

State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

SB 1595

Introduced by
Senators Quezada: Alston, Bowie, Bradley, Contreras, Dalessandro,
Gonzales, Mendez, Navarrete, Otondo, Peshlakai, Rios, Steele

AN ACT

AMENDING SECTIONS 15-181 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, 15-189.02 AND 15-189.03, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.07; AMENDING SECTIONS 15-213, 15-914.02, 41-1279.03 AND 41-1279.04, 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 15-181, Arizona Revised Statutes, is amended to
3 read:

4 15-181. Charter schools; purpose; scope; open meetings;
5 public records; posting; exceptions; definition

6 A. Charter schools may be established pursuant to this article to
7 provide a learning environment that will improve pupil achievement.
8 Charter schools provide additional academic choices for parents and
9 pupils. Charter schools may consist of new schools or all or any portion
10 of an existing school. Charter schools are public schools that serve as
11 alternatives to traditional public schools, and charter schools are not
12 subject to the requirements of article XI, section 1, Constitution of
13 Arizona, or chapter 16 of this title.

14 B. Charter schools shall comply with all provisions of this article
15 in order to receive state funding as prescribed in section 15-185.

16 C. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, CHARTER
17 SCHOOLS, GOVERNING BODIES OF CHARTER SCHOOLS, CHARTER SCHOOL SPONSORS,
18 CHARTER HOLDERS, CHARTER SCHOOL OPERATORS, CORPORATE BOARDS OF DIRECTORS
19 OF CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS THAT CONTRACT
20 WITH CHARTER SCHOOLS SHALL COMPLY WITH BOTH OF THE FOLLOWING:

21 1. THE OPEN MEETING REQUIREMENTS PRESCRIBED IN TITLE 38, CHAPTER 3,
22 ARTICLE 3.1. NOTICES OF PUBLIC MEETINGS, AGENDAS AND MINUTES MUST BE
23 PROMINENTLY POSTED ON THE WEBSITE OF THE CHARTER SCHOOL AND THE WEBSITE OF
24 THE STATE BOARD FOR CHARTER SCHOOLS.

25 2. THE PUBLIC RECORDS REQUIREMENTS PRESCRIBED IN TITLE 39,
26 CHAPTER 1. PUBLIC RECORDS MUST BE PROMINENTLY POSTED ON THE WEBSITE OF
27 THE CHARTER SCHOOL AND THE WEBSITE OF THE STATE BOARD FOR CHARTER SCHOOLS.

28 D. CHARTER HOLDER GOVERNING BOARDS, CORPORATE BOARDS OF DIRECTORS
29 OF CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS MAY MEET IN
30 EXECUTIVE SESSION FOR ANY OF THE FOLLOWING PURPOSES:

31 1. FIRING PERSONNEL, IF TWENTY-FOUR HOURS' WRITTEN NOTICE IS
32 PROVIDED TO THE AFFECTED EMPLOYEE.

33 2. DISCUSSING OR CONSIDERING RECORDS THAT ARE EXEMPT BY LAW FROM
34 PUBLIC INSPECTION.

35 3. DISCUSSING OR RECEIVING LEGAL ADVICE.

36 4. DISCUSSING OR CONSULTING WITH A LAWYER TO CONSIDER PENDING OR
37 CONTEMPLATED LITIGATION, SETTLEMENT DISCUSSIONS OR NEGOTIATED CONTRACTS.

38 5. DISCUSSING AND INSTRUCTING REPRESENTATIVES REGARDING LABOR
39 NEGOTIATIONS.

40 6. DISCUSSING INTERNATIONAL, INTERSTATE AND TRIBAL NEGOTIATIONS.

41 7. DISCUSSING THE PURCHASE, SALE OR LEASE OF REAL PROPERTY.

42 E. FOR THE PURPOSES OF THIS SECTION, "CHARTER HOLDER GOVERNING
43 BOARD" MEANS THE LIMITED LIABILITY COMPANY OR CORPORATION THAT IS
44 REGISTERED WITH THE CORPORATION COMMISSION BY THE CHARTER HOLDER.

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; definitions

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. ~~BEGINNING JANUARY 1, 2021, THE~~
18 ~~SPONSOR OF A CHARTER SCHOOL MAY NOT CONTRACT WITH A FOR-PROFIT~~
19 ~~ORGANIZATION TO ESTABLISH A CHARTER SCHOOL PURSUANT TO THIS ARTICLE.~~

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

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

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

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

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

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

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

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

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

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

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

40 5. All persons engaged in instructional work directly as a
41 classroom, laboratory or other teacher or indirectly as a supervisory
42 teacher, speech therapist or principal shall have a valid fingerprint
43 clearance card that is issued pursuant to title 41, chapter 12,
44 article 3.1, unless the person is a volunteer or guest speaker who is
45 accompanied in the classroom by a person with a valid fingerprint

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

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

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

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

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

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

43 (f) Verifies the fingerprint status of the applicant with the
 44 department of public safety.

1 6. A charter school that complies with the fingerprinting
2 requirements of this section shall be deemed to have complied with section
3 15-512 and is entitled to the same rights and protections provided to
4 school districts by section 15-512.

