

REFERENCE TITLE: Arizona empowerment scholarships accounts; revisions

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Senate
Fifty-fifth Legislature
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2021

SB 1452

Introduced by
Senators Boyer: Barto, Borrelli, Gowan, Gray, Leach, Livingston, Mesnard,
Shope, Ugenti-Rita

AN ACT

AMENDING SECTIONS 15-901, 15-992, 15-2401, 15-2402, 15-2403 AND
41-1092.02, 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 15-901, Arizona Revised Statutes, is amended to
3 read:

4 15-901. Definitions

5 A. In this title, unless the context otherwise requires:

6 1. "Average daily membership" means the total enrollment of
7 fractional students and full-time students, minus withdrawals, of each
8 school day through the first one hundred days or two hundred days in
9 session, as applicable, for the current year. Withdrawals include
10 students who are formally withdrawn from schools and students who are
11 absent for ten consecutive school days, except for excused absences
12 identified by the department of education. For the purposes of this
13 section, school districts and charter schools shall report student absence
14 data to the department of education at least once every sixty days in
15 session. For computation purposes, the effective date of withdrawal shall
16 be retroactive to the last day of actual attendance of the student or
17 excused absence.

18 (a) "Fractional student" means:

19 (i) For common schools, a preschool child who is enrolled in a
20 program for preschool children with disabilities of at least three hundred
21 sixty minutes each week that meets at least two hundred sixteen hours over
22 the minimum number of days or a kindergarten student who is at least five
23 years of age before January 1 of the school year and enrolled in a school
24 kindergarten program that meets at least three hundred fifty-six hours for
25 a one hundred eighty-day school year, or the instructional hours
26 prescribed in this section. In computing the average daily membership,
27 preschool children with disabilities and kindergarten students shall be
28 counted as one-half of a full-time student. For common schools, a
29 part-time student is a student enrolled for less than the total time for a
30 full-time student as defined in this section. A part-time common school
31 student shall be counted as one-fourth, one-half or three-fourths of a
32 full-time student if the student is enrolled in an instructional program
33 that is at least one-fourth, one-half or three-fourths of the time a
34 full-time student is enrolled as defined in subdivision (b) of this
35 paragraph. The hours in which a student is scheduled to attend a common
36 school during the regular school day shall be included in the calculation
37 of the average daily membership for that student.

38 (ii) For high schools, a part-time student who is enrolled in less
39 than four subjects that count toward graduation as defined by the state
40 board of education, each of which, if taught each school day for the
41 minimum number of days required in a school year, would meet a minimum of
42 one hundred twenty-three hours a year, or the equivalent, in a recognized
43 high school. The average daily membership of a part-time high school
44 student shall be 0.75 if the student is enrolled in an instructional
45 program of three subjects that meet at least five hundred forty hours for

1 a one hundred eighty-day school year, or the instructional hours
2 prescribed in this section. The average daily membership of a part-time
3 high school student shall be 0.5 if the student is enrolled in an
4 instructional program of two subjects that meet at least three hundred
5 sixty hours for a one hundred eighty-day school year, or the instructional
6 hours prescribed in this section. The average daily membership of a
7 part-time high school student shall be 0.25 if the student is enrolled in
8 an instructional program of one subject that meets at least one hundred
9 eighty hours for a one hundred eighty-day school year, or the
10 instructional hours prescribed in this section. The hours in which a
11 student is scheduled to attend a high school during the regular school day
12 shall be included in the calculation of the average daily membership for
13 that student.

14 (b) "Full-time student" means:

15 (i) For common schools, a student who is at least six years of age
16 before January 1 of a school year, who has not graduated from the highest
17 grade taught in the school district and who is regularly enrolled in a
18 course of study required by the state board of education. First, second
19 and third grade students or ungraded group B children with disabilities
20 who are at least five, but under six, years of age by September 1 must be
21 enrolled in an instructional program that meets for a total of at least
22 seven hundred twelve hours for a one hundred eighty-day school year, or
23 the instructional hours prescribed in this section. Fourth, fifth, sixth,
24 seventh and eighth grade students must be enrolled in an instructional
25 program that meets for a total of at least eight hundred ninety hours for
26 a one hundred eighty-day school year, or the instructional hours
27 prescribed in this section, including the equivalent number of
28 instructional hours for schools that operate on a one hundred
29 forty-four-day school year. The hours in which a student is scheduled to
30 attend a common school during the regular school day shall be included in
31 the calculation of the average daily membership for that student.

32 (ii) For high schools, a student who has not graduated from the
33 highest grade taught in the school district and who is enrolled in at
34 least an instructional program of four or more subjects that count toward
35 graduation as defined by the state board of education, each of which, if
36 taught each school day for the minimum number of days required in a school
37 year, would meet a minimum of one hundred twenty-three hours a year, or
38 the equivalent, that meets for a total of at least seven hundred twenty
39 hours for a one hundred eighty-day school year, or the instructional hours
40 prescribed in this section in a recognized high school. A full-time
41 student shall not be counted more than once for computation of average
42 daily membership. The average daily membership of a full-time high school
43 student shall be 1.0 if the student is enrolled in at least four subjects
44 that meet at least seven hundred twenty hours for a one hundred eighty-day
45 school year, or the equivalent instructional hours prescribed in this

1 section. The hours in which a student is scheduled to attend a high
2 school during the regular school day shall be included in the calculation
3 of the average daily membership for that student.

4 (iii) If a child who has not reached five years of age before
5 September 1 of the current school year is admitted to kindergarten and
6 repeats kindergarten in the following school year, a school district or
7 charter school is not eligible to receive basic state aid on behalf of
8 that child during the child's second year of kindergarten. If a child who
9 has not reached five years of age before September 1 of the current school
10 year is admitted to kindergarten but does not remain enrolled, a school
11 district or charter school may receive a portion of basic state aid on
12 behalf of that child in the subsequent year. A school district or charter
13 school may charge tuition for any child who is ineligible for basic state
14 aid pursuant to this item.

15 (iv) Except as otherwise provided by law, for a full-time high
16 school student who is concurrently enrolled in two school districts or two
17 charter schools, the average daily membership shall not exceed 1.0.

18 (v) Except as otherwise provided by law, for any student who is
19 concurrently enrolled in a school district and a charter school, the
20 average daily membership shall be apportioned between the school district
21 and the charter school and shall not exceed 1.0. The apportionment shall
22 be based on the percentage of total time that the student is enrolled in
23 or in attendance at the school district and the charter school.

