

## HOUSE FLOOR AMENDMENT EXPLANATION



Bill Number: **HB 2898**

Bolick Floor Amendment

1. Adds that a *qualified student*, for the purposes of Arizona Empowerment Scholarship Account (ESA) Program eligibility, includes:
  - a) A child of a parent who is a veteran of the U.S. Armed Forces; and
  - b) A child who receives free or reduced-price lunches under the National School Lunch and Child Nutrition Acts.
2. Decreases, from at least the first 100 days to at least 30 days, the amount of time a *qualified student* must have attended a governmental primary or secondary school full-time to be eligible for the ESA Program.
  - a) Adds that the student may have attended 30 days of the current fiscal year.
3. Provides that a *qualified student* counted in average daily membership at any governmental Arizona primary or secondary school in the prior fiscal year, including as an Arizona online instruction student, is eligible for the ESA Program.
4. Allows ESA monies to be used to:
  - a) Pay any amount of educational therapies not covered by insurance if the expense is partially paid by a health insurance policy for the qualified student; and
  - b) Public transportation services in Arizona.
5. States that a child who participates in the ESA Program continues to be entitled to an equitable share of funding that would otherwise be allocated to a school district or charter school for that child from the Classroom Site Fund (CSF).
6. Mandates a child participating in the ESA Program be included in the estimated statewide weighted student count for the calculation of the per pupil amount from the CSF.
7. Instructs the Arizona Department of Education (ADE) to annually transfer, from the CSF to the State Treasurer for deposit in each ESA, an amount equivalent to the per pupil amount multiplied by the student's weighted count that would be calculated if that student were attending the student's prior school district, charter school or expected school district of attendance.

Amendment explanation prepared by Chase Houser

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5/26/2021

8. Specifies that the amount transferred to each ESA from the CSF counts toward the total amount ADE is required to allocate and transfer to each ESA.
9. Stipulates that if the account holder continues using a portion of ESA monies for eligible expenses each year, is in good standing, a qualified student's ESA may not be closed under specified circumstances.
10. Requires ADE to enroll and issue an award letter to eligible applicants within 30 days, rather than 45 days, after receipt of a completed ESA application.
11. Mandates that any ESA expenditure for a purchase that is deemed ineligible and that is subsequently repaid by the parent or account holder is to be credited back to the ESA balance within 30 days of repayment, unless the Attorney General determines that fraud has been committed.
12. Exempts the State Board of Education from the Uniform Administrative Hearing Procedures for contested cases and appealable agency actions related to the ESA Program.
13. Directs the Joint Legislative Budget Committee, within 10 days after the effective date of this Act, to revise its per pupil amount from the CSF for FY 2022 to include children participating in the ESA Program.
  - a) Makes this retroactive to March 30, 2021.
14. Defines *child who receives free or reduced-price lunches under the National School Lunch and Child Nutrition Acts*.

BOLICK FLOOR AMENDMENT  
HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2898  
(Reference to printed bill)

1 Page 88, between lines 6 and 7, insert:

2 "Sec. 32. Section 15-2401, Arizona Revised Statutes, is amended to  
3 read:

4 15-2401. Definitions

5 In this chapter, unless the context otherwise requires:

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

13 2. "CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHESES UNDER THE  
14 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS" INCLUDES AN INCOMING  
15 KINDERGARTENER OR ANY OTHER STUDENT WHO MEETS THE ELIGIBILITY REQUIREMENTS  
16 ESTABLISHED UNDER THE NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS (42  
17 UNITED STATES CODE SECTIONS 1751 THROUGH 1793) FOR FREE OR REDUCED-PRICE  
18 LUNCHESES, OR AN EQUIVALENT MEASURE RECOGNIZED FOR PARTICIPATING IN THE  
19 FEDERAL FREE AND REDUCED-PRICE LUNCH PROGRAM AND OTHER SCHOOL PROGRAMS  
20 DEPENDENT ON A POVERTY MEASURE.

21 ~~2.~~ 3. "Curriculum" means a course of study for content areas or  
22 grade levels, including any supplemental materials required or recommended  
23 by the curriculum, approved by the department.

1           ~~3.~~ 4. "Department" means the department of education.

