

REFERENCE TITLE: empowerment scholarship accounts; program revisions

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

SB 1395

Introduced by
Senator Allen S

AN ACT

AMENDING SECTIONS 15-2401, 15-2402 AND 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 15-2401, Arizona Revised Statutes, is amended to
3 read:

4 15-2401. Definitions

5 In this chapter, unless the context otherwise requires:

6 ~~1. "Annual education plan" means an initial individualized~~
7 ~~evaluation and subsequent annual reviews that are developed for a~~
8 ~~qualified student who meets the criteria specified in paragraph 7,~~
9 ~~subdivision (a), item (i), (ii) or (iii) of this section to determine~~
10 ~~ongoing annual eligibility through the school year in which the qualified~~
11 ~~student reaches twenty-two years of age and whether the student may be~~
12 ~~eligible pursuant to section 36-2981 and should be referred for~~
13 ~~eligibility determination.~~

14 ~~2.~~ 1. "Curriculum" means a **complete** course of study for content
15 areas or grade levels, including any supplemental materials required **OR**
16 **RECOMMENDED** by the curriculum, approved by the department.

17 ~~3.~~ 2. "Department" means the department of education.

18 ~~4.~~ 3. "Eligible postsecondary institution" means a community
19 college as defined in section 15-1401, a university under the jurisdiction
20 of the Arizona board of regents or an accredited private postsecondary
21 institution.

22 ~~5.~~ 4. "Parent" means a resident of this state who is the parent or
23 legal guardian of a qualified student.

24 ~~6.~~ 5. "Qualified school" means a nongovernmental primary or
25 secondary school or a preschool for pupils with disabilities that is
26 located in this state and that does not discriminate on the basis of race,
27 color or national origin.

28 ~~7.~~ 6. "Qualified student" means a resident of this state who:

29 (a) Is any of the following:

30 (i) Identified as having a disability under section 504 of the
31 rehabilitation act of 1973 (29 United States Code section 794).

32 (ii) Identified by a school district or by an independent third
33 party pursuant to section 15-2403, subsection I as a child with a
34 disability as defined in section 15-731 or 15-761.

35 (iii) A child with a disability who is eligible to receive services
36 from a school district under section 15-763.

37 (iv) Attending **OR RESIDING WITHIN THE ATTENDANCE BOUNDARY OF** a
38 school or school district that has been assigned a letter grade of D or F
39 pursuant to section 15-241. ~~OR~~

40 (v) **A CHILD** who is currently eligible to attend kindergarten and
41 who resides within the attendance boundary of a school **OR SCHOOL DISTRICT**
42 that has been assigned a letter grade of D or F pursuant to section
43 15-241.

44 ~~(v)~~ (vi) A previous recipient of a scholarship issued pursuant to
45 section 15-891 or this section, unless the qualified student's parent has

1 been removed from eligibility in the program for failure to comply
2 pursuant to section 15-2403, subsection C.

3 ~~(vi)~~ (vii) A child of a parent who is a member of the armed forces
4 of the United States and who is on active duty or was killed in the line
5 of duty. A child who meets the requirements of this item is not subject
6 to subdivision (b) of this paragraph.

7 ~~(vii)~~ (viii) A child who is a ward of the juvenile court and who
8 is residing with a prospective permanent placement pursuant to section
9 8-862 and the case plan is adoption or permanent guardianship.

10 ~~(viii)~~ (ix) A child who was a ward of the juvenile court and who
11 achieved permanency through adoption or permanent guardianship.

12 ~~(ix)~~ (x) A child who is the sibling of a current or previous
13 ARIZONA empowerment scholarship account recipient or of an eligible
14 qualified student who accepts the terms of and enrolls in ~~the~~ AN ARIZONA
15 empowerment scholarship ~~program~~ ACCOUNT.

16 ~~(x)~~ (xi) A child who resides within the boundaries of an Indian
17 reservation in this state as determined by the department of education or
18 a tribal government.

19 ~~(xi)~~ (xii) A child of a parent who is legally blind ~~pursuant to~~
20 ~~section 41-1973, subsection C~~ or WHO IS deaf or hard of hearing ~~pursuant~~
21 ~~to AS DEFINED IN~~ section 36-1941.

