUENCED INTO SEPARATE PROJECTS OR PURCHASES TO  
44 INTENTIONALLY AVOID THE LIMITS PRESCRIBED IN THIS PARAGRAPH. A MANAGEMENT  
45 CONTRACT ENTERED INTO BETWEEN A CHARTER SCHOOL OR CHARTER HOLDER AND A

1 CHARTER MANAGEMENT ORGANIZATION THAT IS DISCLOSED AS REQUIRED IN SECTION  
2 15-183, SUBSECTION JJ, PARAGRAPH 14 IS EXEMPT FROM THE REQUIREMENTS OF  
3 THIS PARAGRAPH.

4 B. A REVIEW OF A CHARTER SCHOOL'S PROCUREMENT POLICIES SHALL BE  
5 INCLUDED IN THE ANNUAL AUDIT OF THE CHARTER SCHOOL.

6 C. PURCHASES MADE IN ACCORDANCE WITH THE CHARTER SCHOOL'S  
7 PROCUREMENT AND CONFLICT OF INTEREST POLICIES ARE PRESUMED TO BE IN THE  
8 BEST INTEREST OF THE CHARTER SCHOOL.

9 D. FEDERAL PROCUREMENT REQUIREMENTS APPLY TO THE RECEIPT OF CERTAIN  
10 FEDERAL MONIES.

11 E. A CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS  
12 MAY NOT TAKE REPRISAL AGAINST A CHARTER SCHOOL EMPLOYEE FOR THAT  
13 EMPLOYEE'S DISCLOSURE OF INFORMATION RELATING TO A VIOLATION OF THIS  
14 SECTION.

15 F. IN THE EVENT OF AN ALLEGED VIOLATION OF THIS SECTION BY A  
16 CHARTER HOLDER OR CHARTER SCHOOL, THE SPONSOR OF THE CHARTER SCHOOL SHALL  
17 PROVIDE THE CHARTER SCHOOL OR CHARTER HOLDER A REASONABLE OPPORTUNITY TO  
18 RESPOND TO ANY ALLEGATIONS RAISED AND TO PROMPTLY CORRECT ANY IMPROPER  
19 ACTIONS. IF THE SPONSOR OF THE CHARTER SCHOOL DETERMINES THAT A VIOLATION  
20 OF THIS SECTION IS OR LIKELY MAY BE CONTINUING OR THAT THE VIOLATION HAS  
21 NOT BEEN PROMPTLY CORRECTED, THE SPONSOR OF THE CHARTER SCHOOL MAY REFER  
22 THE MATTER TO THE ATTORNEY GENERAL FOR ENFORCEMENT. IN ENFORCING THIS  
23 SECTION THE ATTORNEY GENERAL MAY:

24 1. IF THE ATTORNEY GENERAL HAS REASONABLE CAUSE TO BELIEVE A  
25 VIOLATION OF THIS SECTION HAS OCCURRED, SEEK RELIEF FOR ANY VIOLATION OF  
26 THIS SECTION THROUGH AN APPROPRIATE CIVIL ACTION IN SUPERIOR COURT, WHICH  
27 MAY INCLUDE REQUIRING A PERSON TO FILE ON FORMS PRESCRIBED BY THE ATTORNEY  
28 GENERAL A STATEMENT OR REPORT IN WRITING AND UNDER OATH AS TO ALL THE  
29 FACTS AND CIRCUMSTANCES CONCERNING AN ALLEGED VIOLATION PURSUANT TO THIS  
30 SECTION BY THAT PERSON AND ANY OTHER DATA AND INFORMATION DEEMED NECESSARY  
31 BY THE ATTORNEY GENERAL.

32 2. USE THE AUDIT AUTHORITY OF THE AUDITOR GENERAL PURSUANT TO  
33 SECTION 15-183, SUBSECTION E, PARAGRAPH 6 TO ENFORCE THIS SECTION.

34 G. IN ADDITION TO SECTION 13-1818, THE ATTORNEY GENERAL MAY SEEK  
35 RELIEF FOR ANY VIOLATION OF THIS SECTION THROUGH AN APPROPRIATE CRIMINAL  
36 ACTION IN SUPERIOR COURT.