2           ~~4.~~ 5. "Eligible postsecondary institution" means a community  
3 college as defined in section 15-1401, a university under the jurisdiction  
4 of the Arizona board of regents or an accredited private postsecondary  
5 institution.

6           ~~5.~~ 6. "Parent" means a resident of this state who is the parent,  
7 stepparent or legal guardian of a qualified student.

8           ~~6.~~ 7. "Qualified school" means a nongovernmental primary or  
9 secondary school or a preschool for pupils with disabilities that is  
10 located in this state or, for qualified students who reside within the  
11 boundaries of an Indian reservation in this state, that is located in an  
12 adjacent state and that is within two miles of the border of the state in  
13 which the qualified student resides, and that does not discriminate on the  
14 basis of race, color or national origin.

15           ~~7.~~ 8. "Qualified student" means a resident of this state who:

16           (a) Is any of the following:

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

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

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

24           (iv) Attending a school or school district that ~~has been~~ WAS  
25 assigned a letter grade of D or F pursuant to section 15-241 FOR THE MOST  
26 RECENT YEAR IN WHICH LETTER GRADES WERE ASSIGNED or who is currently  
27 eligible to attend kindergarten and who resides within the attendance  
28 boundary of a school that ~~has been~~ WAS assigned a letter grade of D or F  
29 pursuant to section 15-241 FOR THE MOST RECENT YEAR IN WHICH LETTER GRADES  
30 WERE ASSIGNED.

31           (v) A previous recipient of a scholarship issued pursuant to section  
32 15-891 or this section, unless the qualified student's parent has been

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

3 (vi) A child of a parent who is a member of the armed forces of the  
4 United States and who is on active duty, ~~OR~~ WHO was killed in the line of  
5 duty OR WHO IS A VETERAN OF THE ARMED FORCES OF THE UNITED STATES. A child  
6 who meets the requirements of this item is not subject to subdivision (b)  
7 of this paragraph.

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

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

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

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

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

22 (xii) A CHILD WHO RECEIVES FREE OR REDUCED-PRICE LUNCHES UNDER THE  
23 NATIONAL SCHOOL LUNCH AND CHILD NUTRITION ACTS.

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

26 (i) Attended a governmental primary or secondary school as a  
27 full-time student as defined in section 15-901 for at least ~~the first one~~  
28 ~~hundred~~ THIRTY days of the CURRENT OR prior fiscal year and who transferred  
29 from a governmental primary or secondary school under a contract to  
30 participate in an Arizona empowerment scholarship account. First, second  
31 and third grade students who are enrolled in Arizona online instruction  
32 must receive four hundred hours of logged instruction to be eligible

1 pursuant to this item. Fourth, fifth and sixth grade students who are  
2 enrolled in Arizona online instruction must receive five hundred hours of  
3 logged instruction to be eligible pursuant to this item. Seventh and  
4 eighth grade students who are enrolled in Arizona online instruction must  
5 receive five hundred fifty hours of logged instruction to be eligible  
6 pursuant to this item. High school students who are enrolled in Arizona  
7 online instruction must receive five hundred hours of logged instruction to  
8 be eligible pursuant to this item.

9 (ii) Previously participated in an Arizona empowerment scholarship  
10 account.

11 (iii) Received a scholarship under section 43-1505 and who continues  
12 to attend a qualified school if the student attended a governmental primary  
13 or secondary school as a full-time student as defined in section 15-901 for  
14 at least ninety days of the prior fiscal year or one full semester before  
15 attending a qualified school.

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

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

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

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

5 ~~8.~~ 9. "Treasurer" means the office of the state treasurer.

6 Sec. 33. Section 15-2402, Arizona Revised Statutes, is amended to  
7 read:

8 15-2402. Arizona empowerment scholarship accounts; funds

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

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

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

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

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

29 4. Use monies deposited in the qualified student's Arizona  
30 empowerment scholarship account only for the following expenses of the  
31 qualified student:

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

1 (b) Textbooks required by a qualified school.

2 (c) If the qualified student meets any of the criteria specified in  
3 section 15-2401, paragraph ~~7~~ 8, subdivision (a), item (i), (ii) or (iii)  
4 as determined by a school district or by an independent third party  
5 pursuant to section 15-2403, subsection I, the qualified student may use  
6 the following additional services:

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

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

12 (iii) Tuition for vocational and life skills education approved by  
13 the department.

