

REFERENCE TITLE: ESAs; micro-schools; tutors; safety; rules.

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

## **HB 2580**

Introduced by

Representatives Simacek: Abeytia, Aguilar, Blattman, Cavero, Connolly,  
Contreras P, Crews, Garcia, Gutierrez, Márquez, Sandoval, Stahl Hamilton,  
Travers, Villegas, Volk

AN ACT

AMENDING SECTIONS 15-2401, 15-2402, 15-2403, 15-2404 AND 15-2405, ARIZONA  
REVISED STATUTES; RELATING TO ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Section 15-2401, Arizona Revised Statutes, is amended to  
3 read:  
4 15-2401. Definitions  
5 In this chapter, unless the context otherwise requires:  
6 1. "Annual education plan" means an initial individualized  
7 evaluation and subsequent annual reviews that are developed for a  
8 qualified student who meets the criteria specified in paragraph ~~7~~ 8,  
9 subdivision (a), item (i), (ii) or (iii) of this section to determine  
10 ongoing annual eligibility through the school year in which the qualified  
11 student reaches twenty-two years of age and whether the student may be  
12 eligible pursuant to ~~section 36-2981~~ TITLE 36, CHAPTER 29, ARTICLE 4 and  
13 should be referred for eligibility determination.  
14 2. "Curriculum" means a course of study for content areas or grade  
15 levels, including any supplemental materials required or recommended by  
16 the curriculum, approved by the department.  
17 3. "Department" means the department of education.  
18 4. "Eligible postsecondary institution" means a community college  
19 as defined in section 15-1401, a university under the jurisdiction of the  
20 Arizona board of regents or an accredited private postsecondary  
21 institution.  
22 5. "MICRO-SCHOOL":  
23 (a) MEANS ANY PERSON THAT BOTH:  
24 (i) CHARGES TUITION OR FEES TO ONE OR MORE QUALIFIED STUDENTS.  
25 (ii) EMPLOYS, INCLUDING EMPLOYMENT THROUGH A THIRD-PARTY  
26 CONTRACTOR, ONE OR MORE INDIVIDUALS TO PROVIDE INSTRUCTION IN THE SUBJECTS  
27 DESCRIBED IN SECTION 15-2402, SUBSECTION B, PARAGRAPH 1.  
28 (b) DOES NOT INCLUDE A PUBLIC SCHOOL, PRIVATE SCHOOL OR QUALIFIED  
29 SCHOOL.  
30 ~~5.~~ 6. "Parent" means a resident of this state who is the parent,  
31 stepparent or legal guardian of a qualified student.  
32 ~~6.~~ 7. "Qualified school" means a nongovernmental primary or  
33 secondary school or a preschool for pupils with disabilities that is  
34 located in this state or, for qualified students who reside within the  
35 boundaries of an Indian reservation in this state, that is located in an  
36 adjacent state and that is within two miles of the border of the state in  
37 which the qualified student resides, and that does not discriminate on the  
38 basis of race, color or national origin.  
39 ~~7.~~ 8. "Qualified student" means a resident of this state who:  
40 (a) Is any of the following:  
41 (i) Identified as having a disability under section 504 of the  
42 rehabilitation act of 1973 (29 United States Code section 794).

1 (ii) Identified by a school district or by an independent third  
2 party pursuant to section 15-2403, subsection J as a child with a  
3 disability as defined in section 15-731 or 15-761.

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

6 (iv) Attending a school or school district that was assigned a  
7 letter grade of D or F pursuant to section 15-241 for the most recent year  
8 in which letter grades were assigned or is currently eligible to attend  
9 kindergarten and resides within the attendance boundary of a school that  
10 was assigned a letter grade of D or F pursuant to section 15-241 for the  
11 most recent year in which letter grades were assigned. A child who meets  
12 the requirements of this item and who meets the income eligibility  
13 requirements for free and reduced-price lunches under the national school  
14 lunch and child nutrition acts (42 United States Code sections 1751  
15 through 1793) is not subject to subdivision (b) of this paragraph.