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

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

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

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

27 (b) Notify the person's employer or potential employer of the
28 conviction.

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

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

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

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

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

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

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

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

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

15 6. Ensure that, except as provided in this article, it is subject
16 to the same financial and electronic data submission requirements as a
17 school district, including the uniform system of financial records as
18 prescribed in chapter 2, article 4 of this title, ~~procurement rules as~~
19 ~~prescribed in section 15-213~~ and audit requirements. The auditor general
20 shall conduct a comprehensive review and revision of the uniform system of
21 financial records to ensure that the provisions of the uniform system of
22 financial records that relate to charter schools are in accordance with
23 commonly accepted accounting principles used by private business.

24 ~~A school's charter may include exceptions to the requirements of this~~
25 ~~paragraph that are necessary as determined by the university, the~~
26 ~~community college district, the group of community college districts, the~~
27 ~~state board of education or the state board for charter schools.~~ EACH
28 CHARTER SCHOOL AND EDUCATION MANAGEMENT ORGANIZATION OR CHARTER MANAGEMENT
29 ORGANIZATION THAT ENTERS INTO A MANAGEMENT SERVICES CONTRACT WITH THE
30 CHARTER SCHOOL SHALL ENSURE THAT AN ANNUAL INDEPENDENT AUDIT OF FINANCIAL
31 STATEMENTS IS CONDUCTED AND THAT THE RESULTS OF THAT AUDIT, INCLUDING
32 INDIVIDUAL SALARIES PAID BY THE CHARTER SCHOOL TO THE EDUCATION MANAGEMENT
33 ORGANIZATION OR CHARTER MANAGEMENT ORGANIZATION, AND ANY MANAGEMENT LETTER
34 ISSUED IN CONNECTION WITH THAT AUDIT ARE MADE AVAILABLE TO THE PUBLIC.
35 The department of education or the office of the auditor general ~~may~~ SHALL
36 conduct financial, program or compliance audits.

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

40 8. ENSURE THAT IT PROVIDES FOR A GOVERNING BOARD FOR THE CHARTER
41 HOLDER COMPOSED OF AT LEAST THREE MEMBERS. NOT MORE THAN TWO IMMEDIATE
42 FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE CHARTER HOLDER GOVERNING
43 BOARD, AND IMMEDIATE FAMILY MEMBERS MAY NOT CONSTITUTE A MAJORITY OF THOSE
44 BOARD MEMBERS, EXCEPT THAT:

1 (a) PERSONS RELATED AS IMMEDIATE FAMILY WHO CURRENTLY RESIDE WITHIN
2 THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME HOUSEHOLD DURING AT
3 ANY TIME WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON
4 THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

5 (b) FOR A CHARTER SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO
6 HUNDRED FIFTY THAT IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN
7 FIVE HUNDRED THOUSAND PERSONS, NOT MORE THAN TWO PERSONS RELATED BY
8 AFFINITY, BY CONSANGUINITY OR BY LAW TO THE THIRD DEGREE MAY SERVE
9 SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE SAME CHARTER HOLDER.

10 ~~8.~~ 9. Ensure that it provides for a governing body for the charter
11 school that is responsible for the OPERATIONAL AND policy decisions of the
12 charter school. THERE SHALL BE AT LEAST THREE GOVERNING BODY MEMBERS.
13 NOT MORE THAN TWO IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE
14 GOVERNING BODY OF THE SAME CHARTER SCHOOL, AND IMMEDIATE FAMILY MEMBERS
15 MAY NOT BE A MAJORITY OF THE GOVERNING BODY MEMBERS OF THE SAME CHARTER
16 SCHOOL. Notwithstanding section 1-216, if there is a vacancy or vacancies
17 on the governing body, a majority of the remaining members of the
18 governing body constitute a quorum for the transaction of business, unless
19 that quorum is prohibited by the charter school's operating agreement.
20 PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY RESIDE WITHIN
21 THE SAME HOUSEHOLD OR WHO HAVE RESIDED WITHIN THE SAME HOUSEHOLD DURING
22 ANY TIME WITHIN THE PREVIOUS FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON
23 THE GOVERNING BOARD OF THE SAME CHARTER SCHOOL, EXCEPT THAT FOR A CHARTER
24 SCHOOL WITH A STUDENT COUNT OF AT LEAST TWO HUNDRED FIFTY THAT IS LOCATED
25 IN A COUNTY WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS,
26 NOT MORE THAN TWO PERSONS RELATED BY AFFINITY, BY CONSANGUINITY OR BY LAW
27 TO THE THIRD DEGREE MAY SERVE SIMULTANEOUSLY ON THE GOVERNING BOARD OF THE
28 SAME CHARTER SCHOOL. FOR THE PURPOSES OF THIS PARAGRAPH, "OPERATIONAL"
29 INCLUDES ALL APPLICABLE REQUIREMENTS FOR SUPERVISION THAT ARE PRESCRIBED
30 FOR SCHOOL DISTRICT GOVERNING BOARDS PURSUANT TO SECTION 15-341.