24 (vi) Except as otherwise provided by law, for any student who is
25 concurrently enrolled, pursuant to section 15-808, in a school district
26 and Arizona online instruction or a charter school and Arizona online
27 instruction, the average daily membership shall be apportioned between the
28 school district and Arizona online instruction or the charter school and
29 Arizona online instruction and shall not exceed 1.0. The apportionment
30 shall be based on the percentage of total time that the student is
31 enrolled in or in attendance at the school district and Arizona online
32 instruction or the charter school and Arizona online instruction.

33 (vii) For homebound or hospitalized, a student receiving at least
34 four hours of instruction per week.

35 (c) "Regular school day" means the regularly scheduled class
36 periods intended for instructional purposes. Instructional purposes may
37 include core subjects, elective subjects, lunch, study halls, music
38 instruction, and other classes that advance the academic instruction of
39 pupils, except that instructional purposes shall not include athletic
40 practices or extracurricular clubs and activities.

41 2. "Budget year" means the fiscal year for which the school
42 district is budgeting and that immediately follows the current year.

43 3. "Common school district" means a political subdivision of this
44 state offering instruction to students in programs for preschool children
45 with disabilities and kindergarten programs and either:

1 (a) Grades one through eight.

2 (b) Grades one through nine pursuant to section 15-447.01.

3 4. "Current year" means the fiscal year in which a school district
4 is operating.

5 5. "Daily attendance" means:

6 (a) For common schools, days in which a pupil:

7 (i) Of a kindergarten program or ungraded, but not group B children
8 with disabilities, who is at least five, but under six, years of age by
9 September 1 attends at least three-quarters of the instructional time
10 scheduled for the day. If the total instruction time scheduled for the
11 year is at least three hundred fifty-six hours but is less than seven
12 hundred twelve hours, such attendance shall be counted as one-half day of
13 attendance. If the instructional time scheduled for the year is at least
14 six hundred ninety-two hours, "daily attendance" means days in which a
15 pupil attends at least one-half of the instructional time scheduled for
16 the day. Such attendance shall be counted as one-half day of attendance.

17 (ii) Of the first, second or third grades attends more than
18 three-quarters of the instructional time scheduled for the day.

19 (iii) Of the fourth, fifth or sixth grades attends more than
20 three-quarters of the instructional time scheduled for the day, except as
21 provided in section 15-797.

22 (iv) Of the seventh or eighth grades attends more than
23 three-quarters of the instructional time scheduled for the day, except as
24 provided in section 15-797.

25 (b) For common schools, the attendance of a pupil at three-quarters
26 or less of the instructional time scheduled for the day shall be counted
27 as follows, except as provided in section 15-797 and except that
28 attendance for a fractional student shall not exceed the pupil's
29 fractional membership:

30 (i) If attendance for all pupils in the school is based on quarter
31 days, the attendance of a pupil shall be counted as one-fourth of a day's
32 attendance for each one-fourth of full-time instructional time attended.

33 (ii) If attendance for all pupils in the school is based on half
34 days, the attendance of at least three-quarters of the instructional time
35 scheduled for the day shall be counted as a full day's attendance and
36 attendance at a minimum of one-half but less than three-quarters of the
37 instructional time scheduled for the day equals one-half day of
38 attendance.

39 (c) For common schools, the attendance of a preschool child with
40 disabilities shall be counted as one-fourth day's attendance for each
41 thirty-six minutes of attendance, except as provided in paragraph 1,
42 subdivision (a), item (i) of this subsection for children with
43 disabilities up to a maximum of three hundred sixty minutes each week.

44 (d) For high schools, the attendance of a pupil shall not be
45 counted as a full day unless the pupil is actually and physically in

attendance and enrolled in and carrying four subjects, each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, that count toward graduation in a recognized high school except as provided in section 15-797 and subdivision (e) of this paragraph. Attendance of a pupil carrying less than the load prescribed shall be prorated.

(e) For high schools, the attendance of a pupil may be counted as one-fourth of a day's attendance for each sixty minutes of instructional time in a subject that counts toward graduation, except that attendance for a pupil shall not exceed the pupil's full or fractional membership.

(f) For homebound or hospitalized, a full day of attendance may be counted for each day during a week in which the student receives at least four hours of instruction.

(g) For school districts that maintain school for an approved year-round school year operation, attendance shall be based on a computation, as prescribed by the superintendent of public instruction, of the one hundred eighty days' equivalency or two hundred days' equivalency, as applicable, of instructional time as approved by the superintendent of public instruction during which each pupil is enrolled.

6. "Daily route mileage" means the sum of:

(a) The total number of miles driven daily by all buses of a school district while transporting eligible students from their residence to the school of attendance and from the school of attendance to their residence on scheduled routes approved by the superintendent of public instruction.

(b) The total number of miles driven daily on routes approved by the superintendent of public instruction for which a private party, a political subdivision or a common or a contract carrier is reimbursed for bringing an eligible student from the place of the student's residence to a school transportation pickup point or to the school of attendance and from the school transportation scheduled return point or from the school of attendance to the student's residence. Daily route mileage includes the total number of miles necessary to drive to transport eligible students from and to their residence as provided in this paragraph.

7. "District support level" means the base support level plus the transportation support level.

8. "Eligible students" means:

(a) Students who are transported by or for a school district and who qualify as full-time students or fractional students, except students for whom transportation is paid by another school district or a county school superintendent, and:

(i) For common school students, whose place of actual residence within the school district is more than one mile from the school facility of attendance or students who are admitted pursuant to section 15-816.01 and who meet the economic eligibility requirements established under the

1 national school lunch and child nutrition acts (42 United States Code
2 sections 1751 through 1793) for free or reduced-price lunches and whose
3 actual place of residence outside the school district boundaries is more
4 than one mile from the school facility of attendance.

5 (ii) For high school students, whose place of actual residence
6 within the school district is more than one and one-half miles from the
7 school facility of attendance or students who are admitted pursuant to
8 section 15-816.01 and who meet the economic eligibility requirements
9 established under the national school lunch and child nutrition acts
10 (42 United States Code sections 1751 through 1793) for free or
11 reduced-price lunches and whose actual place of residence outside the
12 school district boundaries is more than one and one-half miles from the
13 school facility of attendance.

14 (b) Kindergarten students, for purposes of computing the number of
15 eligible students under subdivision (a), item (i) of this paragraph, shall
16 be counted as full-time students, notwithstanding any other provision of
17 law.

18 (c) Children with disabilities, as defined by section 15-761, who
19 are transported by or for the school district or who are admitted pursuant
20 to chapter 8, article 1.1 of this title and who qualify as full-time
21 students or fractional students regardless of location or residence within
22 the school district or children with disabilities whose transportation is
23 required by the pupil's individualized education program.