14 (iv) Associated goods and services that include educational and  
15 psychological evaluations, assistive technology rentals and braille  
16 translation goods and services approved by the department.

17 (d) Tutoring or teaching services provided by an individual or  
18 facility accredited by a state, regional or national accrediting  
19 organization.

20 (e) Curricula and supplementary materials.

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

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

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

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

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

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

30 (l) Insurance or surety bond payments.

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

1           (n) If the qualified student meets the criteria specified in section  
2 15-2401, paragraph ~~7~~ 8, subdivision (a), item (i), (ii) or (iii) and if  
3 the qualified student is in the second year prior to the final year of a  
4 contract executed pursuant to this article, costs associated with an annual  
5 education plan conducted by an independent evaluation team. The department  
6 shall prescribe minimum qualifications for independent evaluation teams  
7 pursuant to this subdivision and factors that teams must use to determine  
8 whether the qualified student shall be eligible to continue to receive  
9 monies pursuant to this article through the school year in which the  
10 qualified student reaches twenty-two years of age. An independent  
11 evaluation team that provides an annual education plan pursuant to this  
12 subdivision shall submit a written report that summarizes the results of  
13 the evaluation to the parent of the qualified student and to the department  
14 on or before July 31. The written report submitted by the independent  
15 evaluation team is valid for one year. If the department determines that  
16 the qualified student meets the eligibility criteria prescribed in the  
17 annual education plan, the qualified student is eligible to continue to  
18 receive monies pursuant to this article until the qualified student reaches  
19 twenty-two years of age, subject to annual review. A parent may appeal the  
20 department's decision pursuant to title 41, chapter 6, article 10. As an  
21 addendum to a qualified student's final-year contract, the department shall  
22 provide the following written information to the parent of the qualified  
23 student:

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

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

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

3 (o) PUBLIC TRANSPORTATION SERVICES IN THIS STATE, INCLUDING A  
4 COMMUTER PASS FOR THE QUALIFIED STUDENT, OR TRANSPORTATION NETWORK SERVICES  
5 AS DEFINED IN SECTION 28-9551 BETWEEN THE QUALIFIED STUDENT'S RESIDENCE AND  
6 A QUALIFIED SCHOOL IN WHICH THE QUALIFIED STUDENT IS ENROLLED.

7 5. Not file an affidavit of intent to homeschool pursuant to section  
8 15-802, subsection B, paragraph 2 or 3.

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

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

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

15 (c) Consumable educational supplies, including paper, pens or  
16 markers.

17 C. In exchange for the parent's agreement pursuant to subsection B  
18 of this section, the department shall transfer from the monies that would  
19 otherwise be allocated to a recipient's prior school district, or if the  
20 child is currently eligible to attend kindergarten, the monies that the  
21 department determines would otherwise be allocated to a recipient's  
22 expected school district of attendance, to the treasurer for deposit into  
23 an Arizona empowerment scholarship account an amount that is equivalent to  
24 ninety percent of the sum of the base support level and additional  
25 assistance prescribed in sections 15-185 and 15-943 for that particular  
26 student if that student were attending a charter school.

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

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

7           2. IN ADDITION TO ANY AMOUNTS TRANSFERRED FROM THE CLASSROOM SITE  
8 FUND TO A SCHOOL DISTRICT OR CHARTER SCHOOL, THE DEPARTMENT SHALL ANNUALLY  
9 TRANSFER FROM THE FUND TO THE TREASURER FOR DEPOSIT IN EACH ARIZONA  
10 EMPOWERMENT SCHOLARSHIP ACCOUNT AN AMOUNT THAT IS EQUIVALENT TO THE PER  
11 PUPIL AMOUNT MULTIPLIED BY THE STUDENT'S WEIGHTED COUNT THAT WOULD BE  
12 CALCULATED IF THAT STUDENT WERE ATTENDING THE STUDENT'S PRIOR SCHOOL  
13 DISTRICT OR CHARTER SCHOOL OR, IF THE CHILD IS AN INCOMING KINDERGARTENER,  
14 THE CHILD'S EXPECTED SCHOOL DISTRICT OF ATTENDANCE.