31 ~~9.~~ 10. Ensure that it provides a minimum of one hundred eighty
32 instructional days before June 30 of each fiscal year unless it is
33 operating on an alternative calendar approved by its sponsor. The
34 superintendent of public instruction shall adjust the apportionment
35 schedule accordingly to accommodate a charter school utilizing an
36 alternative calendar.

37 11. ENSURE THAT THE CHARTER SCHOOL GOVERNING BODY AND THE CHARTER
38 HOLDER GOVERNING BOARD COMPLY WITH OPEN MEETING REQUIREMENTS PRESCRIBED IN
39 TITLE 38, CHAPTER 3, ARTICLE 3.1.

40 F. A charter school shall keep in the personnel file of ~~att~~ EACH
41 current ~~employees~~ EMPLOYEE who ~~provide~~ PROVIDES instruction to pupils at
42 the charter school information about the employee's educational and
43 teaching background and experience in a particular academic content
44 subject area. A charter school shall inform parents and guardians of the
45 availability of the information and shall make the information available

1 for inspection on request of parents and guardians of pupils enrolled at
2 the charter school. This subsection does not require any charter school
3 to release personally identifiable information in relation to any teacher
4 or employee, including the teacher's or employee's address, salary, social
5 security number or telephone number.

6 G. The charter of a charter school may be amended at the request of
7 the governing body of the charter school and on the approval of the
8 sponsor.

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

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

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

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

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

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

31 (d) Complete the obligations of the contract.

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

34 2. A charter operator may apply for early renewal. At least nine
35 months before the charter school's intended renewal consideration, the
36 operator of the charter school shall submit a letter of intent to the
37 sponsor to apply for early renewal. The sponsor shall review fiscal
38 audits and academic performance data for the charter school that are
39 annually collected by the sponsor, review the current contract between the
40 sponsor and the charter school and provide the qualifying charter school
41 with a renewal application. On submission of a complete application, the
42 sponsor shall give written notice of its consideration of the renewal
43 application. The sponsor may deny the request for early renewal if, in
44 the sponsor's judgment, the charter holder has failed to do any of the
45 following:

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

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

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

7 (d) Complete the obligations of the contract.

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

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

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

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

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

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

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

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

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

41 K. A charter school that is sponsored by the state board of
42 education, the state board for charter schools, a university, a community
43 college district or a group of community college districts may not be
44 located on the property of a school district unless the district governing
45 board grants this authority.

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

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

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

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

- 27 (a) Suspension or termination of the program.
- 28 (b) Transfer or reassignment of the program to a less favorable
29 department.
- 30 (c) Relocation of the program to a less favorable site within the
31 school or school district.
- 32 (d) Significant reduction or termination of funding for the
33 program.

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

43 N. Charter schools do not have the authority to acquire property by
44 eminent domain.

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

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

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

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

24 1. The academic performance expectations of the charter school and
25 the measurement of sufficient progress toward the academic performance
26 expectations.

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

29 3. The financial expectations of the charter school.

30 4. Intervention and improvement policies.

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

33 ~~F. All property accumulated by a charter school shall remain the~~
34 ~~property of the charter school.~~

35 T. IF A CHARTER SCHOOL CLOSSES, ANY ASSET OF THAT CHARTER SCHOOL
36 THAT WAS ACQUIRED IN WHOLE OR IN PART WITH PUBLIC MONIES SHALL BE RETURNED
37 TO THIS STATE. THIS SUBSECTION DOES NOT APPLY IF THE PROCEEDS FROM THE
38 SALE OF A CLOSED CHARTER SCHOOL ARE USED TO FUND THE CAPITAL COSTS FOR A
39 NEW CAMPUS OF THAT CHARTER SCHOOL.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 1. The current number of charters authorized and the number of
43 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 MEMBERS OR BUSINESS RELATIONSHIPS WITH THE CHARTER
36 SCHOOL.

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

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

39 5. THE TOTAL ANNUAL STATE REVENUES.

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

42 7. THE TOTAL ANNUAL EXPENSES.

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

44 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 OR CHARTER HOLDER SOLD, EXCHANGED,
5 DISPOSED OF OR TRANSFERRED MORE THAN TWENTY-FIVE PERCENT OF THE CHARTER
6 SCHOOL'S ASSETS 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 OR CHARTER HOLDER CONTRACTS WITH A
10 CHARTER MANAGEMENT ORGANIZATION, A WRITTEN STATEMENT IDENTIFYING THE
11 CHARTER MANAGEMENT ORGANIZATION AND THE NAME OF THE PERSON OR ENTITY THAT
12 HAS OWNERSHIP OF THE CHARTER MANAGEMENT ORGANIZATION AND DESCRIBING THE
13 SERVICES PROVIDED TO THE CHARTER SCHOOL OR CHARTER HOLDER AND THE AMOUNT
14 THE CHARTER SCHOOL OR CHARTER HOLDER SPENDS FOR THE CHARTER MANAGEMENT
15 ORGANIZATION'S SERVICES. THE STATEMENT SHALL INCLUDE AN ITEMIZED LIST OF
16 SERVICES THE CHARTER MANAGEMENT ORGANIZATION OFFERS TO THE CHARTER SCHOOL
17 OR CHARTER HOLDER, INCLUDING THE COST FOR EACH SERVICE.