24 (d) Students whose residence is outside the school district and who
25 are transported within the school district on the same basis as students
26 who reside in the school district.

27 9. "Enrolled" or "enrollment" means that a pupil is currently
28 registered in the school district.

29 10. "GDP price deflator" means the average of the four implicit
30 price deflators for the gross domestic product reported by the United
31 States department of commerce for the four quarters of the calendar year.

32 11. "High school district" means a political subdivision of this
33 state offering instruction to students for grades nine through twelve or
34 that portion of the budget of a common school district that is allocated
35 to teaching high school subjects with permission of the state board of
36 education.

37 12. "Revenue control limit" means the base revenue control limit
38 plus the transportation revenue control limit.

39 13. "Student count" means average daily membership as prescribed in
40 this subsection for the fiscal year before the current year, except that
41 for the purpose of budget preparation student count means average daily
42 membership as prescribed in this subsection for the current year.

43 14. "Submit electronically" means submitted in a format and in a
44 manner prescribed by the department of education.

15. "Total bus mileage" means the total number of miles driven by all buses of a school district during the school year.

16. "Total students transported" means all eligible students transported from their place of residence to a school transportation pickup point or to the school of attendance and from the school of attendance or from the school transportation scheduled return point to their place of residence.

17. "Unified school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through twelve.

B. In this title, unless the context otherwise requires:

1. "Base" means the revenue level per student count specified by the legislature.

2. "Base level" means the following amounts plus the percentage increases to the base level as provided in sections 15-902.04 and 15-952, except that if a school district or charter school is eligible for an increase in the base level as provided in two or more of these sections, the base level amount shall be calculated by compounding rather than adding the sum of one plus the percentage of the increase from those different sections:

~~(a) For fiscal year 2018-2019, \$3,960.07.~~

~~(b)~~ (a) For fiscal year 2019-2020, \$4,150.43.

~~(c)~~ (b) For fiscal year 2020-2021, \$4,305.73.

(c) FOR FISCAL YEAR 2021-2022, \$4,345.00.

3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.

4. "Base support level" means the base support level as provided in section 15-943.

5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to schoolchildren in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.

6. "DD" means programs for children with developmental delays who are at least three years of age but under ten years of age. A preschool child who is categorized under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).

7. "ED, MIID, SLD, SLI and OHI" means programs for children with emotional disabilities, mild intellectual disabilities, a specific learning disability, a speech/language impairment and other health impairments. A preschool child who is categorized as SLI under this paragraph is not eligible to receive funding pursuant to section 15-943, paragraph 2, subdivision (b).

8. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in

1 section 15-765, subsection D, paragraph 1 or in an intensive school
2 district program as provided in section 15-765, subsection D, paragraph 2.

3 9. "ELL" means English learners who do not speak English or whose
4 native language is not English, who are not currently able to perform
5 ordinary classroom work in English and who are enrolled in an English
6 language education program pursuant to sections 15-751, 15-752 and 15-753.

7 10. "Full-time equivalent certified teacher" or "FTE certified
8 teacher" means for a certified teacher the following:

9 (a) If employed full time as defined in section 15-501, 1.00.

10 (b) If employed less than full time, multiply 1.00 by the
11 percentage of a full school day, or its equivalent, or a full class load,
12 or its equivalent, for which the teacher is employed as determined by the
13 governing board.

14 11. "Group A" means educational programs for career exploration, a
15 specific learning disability, an emotional disability, a mild intellectual
16 disability, remedial education, a speech/language impairment,
17 developmental delay, homebound, bilingual, other health impairments and
18 gifted pupils.

19 12. "Group B" means educational improvements for pupils in
20 kindergarten programs and grades one through three, educational programs
21 for autism, a hearing impairment, a moderate intellectual disability,
22 multiple disabilities, multiple disabilities with severe sensory
23 impairment, orthopedic impairments, preschool severe delay, a severe
24 intellectual disability and emotional disabilities for school age pupils
25 enrolled in private special education programs or in school district
26 programs for children with severe disabilities or visual impairment and
27 English learners enrolled in a program to promote English language
28 proficiency pursuant to section 15-752.

29 13. "HI" means programs for pupils with hearing impairment.

30 14. "Homebound" or "hospitalized" means a pupil who is capable of
31 profiting from academic instruction but is unable to attend school due to
32 illness, disease, accident or other health conditions, who has been
33 examined by a competent medical doctor and who is certified by that doctor
34 as being unable to attend regular classes for a period of not less than
35 three school months or a pupil who is capable of profiting from academic
36 instruction but is unable to attend school regularly due to chronic or
37 acute health problems, who has been examined by a competent medical doctor
38 and who is certified by that doctor as being unable to attend regular
39 classes for intermittent periods of time totaling three school months
40 during a school year. The medical certification shall state the general
41 medical condition, such as illness, disease or chronic health condition,
42 that is the reason that the pupil is unable to attend school. Homebound
43 or hospitalized includes a student who is unable to attend school for a
44 period of less than three months due to a pregnancy if a competent medical
45 doctor, after an examination, certifies that the student is unable to

1 attend regular classes due to risk to the pregnancy or to the student's
2 health.

3 15. "K-3" means kindergarten programs and grades one through three.

4 16. "K-3 reading" means reading programs for pupils in kindergarten
5 programs and grades one, two and three.

6 17. "MD-R, A-R and SID-R" means resource programs for pupils with
7 multiple disabilities, autism and severe intellectual disability.

8 18. "MD-SC, A-SC and SID-SC" means self-contained programs for
9 pupils with multiple disabilities, autism and severe intellectual
10 disability.

11 19. "MD-SSI" means a program for pupils with multiple disabilities
12 with severe sensory impairment.

13 20. "MOID" means programs for pupils with moderate intellectual
14 disability.

15 21. "OI-R" means a resource program for pupils with orthopedic
16 impairments.

17 22. "OI-SC" means a self-contained program for pupils with
18 orthopedic impairments.

19 23. "PSD" means preschool programs for children with disabilities
20 as provided in section 15-771.

21 24. "P-SD" means programs for children who meet the definition of
22 preschool severe delay as provided in section 15-771.

23 25. "Qualifying tax rate" means the qualifying tax rate specified
24 in section 15-971 applied to the assessed valuation used for primary
25 property taxes.

26 26. "Small isolated school district" means a school district that
27 meets all of the following:

28 (a) Has a student count of fewer than six hundred in kindergarten
29 programs and grades one through eight or grades nine through twelve.