16 (v) A previous recipient of a scholarship issued pursuant to this  
17 section, unless the qualified student's parent has been removed from  
18 eligibility in the program for failure to comply pursuant to section  
19 15-2403, subsection C.

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

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

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

29 (ix) A child who is the sibling of a current or previous Arizona  
30 empowerment scholarship account recipient or of an eligible qualified  
31 student who accepts the terms of and enrolls in an Arizona empowerment  
32 scholarship account.

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

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

38 (b) And, except as provided in subdivision (a), items (iv) and (vi)  
39 of this paragraph, who meets any of the following requirements:

40 (i) Attended a governmental primary or secondary school as a  
41 full-time student as defined in section 15-901 for at least forty-five  
42 days of the current or prior fiscal year and who transferred from a  
43 governmental primary or secondary school under a contract to participate  
44 in an Arizona empowerment scholarship account. Kindergarten students who  
45 are enrolled in Arizona online instruction must receive one hundred hours

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

12 (ii) Previously participated in an Arizona empowerment scholarship  
13 account.

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

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

28 (v) Attended a nonpublic school for pupils with disabilities in the  
29 prior year if placement at the school was approved by the department of  
30 education and contracted for by a public school district.

31 (vi) Has not previously attended a governmental primary or  
32 secondary school but is currently eligible to enroll in a kindergarten  
33 program in a school district or charter school in this state or attended a  
34 program for preschool children with disabilities. For the purposes of  
35 this item, a child is eligible to enroll in a kindergarten program if the  
36 child is at least five years of age on January 1 of the current school  
37 year, is under seven years of age, has not already completed a  
38 kindergarten program and is not enrolled in grade one of a private or  
39 governmental school in the current year.

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

43 ~~8.~~ 9. "Treasurer" means the office of the state treasurer.

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

3           15-2402. Arizona empowerment scholarship accounts; funds

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

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

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

15           2. Not enroll the qualified student in a school district or charter  
16 school and release the school district from all obligations to educate the  
17 qualified student. This paragraph does not:

18           (a) Relieve the school district or charter school that the  
19 qualified student previously attended from the obligation to conduct an  
20 evaluation pursuant to section 15-766.

21           (b) Require the qualified student to withdraw from ~~a~~ ANY school  
22 district or charter school before enrolling for an Arizona empowerment  
23 scholarship account if the qualified student withdraws from the school  
24 district or charter school before receiving any monies in the qualified  
25 student's Arizona empowerment scholarship account.

26           (c) Prevent the qualified student from applying in advance for an  
27 Arizona empowerment scholarship account to be funded beginning the  
28 following school year, subject to section 15-2403, subsection H.

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

33           4. Use monies deposited in the qualified student's Arizona  
34 empowerment scholarship account only for the following expenses of the  
35 qualified student:

36           (a) Tuition or fees at a qualified school OR MICRO-SCHOOL that  
37 requires all teaching staff and SCHOOL personnel who have ~~unsupervised~~  
38 contact with students THAT IS NOT SUPERVISED AS DEFINED IN SECTION 15-505  
39 to MEET ALL OF THE FOLLOWING REQUIREMENTS AS A CONDITION OF EMPLOYMENT:

40           (i) Be fingerprinted.

41           (ii) BE AT LEAST EIGHTEEN YEARS OF AGE.

42           (iii) NOT BE THE SUBJECT OF A DISCIPLINARY ACTION BY THE STATE  
43 BOARD OF EDUCATION FOR IMMORAL OR UNPROFESSIONAL CONDUCT PURSUANT TO  
44 SECTION 15-505 OR 15-534.04.

45           (b) Textbooks required by a qualified school OR MICRO-SCHOOL.

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

6 (i) Educational therapies from a licensed or accredited  
7 practitioner or provider, including and up to any amount not covered by  
8 insurance if the expense is partially paid by a health insurance policy  
9 for the qualified student.