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

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

29 KK. IF A CHARTER SCHOOL CONTRACTS WITH A CHARTER MANAGEMENT
30 ORGANIZATION, NOT MORE THAN TEN PERCENT OF THE CHARTER SCHOOL'S TOTAL
31 EXPENDITURES MAY BE SPENT ON ADMINISTRATIVE EXPENSES.

32 LL. THE WEBSITE OF EACH CHARTER SCHOOL SHALL INCLUDE A LINK TO THE
33 INFORMATION REQUIRED TO BE POSTED ON THE CHARTER SCHOOL SPONSOR'S WEBSITE
34 PURSUANT TO SUBSECTION JJ OF THIS SECTION.

35 MM. FOR THE PURPOSES OF THIS SECTION:

36 1. "CHARTER MANAGEMENT ORGANIZATION":

37 (a) MEANS AN ORGANIZATION THAT CONTRACTS WITH A CHARTER SCHOOL OR
38 CHARTER HOLDER TO PROVIDE ACADEMIC SERVICES AND ADMINISTRATIVE SERVICES TO
39 ONE OR MORE CHARTER SCHOOLS.

40 (b) INCLUDES AN ORGANIZATION COMMONLY REFERRED TO AS AN EDUCATIONAL
41 MANAGEMENT ORGANIZATION OR AN EDUCATIONAL SERVICE PROVIDER.

42 2. "IMMEDIATE FAMILY" HAS THE SAME MEANING PRESCRIBED IN SECTION
43 15-421.

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, 2021, EACH CHARTER SCHOOL IN THIS STATE
5 SHALL COMPLY WITH PROCUREMENT POLICIES AS OUTLINED IN SECTION 15-213.
6 EACH CHARTER SCHOOL IN THIS STATE SHALL ALSO ADOPT PROCUREMENT POLICIES
7 THAT INCLUDE ALL OF THE FOLLOWING:

8 1. A PROHIBITION ON PURCHASING ANY GOOD OR SERVICE FROM ANY OF THE
9 FOLLOWING PERSONS, UNLESS A MAJORITY OF THE DISINTERESTED MEMBERS OF THE
10 CHARTER SCHOOL GOVERNING BODY AUTHORIZE THE PURCHASE AFTER FULLY
11 DISCLOSING THE SUBSTANTIAL INTEREST AND INCLUDE THIS INFORMATION AND A
12 DESCRIPTION OF THE JUSTIFICATION FOR WHY THE PURCHASE IS IN THE BEST
13 INTEREST OF THE SCHOOL IN THE MINUTES OF THE MEETING AT WHICH THE
14 GOVERNING BODY APPROVES THE PURCHASE:

15 (a) ANY MEMBER OF THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING
16 BODY.

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

19 (c) ANY OTHER ENTITY IN WHICH ANY MEMBER OF THE CHARTER HOLDER OR
20 CHARTER SCHOOL GOVERNING BODY OR AN IMMEDIATE FAMILY MEMBER OF A MEMBER OF
21 THE CHARTER HOLDER OR CHARTER SCHOOL GOVERNING BODY MAY HAVE A SUBSTANTIAL
22 INTEREST IN THE PROCUREMENT.

23 2. A REQUIREMENT THAT, FOR ANY PURCHASE MADE ON BEHALF OF THE
24 CHARTER SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT THE CHARTER
25 SCHOOL OR CHARTER HOLDER REASONABLY ANTICIPATES WILL EXCEED \$50,000, THE
26 CHARTER SCHOOL MAINTAIN RECORDS DEMONSTRATING THAT THE PURCHASE IS IN THE
27 BEST INTEREST OF THE CHARTER SCHOOL ON CONSIDERING THE TOTALITY OF THE
28 CIRCUMSTANCES. A CHARTER SCHOOL MAY DEMONSTRATE THAT THE PURCHASE IS IN
29 THE BEST INTEREST OF THE CHARTER SCHOOL THROUGH RESEARCH OF LIKE PRODUCTS
30 OR SERVICES OR BY RECEIVING MULTIPLE QUOTES. A CHARTER SCHOOL SHALL
31 MAINTAIN RECORDS FOR REVIEW DURING THE CHARTER SCHOOL'S ANNUAL AUDIT. A
32 PROJECT OR PURCHASE MAY NOT BE DIVIDED OR SEQUENCED INTO SEPARATE PROJECTS
33 OR PURCHASES TO INTENTIONALLY AVOID THE LIMITS PRESCRIBED IN THIS
34 PARAGRAPH.

35 3. A REQUIREMENT THAT ANY PURCHASE MADE ON BEHALF OF THE CHARTER
36 SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT EXCEEDS \$50,000 IS
37 SUBJECT TO PUBLIC BIDDING REQUIREMENTS UNLESS THE PURCHASE IS EXEMPT FROM
38 PUBLIC BIDDING REQUIREMENTS PURSUANT TO SECTION 15-189.02.