30 (b) Contains no school that is fewer than thirty miles by the most
31 reasonable route from another school, or, if road conditions and terrain
32 make the driving slow or hazardous, fifteen miles from another school that
33 teaches one or more of the same grades and is operated by another school
34 district in this state.

35 (c) Is designated as a small isolated school district by the
36 superintendent of public instruction.

37 27. "Small school district" means a school district that meets all
38 of the following:

39 (a) Has a student count of fewer than six hundred in kindergarten
40 programs and grades one through eight or grades nine through twelve.

41 (b) Contains at least one school that is fewer than thirty miles by
42 the most reasonable route from another school that teaches one or more of
43 the same grades and is operated by another school district in this state.

44 (c) Is designated as a small school district by the superintendent
45 of public instruction.

28. "Transportation revenue control limit" means the transportation revenue control limit computed as prescribed in section 15-946.

29. "Transportation support level" means the support level for pupil transportation operating expenses as provided in section 15-945.

30. "VI" means programs for pupils with visual impairments.

Sec. 2. Section 15-992, Arizona Revised Statutes, is amended to read:

15-992. School district tax levy; additional tax in districts ineligible for equalization assistance; definition

A. The board of supervisors of each county, at the time of levying other taxes, shall annually levy school district taxes on the property in any school district in which additional amounts are required, which shall be at rates prescribed in this section. A delinquency factor for estimated uncollected taxes may not be included in the computation of the primary tax rate for school district taxes. Local property taxes may not be levied for any deficit in the classroom site fund. The taxes shall be added to and collected in the same manner as other county taxes on the property within the school district. The amount of the school district taxes levied on the property in a particular school district shall be paid into the school fund of that school district.

B. At the same time of levying taxes as provided in subsection A of this section, the county board of supervisors shall annually levy an additional tax in each school district that is not eligible for equalization assistance as provided in section 15-971 in an amount determined as follows:

1. Determine the levy that would be produced by fifty percent of the applicable qualifying tax rate, prescribed in section 15-971, subsection B, per ~~one hundred dollars~~ \$100 assessed valuation.

2. Subtract the amount determined in section 15-971, subsection A from the levy determined in paragraph 1 of this subsection. This difference is the additional amount levied or collected as voluntary contributions pursuant to title 48, chapter 1, article 8, except ~~that~~ AS PRESCRIBED IN PARAGRAPH 3 OF THIS SUBSECTION.

3. If the difference CALCULATED PURSUANT TO PARAGRAPH 2 OF THIS SUBSECTION is zero or is a negative number, ~~there shall be no~~ THE levy SHALL INSTEAD EQUAL A PORTION OF THE AMOUNT THAT EACH SCHOOL DISTRICT'S TAX LEVIES ARE OTHERWISE REDUCED BY THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM IN THE CURRENT YEAR, CALCULATED AS THE TOTAL AMOUNT ALLOCATED PURSUANT TO SECTION 15-2402 TO STUDENTS WHO RESIDE WITHIN THE SCHOOL DISTRICT AND WHO PREVIOUSLY TRANSFERRED FROM THE DISTRICT ON OR AFTER JULY 1, 2021 TO THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM AND CURRENTLY PARTICIPATE IN THE PROGRAM, AS DETERMINED BY THE DEPARTMENT OF EDUCATION. THIS LEVY MAY NOT EXCEED THE DIFFERENCE BETWEEN THE LEVY THAT WOULD BE PRODUCED BY THE APPLICABLE QUALIFYING TAX RATE, PRESCRIBED

1 IN SECTION 15-971, SUBSECTION B, PER \$100 ASSESSED VALUATION AND THE
2 AMOUNT DETERMINED IN SECTION 15-971, SUBSECTION A.

3 C. Monies collected pursuant to subsection B of this section shall
4 be transmitted to the state treasurer for deposit in the state general
5 fund to aid in school financial assistance, EXCEPT THAT MONIES COLLECTED
6 PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS SECTION SHALL BE TRANSMITTED
7 TO THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS OF HOLDERS WHO RESIDE
8 WITHIN THE SCHOOL DISTRICT UP TO THE AMOUNT THE DEPARTMENT OF EDUCATION
9 WOULD ALLOCATE TO EACH ACCOUNT HOLDER PURSUANT TO SECTION 15-2402.
10 NOTWITHSTANDING SECTION 15-2402, THE DEPARTMENT OF EDUCATION SHALL REDUCE
11 THE AMOUNT THE DEPARTMENT WOULD OTHERWISE TRANSFER FOR DEPOSIT TO ARIZONA
12 EMPOWERMENT SCHOLARSHIP ACCOUNTS BY AN AMOUNT EQUAL TO THE MONIES THOSE
13 ACCOUNT HOLDERS RECEIVE PURSUANT TO THIS SECTION.

14 D. The additional tax prescribed in subsection B of this section is
15 considered to be primary property tax for purposes of section 15-972,
16 subsection B, except that this state is not required to make the payments
17 prescribed in section 15-972, subsection H for these reductions in taxes.

18 E. The tax levy prescribed in subsection A of this section shall be
19 a rate equal to the applicable qualifying tax rate or rates as prescribed
20 in section 15-971, subsection B or a rate that would result in a levy that
21 equals the school district equalization assistance base prescribed in
22 section 15-971 subtracted by any amount received pursuant to section
23 15-905, subsections K, O and P per ~~one hundred dollars~~ \$100 of assessed
24 valuation used for primary property taxes, whichever is less.

25 F. At the time of levying taxes as provided in subsection E of this
26 section, the county school superintendent shall annually validate any
27 additional primary school district tax levy amount requests from each
28 school district and levy the sum of the following amounts:

29 1. A rate that would result in a levy that equals the difference
30 between the transportation revenue control limit as determined in section
31 15-946 and the transportation support level as determined in section
32 15-945 or a lesser amount.

33 2. A rate that would result in a levy that equals any amount
34 pursuant to section 15-910.

35 3. A rate that would result in a levy that equals any amount for
36 tuition loss as determined in section 15-954.

37 4. A rate that would result in a levy that equals any amount for
38 the small school adjustment as determined in section 15-949.

39 5. A rate that would result in a levy that equals any amount for
40 liabilities in excess of the school district budget pursuant to section
41 15-907.

42 6. A rate that would result in a levy that equals any amount for
43 adjacent ways pursuant to section 15-995.

44 7. A rate that would result in a levy that equals the amount not
45 captured by the qualifying tax rate as a result of property subject to the

government property lease excise tax pursuant to title 42, chapter 6, article 5 as calculated in section 15-971, subsection B, paragraph 2.