37 Sec. 4. Section 15-184, Arizona Revised Statutes, is amended to  
38 read:

39 15-184. Charter schools; admissions requirements

40 A. A charter school shall enroll all eligible pupils who submit a  
41 timely application, unless the number of applications exceeds the capacity  
42 of a program, class, grade level or building.

1 B. A charter school shall give enrollment preference to pupils  
2 returning to the charter school in the second or any subsequent year of  
3 its operation and to siblings of pupils already enrolled in the charter  
4 school.

5 C. A charter school may give enrollment preference to children who  
6 are in foster care or meet the definition of unaccompanied youth  
7 prescribed in the McKinney-Vento homeless assistance act (42 United States  
8 Code section 11434a).

9 D. A charter school may give enrollment preference to and reserve  
10 capacity for pupils who either:

11 1. Are children, grandchildren or legal wards of any of the  
12 following:

13 (a) Employees of the school.

14 (b) Employees of the charter holder.

15 (c) Members of the governing body of the school.

16 (d) Directors, officers, partners or board members of the charter  
17 holder.

18 2. Attended another charter school or are the siblings of that  
19 pupil if the charter school previously attended by the pupil has the  
20 identical charter holder, board and governing board membership as the  
21 enrolling charter school or is managed by the same educational management  
22 organization, charter management organization or educational service  
23 provider as determined by the charter authorizer.

24 E. If remaining capacity is insufficient to enroll all pupils who  
25 submit a timely application, the charter school shall select pupils  
26 through an equitable selection process such as a lottery except that  
27 preference shall be given to siblings of a pupil selected through an  
28 equitable selection process such as a lottery.

29 F. Except as provided in subsections A through D of this section, a  
30 charter school shall not limit admission based on ethnicity, national  
31 origin, gender, income level, disabling condition, proficiency in the  
32 English language or athletic ability.

33 G. A CHARTER SCHOOL SHALL NOT LIMIT ADMISSION BASED ON ABILITY TO  
34 PROVIDE A FINANCIAL CONTRIBUTION TO THE CHARTER SCHOOL OR ANY AGREEMENT TO  
35 VOLUNTEER AT OR FOR THE CHARTER SCHOOL.

36 ~~G.~~ H. A charter school may limit admission to pupils within a  
37 given age group or grade level.

38 ~~H.~~ I. A charter school may provide instruction to pupils of a  
39 single gender with the approval of the sponsor of the charter school. An  
40 existing charter school may amend its charter to provide instruction to  
41 pupils of a single gender, and if approved by the sponsor of the charter  
42 school, may provide instruction to pupils of a single gender at the  
43 beginning of the next school year.

1           ~~+~~ J. A charter school may refuse to admit any pupil who has been  
2 expelled from another educational institution or who is in the process of  
3 being expelled from another educational institution.

4           Sec. 5. Section 15-213, Arizona Revised Statutes, is amended to  
5 read:

6           15-213. Procurement practices of school districts;  
7                                   violations; classification; definitions

8           A. The state board of education shall adopt rules prescribing  
9 procurement practices for all school districts in this state as follows:

10           1. The state board shall submit to the auditor general proposed  
11 rules consistent with the procurement practices prescribed in title 41,  
12 chapter 23, modifying the provisions for public notice of invitation for  
13 bids, requests for proposals and requests for qualifications to allow a  
14 governing board to give public notice of the invitation for bids, requests  
15 for proposals and requests for qualifications by publication in the  
16 official newspaper of the county as prescribed in section 11-255,  
17 modifying the provisions relating to disposal of materials to comply with  
18 section 15-342, paragraph 18, providing for governing board delegation of  
19 procurement authority and modifying as necessary other provisions that the  
20 state board determines are not appropriate for school districts. The  
21 rules shall include provisions specifying that school districts are not  
22 required to engage in competitive bidding in order to make the decision to  
23 participate in programs pursuant to section 15-382 and that a program  
24 authorized by section 15-382 is not required to engage in competitive  
25 bidding for the services necessary to administer the program or for  
26 purchase of insurance or reinsurance. The rules shall include provisions  
27 specifying that school districts are not required to engage in competitive  
28 bidding in order to place a pupil in a private school that provides  
29 special education services if such A placement is prescribed in the  
30 pupil's individualized education program and the private school has been  
31 approved by the department of education division of special education  
32 pursuant to section 15-765, subsection D. This placement is not subject  
33 to rules adopted by the state board of education before November 24, 2009  
34 pursuant to this section. The rules for procurement of construction  
35 projects shall include provisions specifying that surety bonds furnished  
36 as bid security and performance and payment bonds shall be executed and  
37 furnished as required by title 34, chapter 2 or 6, as applicable. The  
38 rules shall specify the total cost of a procurement that is subject to  
39 invitations for bids, requests for proposals and requests for  
40 clarification, using the aggregate dollar amount limits for procurements  
41 prescribed in section 41-2535.

42           2. The state board ~~of education~~ shall adopt rules for procurements  
43 involving construction not exceeding ~~one hundred fifty thousand dollars~~  
44 \$150,000, which shall be known as the simplified school construction

1 procurement program. At a minimum, the rules for a simplified  
2 construction procurement program shall require that:

3 (a) ~~A list be maintained by~~ Each county school superintendent  
4 MAINTAIN A LIST of persons who desire to receive solicitations to bid on  
5 construction projects to which additions shall be permitted throughout the  
6 year.

7 (b) The list of persons be available for public inspection.

8 (c) A performance bond and a payment bond as required by this  
9 section be provided for contracts for construction by contractors.

10 (d) All bids for construction be opened at a public opening and the  
11 bids shall remain confidential until the public opening.

12 (e) All persons desiring to submit bids be treated equitably and  
13 the information related to each project be available to all eligible  
14 persons.

15 (f) Competition for construction projects under the simplified  
16 school construction procurement program be encouraged to the maximum  
17 extent possible. At a minimum, a school district shall submit information  
18 on each project to all persons listed with the county school  
19 superintendent by any school district within that county.

20 (g) A provision, covenant, clause or understanding in, collateral  
21 to or affecting a construction contract that makes the contract subject to  
22 the laws of another state or that requires any litigation, arbitration or  
23 other dispute resolution proceeding arising from the contract to be  
24 conducted in another state is against this state's public policy and is  
25 void and unenforceable.

26 3. The state board ~~of education~~ shall adopt rules for the  
27 procurement of goods and information services by school districts ~~and~~  
28 ~~charter schools~~ using electronic, online bidding. The rules adopted by  
29 the state board shall include the use of reverse auctions and shall be  
30 consistent with the procurement practices prescribed in title 41, chapter  
31 23, article 13, modifying as necessary those provisions and the rules  
32 adopted pursuant to that article that the state board determines are not  
33 appropriate for school districts ~~and charter schools~~. Until the rules are  
34 adopted, school districts ~~and charter schools~~ may procure goods and  
35 information services pursuant to title 41, chapter 23, article 13 using  
36 the rules adopted by the department of administration in implementing that  
37 article.

38 4. The state board shall adopt rules for the procurement by school  
39 districts of any materials, services, goods, construction or construction  
40 services that ensure maximum practicable competition as prescribed in  
41 section 41-2565 and shall require that a person:

42 (a) That contracts for or purchases any materials, services, goods,  
43 construction or construction services in a manner contrary to the rules  
44 adopted by the state board pursuant to this section is personally liable  
45 for the recovery of all public monies paid plus twenty percent of that

1 amount and legal interest from the date of payment and all costs and  
2 damages arising out of the violation as prescribed in section 41-2616.

3 (b) That intentionally or knowingly contracts for or purchases any  
4 materials, services, goods, construction or construction services pursuant  
5 to a scheme or artifice to avoid the rules adopted by the state board  
6 pursuant to this section is guilty of a class 4 felony as prescribed in  
7 section 41-2616.

8 (c) That prepares procurement specifications may not receive any  
9 direct or indirect benefit from using those specifications.