39 4. A REQUIREMENT THAT A COMPLIANCE REVIEW OF A CHARTER SCHOOL'S OR
40 CHARTER HOLDER'S PROCUREMENT POLICIES AND ACTIVITIES BE INCLUDED IN THE
41 CHARTER SCHOOL'S ANNUAL AUDIT.

42 B. FEDERAL PROCUREMENT REQUIREMENTS APPLY TO THE RECEIPT OF CERTAIN
43 FEDERAL MONIES.

1 C. A CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS
2 MAY NOT TAKE REPRISAL AGAINST A CHARTER SCHOOL EMPLOYEE FOR THAT
3 EMPLOYEE'S DISCLOSURE OF INFORMATION RELATING TO A VIOLATION OF THIS
4 SECTION.

5 D. THE SPONSOR OF A CHARTER SCHOOL MAY REQUEST THAT THE ATTORNEY
6 GENERAL ENFORCE THIS SECTION IF THE SPONSOR DETERMINES, AFTER PROVIDING
7 THE CHARTER SCHOOL WITH A REASONABLE OPPORTUNITY TO RESPOND TO ANY
8 ALLEGATIONS RAISED AND TO DISCONTINUE AND CORRECT ANY IMPROPER ACTIONS,
9 THAT A VIOLATION OF THIS SECTION IS OR LIKELY MAY BE CONTINUING. THE
10 ATTORNEY GENERAL MAY SEEK RELIEF FOR ANY VIOLATION OF THIS SECTION THROUGH
11 AN APPROPRIATE CRIMINAL OR CIVIL ACTION IN SUPERIOR COURT. THE ATTORNEY
12 GENERAL MAY USE THE AUDIT AUTHORITY OF THE AUDITOR GENERAL PURSUANT TO
13 15-183, SUBSECTION E, PARAGRAPH 6 TO ENFORCE THIS SECTION.

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

16 15-184. Charter schools; admissions requirements

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

20 B. A charter school shall give enrollment preference to pupils WHO
21 ARE returning to the charter school in the second or any subsequent year
22 of its operation and to siblings of pupils WHO ARE already enrolled in the
23 charter school.

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

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

30 1. Are children, grandchildren or legal wards of any of the
31 following:

- 32 (a) Employees of the school.
- 33 (b) Employees of the charter holder.
- 34 (c) Members of the governing body of the school.
- 35 (d) Directors, officers, partners or board members of the charter
36 holder.

37 2. Attended another charter school or are the siblings of that
38 pupil if the charter school previously attended by the pupil has the
39 identical charter holder, board and governing board membership as the
40 enrolling charter school or is managed by the same educational management
41 organization, charter management organization or educational service
42 provider as determined by the charter authorizer.

1 E. If remaining capacity is insufficient to enroll all pupils who
2 submit a timely application, the charter school shall select pupils
3 through an equitable selection process such as a lottery except that
4 preference shall be given to siblings of a pupil selected through an
5 equitable selection process such as a lottery.

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

10 G. A CHARTER SCHOOL SHALL NOT LIMIT ADMISSION BASED ON ABILITY TO
11 PROVIDE A FINANCIAL CONTRIBUTION TO THE CHARTER SCHOOL OR ANY AGREEMENT TO
12 VOLUNTEER AT OR FOR THE CHARTER SCHOOL.

13 ~~H.~~ H. A charter school may limit admission to pupils within a
14 given age group or grade level.

15 ~~H.~~ I. A charter school may provide instruction to pupils of a
16 single gender with the approval of the sponsor of the charter school. An
17 existing charter school may amend its charter to provide instruction to
18 pupils of a single gender, and if approved by the sponsor of the charter
19 school, may provide instruction to pupils of a single gender at the
20 beginning of the next school year.

21 ~~I.~~ J. A charter school may refuse to admit any pupil who has been
22 expelled from another educational institution or who is in the process of
23 being expelled from another educational institution.

24 Sec. 5. Section 15-189.02, Arizona Revised Statutes, is amended to
25 read:

26 15-189.02. Charter schools; public bidding requirements

27 ~~A.~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 15-213, a charter
28 school's procurement is exempt from public bidding requirements if the
29 aggregate dollar amount of the procurement does not exceed the maximum
30 amount of the exemption authorized by title 41, chapter 23 or pursuant to
31 rules adopted by the director of the department of administration.

32 ~~B. Notwithstanding subsection A, the state board for charter
33 schools may authorize an exemption from public bidding requirements that
34 exceeds the maximum exemption prescribed in subsection A of this section
35 for any charter school sponsored by the state board for charter schools.~~

36 Sec. 6. Section 15-189.03, Arizona Revised Statutes, is amended to
37 read:

38 15-189.03. Academic credits; transfer; withdrawal;
39 notification

40 A. If a pupil who was previously enrolled in a charter school or
41 school district enrolls in a charter school in this state, the charter
42 school shall accept credits earned by the pupil in courses or
43 instructional programs at the charter school or school district. A
44 charter school governing board may adopt a policy concerning the
45 application of transfer credits for the purpose of determining whether a

1 credit earned by a pupil who was previously enrolled in a school district
2 or charter school will be assigned as an elective or core credit.