8. Following the recommendation of the county school superintendent and on approval by the county board of supervisors, for a school district that is not eligible for state aid, a rate that would result in a levy that equals any legal amount not levied in the current year as a result of underestimated average daily membership in the current year or as a result of a judgment in accordance with section 42-16213.

9. A rate that would result in a levy that equals any amount pursuant to a qualifying dropout prevention program that was originally established by law in 1987.

10. On the recommendation of the county school superintendent and on approval by the county board of supervisors before adoption of tax rates pursuant to section 42-17151, a rate that would result in a levy that equals any separately stated cash deficit from the prior fiscal year resulting from an anticipated or actual deviation in the property tax roll, including resolutions or judgments pursuant to title 42, chapter 16, articles 5 and 6.

G. For the purposes of this section, "assessed valuation" includes the values used to determine voluntary contributions collected pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

Sec. 3. Section 15-2401, Arizona Revised Statutes, is amended to read:

15-2401. Definitions

In this chapter, unless the context otherwise requires:

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

2. "CHILD WHO RECEIVES FEDERAL TITLE I SERVICES FOR LOW-INCOME STUDENTS UNDER THE EVERY STUDENT SUCCEEDS ACT (P.L. 114-95; 129 STAT. 1802)":

(a) MEANS A STUDENT WHO RECEIVES TARGETED ASSISTANCE SERVICES OR ATTENDING A SCHOOL THAT QUALIFIES FOR SCHOOLWIDE TITLE I PROGRAM FUNDING FOR LOW-INCOME STUDENTS PURSUANT TO TITLE I, PART A, SUBPART 1, SECTION 1114 OR 1115 OF THE EVERY STUDENT SUCCEEDS ACT (P.L. 114-95; 129 STAT. 1802), OR ITS SUCCESSOR LEGISLATION.

(b) INCLUDES A STUDENT WHO IS ELIGIBLE TO ATTEND KINDERGARTEN AND WHO RESIDES WITHIN THE ATTENDANCE BOUNDARY OF A SCHOOL THAT QUALIFIES FOR SCHOOLWIDE TITLE I PROGRAM FUNDING FOR LOW-INCOME STUDENTS PURSUANT TO

1 TITLE I, PART A, SUBPART 1, SECTION 1114 OF THE EVERY STUDENT SUCCEEDS
2 ACT (P.L. 114-95; 129 STAT. 1802), OR ITS SUCCESSOR LEGISLATION.

3 3. "CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHES UNDER THE
4 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS" INCLUDES A STUDENT WHO
5 MEETS THE ELIGIBILITY REQUIREMENTS ESTABLISHED UNDER THE NATIONAL SCHOOL
6 LUNCH AND CHILD NUTRITION ACTS (42 UNITED STATES CODE SECTIONS 1751
7 THROUGH 1793) FOR FREE OR REDUCED-PRICE LUNCHES, OR AN EQUIVALENT MEASURE
8 RECOGNIZED FOR PARTICIPATING IN THE FEDERAL FREE AND REDUCED-PRICE LUNCH
9 PROGRAM AND OTHER SCHOOL PROGRAMS DEPENDENT ON A POVERTY MEASURE.

10 ~~2.~~ 4. "Curriculum" means a course of study for content areas or
11 grade levels, including any supplemental materials required or recommended
12 by the curriculum, approved by the department.

13 ~~3.~~ 5. "Department" means the department of education.

14 ~~4.~~ 6. "Eligible postsecondary institution" means a community
15 college as defined in section 15-1401, a university under the jurisdiction
16 of the Arizona board of regents or an accredited private postsecondary
17 institution.

18 ~~5.~~ 7. "Parent" means a resident of this state who is the parent,
19 stepparent or legal guardian of a qualified student.

20 ~~6.~~ 8. "Qualified school" means a nongovernmental primary or
21 secondary school or a preschool for pupils with disabilities that is
22 located in this state or, for qualified students who reside within the
23 boundaries of an Indian reservation in this state, that is located in an
24 adjacent state and that is within two miles of the border of the state in
25 which the qualified student resides, and that does not discriminate on the
26 basis of race, color or national origin.

27 ~~7.~~ 9. "Qualified student" means a resident of this state who:

28 (a) Is any of the following:

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

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

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

36 (iv) Attending a school or school district that has been assigned a
37 letter grade of D or F pursuant to section 15-241 or who is currently
38 eligible to attend kindergarten and who resides within the attendance
39 boundary of a school that has been assigned a letter grade of D or F
40 pursuant to section 15-241.

41 (v) A previous recipient of a scholarship issued pursuant to
42 section 15-891 or this section, unless the qualified student's parent has
43 been removed from eligibility in the program for failure to comply
44 pursuant to section 15-2403, subsection C.

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

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

8 (viii) A child who was a ward of the juvenile court and who
9 achieved permanency through adoption or permanent guardianship.

10 (ix) A child who is the sibling of a current or previous Arizona
11 empowerment scholarship account recipient or of an eligible qualified
12 student who accepts the terms of and enrolls in an Arizona empowerment
13 scholarship account.

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

17 (xi) A child of a parent who is legally blind or deaf or hard of
18 hearing as defined in section 36-1941.

19 (xii) A CHILD WHO RECEIVES FEDERAL TITLE I SERVICES FOR LOW-INCOME
20 STUDENTS UNDER THE EVERY STUDENT SUCCEEDS ACT (P.L. 114-95; 129 STAT.
21 1802) OR A CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHES UNDER THE
22 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS.

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

25 (i) Attended a governmental primary or secondary school as a
26 full-time student as defined in section 15-901 for at least ~~the first one~~
27 ~~hundred~~ THIRTY days of the CURRENT OR prior fiscal year and who
28 transferred from a governmental primary or secondary school under a
29 contract to participate in an Arizona empowerment scholarship account.
30 First, second and third grade students who are enrolled in Arizona online
31 instruction must receive four hundred hours of logged instruction to be
32 eligible pursuant to this item. Fourth, fifth and sixth grade students
33 who are enrolled in Arizona online instruction must receive five hundred
34 hours of logged instruction to be eligible pursuant to this item. Seventh
35 and eighth grade students who are enrolled in Arizona online instruction
36 must receive five hundred fifty hours of logged instruction to be eligible
37 pursuant to this item. High school students who are enrolled in Arizona
38 online instruction must receive five hundred hours of logged instruction
39 to be eligible pursuant to this item.

40 (ii) Previously participated in an Arizona empowerment scholarship
41 account.