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

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

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

16 (d) Tutoring or teaching services provided by an individual who is  
17 FINGERPRINTED, AT LEAST EIGHTEEN YEARS OF AGE AND not subject to  
18 disciplinary action by the state board of education for immoral or  
19 unprofessional conduct pursuant to section 15-505 or 15-534.04 or a  
20 facility that is accredited by a state, regional or national accrediting  
21 organization AND THAT REQUIRES ALL TEACHING STAFF AND PERSONNEL WHO HAVE  
22 CONTACT WITH STUDENTS THAT IS NOT SUPERVISED AS DEFINED IN SECTION 15-505  
23 TO BE FINGERPRINTED, AT LEAST EIGHTEEN YEARS OF AGE AND NOT SUBJECT TO  
24 DISCIPLINARY ACTION BY THE STATE BOARD OF EDUCATION FOR IMMORAL OR  
25 UNPROFESSIONAL CONDUCT PURSUANT TO SECTION 15-505 OR 15-534.04. The  
26 department shall ensure THAT any individual who provides tutoring or  
27 teaching services to one or more qualified students pursuant to this  
28 subdivision is not subject to disciplinary action by the state board of  
29 education. The department shall also remove any individual who is subject  
30 to disciplinary action by the state board of education from all platforms  
31 that the department provides to parents and qualified students for the  
32 purchase of goods or educational services using account monies.

33 (e) Curricula and supplementary materials.

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

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

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

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

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

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

43 (l) Insurance or surety bond payments.

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

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

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

34 (o) Public transportation services in this state, including a  
35 commuter pass for the qualified student, or transportation network  
36 services as defined in section 28-9551 between the qualified student's  
37 residence and a qualified school OR MICRO-SCHOOL in which the qualified  
38 student is enrolled.

39 (p) Computer hardware and technological devices primarily used for  
40 an educational purpose. For the purposes of this subdivision, "computer  
41 hardware and technological devices":

42 (i) Includes calculators, personal computers, laptops, tablet  
43 devices, microscopes, telescopes and printers.

1 (ii) Does not include entertainment and other primarily  
2 noneducational devices, including televisions, telephones, video game  
3 consoles and accessories, and home theatre and audio equipment.

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

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

8 (a) Computer hardware or other technological devices, except as  
9 otherwise allowed under paragraph 4, subdivision (c) or (p) of this  
10 subsection.

11 (b) Transportation of the pupil, except for transportation services  
12 described in paragraph 4, subdivision (o) of this subsection.

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

25 D. The department of education empowerment scholarship account fund  
26 is established consisting of monies appropriated by the legislature. The  
27 department shall administer the fund. Monies in the fund are subject to  
28 legislative appropriation. Monies in the fund shall be used for the  
29 department's costs in administering Arizona empowerment scholarship  
30 accounts under this chapter. Monies in the fund are exempt from the  
31 provisions of section 35-190 relating to lapsing of appropriations. If  
32 the number of Arizona empowerment scholarship accounts significantly  
33 increases after fiscal year 2020-2021, the department may request an  
34 increase in the amount appropriated to the fund in any subsequent fiscal  
35 year in the budget estimate submitted pursuant to section 35-113. The  
36 department shall list monies in the fund as a separate line item in its  
37 budget estimate.

38 E. The state treasurer empowerment scholarship account fund is  
39 established consisting of monies appropriated by the legislature. The  
40 state treasurer shall administer the fund. Monies in the fund shall be  
41 used for the state treasurer's costs in administering the Arizona  
42 empowerment scholarship accounts under this chapter. If the number of  
43 Arizona empowerment scholarship accounts significantly increases after  
44 fiscal year 2020-2021, the state treasurer may request an increase in the  
45 amount appropriated to the fund in any subsequent fiscal year in the

1 budget estimate submitted pursuant to section 35-113. Monies in the fund  
2 are subject to legislative appropriation. Monies in the fund are exempt  
3 from the provisions of section 35-190 relating to lapsing of  
4 appropriations. The state treasurer shall list monies in the fund as a  
5 separate line item in its budget estimate.

6 F. A parent must renew the qualified student's Arizona empowerment  
7 scholarship account on an annual basis. The department of education shall  
8 verify that the parent's child is a qualified student as defined in  
9 section 15-2401 or 15-2401.01 in the year for which the parent seeks to  
10 renew the Arizona empowerment scholarship account. This subsection does  
11 not require the department to annually verify the child's disability for  
12 the purpose of section 15-2401, paragraph ~~7~~ 8, subdivision (a), item (i),  
13 (ii) or (iii), if applicable.