15           3. NOTWITHSTANDING ANY OTHER LAW, THE AMOUNT TRANSFERRED TO EACH  
16 ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PURSUANT TO PARAGRAPH 2 OF THIS  
17 SUBSECTION SHALL COUNT TOWARD THE TOTAL AMOUNT THE DEPARTMENT IS REQUIRED  
18 TO ALLOCATE AND TRANSFER TO EACH ACCOUNT PURSUANT TO SUBSECTION C OF THIS  
19 SECTION AND MAY BE USED FOR ANY ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT  
20 EXPENDITURE ALLOWED PURSUANT TO SUBSECTION B OF THIS SECTION,  
21 NOTWITHSTANDING ANY OTHER LAW.

22           ~~D.~~ E. The department of education empowerment scholarship account  
23 fund is established consisting of monies appropriated by the legislature.  
24 The department shall administer the fund. Monies in the fund are subject  
25 to legislative appropriation. Monies in the fund shall be used for the  
26 department's costs in administering Arizona empowerment scholarship  
27 accounts under this chapter. Monies in the fund are exempt from the  
28 provisions of section 35-190 relating to lapsing of appropriations. If the  
29 number of Arizona empowerment scholarship accounts significantly increases  
30 after fiscal year 2020-2021, the department may request an increase in the  
31 amount appropriated to the fund in any subsequent fiscal year in the budget

1 estimate submitted pursuant to section 35-113. The department shall list  
2 monies in the fund as a separate line item in its 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 budget  
11 estimate submitted pursuant to section 35-113. Monies in the fund are  
12 subject to legislative appropriation. Monies in the fund are exempt from  
13 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 has  
27 sixty calendar days to renew the qualified student's Arizona empowerment  
28 scholarship account. If the parent chooses not to renew or does not  
29 respond in sixty calendar days, the department shall close the account and  
30 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.

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

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

13           ~~M.~~ M. Monies received pursuant to this article do not constitute  
14 taxable income to the parent of the qualified student.

15           Sec. 34. Section 15-2403, Arizona Revised Statutes, is amended to  
16 read:

17           15-2403. Arizona empowerment scholarship accounts;  
18                                   administration; appeals; audit; rules; policy  
19                                   handbook

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

22           B. The department shall conduct or contract for annual audits of  
23 Arizona empowerment scholarship accounts to ensure compliance with section  
24 15-2402, subsection B, paragraph 4. The department shall also conduct or  
25 contract for random, quarterly and annual audits of Arizona empowerment  
26 scholarship accounts as needed to ensure compliance with section 15-2402,  
27 subsection B, paragraph 4.

28           C. The department may remove any parent or qualified student from  
29 eligibility for an Arizona empowerment scholarship account if the parent or  
30 qualified student fails to comply with the terms of the contract or  
31 applicable laws, rules or orders or knowingly misuses monies or knowingly  
32 fails to comply with the terms of the contract with intent to defraud and

1 shall notify the treasurer. The department shall notify the treasurer to  
2 suspend the account of a parent or qualified student and shall notify the  
3 parent or qualified student in writing that the account has been suspended  
4 and that no further transactions will be allowed or disbursements made.  
5 The notification shall specify the reason for the suspension and state that  
6 the parent or qualified student has ten days, not including weekends, to  
7 respond and take corrective action. If the parent or qualified student  
8 refuses or fails to contact the department, furnish any information or make  
9 any report that may be required for reinstatement within the ten-day  
10 period, the department may remove the parent or qualified student pursuant  
11 to this subsection.

12 D. A parent may appeal to the state board of education any  
13 administrative decision the department makes pursuant to this article,  
14 including determinations of allowable expenses, removal from the program or  
15 enrollment eligibility. The department shall notify the parent in writing  
16 that the parent may appeal any administrative decision under this article  
17 and the process by which the parent may appeal at the same time the  
18 department notifies the parent of an administrative decision under this  
19 article. The state board of education shall establish an appeals process,  
20 and the department shall post this information on the department's website  
21 in the same location as the policy handbook developed pursuant to  
22 subsection J of this section.

23 E. The state board of education may refer cases of substantial  
24 misuse of monies to the attorney general for the purpose of collection or  
25 for the purpose of a criminal investigation if the state board of education  
26 obtains evidence of fraudulent use of an account.