22 (b) And, except as provided in subdivision (a), item ~~(vi)~~ (vii) of
23 this paragraph, who meets any of the following requirements:

24 (i) Attended a governmental primary or secondary school as a
25 full-time student as defined in section 15-901 for at least ~~the first~~ one
26 hundred days of the prior fiscal year and who transferred from a
27 governmental primary or secondary school under a contract to participate
28 in an ARIZONA empowerment scholarship account. First, second and third
29 grade students who are enrolled in Arizona online instruction must receive
30 four hundred hours of logged instruction to be eligible pursuant to this
31 item. Fourth, fifth and sixth grade students who are enrolled in Arizona
32 online instruction must receive five hundred hours of logged instruction
33 to be eligible pursuant to this item. Seventh and eighth grade students
34 who are enrolled in Arizona online instruction must receive five hundred
35 fifty hours of logged instruction to be eligible pursuant to this item.
36 High school students who are enrolled in Arizona online instruction must
37 receive five hundred hours of logged instruction to be eligible pursuant
38 to this item. THE DEPARTMENT MAY REQUEST A LOCAL EDUCATION AGENCY TO
39 PROVIDE DOCUMENTATION OR CONFIRMATION OF THE STUDENT ATTENDANCE REQUIRED
40 BY THIS ITEM, AND THE LOCAL EDUCATION AGENCY SHALL COMPLY WITH THE
41 DEPARTMENT'S REQUEST WITHIN TEN DAYS.

42 (ii) Previously participated in ~~the~~ AN ARIZONA empowerment
43 scholarship account ~~program~~.

44 (iii) Received a scholarship under section 43-1505 and who
45 continues to attend a qualified school if the student attended a

1 governmental primary or secondary school as a full-time student as defined
2 in section 15-901 for at least ninety days of the prior fiscal year or one
3 full semester ~~prior to~~ BEFORE attending a qualified school.

4 (iv) Was eligible for an Arizona scholarship for pupils with
5 disabilities and received monies from a school tuition organization
6 pursuant to section 43-1505 or received an Arizona scholarship for pupils
7 with disabilities but did not receive monies from a school tuition
8 organization pursuant to section 43-1505 and who continues to attend a
9 qualified school if the student attended a governmental primary or
10 secondary school as a full-time student as defined in section 15-901 for
11 at least ninety days of the prior fiscal year or one full semester prior
12 to attending a qualified school.

13 (v) Has not previously attended a governmental primary or secondary
14 school but is currently eligible to enroll in a kindergarten program in a
15 school district or charter school in this state or attended a program for
16 preschool children with disabilities. FOR THE PURPOSES OF THIS ITEM, A
17 CHILD IS ELIGIBLE TO ENROLL IN A KINDERGARTEN PROGRAM IF THE CHILD IS AT
18 LEAST FOUR BUT UNDER SEVEN YEARS OF AGE.

19 (vi) Has not previously attended a governmental primary or
20 secondary school but is currently eligible to enroll in a program for
21 preschool children with disabilities in this state.

22 ~~8.~~ 7. "Treasurer" means the office of the state treasurer.

23 Sec. 2. Section 15-2402, Arizona Revised Statutes, is amended to
24 read:

25 15-2402. Arizona empowerment scholarship accounts; funds

26 A. Arizona empowerment scholarship accounts are established to
27 provide options for the education of students in this state.

28 B. To enroll a qualified student for an ARIZONA empowerment
29 scholarship account, the parent of the qualified student must sign an
30 agreement to do all of the following:

31 1. Use a portion of the ARIZONA empowerment scholarship account
32 monies allocated annually to provide an education for the qualified
33 student in at least the subjects of reading, grammar, mathematics, social
34 studies and science, ~~unless the empowerment scholarship account is~~
35 ~~allocated monies according to a transfer schedule other than quarterly~~
36 ~~transfers pursuant to section 15-2403, subsection F.~~

37 2. Not enroll the qualified student in a school district or charter
38 school and release the school district from all obligations to educate the
39 qualified student. This paragraph does not relieve the school district or
40 charter school that the qualified student previously attended from the
41 obligation to conduct an evaluation pursuant to section 15-766.

42 3. Not accept a scholarship from a school tuition organization
43 pursuant to title 43 concurrently with an ARIZONA empowerment scholarship
44 account for the qualified student ~~in~~ DURING the same ~~year a parent signs~~
45 ~~the agreement pursuant to this section~~ TIME THE QUALIFIED STUDENT IS

1 ACTIVELY ENROLLED IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT. THE
2 DEPARTMENT MAY ASK A QUALIFIED SCHOOL TO CONFIRM THAT A STUDENT HAS
3 COMPLIED WITH THIS PARAGRAPH.

4 4. Use the ~~money~~ MONIES deposited in the qualified student's
5 Arizona empowerment scholarship account only for the following expenses of
6 the qualified student:

7 (a) Tuition or fees at a qualified school.

8 (b) Textbooks required by a qualified school.