14 G. Notwithstanding any changes to the student's multidisciplinary  
15 evaluation team plan, a student who has previously qualified for an  
16 Arizona empowerment scholarship account remains eligible to apply for  
17 renewal until the student finishes high school.

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

27 I. A signed agreement under this section constitutes school  
28 attendance required by section 15-802.

29 J. A qualified school, A MICRO-SCHOOL or a provider of services  
30 purchased pursuant to subsection B, paragraph 4 of this section may not  
31 share, refund or rebate any Arizona empowerment scholarship account monies  
32 with the parent or qualified student in any manner. A MICRO-SCHOOL MAY  
33 NOT DO EITHER OF THE FOLLOWING:

34 1. ALLOW ANY EMPLOYEE OF THE MICRO-SCHOOL TO PROVIDE INSTRUCTION,  
35 TUTORING OR TEACHING SERVICES TO A QUALIFIED STUDENT IF ALL OF THE  
36 FOLLOWING APPLY:

37 (a) THE EMPLOYEE IS PROVIDING INSTRUCTION, TUTORING OR TEACHING  
38 SERVICES IN THE EMPLOYEE'S OFFICIAL CAPACITY.

39 (b) THE EMPLOYEE IS A MEMBER OF THE FAMILY AS DEFINED IN SECTION  
40 15-1871 OF THE QUALIFIED STUDENT'S PARENT.

41 (c) THE MICRO-SCHOOL CHARGES THE QUALIFIED STUDENT FOR TUITION OR  
42 FEES.

43 2. CHARGE TUITION OR FEES TO A QUALIFIED STUDENT IF THE  
44 MICRO-SCHOOL IS OWNED OR CONTROLLED BY A MEMBER OF THE FAMILY AS DEFINED  
45 IN SECTION 15-1871 OF THE QUALIFIED STUDENT'S PARENT.

1 K. Notwithstanding subsection H of this section, on the qualified  
2 student's graduation from a postsecondary institution or after any period  
3 of four consecutive years after high school graduation in which the  
4 student is not enrolled in an eligible postsecondary institution, but not  
5 before this time as long as the account holder continues using a portion  
6 of account monies for allowable expenses each year and is in good  
7 standing, the qualified student's Arizona empowerment scholarship account  
8 shall be closed and any remaining monies shall be returned to the state.

9 L. Monies received pursuant to this article do not constitute  
10 taxable income to the parent of the qualified student.

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

13 15-2403. Arizona empowerment scholarship accounts;  
14 administration; appeals; risk-based audits; rules;  
15 policy handbook

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

18 B. The department shall conduct or contract for annual audits of  
19 Arizona empowerment scholarship accounts to ensure compliance with section  
20 15-2402, subsection B, paragraph 4. The department shall also conduct or  
21 contract for random, quarterly and annual audits of Arizona empowerment  
22 scholarship accounts as needed to ensure compliance with section 15-2402,  
23 subsection B, paragraph 4. The department, in consultation with the  
24 office of the auditor general, shall develop risk-based auditing  
25 procedures for audits conducted pursuant to this subsection.

26 C. The department shall annually review a sample of Arizona  
27 empowerment scholarship accounts, selected at random, to determine whether  
28 the parent or qualified student is in compliance with the terms of the  
29 contract, applicable laws, rules and orders relating to the Arizona  
30 empowerment scholarship accounts program. The Arizona empowerment  
31 scholarship account of a parent or qualified student who is in good  
32 standing may be randomly selected pursuant to this subsection only one  
33 time during any five-year period. The department may remove any parent or  
34 qualified student from eligibility for an Arizona empowerment scholarship  
35 account if the parent or qualified student fails to comply with the terms  
36 of the contract or applicable laws, rules or orders or knowingly misuses  
37 monies or knowingly fails to comply with the terms of the contract with  
38 intent to defraud and shall notify the treasurer. The department shall  
39 notify the treasurer to suspend the account of a parent or qualified  
40 student and shall notify the parent or qualified student in writing that  
41 the account has been suspended and that no further transactions will be  
42 allowed or disbursements made. The notification shall specify the reason  
43 for the suspension and state that the parent or qualified student has  
44 fifteen days, not including weekends, to respond and take corrective  
45 action. If the parent or qualified student refuses or fails to contact

1 the department, furnish any information or make any report that may be  
2 required for reinstatement within the fifteen-day period, the department  
3 may remove the parent or qualified student pursuant to this subsection.