27 F. The department shall make quarterly transfers of the amount  
28 calculated pursuant to section 15-2402, subsection C to the treasurer for  
29 deposit in the Arizona empowerment scholarship account of each qualified  
30 student, except the department may make transfers according to another  
31 transfer schedule if the department determines a transfer schedule other

1 than quarterly transfers is necessary to operate the Arizona empowerment  
2 scholarship account.

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

13 H. The state board of education may adopt rules and policies  
14 necessary to administer Arizona empowerment scholarship accounts, including  
15 rules and policies:

16 1. For establishing an appeals process pursuant to subsection D of  
17 this section.

18 2. For conducting or contracting for examinations of the use of  
19 account monies.

20 3. For conducting or contracting for random, quarterly and annual  
21 reviews of accounts.

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

24 5. For establishing an anonymous telephone hotline for fraud  
25 reporting.

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

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

31 J. On or before July 1 of each year, the department shall develop an  
32 applicant and participant handbook that includes information relating to

1 policies and processes of Arizona empowerment scholarship accounts. The  
2 policy handbook shall comply with the rules adopted by the state board of  
3 education pursuant to this section. the department shall post the handbook  
4 on its website.

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

12 Sec. 35. Section 41-1092.02, Arizona Revised Statutes, is amended to  
13 read:

14 41-1092.02. Appealable agency actions; application of  
15 procedural rules; exemption from article

16 A. This article applies to all contested cases as defined in section  
17 41-1001 and all appealable agency actions, except contested cases with or  
18 appealable agency actions of:

- 19 1. The state department of corrections.
- 20 2. The board of executive clemency.
- 21 3. The industrial commission of Arizona.
- 22 4. The Arizona corporation commission.
- 23 5. The Arizona board of regents and institutions under its  
24 jurisdiction.
- 25 6. The state personnel board.
- 26 7. The department of juvenile corrections.
- 27 8. The department of transportation, except as provided in title 28,  
28 chapter 30, article 2.
- 29 9. The department of economic security except as provided in section  
30 46-458.
- 31 10. The department of revenue regarding:  
32 (a) Income tax or withholding tax.

1 (b) Any tax issue related to information associated with the  
2 reporting of income tax or withholding tax unless the taxpayer requests in  
3 writing that this article apply and waives confidentiality under title 42,  
4 chapter 2, article 1.

5 11. The board of tax appeals.

6 12. The state board of equalization.

7 13. The state board of education, but only in connection with  
8 contested cases and appealable agency actions related to EITHER:

9 (a) Applications for issuance or renewal of a certificate and  
10 discipline of certificate holders pursuant to sections 15-203, 15-534,  
11 15-534.01, 15-535, 15-545 and 15-550.

12 (b) THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM PURSUANT TO  
13 TITLE 15, CHAPTER 19.

14 14. The board of fingerprinting.

15 15. The department of child safety except as provided in sections  
16 8-506.01 and 8-811.

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

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

21 1. A contested case heard by the office of administrative hearings  
22 regarding taxes administered under title 42 shall be subject to section  
23 42-1251.

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

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

1 E. Except for a contested case or an appealable agency action  
2 regarding unclaimed property, sections 41-1092.03, 41-1092.08 and  
3 41-1092.09 do not apply to the department of revenue.

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

6 1. The time frames for hearings and decisions provided in section  
7 41-1092.05, subsection A, section 41-1092.08 and section 41-1092.09.

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

12 G. Auction protest procedures pursuant to title 37, chapter 2,  
13 article 4.1 are exempt from this article."

14 Renumber to conform

15 Page 111, between lines 32 and 33, insert:

16 "Sec. 46. Classroom site fund; per pupil calculation;  
17 recalculation; fiscal year 2021-2022; retroactivity

18 A. Notwithstanding section 15-977, subsection G, paragraph 1,  
19 Arizona Revised Statutes, within ten days after the effective date of this  
20 act, the staff of the joint legislative budget committee shall revise its  
21 calculation of the per pupil amount from the classroom site fund  
22 established by section 15-977, Arizona Revised Statutes, for fiscal year  
23 2021-2022 to include children participating in an Arizona empowerment  
24 scholarship account as prescribed in section 15-2402, subsection D, Arizona  
25 Revised Statutes, as added by this act.

26 B. Subsection A of this section applies retroactively to from and  
27 after March 29, 2021."

28 Renumber to conform

29 Amend title to conform

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09:29 AM  
C: KCB