9 (c) If the qualified student meets any of the criteria specified in
10 section 15-2401, paragraph 6, subdivision (a), item (i), (ii) or (iii) as
11 determined by a school district or by an independent third party pursuant
12 to section 15-2403, subsection I, the qualified student may use the
13 following additional services:

14 (i) Educational therapies from a licensed or accredited
15 practitioner or provider.

16 (ii) A licensed or accredited paraprofessional or educational aide.

17 (iii) Tuition for vocational and life skills education approved by
18 the department.

19 (iv) Associated GOODS AND services that include educational and
20 psychological evaluations, assistive technology, ~~rentals and~~ braille
21 translation services AND GOODS approved by the department.

22 (d) Tutoring or teaching services provided by an individual or
23 facility accredited by a state, regional or national accrediting
24 organization.

25 (e) Curricula AND SUPPLEMENTAL MATERIALS, INCLUDING MANIPULATIVES,
26 WORKBOOKS, FLASH CARDS AND READING BOOKS.

27 (f) Tuition or fees for a nonpublic online learning program.

28 (g) Fees for a nationally standardized norm-referenced achievement
29 test, an advanced placement examination or any exams related to college or
30 university admission OR ANY EXAMINATION PURSUANT TO PARAGRAPH 7 OF THIS
31 SUBSECTION.

32 ~~(h) Contributions to a Coverdell education savings account~~
33 ~~established pursuant to 26 United States Code section 530 for the benefit~~
34 ~~of the qualified student, except that money used for elementary or~~
35 ~~secondary education expenses must be for expenses otherwise allowed under~~
36 ~~this section.~~

37 ~~(i)~~ (h) Tuition or fees at an eligible postsecondary institution.

38 ~~(j)~~ (i) Textbooks required by an eligible postsecondary
39 institution.

40 ~~(k)~~ (j) Fees ~~for management of~~ TO MANAGE the ARIZONA empowerment
41 scholarship account.

42 ~~(l)~~ (k) INDIVIDUAL CLASSES AND EXTRACURRICULAR PROGRAMS, INCLUDING
43 services provided by a public school, ~~including individual classes and~~
44 ~~extracurricular programs.~~

45 ~~(m)~~ (l) Insurance or surety bond payments.

1 ~~(n)~~ (m) Uniforms purchased from or through a qualified school.

2 (n) TUITION OR FEES FOR CAREER AND TECHNICAL EDUCATION AND
3 VOCATIONAL EDUCATION.

4 ~~(o) Beginning January 1, 2017, if the qualified student meets the~~
5 ~~criteria specified in section 15-2401, paragraph 7, subdivision (a), item~~
6 ~~(i), (ii) or (iii) and if the qualified student is in the second year~~
7 ~~prior to the final year of a contract executed pursuant to this article,~~
8 ~~costs associated with an annual education plan conducted by an independent~~
9 ~~evaluation team. The department shall prescribe minimum qualifications~~
10 ~~for independent evaluation teams pursuant to this subdivision and factors~~
11 ~~that teams must use to determine whether the qualified student shall be~~
12 ~~eligible to continue to receive monies pursuant to this article through~~
13 ~~the school year in which the qualified student reaches twenty-two years of~~
14 ~~age. An independent evaluation team that provides an annual education~~
15 ~~plan pursuant to this subdivision shall submit a written report that~~
16 ~~summarizes the results of the evaluation to the parent of the qualified~~
17 ~~student and to the department on or before July 31. The written report~~
18 ~~submitted by the independent evaluation team is valid for one year. If~~
19 ~~the department determines that the qualified student meets the eligibility~~
20 ~~criteria prescribed in the annual education plan, the qualified student is~~
21 ~~eligible to continue to receive monies pursuant to this article until the~~
22 ~~qualified student reaches twenty-two years of age, subject to annual~~
23 ~~review. A parent may appeal the department's decision pursuant to title~~
24 ~~41, chapter 6, article 10. As an addendum to a qualified student's final-~~
25 ~~year contract, the department shall provide the following written~~
26 ~~information to the parent of the qualified student:~~

27 ~~(i) That the qualified student will not be eligible to continue to~~
28 ~~receive monies pursuant to this article unless the results of an annual~~
29 ~~education plan conducted pursuant to this subdivision demonstrate that the~~
30 ~~qualified student meets the eligibility criteria prescribed in the annual~~
31 ~~education plan.~~

32 ~~(ii) That the parent is entitled to obtain an annual education plan~~
33 ~~pursuant to this subdivision to determine whether the qualified student~~
34 ~~meets the eligibility criteria prescribed in the annual education plan.~~

35 ~~(iii) A list of independent evaluation teams that meet the minimum~~
36 ~~qualifications prescribed by the department pursuant to this subdivision.~~

37 5. Not file an affidavit of intent to homeschool pursuant to
38 section 15-802, subsection B, paragraph 2 or 3.