3 B. A pupil who transfers from a charter school or school district
4 shall be provided with a list that indicates which credits have been
5 accepted as ~~an~~ elective ~~credit~~ CREDITS and which credits have been
6 accepted as ~~a~~ core ~~credit~~ CREDITS by the charter school. Within ten
7 school days after receiving the list, ~~a~~ THE pupil may request to take an
8 examination in each particular course in which core credit has been
9 denied. The charter school shall accept the credit as a core credit for
10 each particular course in which the pupil takes an examination and
11 receives a passing score on a test THAT IS designed and evaluated by a
12 teacher in the charter school who teaches the subject matter on which the
13 examination is based.

14 C. IF A PUPIL WITHDRAWS OR TRANSFERS FROM A CHARTER SCHOOL DURING
15 THE SCHOOL YEAR, THE CHARTER SCHOOL SHALL REPORT THE WITHDRAWAL OR
16 TRANSFER TO THE DEPARTMENT OF EDUCATION WITHIN TWO WEEKS AFTER THE
17 WITHDRAWAL OR TRANSFER. THE DEPARTMENT SHALL ADJUST THE AVERAGE DAILY
18 MEMBERSHIP OF THE CHARTER SCHOOL TO ACCOUNT FOR THAT PUPIL'S WITHDRAWAL OR
19 TRANSFER AT THE NEXT SCHEDULED DISTRIBUTION OF STATE AID TO THAT CHARTER
20 SCHOOL.

21 Sec. 7. Title 15, chapter 1, article 8, Arizona Revised Statutes,
22 is amended by adding section 15-189.07, to read:

23 15-189.07. Charter school audits; requirements

24 AN AUDIT OF A CHARTER SCHOOL THAT IS CONDUCTED PURSUANT TO THIS
25 TITLE SHALL:

26 1. FOLLOW A STANDARD FORMAT THAT REQUIRES DETAILED AND SUPPORTING
27 INFORMATION ON ASSETS AND LIABILITIES, REVENUES AND EXPENDITURES AND
28 RELATED PARTY EXPENSES.

29 2. BE CONDUCTED BY AN AUDITOR WHO IS LOCATED IN THIS STATE AND WHO
30 HAS DEMONSTRATED EXPERTISE IN THE LAWS OF THIS STATE.

31 3. BE CONDUCTED BY AN AUDITOR WHO IS ON A LIST OF ACCEPTABLE
32 AUDITORS ESTABLISHED AND MAINTAINED BY THE STATE BOARD FOR CHARTER SCHOOLS
33 THAT USES DATA EXTRACTED FROM AUDITS TO DETERMINE WHICH AUDITORS ARE
34 CURRENTLY PROVIDING ACCEPTABLE LEVELS OF INFORMATION. THE STATE BOARD FOR
35 CHARTER SCHOOLS SHALL UPDATE THIS LIST ANNUALLY.

36 4. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER ENTITY. A
37 CONSOLIDATED AUDIT MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO
38 THIS PARAGRAPH.

39 5. BE COMPLETED INDIVIDUALLY FOR EACH CHARTER SCHOOL SEPARATE FROM
40 ANY LARGER ENTITY THAT INCLUDES THAT CHARTER SCHOOL. A CONSOLIDATED AUDIT
41 MAY BE PREPARED COLLATING DATA REQUIRED PURSUANT TO THIS PARAGRAPH.

42 6. INCLUDE AUDIT REPORTS THAT ARE NUMERICALLY IDENTICAL TO WHAT IS
43 PROVIDED IN INTERNAL REVENUE SERVICE FORM 990 AND ASSOCIATED ANNUAL
44 FINANCIAL REPORTS. ANY INCONSISTENCY MUST BE EXPLAINED IN THE AUDIT WITH

1 SPECIFIC PLANS ON HOW THE SUBJECT OF THE AUDIT INTENDS TO REMEDY THE
2 INCONSISTENCY IN THE FUTURE.

3 Sec. 8. Section 15-213, Arizona Revised Statutes, is amended to
4 read:

5 15-213. Procurement practices of school districts and charter
6 schools; violations; classification; definitions

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

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

41 2. The state board ~~of education~~ shall adopt rules for procurements
42 involving construction not exceeding \$150,000, which shall be known as the
43 simplified school construction procurement program. At a minimum, the
44 rules for a simplified construction procurement program shall require
45 that:

1 (a) Each county school superintendent maintain a list of persons
2 who desire to receive solicitations to bid on construction projects to
3 which additions shall be permitted throughout the year.

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

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

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

9 (e) All persons desiring to submit bids be treated equitably and
10 the information related to each project be available to all eligible
11 persons.

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

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

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

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

39 (a) That contracts for or purchases any materials, services, goods,
40 construction or construction services in a manner contrary to the rules
41 adopted by the state board pursuant to this section is personally liable
42 for the recovery of all public monies paid plus twenty percent of that
43 amount and legal interest from the date of payment and all costs and
44 damages arising out of the violation as prescribed in section 41-2616.

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

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

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

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

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

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

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

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

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

8 1. A statement of the reasons why no other specification is
9 practicable.

10 2. A description of the essential characteristics of the specified
11 product.

12 3. A statement specifically permitting an acceptable alternative
13 product to be supplied.