4 D. A parent may appeal to the state board of education any  
5 administrative decision the department makes pursuant to this article,  
6 including determinations of allowable expenses, removal from the program  
7 or enrollment eligibility. The department shall notify the parent in  
8 writing that the parent may appeal any administrative decision under this  
9 article and the process by which the parent may appeal at the same time  
10 the department notifies the parent of an administrative decision under  
11 this article. The state board of education shall establish an appeals  
12 process, and the department shall post this information on the  
13 department's website in the same location as the policy handbook developed  
14 pursuant to subsection K of this section.

15 E. A parent may represent himself or herself or designate a  
16 representative, not necessarily an attorney, before any appeals hearing  
17 held pursuant to this section. Any designated representative who is not  
18 an attorney admitted to practice may not charge for any services rendered  
19 in connection with the hearing. The fact that a representative  
20 participated in the hearing or assisted the account holder is not grounds  
21 for reversing any administrative decision or order if the evidence  
22 supporting the decision or order is substantial, reliable and probative.

23 F. 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  
26 education obtains evidence of fraudulent use of an account.

27 G. 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  
32 than quarterly transfers is necessary to operate the Arizona empowerment  
33 scholarship account.

34 H. The department shall accept applications between July 1 and June  
35 30 of each year. The department shall issue an award letter to eligible  
36 applicants within thirty days after receipt of a completed application and  
37 all required documentation. If an eligible applicant completes an  
38 application in advance for an Arizona empowerment scholarship account to  
39 be funded beginning on a later date, the department may enroll the  
40 eligible applicant on the later date, except that the department may not  
41 enroll the applicant more than two fiscal quarters after the fiscal  
42 quarter in which the application is completed or on a date that is after  
43 March 31 and before July 1. If an eligible applicant completes an  
44 application after March 31 and before July 1, the department shall enroll  
45 the applicant on or after July 1. The department shall enroll all other

1 eligible applicants when the department issues an award letter pursuant to  
2 this subsection. This subsection does not allow a qualified student to  
3 receive monies in an Arizona empowerment scholarship account while the  
4 qualified student is enrolled in a school district or charter school. On  
5 or before September 1 and November 1 of each year, the department shall  
6 furnish to the joint legislative budget committee and the governor's  
7 office of strategic planning and budgeting an estimate of the amount  
8 required to fund Arizona empowerment scholarship accounts for the  
9 following fiscal year. The department shall include in its budget request  
10 for the following fiscal year the amount estimated pursuant to section  
11 15-2402, subsection C for each qualified student.

12 I. The state board of education:

13 1. May adopt rules and policies necessary to administer Arizona  
14 empowerment scholarship accounts, including rules and policies:

15 ~~1.~~ (a) For establishing an appeals process pursuant to subsection  
16 D of this section.

17 ~~2.~~ (b) For conducting or contracting for examinations of the use  
18 of account monies, consistent with subsection L of this section.

19 ~~3.~~ (c) For conducting or contracting for random, quarterly and  
20 annual reviews of accounts.

21 ~~4.~~ (d) For establishing or contracting for the establishment of an  
22 online anonymous fraud reporting service.

23 ~~5.~~ (e) For establishing an anonymous telephone hotline for fraud  
24 reporting.

25 ~~6.~~ (f) That require a surety bond or insurance for account  
26 holders.

27 (g) THAT PROMOTE FINANCIAL TRANSPARENCY FOR QUALIFIED SCHOOLS AND  
28 MICRO-SCHOOLS.