10 (d) That serves on a selection committee for a procurement may not  
11 be a contractor or subcontractor under a contract awarded under the  
12 procurement or provide any specified professional services, construction,  
13 construction services, materials or other services under the contract. A  
14 person that serves on a selection committee for a procurement and that  
15 fails to disclose contact with a representative of a competing vendor or  
16 fails to provide required accurate information is subject to a civil  
17 penalty as prescribed in section 41-2616.

18 5. The state board shall adopt rules requiring school districts to  
19 obtain and maintain a record of proof that a construction or construction  
20 services provider that has been awarded a contract with the school  
21 district, or school purchasing cooperative, has a valid license to  
22 practice in this state.

23 6. The auditor general shall review the proposed rules to determine  
24 whether the rules are consistent with the procurement practices prescribed  
25 in title 41, chapter 23 and any modifications are required to adapt the  
26 procedures for school districts.

27 7. If the auditor general approves the proposed rules, the auditor  
28 general shall notify the state board in writing and the state board shall  
29 adopt such rules.

30 8. If the auditor general objects to the proposed rules, the  
31 auditor general shall notify the state board of the objections in writing  
32 and the state board, in adopting the rules, shall conform the proposed  
33 rules to meet the objections of the auditor general or revise the proposed  
34 rules to which an objection has been made and submit the revisions to the  
35 auditor general for approval.

36 B. After the bids submitted in response to an invitation for bids  
37 are opened and the award is made or after the proposals or qualifications  
38 are submitted in response to a request for proposals or a request for  
39 qualifications and the award is made, the governing board shall make  
40 available for public inspection all information, all bids, proposals and  
41 qualifications submitted and all findings and other information considered  
42 in determining whose bid conforms to the invitation for bids and will be  
43 the most advantageous with respect to price, conformity to the  
44 specifications and other factors or whose proposal or qualifications are  
45 to be selected for the award, including the rationale for awarding a

1 contract for any specified professional services, construction,  
2 construction services or materials to an entity selected from a qualified  
3 select bidders list or through a school purchasing cooperative. The  
4 invitation for bids, request for proposals or request for qualifications  
5 shall include a notice that all information and bids, proposals and  
6 qualifications submitted will be made available for public inspection.  
7 The rules adopted by the state board shall prohibit the use in connection  
8 with procurement of specifications in any way proprietary to one supplier  
9 unless the specification includes all of the following:

10 1. A statement of the reasons why no other specification is  
11 practicable.

12 2. A description of the essential characteristics of the specified  
13 product.

14 3. A statement specifically permitting an acceptable alternative  
15 product to be supplied.

16 C. A project or purchase may not be divided or sequenced into  
17 separate projects or purchases in order to avoid the limits prescribed by  
18 the state board under subsection A of this section.

19 D. A contract for the procurement of construction or construction  
20 services shall include a provision that provides for negotiations between  
21 the school district and the contractor for the recovery of damages related  
22 to expenses incurred by the contractor for a delay for which the school  
23 district is responsible, that is unreasonable under the circumstances and  
24 that was not within the contemplation of the parties to the contract.  
25 This subsection does not void any provision in the contract that requires  
26 notice of delays, provides for arbitration or any other procedure for  
27 settlement or provides for liquidated damages.

28 E. The auditor general may conduct discretionary reviews,  
29 investigations and audits of the financial and operational procurement  
30 activities of school districts, ~~nonexempt charter schools~~ and school  
31 purchasing cooperatives. The auditor general has final review and  
32 approval authority over all school district, ~~nonexempt charter school~~ and  
33 school purchasing cooperative audit contracts and any audit reports issued  
34 in accordance with this section. If the attorney general has reasonable  
35 cause to believe an employee of a school district or school purchasing  
36 cooperative, or an employee of an entity that has been awarded a contract  
37 by a school district or school purchasing cooperative, has engaged in, is  
38 engaging in or is about to engage in any practice or transaction that  
39 violates the rules adopted by the state board of education pursuant to  
40 this section, the attorney general may:

41 1. Require that person to file on forms prescribed by the attorney  
42 general a statement or report in writing and under oath as to all the  
43 facts and circumstances concerning a violation of the rules adopted by the  
44 state board pursuant to this section by that person and any other data and  
45 information deemed necessary by the attorney general.