39 6. Not use monies deposited in the qualified student's account for
40 any of the following:

41 (a) Computer hardware or other technological devices, EXCEPT AS
42 OTHERWISE ALLOWED UNDER PARAGRAPH 4, SUBDIVISION (c) OF THIS SUBSECTION.

43 (b) Transportation of the pupil.

44 (c) Consumable educational supplies, including paper, pens or
45 markers.

1 7. BEGINNING IN THE 2019-2020 SCHOOL YEAR AND EACH YEAR THEREAFTER,
2 ANNUALLY HAVE A QUALIFIED STUDENT WHO PAYS TUITION AS A FULL-TIME STUDENT
3 AT A QUALIFIED SCHOOL AND WHO IS IN ANY OF GRADES THREE THROUGH TWELVE
4 TAKE ANY NATIONALLY STANDARDIZED NORM-REFERENCED ACHIEVEMENT EXAMINATION,
5 AN ADVANCED PLACEMENT EXAMINATION THAT ASSESSES READING AND MATHEMATICS,
6 THE STATEWIDE ASSESSMENT PURSUANT TO SECTION 15-741 OR ANY EXAMINATION
7 RELATED TO COLLEGE OR UNIVERSITY ADMISSIONS THAT ASSESSES READING AND
8 MATHEMATICS. A QUALIFIED STUDENT MAY MEET THE REQUIREMENTS OF THIS
9 PARAGRAPH BY TAKING AN EXAMINATION THAT IS CHOSEN AND ADMINISTERED BY A
10 QUALIFIED SCHOOL, OR A PARENT MAY CHOOSE A SEPARATE EXAMINATION PURSUANT
11 TO THIS PARAGRAPH THAT IS ADMINISTERED OUTSIDE OF THE QUALIFIED SCHOOL.
12 THE EXAMINATION RESULTS SHALL BE REPORTED TO THE PARENT OF THE QUALIFIED
13 STUDENT. THIS PARAGRAPH DOES NOT APPLY TO:

14 (a) A STUDENT WHO IS IDENTIFIED AS HAVING A DISABILITY UNDER
15 SECTION 504 OF THE REHABILITATION ACT OF 1973 (P.L. 93-112; 87 STAT. 355;
16 29 UNITED STATES CODE SECTION 794).

17 (b) A STUDENT WHO IS IDENTIFIED BY A SCHOOL DISTRICT OR INDEPENDENT
18 THIRD PARTY PURSUANT TO SECTION 15-2403, SUBSECTION I AS A CHILD WITH A
19 DISABILITY AS DEFINED IN SECTION 15-731 OR 15-761.

20 (c) A CHILD WITH A DISABILITY WHO IS ELIGIBLE TO RECEIVE SERVICES
21 FROM A SCHOOL DISTRICT UNDER SECTION 15-763.

22 C. In exchange for the parent's agreement pursuant to subsection B
23 of this section, the department OF EDUCATION shall transfer from the
24 monies that would otherwise be allocated to a recipient's prior school
25 district OR CHARTER SCHOOL, or if the child is currently eligible to
26 attend kindergarten, the monies that the department OF EDUCATION
27 determines would otherwise be allocated to a recipient's expected school
28 district of attendance, to the treasurer for deposit into an Arizona
29 empowerment scholarship account an amount that is equivalent to ninety
30 percent of the sum of the base support level and additional assistance
31 prescribed in sections 15-185 and 15-943 for that particular student if
32 that student were attending a charter school. The department OF EDUCATION
33 may retain up to five percent of the sum of the base support level and
34 additional assistance prescribed in sections 15-185 and 15-943 for each
35 student with an empowerment scholarship account for deposit in the
36 department of education empowerment scholarship account fund established
37 ~~it~~ BY subsection D of this section, out of which the department OF
38 EDUCATION shall transfer one percent of the sum of the base support level
39 and additional assistance prescribed in sections 15-185 and 15-943 for
40 each student with an ARIZONA empowerment scholarship account to the state
41 treasurer for deposit in the state treasurer empowerment scholarship
42 account fund established ~~it~~ BY subsection E of this section.

43 D. The department of education empowerment scholarship account fund
44 is established consisting of monies retained by the department pursuant to
45 subsection C of this section. The department shall administer the fund.

1 Monies in the fund are subject to legislative appropriation. Monies in
2 the fund shall be used for the department's costs in administering ARIZONA
3 empowerment scholarship accounts under this chapter. Monies in the fund
4 are exempt from the provisions of section 35-190 relating to lapsing of
5 appropriations. If the number of ARIZONA empowerment scholarship accounts
6 significantly increases after fiscal year 2012-2013, the department may
7 request an increase in the amount appropriated to the fund in any
8 subsequent fiscal year in the budget estimate submitted pursuant to
9 section 35-113.