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

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

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

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

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

1 F. In addition to the requirements of sections 15-914 and
2 15-914.01, school districts, ~~nonexempt charter schools~~ and school
3 purchasing cooperatives, in connection with any audit conducted by a
4 certified public accountant, shall contract for a systematic review of
5 purchasing practices using methodology consistent with sampling guidelines
6 established by the auditor general. The auditor general shall consider
7 cost when establishing guidelines pursuant to this subsection and to the
8 extent possible shall attempt to minimize the cost of the review. The
9 purpose of the review is to determine whether the school district,
10 ~~nonexempt charter school~~ or school purchasing cooperative is in compliance
11 with the procurement laws and applicable procurement rules of this state.
12 A copy of the review shall be submitted on completion to the auditor
13 general. The auditor general may conduct discretionary reviews of school
14 districts, ~~nonexempt charter schools~~ and school purchasing cooperatives
15 that are not required to contract for independent audits. A CHARTER
16 SCHOOL AUDIT SHALL IDENTIFY THE SOURCE OF ANY PROFIT DISTRIBUTION THAT
17 EXCEEDS NET PROFITS FOR THAT YEAR.

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 \$1,000,000 or a higher or
34 lower amount prescribed by the governing board in a policy adopted in a
35 public meeting held pursuant to title 38, chapter 3, article 3.1.
36 Requirements shall not be artificially divided or fragmented in order to
37 constitute a job order that satisfies the requirements of this subsection.

38 N. A person who supervises or participates in contracts, purchases,
39 payments, claims or other financial transactions, or a person who
40 supervises or participates in the planning, recommending, selecting or
41 contracting for materials, services, goods, construction, or construction
42 services of a school district or school purchasing cooperative is guilty
43 of a class 6 felony if the person solicits, accepts or agrees to accept
44 any personal gift or benefit with a value of \$300 or more from a person or
45 vendor that has secured or has taken steps to secure a contract, purchase,

1 payment, claim or financial transaction with the school district or school
2 purchasing cooperative. Soliciting, accepting or agreeing to accept any
3 personal gift or benefit with a value of less than \$300 is a class 1
4 misdemeanor. A gift or benefit does not include an item of nominal value
5 such as a greeting card, t-shirt, mug or pen.

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

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

26 Q. For the purposes of this section:

27 1. "Gift or benefit" means a payment, distribution, expenditure,
28 advance, deposit or donation of monies, any intangible personal property
29 or any kind of tangible personal or real property. Gift or benefit does
30 not include either:

31 (a) Food or beverage.

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

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

38 ~~3.~~ 2. "School purchasing cooperative" means an entity that is
39 engaged in cooperative purchasing as defined in section 41-2631.

40 ~~4.~~ 3. "Total cost" means the cost of all materials and services,
41 including the cost of labor performed by employees of the school district,
42 for all construction as provided in subsection A of this section.

1 Sec. 9. Section 15-914.02, Arizona Revised Statutes, is amended to
2 read:

3 15-914.02. School districts; charter schools; audit

4 A school district OR CHARTER SCHOOL that is subject to audit
5 pursuant to section 41-1279.03 shall comply with the reporting, follow-up
6 and hearing participation requirements of that section.

7 Sec. 10. Section 41-1279.03, Arizona Revised Statutes, is amended
8 to read:

9 41-1279.03. Powers and duties

10 A. The auditor general shall:

11 1. Prepare an audit plan for approval by the committee and report
12 to the committee the results of each audit and investigation and other
13 reviews conducted by the auditor general.

14 2. Conduct or cause to be conducted at least biennial financial and
15 compliance audits of financial transactions and accounts kept by or for
16 all state agencies subject to the single audit act of 1984 (P.L. 98-502).
17 The audits shall be conducted in accordance with generally accepted
18 governmental auditing standards and accordingly shall include tests of the
19 accounting records and other auditing procedures as may be considered
20 necessary in the circumstances. The audits shall include the issuance of
21 suitable reports as required by the single audit act of 1984 (P.L. 98-502)
22 so that the legislature, the federal government and others will be
23 informed as to the adequacy of financial statements of ~~the~~ THIS state in
24 compliance with generally accepted governmental accounting principles and
25 to determine whether this state has complied with laws and regulations
26 that may have a material effect on the financial statements and on major
27 federal assistance programs.

28 3. Perform procedural reviews for all state agencies at times
29 determined by the auditor general. These reviews may include evaluation
30 of administrative and accounting internal controls and reports on these
31 reviews.

32 4. Perform special research requests, special audits and related
33 assignments as designated by the committee and conduct performance audits,
34 special audits, special research requests and investigations of any state
35 agency, whether created by the constitution or otherwise, as may be
36 requested by the committee.

37 5. Annually on or before the fourth Monday of December, prepare a
38 written report to the governor and to the committee that contains a
39 summary of activities for the previous fiscal year.