1           2. Examine under oath any person in connection with a violation of  
2 the rules adopted by the state board pursuant to this section.

3           F. In addition to the requirements of sections 15-914 and  
4 15-914.01, school districts, ~~nonexempt charter schools~~ and school  
5 purchasing cooperatives, in connection with any audit conducted by a  
6 certified public accountant, shall contract for a systematic review of  
7 purchasing practices using methodology consistent with sampling guidelines  
8 established by the auditor general. The auditor general shall consider  
9 cost when establishing guidelines pursuant to this subsection and to the  
10 extent possible shall attempt to minimize the cost of the review. The  
11 purpose of the review is to determine whether the school  
12 district, ~~nonexempt charter school~~ or school purchasing cooperative is in  
13 compliance with the procurement laws and applicable procurement rules of  
14 this state. A copy of the review shall be submitted on completion to the  
15 auditor general. The auditor general may conduct discretionary reviews of  
16 school districts, ~~nonexempt charter schools~~ and school purchasing  
17 cooperatives THAT ARE not required to contract for independent audits.

18           G. A school district school employee who has control over personnel  
19 actions may not take reprisal against a school district school employee  
20 for that employee's disclosure of information that is a matter of public  
21 concern, including a violation of this section, to a public body pursuant  
22 to title 38, chapter 3, article 9.

23           H. The attorney general or county attorney has jurisdiction to  
24 enforce this section. The attorney general or county attorney may seek  
25 relief for any violation of this section through an appropriate civil or  
26 criminal action in superior court, including an action to enjoin a  
27 threatened or pending violation of this section and including an action to  
28 enforce compliance with any request for documents made by the auditor  
29 general pursuant to this section.

30           I. The department of education shall enact policies and procedures  
31 for the acceptance and disposition of complaints from the public regarding  
32 school procurement practices and shall forward all school procurement  
33 complaints to the attorney general. Notwithstanding rules adopted by the  
34 state board, school districts shall not be required to prepare or submit  
35 an annual report on the benefits associated with the use of  
36 construction-manager-at-risk, design-build, qualified select bidders list  
37 and job-order-contracting methods.

38           J. The state board of education shall adopt, and the auditor  
39 general shall review, rules authorizing school districts to procure  
40 construction services by construction-manager-at-risk, design-build,  
41 qualified select bidders list and job-order-contracting methods of project  
42 delivery. The rules shall not require school districts to obtain bid  
43 security for the construction-manager-at-risk method of project delivery.



1 K. A school district ~~or charter school~~ may evaluate United States  
2 general services administration contracts for materials and services. The  
3 governing board ~~or governing body~~ may authorize purchases under a current  
4 contract for materials or services without complying with the requirements  
5 of the procurement rules adopted by the state board of education if the  
6 governing board ~~or governing body~~ determines in writing that all of the  
7 following apply:

8 1. The price for materials or services is equal to or less than the  
9 contractor's current federal supply contract price with the general  
10 services administration.

11 2. The contractor has indicated in writing that the contractor is  
12 willing to extend the current federal supply contract pricing, terms and  
13 conditions to the school district ~~or charter school~~.

14 3. The purchase order adequately identifies the federal supply  
15 contract on which the order is based.

16 4. The purchase contract is cost effective and is in the best  
17 interests of the school district ~~or charter school~~.

18 L. Unless otherwise provided by law, multiterm contracts for  
19 materials or services and contracts for job-order-contracting construction  
20 services may be entered into if the duration of the contract and the  
21 conditions of renewal or extension, if any, are included in the invitation  
22 for bids or the request for proposals and if monies are available for the  
23 first fiscal period at the time the contract is executed. The duration of  
24 contracts for materials or services and contracts for  
25 job-order-contracting construction services are limited to no more than  
26 five years unless the governing board determines in writing before the  
27 procurement solicitation is issued that a contract of longer duration  
28 would be advantageous to the school district. Payment and performance  
29 obligations for succeeding fiscal periods are subject to the availability  
30 and appropriation of monies.