10 E. The state treasurer empowerment scholarship account fund is
11 established consisting of monies transferred by the department to the
12 state treasurer pursuant to subsection C of this section. The state
13 treasurer shall administer the fund. Monies in the fund shall be used for
14 the state treasurer's costs in administering the ARIZONA empowerment
15 scholarship accounts under this chapter. If the number of ARIZONA
16 empowerment scholarship accounts significantly increases after fiscal year
17 2013-2014, the state treasurer may request an increase in the amount
18 appropriated to the fund in any subsequent fiscal year in the budget
19 estimate submitted pursuant to section 35-113. Monies in the fund are
20 subject to legislative appropriation. Monies in the fund are exempt from
21 the provisions of section 35-190 relating to lapsing of appropriations.

22 F. A parent must renew the qualified student's ARIZONA empowerment
23 scholarship account on an annual basis. ~~Notwithstanding any changes to~~
24 ~~the student's multidisciplinary evaluation team plan,~~ A student who has
25 previously qualified for an ARIZONA empowerment scholarship account ~~shall~~
26 ~~remain~~ REMAINS eligible to apply for renewal until the student ~~finishes~~
27 GRADUATES FROM high school, OBTAINS A GENERAL EQUIVALENCY DIPLOMA OR
28 REACHES TWENTY-TWO YEARS OF AGE IF THE STUDENT CONTINUES TO BE ENROLLED IN
29 A QUALIFIED SCHOOL. THE DEPARTMENT MAY REQUEST CONFIRMATION OF THE
30 QUALIFIED STUDENT'S PROGRESS TOWARD GRADUATION FROM HIGH SCHOOL OR
31 COMPLETION OF A GENERAL EQUIVALENCY DIPLOMA. A QUALIFIED STUDENT WHO IS
32 AT LEAST EIGHTEEN YEARS OF AGE AND WHO HAS BEEN ELIGIBLE TO RECEIVE
33 EDUCATIONAL THERAPIES OR SERVICES PURSUANT TO SECTION 15-2403, SUBSECTION
34 I OR HAS BEEN IDENTIFIED AS A STUDENT WITH A DISABILITY PURSUANT TO
35 SECTION 15-2401, PARAGRAPH 6, SUBDIVISION (a), ITEM (i), (ii) OR (iii)
36 REMAINS ELIGIBLE TO APPLY FOR RENEWAL UNTIL THE QUALIFIED STUDENT REACHES
37 TWENTY-TWO YEARS OF AGE OR OBTAINS A GENERAL EQUIVALENCY DIPLOMA WITHOUT
38 BEING ENROLLED IN A QUALIFIED SCHOOL IF THE QUALIFIED STUDENT CONTINUES TO
39 USE AT LEAST FIFTY PERCENT OF AVAILABLE ARIZONA EMPOWERMENT SCHOLARSHIP
40 ACCOUNT MONIES ANNUALLY FOR ELIGIBLE PURCHASES PURSUANT TO SUBSECTION B,
41 PARAGRAPH 4, SUBDIVISION (c) OF THIS SECTION. THE DEPARTMENT MAY REMOVE
42 QUALIFIED STUDENTS WHO ARE NOT IN COMPLIANCE WITH THIS SUBSECTION FROM THE
43 PROGRAM IN THE SUBSEQUENT YEAR.

44 G. A signed agreement under this section constitutes school
45 attendance required by section 15-802.

1 H. A qualified school or a provider of services purchased pursuant
2 to subsection B, paragraph 4 of this section may not share, refund or
3 rebate any Arizona empowerment scholarship account monies with the parent
4 or qualified student in any manner.

5 I. On the qualified student's graduation from a postsecondary
6 institution or after any period of four consecutive years after high
7 school graduation in which the student is not enrolled in an eligible
8 postsecondary institution, the qualified student's Arizona empowerment
9 scholarship account shall be closed and any remaining ~~funds~~ MONIES shall
10 be returned to the state.

11 J. Monies received pursuant to this article do not constitute
12 taxable income to the parent of the qualified student.