42 (iii) Received a scholarship under section 43-1505 and who
43 continues to attend a qualified school if the student attended a
44 governmental primary or secondary school as a full-time student as defined

in section 15-901 for at least ninety days of the prior fiscal year or one full semester before attending a qualified school.

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

(v) Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a kindergarten program in a school district or charter school in this state or attended a program for preschool children with disabilities.

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

(vii) **WAS COUNTED AMONG THE AVERAGE DAILY MEMBERSHIP FOR THE PURPOSES OF DETERMINING STATE FUNDING AT ANY GOVERNMENTAL PRIMARY OR SECONDARY SCHOOL IN THIS STATE IN THE PRIOR FISCAL YEAR, INCLUDING AS AN ARIZONA ONLINE INSTRUCTION STUDENT.**

~~8.~~ 10. "Treasurer" means the office of the state treasurer.

Sec. 4. Section 15-2402, Arizona Revised Statutes, is amended to read:

15-2402. Arizona empowerment scholarship accounts; funds

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

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

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

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

3. Not accept a scholarship from a school tuition organization pursuant to title 43 concurrently with an Arizona empowerment scholarship account for the qualified student in the same year a parent signs the

1 agreement pursuant to this section BEFORE GRADE NINE OR IN ANY YEAR IF THE
2 COMBINED SCHOLARSHIP AWARDS EXCEED THE TOTAL PER PUPIL SPENDING OF THE
3 PUBLIC SCHOOL DISTRICT IN WHICH THE STUDENT RESIDES, AS REPORTED BY THE
4 STATE AUDITOR GENERAL FOR THE PRIOR YEAR.

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

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

9 (b) Textbooks required by a qualified school.

10 (c) If the qualified student meets any of the criteria specified in
11 section 15-2401, paragraph ~~7~~ 9, subdivision (a), item (i), (ii) or (iii)
12 as determined by a school district or by an independent third party
13 pursuant to section 15-2403, subsection I, the qualified student may use
14 the following additional services:

15 (i) Educational therapies from a licensed or accredited
16 practitioner or provider, INCLUDING AND UP TO ANY AMOUNT NOT COVERED BY
17 INSURANCE IF THE EXPENSE IS PARTIALLY PAID BY A HEALTH INSURANCE POLICY
18 FOR THE QUALIFIED STUDENT.

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

20 (iii) Tuition for vocational and life skills education approved by
21 the department.

22 (iv) Associated goods and services that include educational and
23 psychological evaluations, assistive technology rentals and braille
24 translation goods and services approved by the department.

25 (d) Tutoring or teaching services provided by an individual or
26 facility accredited by a state, regional or national accrediting
27 organization.

28 (e) Curricula and supplementary materials.

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

30 (g) Fees for a nationally standardized norm-referenced achievement
31 test, an advanced placement examination or any exams related to college or
32 university admission.

33 (h) Tuition or fees at an eligible postsecondary institution.

34 (i) Textbooks required by an eligible postsecondary institution.

35 (j) Fees to manage the Arizona empowerment scholarship account.

36 (k) Services provided by a public school, including individual
37 classes and extracurricular programs.

38 (l) Insurance or surety bond payments.

39 (m) Uniforms purchased from or through a qualified school.

40 (n) If the qualified student meets the criteria specified in
41 section 15-2401, paragraph ~~7~~ 9, subdivision (a), item (i), (ii) or (iii)
42 and if the qualified student is in the second year prior to the final year
43 of a contract executed pursuant to this article, costs associated with an
44 annual education plan conducted by an independent evaluation team. The
45 department shall prescribe minimum qualifications for independent

1 evaluation teams pursuant to this subdivision and factors that teams must
2 use to determine whether the qualified student shall be eligible to
3 continue to receive monies pursuant to this article through the school
4 year in which the qualified student reaches twenty-two years of age. An
5 independent evaluation team that provides an annual education plan
6 pursuant to this subdivision shall submit a written report that summarizes
7 the results of the evaluation to the parent of the qualified student and
8 to the department on or before July 31. The written report submitted by
9 the independent evaluation team is valid for one year. If the department
10 determines that the qualified student meets the eligibility criteria
11 prescribed in the annual education plan, the qualified student is eligible
12 to continue to receive monies pursuant to this article until the qualified
13 student reaches twenty-two years of age, subject to annual review. A
14 parent may appeal the department's decision pursuant to title 41, chapter
15 6, article 10. As an addendum to a qualified student's final-year
16 contract, the department shall provide the following written information
17 to the parent of the qualified student:

18 (i) That the qualified student will not be eligible to continue to
19 receive monies pursuant to this article unless the results of an annual
20 education plan conducted pursuant to this subdivision demonstrate that the
21 qualified student meets the eligibility criteria prescribed in the annual
22 education plan.

23 (ii) That the parent is entitled to obtain an annual education plan
24 pursuant to this subdivision to determine whether the qualified student
25 meets the eligibility criteria prescribed in the annual education plan.

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

28 (o) PUBLIC TRANSPORTATION SERVICES IN THIS STATE, INCLUDING A
29 COMMUTER PASS FOR THE QUALIFIED STUDENT, OR COMMERCIAL TRANSPORTATION
30 SERVICE BETWEEN THE QUALIFIED STUDENT'S RESIDENCE AND A QUALIFIED SCHOOL
31 IN WHICH THE QUALIFIED STUDENT IS ENROLLED.

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

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

36 (a) Computer hardware or other technological devices, except as
37 otherwise allowed under paragraph 4, subdivision (c) of this subsection.

38 (b) Transportation of the pupil, EXCEPT FOR TRANSPORTATION SERVICES
39 AS DESCRIBED IN PARAGRAPH 4, SUBDIVISION (o) OF THIS SUBSECTION.

40 (c) Consumable educational supplies, including paper, pens or
41 markers.

42 C. In exchange for the parent's agreement pursuant to subsection B
43 of this section, the department shall transfer from the monies that would
44 otherwise be allocated to a recipient's prior school district, or if the
45 child is currently eligible to attend kindergarten, the monies that the

1 department determines would otherwise be allocated to a recipient's
2 expected school district of attendance, to the treasurer for deposit into
3 an Arizona empowerment scholarship account an amount that is equivalent to
4 ninety percent of the sum of the base support level and additional
5 assistance prescribed in sections 15-185 and 15-943 for that particular
6 student if that student were attending a charter school.