31 M. Notwithstanding the rules adopted by the state board of  
32 education, the maximum dollar amount of an individual job order for  
33 job-order-contracting construction services is ~~one million dollars~~  
34 \$1,000,000 or a higher or lower amount prescribed by the governing board  
35 in a policy adopted in a public meeting held pursuant to title 38, chapter  
36 3, article 3.1. Requirements shall not be artificially divided or  
37 fragmented in order to constitute a job order that satisfies the  
38 requirements of this subsection.

39 N. A person who supervises or participates in contracts, purchases,  
40 payments, claims or other financial transactions, or a person who  
41 supervises or participates in the planning, recommending, selecting or  
42 contracting for materials, services, goods, construction, or construction  
43 services of a school district or school purchasing cooperative is guilty  
44 of a class 6 felony if the person solicits, accepts or agrees to accept  
45 any personal gift or benefit with a value of ~~three hundred dollars~~ \$300 or

1 more from a person or vendor that has secured or has taken steps to secure  
2 a contract, purchase, payment, claim or financial transaction with the  
3 school district or school purchasing cooperative. Soliciting, accepting  
4 or agreeing to accept any personal gift or benefit with a value of less  
5 than ~~three hundred dollars~~ \$300 is a class 1 misdemeanor. A gift or  
6 benefit does not include an item of nominal value such as a greeting card,  
7 t-shirt, mug or pen.

8 O. Any person or vendor that has secured or has taken steps to  
9 secure a contract, purchase, payment, claim or financial transaction with  
10 a school district or school purchasing cooperative that offers, confers or  
11 agrees to confer any personal gift or benefit with a value of ~~three~~  
12 ~~hundred dollars~~ \$300 or more on a person who supervises or participates in  
13 contracts, purchases, payments, claims or other financial transactions, or  
14 on a person who supervises or participates in planning, recommending,  
15 selecting or contracting for materials, services, goods, construction or  
16 construction services of a school district or school purchasing  
17 cooperative, is guilty of a class 6 felony. Offering, conferring or  
18 agreeing to confer any personal gift or benefit with a value of less than  
19 ~~three hundred dollars~~ \$300 is a class 1 misdemeanor. A gift or benefit  
20 does not include an item of nominal value such as a greeting card,  
21 t-shirt, mug or pen.

22 P. Any person or vendor convicted under subsection O of this  
23 section may be suspended for up to six months or barred for up to three  
24 years by the director of the department of administration from doing  
25 business with school districts and school purchasing cooperatives. The  
26 director of the department of administration shall adopt rules, including  
27 administrative procedures, to suspend or bar any person from consideration  
28 for award of contracts pursuant to this section.

29 Q. A school district may not hire the same auditor or auditing firm  
30 for more than three consecutive years.

31 R. An auditor or auditing firm hired by a school district may not  
32 also receive consulting fees from that school district.

33 S. For the purposes of this section:

34 1. "Gift or benefit" means a payment, distribution, expenditure,  
35 advance, deposit or donation of monies, any intangible personal property  
36 or any kind of tangible personal or real property. Gift or benefit does  
37 not include either:

38 (a) Food or beverage.

39 (b) Expenses or sponsorships relating to a special event or  
40 function to which individuals listed in subsection N of this section are  
41 invited.

42 ~~2. "Nonexempt charter school" means a charter school that is not~~  
43 ~~exempted from procurement laws pursuant to section 15-183, subsection E,~~  
44 ~~paragraph 6.~~

1           ~~3.~~ 2. "School purchasing cooperative" means an entity THAT IS  
2 engaged in cooperative purchasing as defined in section 41-2631.

3           ~~4.~~ 3. "Total cost" means the cost of all materials and services,  
4 including the cost of labor performed by employees of the school district,  
5 for all construction as provided in subsection A of this section.

6           Sec. 6. Short title

7           This act may be cited as the "Charter School Transparency and  
8 Accountability Act".