13 K. THE DEPARTMENT SHALL ALLOW AN APPLICANT FOR AN ARIZONA
14 EMPOWERMENT SCHOLARSHIP ACCOUNT TO IDENTIFY ALL POTENTIALLY APPLICABLE
15 ENROLLMENT ELIGIBILITY CRITERIA DURING THE APPLICATION PROCESS AND MAY NOT
16 RESTRICT THE APPLICANT TO IDENTIFYING A SINGLE ENROLLMENT ELIGIBILITY
17 CRITERION. BEGINNING OCTOBER 1, 2019, THE DEPARTMENT SHALL ALLOW AN
18 APPLICANT FOR AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT OR A CURRENT
19 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT HOLDER TO CONSENT IN WRITING AND
20 IDENTIFY A THIRD PARTY TO ASSIST THE APPLICANT OR QUALIFIED STUDENT IN THE
21 APPLICATION PROCESS OR INTERACTING WITH THE DEPARTMENT ON THE APPLICANT'S
22 OR ACCOUNT HOLDER'S BEHALF. FOR THE PURPOSES OF THIS SUBSECTION, "THIRD
23 PARTY" MEANS ANY NONPROFIT OR PRIVATE ENTITY, INCLUDING A QUALIFIED
24 SCHOOL.

25 L. NOTWITHSTANDING SECTION 15-2404, A QUALIFIED SCHOOL THAT ENROLLS
26 FIFTY OR MORE QUALIFIED STUDENTS AND THAT ADMINISTERS ANY NATIONALLY
27 STANDARDIZED NORM-REFERENCED ACHIEVEMENT EXAMINATION, AN ADVANCED
28 PLACEMENT EXAMINATION THAT ASSESSES READING AND MATHEMATICS, THE STATEWIDE
29 ASSESSMENT PURSUANT TO SECTION 15-741 OR ANY EXAMINATION RELATED TO
30 COLLEGE OR UNIVERSITY ADMISSIONS THAT ASSESSES READING AND MATHEMATICS
31 SHALL ANNUALLY MAKE AVAILABLE TO THE PUBLIC ON REQUEST OR ON THE QUALIFIED
32 SCHOOL'S WEBSITE THE AGGREGATE TEST SCORES OF ALL STUDENTS. A NETWORK OF
33 QUALIFIED SCHOOLS MAY SATISFY THIS REQUIREMENT BY PUBLISHING THE AGGREGATE
34 TEST SCORES BY GRADE LEVEL FOR ALL SCHOOLS WITHIN THE NETWORK.

35 Sec. 3. Section 15-2403, Arizona Revised Statutes, is amended to
36 read:

37 15-2403. Private financial management firms; requirements;
38 audits; administration; policy handbook

39 A. The ~~treasurer may~~ DEPARTMENT SHALL contract with private
40 financial management firms to manage Arizona empowerment scholarship
41 accounts. THE TREASURER SHALL COOPERATE WITH THE DEPARTMENT AND THE
42 FINANCIAL MANAGEMENT FIRM CONTRACTED BY THE TREASURER.

43 B. The department shall conduct or contract for annual audits of
44 ARIZONA empowerment scholarship accounts to ensure compliance with section
45 15-2402, subsection B, paragraph 4. The department shall also conduct or

1 contract for random, quarterly and annual audits of ARIZONA empowerment
2 scholarship accounts as needed to ensure compliance with section 15-2402,
3 subsection B, paragraph 4.

4 C. The department may remove any parent or qualified student from
5 eligibility for an Arizona empowerment scholarship account if the parent
6 or qualified student fails to comply with the terms of the contract or
7 applicable laws, rules or orders or knowingly misuses monies or knowingly
8 fails to comply with the terms of the contract with intent to defraud and
9 shall notify the treasurer. The department shall notify the treasurer to
10 suspend the account of a parent or qualified student and shall notify the
11 parent or qualified student in writing that the account has been suspended
12 and that no further transactions will be allowed or disbursements made.
13 The notification shall specify the reason for the suspension and state
14 that the parent or qualified student has ten days, not including weekends,
15 to respond and take corrective action. If the parent or qualified student
16 refuses or fails to contact the department, furnish any information or
17 make any report that may be required for reinstatement within the ten-day
18 period, the department may remove the parent or qualified student pursuant
19 to this subsection.

20 D. A parent may appeal, ~~the department's decision~~ pursuant to title
21 41, chapter 6, article 10, ANY ADMINISTRATIVE DECISION THE DEPARTMENT
22 MAKES PURSUANT TO THIS ARTICLE REGARDING DETERMINATIONS OF ALLOWABLE
23 EXPENSES, REMOVAL FROM THE PROGRAM OR ENROLLMENT ELIGIBILITY. THE
24 DEPARTMENT SHALL NOTIFY THE PARENT THAT THE PARENT MAY APPEAL ANY
25 ADMINISTRATIVE DECISION AT THE SAME TIME THE DEPARTMENT NOTIFIES THE
26 PARENT OF AN ADMINISTRATIVE DECISION.