40 6. In the tenth year and in each fifth year thereafter in which a
41 transportation excise tax is in effect in a county as provided in section
42 42-6106 or 42-6107, conduct a performance audit that:

43 (a) Reviews past expenditures and future planned expenditures of
44 the transportation excise revenues and determines the impact of the
45 expenditures in solving transportation problems within the county and, for

1 a transportation excise tax in effect in a county as provided in section
2 42-6107, determines whether the expenditures of the transportation excise
3 revenues comply with section 28-6392, subsection B.

4 (b) Reviews projects completed to date and projects to be completed
5 during the remaining years in which a transportation excise tax is in
6 effect. Within six months after each review period, the auditor general
7 shall present a report to the speaker of the house of representatives and
8 the president of the senate detailing findings and making recommendations.

9 (c) Reviews, determines, reports and makes recommendations to the
10 speaker of the house of representatives and the president of the senate
11 whether the distribution of highway user revenues complies with title 28,
12 chapter 18, article 2.

13 7. If requested by the committee, conduct performance audits of
14 counties and incorporated cities and towns receiving highway user revenue
15 fund monies pursuant to title 28, chapter 18, article 2 to determine
16 whether the monies are being spent as provided in section 28-6533,
17 subsection B.

18 8. Perform special audits designated pursuant to law if the auditor
19 general determines that there are adequate monies appropriated for the
20 auditor general to complete the audit. If the auditor general determines
21 the appropriated monies are inadequate, the auditor general shall notify
22 the committee.

23 9. Establish a schoolwide audit team in the office of the auditor
24 general to conduct performance audits and monitor school districts **AND**
25 **CHARTER SCHOOLS** to determine the percentage of every dollar spent in the
26 classroom by the school district **OR CHARTER SCHOOL**. Each school district
27 **AND CHARTER SCHOOL** shall prominently post on its website home page a copy
28 of its profile pages that displays the percentage of every dollar spent in
29 the classroom by that school district **OR CHARTER SCHOOL** from the most
30 recent status report issued by the auditor general pursuant to this
31 paragraph. The performance audits shall determine whether school
32 districts **OR CHARTER SCHOOLS** that receive monies from the Arizona English
33 language learner fund established by section 15-756.04 and the statewide
34 compensatory instruction fund established by section 15-756.11 comply with
35 title 15, chapter 7, article 3.1. The auditor general shall determine,
36 through random selection, the school districts **AND CHARTER SCHOOLS** to be
37 audited each year, subject to review by the joint legislative audit
38 committee. A school district **OR CHARTER SCHOOL** that is subject to an
39 audit pursuant to this paragraph shall notify the auditor general in
40 writing whether the school district **OR CHARTER SCHOOL** agrees or disagrees
41 with the findings and recommendations of the audit and whether the school
42 district **OR CHARTER SCHOOL** will implement the findings and
43 recommendations, implement modifications to the findings and
44 recommendations or refuse to implement the findings and recommendations.
45 The school district **OR CHARTER SCHOOL** shall submit to the auditor general

1 a written status report on the implementation of the audit findings and
2 recommendations every six months for two years after an audit conducted
3 pursuant to this paragraph. The auditor general shall review the school
4 district's OR CHARTER SCHOOL'S progress toward implementing the findings
5 and recommendations of the audit every six months after ~~receipt of~~
6 RECEIVING the district's OR CHARTER SCHOOL'S status report for two years.
7 The auditor general may review a school district's OR CHARTER SCHOOL'S
8 progress beyond this two-year period for recommendations that have not yet
9 been implemented by the school district OR CHARTER SCHOOL. The auditor
10 general shall provide a status report of these reviews to the joint
11 legislative audit committee. The school district OR CHARTER SCHOOL shall
12 participate in any hearing scheduled during this review period by the
13 joint legislative audit committee or by any other legislative committee
14 designated by the joint legislative audit committee.

15 10. Annually review per diem compensation and reimbursement of
16 expenses for employees of this state and members of a state board,
17 commission, council or advisory committee by judgmentally selecting
18 samples and evaluating the propriety of per diem compensation and expense
19 reimbursements.

20 B. The auditor general may:

21 1. Subject to approval by the committee, adopt rules necessary to
22 administer the duties of the office.

23 2. Hire consultants to conduct the studies required by subsection
24 A, paragraphs 6 and 7 of this section.

25 C. If approved by the committee, the auditor general may charge a
26 reasonable fee for the cost of performing audits or providing accounting
27 services for auditing federal funds, special audits or special services
28 requested by political subdivisions of this state. Monies collected
29 pursuant to this subsection shall be deposited in the audit services
30 revolving fund.

31 D. The department of transportation, the board of supervisors of a
32 county that has approved a county transportation excise tax as provided in
33 section 42-6106 or 42-6107 and the governing bodies of counties, cities
34 and towns receiving highway user revenue fund monies shall cooperate with
35 and provide necessary information to the auditor general or the auditor
36 general's consultant.

37 E. The department of transportation shall reimburse the auditor
38 general as follows, and the auditor general shall deposit the reimbursed
39 monies in the audit services revolving fund:

40 1. For the cost of conducting the studies or hiring a consultant to
41 conduct the studies required by subsection A, paragraph 6, subdivisions
42 (a) and (b) of this section, from monies collected pursuant to a county
43 transportation excise tax levied pursuant to section 42-6106 or 42-6107.