7 D. A CHILD WHO PARTICIPATES IN AN ARIZONA EMPOWERMENT SCHOLARSHIP
8 ACCOUNT CONTINUES TO BE ENTITLED TO AN EQUITABLE SHARE OF THE FUNDING THAT
9 WOULD OTHERWISE BE ALLOCATED TO A CHARTER SCHOOL OR SCHOOL DISTRICT FOR
10 THAT CHILD FROM THE CLASSROOM SITE FUND ESTABLISHED BY SECTION 15-977. TO
11 ENSURE THIS EQUITY, AND IN RECOGNITION OF THE FACT A CHILD'S PRIMARY
12 INSTRUCTION MAY TAKE PLACE IN A VARIETY OF SETTINGS:

13 1. NOTWITHSTANDING ANY OTHER LAW, A CHILD WHO IS PARTICIPATING IN
14 AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT SHALL BE INCLUDED IN THE
15 ESTIMATED STATEWIDE WEIGHTED STUDENT COUNT FOR THE PURPOSES OF CALCULATING
16 THE PER PUPIL AMOUNT FROM THE CLASSROOM SITE FUND PURSUANT TO SECTION
17 15-977, SUBSECTION G, PARAGRAPH 1 AS LONG AS THAT STUDENT CONTINUES TO
18 PARTICIPATE IN AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT.

19 2. IN ADDITION TO ANY AMOUNTS TRANSFERRED FROM THE CLASSROOM SITE
20 FUND ESTABLISHED BY SECTION 15-977 TO A SCHOOL DISTRICT OR CHARTER SCHOOL,
21 THE DEPARTMENT SHALL ANNUALLY TRANSFER FROM THE FUND TO THE TREASURER FOR
22 DEPOSIT IN EACH ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT AN AMOUNT THAT IS
23 EQUIVALENT TO THE PER PUPIL AMOUNT MULTIPLIED BY THE STUDENT'S WEIGHTED
24 COUNT THAT WOULD BE CALCULATED IF THAT STUDENT WERE ATTENDING THE
25 STUDENT'S PRIOR SCHOOL DISTRICT OR CHARTER SCHOOL OR, IF THE CHILD IS AN
26 INCOMING KINDERGARTENER, THE CHILD'S EXPECTED SCHOOL DISTRICT OF
27 ATTENDANCE.

28 3. NOTWITHSTANDING ANY OTHER LAW, THE AMOUNT TRANSFERRED TO EACH
29 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PURSUANT TO PARAGRAPH 2 OF THIS
30 SUBSECTION SHALL COUNT TOWARD THE TOTAL AMOUNT THE DEPARTMENT IS REQUIRED
31 TO ALLOCATE AND TRANSFER TO EACH ACCOUNT PURSUANT TO SUBSECTION C OF THIS
32 SECTION AND MAY BE USED FOR ANY ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT
33 EXPENDITURE ALLOWED PURSUANT TO SUBSECTION B OF THIS SECTION,
34 NOTWITHSTANDING ANY OTHER LAW.

35 ~~D.~~ E. The department of education empowerment scholarship account
36 fund is established consisting of monies appropriated by the legislature.
37 The department shall administer the fund. Monies in the fund are subject
38 to legislative appropriation. Monies in the fund shall be used for the
39 department's costs in administering Arizona empowerment scholarship
40 accounts under this chapter. Monies in the fund are exempt from the
41 provisions of section 35-190 relating to lapsing of appropriations. If
42 the number of Arizona empowerment scholarship accounts significantly
43 increases after fiscal year 2020-2021, the department may request an
44 increase in the amount appropriated to the fund in any subsequent fiscal
45 year in the budget estimate submitted pursuant to section 35-113. The

1 department shall list monies in the fund as a separate line item in its
2 budget estimate.

3 ~~F.~~ F. The state treasurer empowerment scholarship account fund is
4 established consisting of monies appropriated by the legislature. The
5 state treasurer shall administer the fund. Monies in the fund shall be
6 used for the state treasurer's costs in administering the Arizona
7 empowerment scholarship accounts under this chapter. If the number of
8 Arizona empowerment scholarship accounts significantly increases after
9 fiscal year 2020-2021, the state treasurer may request an increase in the
10 amount appropriated to the fund in any subsequent fiscal year in the
11 budget estimate submitted pursuant to section 35-113. Monies in the fund
12 are subject to legislative appropriation. Monies in the fund are exempt
13 from the provisions of section 35-190 relating to lapsing of
14 appropriations. The state treasurer shall list monies in the fund as a
15 separate line item in its budget estimate.

16 ~~F.~~ G. A parent must renew the qualified student's Arizona
17 empowerment scholarship account on an annual basis.

18 ~~G.~~ H. Notwithstanding any changes to the student's
19 multidisciplinary evaluation team plan, a student who has previously
20 qualified for an Arizona empowerment scholarship account remains eligible
21 to apply for renewal until the student finishes high school.

22 ~~H.~~ I. If a parent does not renew the qualified student's Arizona
23 empowerment scholarship account for a period of three academic years, the
24 department shall notify the parent that the qualified student's account
25 will be closed in sixty calendar days. The notification must be sent
26 through certified mail, email and telephone, if applicable. The parent
27 has sixty calendar days to renew the qualified student's Arizona
28 empowerment scholarship account. If the parent chooses not to renew or
29 does not respond in sixty calendar days, the department shall close the
30 account and any remaining monies shall be returned to the state.

31 ~~I.~~ J. A signed agreement under this section constitutes school
32 attendance required by section 15-802.

33 ~~J.~~ K. A qualified school or a provider of services purchased
34 pursuant to subsection B, paragraph 4 of this section may not share,
35 refund or rebate any Arizona empowerment scholarship account monies with
36 the parent or qualified student in any manner.

37 ~~K.~~ L. NOTWITHSTANDING SUBSECTION I OF THIS SECTION, on the
38 qualified student's graduation from a postsecondary institution or after
39 any period of four consecutive years after high school graduation in which
40 the student is not enrolled in an eligible postsecondary institution, BUT
41 NOT AS LONG AS THE ACCOUNT HOLDER CONTINUES USING A PORTION OF ACCOUNT
42 MONIES FOR ELIGIBLE EXPENSES EACH YEAR AND IS IN GOOD STANDING, the
43 qualified student's Arizona empowerment scholarship account shall be
44 closed and any remaining monies shall be returned to the state.

1 ~~+~~ M. Monies received pursuant to this article do not constitute
2 taxable income to the parent of the qualified student.

3 Sec. 5. Section 15-2403, Arizona Revised Statutes, is amended to
4 read:

5 15-2403. Arizona empowerment scholarship accounts;
6 administration; appeals; audit; rules; policy
7 handbook

8 A. The treasurer may contract with private financial management
9 firms to manage Arizona empowerment scholarship accounts.