27 E. The department may refer cases of substantial misuse of monies
28 to the attorney general for the purpose of collection or for the purpose
29 of a criminal investigation if the department obtains evidence of
30 fraudulent use of an account. THE DEPARTMENT MAY NOT REFER FOR
31 COLLECTIONS ANY USES OF MONIES THAT ARE SUBSTANTIVELY SIMILAR TO USES THE
32 DEPARTMENT HAS PREVIOUSLY APPROVED AND THAT ARE EDUCATIONAL IN NATURE.

33 F. BEGINNING JANUARY 1, 2020, the department shall make ~~quarterly~~
34 MONTHLY transfers of the amount calculated pursuant to section 15-2402,
35 subsection C to the treasurer for deposit ~~into~~ IN the ARIZONA empowerment
36 scholarship account of each qualified student, ~~except the department may~~
37 ~~make transfers according to another transfer schedule if the department~~
38 ~~determines a transfer schedule other than quarterly transfers is necessary~~
39 ~~for the operation of the empowerment scholarship account.~~ THE ARIZONA
40 EMPOWERMENT SCHOLARSHIP ACCOUNT OF EACH QUALIFIED STUDENT SHALL BE FUNDED
41 AS OF THE DATE THE PARENT OF THE QUALIFIED STUDENT AGREES TO THE TERMS AND
42 CONDITIONS PRESCRIBED IN SECTION 15-2402, SUBSECTION B. IF A DELAY OCCURS
43 IN THE DEPOSIT OF MONIES IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT
44 UNTIL A SUBSEQUENT MONTH, MONIES SHALL BE RETROACTIVELY PRORATED TO THE

1 TIME THE PARENT OF THE QUALIFIED STUDENT AGREED TO THE TERMS AND
 2 CONDITIONS PRESCRIBED IN SECTION 15-2402, SUBSECTION B.

3 G. The department shall accept applications between July 1 and June
 4 30 of each year. THE DEPARTMENT SHALL ACCEPT APPLICATIONS FOR THE CURRENT
 5 OR UPCOMING SCHOOL YEAR. THE DEPARTMENT SHALL ACCEPT APPLICATIONS FOR THE
 6 CURRENT SCHOOL YEAR THROUGH APRIL 1. The department shall enroll and
 7 issue an award letter ~~to eligible applicants~~ within forty-five days AND,
 8 BEGINNING JANUARY 1, 2020, WITHIN THIRTY DAYS after receipt of a completed
 9 application and all required documentation. IF THE DEPARTMENT DETERMINES
 10 THAT AN APPLICANT IS INELIGIBLE FOR AN ARIZONA EMPOWERMENT SCHOLARSHIP
 11 ACCOUNT BECAUSE THE APPLICANT DOES NOT MEET THE REQUIREMENTS PRESCRIBED
 12 FOR A QUALIFIED STUDENT, THE DEPARTMENT SHALL NOTIFY THE APPLICANT OF THE
 13 APPLICATION'S SPECIFIC STATUTORY DEFICIENCIES AND THE RATIONALE FOR THE
 14 DENYING THE APPLICATION. On or before May 30 of each year, the department
 15 shall furnish to the joint legislative budget committee an estimate of the
 16 amount required to fund ARIZONA empowerment scholarship accounts for the
 17 following fiscal year. The department shall include in its budget request
 18 for the following fiscal year the amount estimated ~~in~~ PURSUANT TO section
 19 15-2402, subsection C for each qualified student.

20 H. The department may adopt ~~rules and~~ policies AND PROCEDURES THAT
 21 ARE necessary ~~for the administration of~~ TO ADMINISTER ARIZONA empowerment
 22 scholarship accounts, THAT ARE DEVELOPED AND IMPLEMENTED PURSUANT TO THIS
 23 ARTICLE AND THAT GIVE STUDENTS THE MOST EDUCATIONAL OPTIONS AVAILABLE
 24 UNDER THE LAW, including POLICIES AND PROCEDURES:

- 25 1. ~~Policies~~ For conducting or contracting for examinations of the
 26 use of account monies.
- 27 2. FOR conducting or contracting for random, quarterly and annual
 28 reviews of accounts.
- 29 3. FOR establishing or contracting for the establishment of an
 30 online anonymous fraud reporting service.
- 31 4. FOR establishing an anonymous telephone hotline for fraud
 32 reporting.
- 33 5. ~~Policies~~ That require a surety bond or insurance for account
 34 holders.
- 35 6. THAT ESTABLISH EXPENSE REPORTING, ELIGIBLE EXPENSES AND
 36 APPLICATION PROCEDURES. THE POLICIES REGARDING ELIGIBLE EXPENSES MAY NOT
 37 RESTRICT THE TYPES OR AMOUNTS OF CURRICULUM CHOICES PARENTS MAY MAKE FOR
 38 QUALIFIED STUDENTS. THE DEPARTMENT SHALL REQUEST ADDITIONAL DOCUMENTATION
 39 AND INFORMATION REGARDING ELIGIBLE EXPENSES AND SHALL PROVIDE A PARENT AN
 40 OPPORTUNITY TO RESPOND BEFORE DENYING AN EXPENDITURE.

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

1 J. ON OR BEFORE JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL DEVELOP
2 AND PUBLISH AN APPLICANT AND PARTICIPANT POLICY HANDBOOK THAT INCLUDES
3 INFORMATION PERTAINING TO POLICIES RELATING TO INTERACTIONS AND PROCESSES
4 OF ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT APPLICANTS AND PARTICIPANTS
5 ADOPTED BY THE DEPARTMENT TO ADMINISTER ARIZONA EMPOWERMENT SCHOLARSHIP
6 ACCOUNTS. ONLY POLICIES THAT ARE INCLUDED IN THE POLICY HANDBOOK MAY BE
7 ADMINISTERED. THE POLICY HANDBOOK DOES NOT APPLY TO INTERNAL AGENCY
8 POLICIES AND PROCEDURES. THE DEPARTMENT MAY NOT PUBLISH OR REVISE OR
9 ENFORCE ANY NEW POLICY OR PROCEDURE UNLESS THE DEPARTMENT DOES BOTH OF THE
10 FOLLOWING:

11 1. COLLECTS PUBLIC COMMENTS FOR AT LEAST SIXTY DAYS. THE
12 DEPARTMENT SHALL CONSIDER AND REASONABLY INCORPORATE THESE PUBLIC COMMENTS
13 INTO THE POLICY HANDBOOK.

14 2. SUBMITS A COPY OF THE POLICY HANDBOOK AND ANY REVISION TO THE
15 POLICY HANDBOOK TO THE GOVERNOR, THE PRESIDENT OF THE SENATE AND THE
16 SPEAKER OF THE HOUSE OF REPRESENTATIVES.

17 K. THE DEPARTMENT SHALL POST ON ITS WEBSITE INFORMATION AND DATA
18 THAT ARE UPDATED MONTHLY REGARDING ARIZONA EMPOWERMENT SCHOLARSHIP
19 ACCOUNTS, INCLUDING:

20 1. INFORMATION REGARDING ALL PURCHASES AND EXPENDITURES MADE WITH
21 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT MONIES. THIS INFORMATION MAY NOT
22 VIOLATE THE PERSONAL PRIVACY OF ANY QUALIFIED STUDENT OR FAMILY AND SHALL
23 INCLUDE ONLY AGGREGATE DATA.

24 2. THE NUMBER OF ENROLLED QUALIFIED STUDENTS DISAGGREGATED BY
25 ELIGIBILITY.

26 3. ANY OTHER INFORMATION OR DATA THAT PROMOTES TRANSPARENCY AND
27 ACCOUNTABILITY OF ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS.

28 Sec. 4. Arizona empowerment scholarship account review
29 council; members; duties; annual report; delayed
30 repeal

31 A. The Arizona empowerment scholarship account review council is
32 established consisting of the following members:

33 1. Six members who are parents of children who currently receive
34 Arizona empowerment scholarship accounts and who have been enrolled in an
35 Arizona empowerment scholarship account for at least two years. The
36 governor shall appoint these members.

37 2. The chairpersons of the education committees of the senate and
38 the house of representatives.

39 3. The superintendent of public instruction or the superintendent's
40 designee.

41 B. Appointed members serve at the pleasure of the governor. The
42 members of the council shall select a chairperson from the members
43 appointed pursuant to subsection A, paragraph 1 of this section.

- 1 C. Council members are not eligible to receive compensation, but
2 members appointed by the governor are eligible for reimbursement of
3 expenses under title 38, chapter 4, article 2, Arizona Revised Statutes.
- 4 D. The council shall:
- 5 1. Review and make recommendations to the department of education
6 regarding administering Arizona empowerment scholarship accounts.
- 7 2. Recommend to the legislature changes to the laws regarding
8 Arizona empowerment scholarship accounts.
- 9 3. Review any changes to the Arizona empowerment scholarship
10 accounts policy handbook pursuant to section 15-2403, Arizona Revised
11 Statutes, as amended by this act.
- 12 4. On or before December 15 of each year, submit a report regarding
13 the council's activities and recommendations to the governor, the
14 president of the senate and the speaker of the house of representatives
15 and provide a copy of this report to the secretary of state.
- 16 E. The department of education shall provide technical assistance
17 to the Arizona empowerment scholarship account review council.
- 18 F. This section is repealed from and after December 31, 2022.