10 B. The department shall conduct or contract for annual audits of
11 Arizona empowerment scholarship accounts to ensure compliance with section
12 15-2402, subsection B, paragraph 4. The department shall also conduct or
13 contract for random, quarterly and annual audits of Arizona empowerment
14 scholarship accounts as needed to ensure compliance with section 15-2402,
15 subsection B, paragraph 4.

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

32 D. A parent may appeal to the state board of education any
33 administrative decision the department makes pursuant to this article,
34 including determinations of allowable expenses, removal from the program
35 or enrollment eligibility. The department shall notify the parent in
36 writing that the parent may appeal any administrative decision under this
37 article and the process by which the parent may appeal at the same time
38 the department notifies the parent of an administrative decision under
39 this article. The state board of education shall establish an appeals
40 process, and the department shall post this information on the
41 department's website in the same location as the policy handbook developed
42 pursuant to subsection J of this section.

43 E. The state board of education may refer cases of substantial
44 misuse of monies to the attorney general for the purpose of collection or

1 for the purpose of a criminal investigation if the state board of
2 education obtains evidence of fraudulent use of an account.

3 F. The department shall make quarterly transfers of the amount
4 calculated pursuant to section 15-2402, subsection C to the treasurer for
5 deposit in the Arizona empowerment scholarship account of each qualified
6 student, except the department may make transfers according to another
7 transfer schedule if the department determines a transfer schedule other
8 than quarterly transfers is necessary to operate the Arizona empowerment
9 scholarship account.

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

20 H. The state board of education may adopt rules and policies
21 necessary to administer Arizona empowerment scholarship accounts,
22 including rules and policies:

23 1. For establishing an appeals process pursuant to subsection D of
24 this section.

25 2. For conducting or contracting for examinations of the use of
26 account monies.

27 3. For conducting or contracting for random, quarterly and annual
28 reviews of accounts.

29 4. For establishing or contracting for the establishment of an
30 online anonymous fraud reporting service.

31 5. For establishing an anonymous telephone hotline for fraud
32 reporting.

33 6. That require a surety bond or insurance for account holders.

34 I. The department shall contract with an independent third party
35 for the purposes of determining whether a qualified student is eligible to
36 receive educational therapies or services pursuant to section 15-2402,
37 subsection B, paragraph 4, subdivision (c).

38 J. On or before July 1 of each year, the department shall develop
39 an applicant and participant handbook that includes information relating
40 to policies and processes of Arizona empowerment scholarship accounts.
41 The policy handbook shall comply with the rules adopted by the state board
42 of education pursuant to this section. the department shall post the
43 handbook on its website.

1 K. EXCEPT FOR CASES IN WHICH THE ATTORNEY GENERAL DETERMINES A
2 PARENT OR ACCOUNT HOLDER HAS COMMITTED FRAUD, ANY EXPENDITURE FROM AN
3 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT FOR A PURCHASE THAT IS DEEMED
4 INELIGIBLE PURSUANT TO SECTION 15-2402 AND THAT IS SUBSEQUENTLY REPAID BY
5 THE PARENT OR ACCOUNT HOLDER SHALL BE CREDITED BACK TO THE ARIZONA
6 EMPOWERMENT SCHOLARSHIP ACCOUNT BALANCE WITHIN THIRTY DAYS AFTER THE
7 RECEIPT OF PAYMENT.

8 Sec. 6. Section 41-1092.02, Arizona Revised Statutes, is amended to
9 read:

10 41-1092.02. Appealable agency actions: application of
11 procedural rules; exemption from article

12 A. This article applies to all contested cases as defined in
13 section 41-1001 and all appealable agency actions, except contested cases
14 with or appealable agency actions of:

- 15 1. The state department of corrections.
- 16 2. The board of executive clemency.
- 17 3. The industrial commission of Arizona.
- 18 4. The Arizona corporation commission.
- 19 5. The Arizona board of regents and institutions under its
20 jurisdiction.
- 21 6. The state personnel board.
- 22 7. The department of juvenile corrections.
- 23 8. The department of transportation, except as provided in title
24 28, chapter 30, article 2.
- 25 9. The department of economic security except as provided in
26 section 46-458.
- 27 10. The department of revenue regarding:
 - 28 (a) Income tax or withholding tax.
 - 29 (b) Any tax issue related to information associated with the
30 reporting of income tax or withholding tax unless the taxpayer requests in
31 writing that this article apply and waives confidentiality under title 42,
32 chapter 2, article 1.
 - 33 11. The board of tax appeals.
 - 34 12. The state board of equalization.
 - 35 13. The state board of education, but only in connection with
36 contested cases and appealable agency actions related to **EITHER:**
 - 37 (a) Applications for issuance or renewal of a certificate and
38 discipline of certificate holders pursuant to sections 15-203, 15-534,
39 15-534.01, 15-535, 15-545 and 15-550.
 - 40 (b) **THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM PURSUANT TO**
41 **TITLE 15, CHAPTER 19.**
 - 42 14. The board of fingerprinting.
 - 43 15. The department of child safety except as provided in sections
44 8-506.01 and 8-811.

1 B. Unless waived by all parties, an administrative law judge shall
2 conduct all hearings under this article, and the procedural rules set
3 forth in this article and rules made by the director apply.

4 C. Except as provided in subsection A of this section:

5 1. A contested case heard by the office of administrative hearings
6 regarding taxes administered under title 42 shall be subject to section
7 42-1251.

8 2. A final decision of the office of administrative hearings
9 regarding taxes administered under title 42 may be appealed by either
10 party to the director of the department of revenue, or a taxpayer may file
11 and appeal directly to the board of tax appeals pursuant to section
12 42-1253.

13 D. Except as provided in subsections A, B, E, F and G of this
14 section and notwithstanding any other administrative proceeding or
15 judicial review process established in statute or administrative rule,
16 this article applies to all appealable agency actions and to all contested
17 cases.

18 E. Except for a contested case or an appealable agency action
19 regarding unclaimed property, sections 41-1092.03, 41-1092.08 and
20 41-1092.09 do not apply to the department of revenue.

21 F. The board of appeals established by section 37-213 is exempt
22 from:

23 1. The time frames for hearings and decisions provided in section
24 41-1092.05, subsection A, section 41-1092.08 and section 41-1092.09.

25 2. The requirement in section 41-1092.06, subsection A to hold an
26 informal settlement conference at the appellant's request if the sole
27 subject of an appeal pursuant to section 37-215 is the estimate of value
28 reported in an appraisal of lands or improvements.

29 G. Auction protest procedures pursuant to title 37, chapter 2,
30 article 4.1 are exempt from this article.