29 (h) THAT ARE NECESSARY TO ENSURE THAT EACH PARENT OF A QUALIFIED  
30 STUDENT USES MONIES DEPOSITED IN THE QUALIFIED STUDENT'S ARIZONA  
31 EMPOWERMENT SCHOLARSHIP ACCOUNT ONLY FOR QUALIFIED SCHOOLS, MICRO-SCHOOLS  
32 AND TUTORING OR TEACHING SERVICES PROVIDERS THAT COMPLY WITH THE PERSONNEL  
33 REQUIREMENTS PRESCRIBED BY SECTION 15-2402, SUBSECTION B, PARAGRAPH 4,  
34 SUBDIVISION (a) OR (d) OR SECTION 15-2402, SUBSECTION J.

35 2. SHALL ADOPT RULES RELATING TO SAFETY, INCLUDING RULES THAT  
36 REQUIRE QUALIFIED SCHOOLS AND MICRO-SCHOOLS TO DO ALL OF THE FOLLOWING:

37 (a) COMPLY WITH ALL APPLICABLE FIRE CODES, SAFETY CODES AND FOOD  
38 SAFETY AND SANITATION LAWS.

39 (b) CONDUCT A FINGERPRINT CHECK AND BACKGROUND CHECK ON ALL  
40 TEACHING STAFF AND SCHOOL PERSONNEL WHO HAVE CONTACT WITH STUDENTS THAT IS  
41 NOT SUPERVISED AS DEFINED IN SECTION 15-505.

42 (c) SECURE ANY HEAVY MACHINERY, TOOLS OR WEAPONS THAT ARE LOCATED  
43 ON THE PREMISES.

1 (d) INSTALL AND MAINTAIN AN ENCLOSURE AROUND A SWIMMING POOL OR  
2 OTHER CONTAINED BODY OF WATER, AS PRESCRIBED BY SECTION 36-1681,  
3 SUBSECTION A.

4 (e) PROHIBIT ALL INDIVIDUALS WHO HAVE ACCESS TO THE PREMISES FROM  
5 POSSESSING ILLEGAL DRUGS OR ALCOHOL ON THE PREMISES.

6 J. The department shall contract with an independent third party  
7 for the purposes of determining whether a qualified student is eligible to  
8 receive educational therapies or services pursuant to section 15-2402,  
9 subsection B, paragraph 4, subdivision (c). If during any period on or  
10 after January 1, 2023 the department fails to ensure that a contract with  
11 an independent third party is in effect, during that period:

12 1. The county school superintendent of each county may approve a  
13 list of independent third parties within the county whose evaluation may  
14 be used to determine whether a qualified student who resides within the  
15 county is eligible to receive educational therapies or services pursuant  
16 to section 15-2402, subsection B, paragraph 4, subdivision (c).

17 2. If the county school superintendent of a county does not provide  
18 a list of approved independent third parties within ninety days after the  
19 beginning of any period during which the department does not have a  
20 contract with an independent third party in effect as described in this  
21 subsection, the parent of a qualified student who resides within the  
22 county has the right to obtain an independent educational evaluation from  
23 a qualified examiner to determine whether the qualified student is  
24 eligible to receive educational therapies or services pursuant to section  
25 15-2402, subsection B, paragraph 4, subdivision (c). The expense for an  
26 educational evaluation undertaken pursuant to this paragraph shall be  
27 provided by the school district within which the qualified student resides  
28 and that serves the grade level of the qualified student. For the  
29 purposes of this paragraph, "qualified examiner" means a licensed  
30 physician, psychiatrist or psychologist.

31 K. On or before July 1 of each year, the department shall develop  
32 an applicant and participant handbook that includes information relating  
33 to policies and processes of Arizona empowerment scholarship accounts.  
34 The policy handbook shall comply with the rules adopted by the state board  
35 of education pursuant to this section. The department shall post the  
36 handbook on the department's website.

37 L. The department shall:

38 1. Establish and maintain an online database of allowable and  
39 disallowed categories of expenses and provide a link to the database on  
40 the department's website.

41 2. Allow the use of account monies to reimburse the parent of a  
42 qualified student or a qualified student for the purchase of a good or  
43 educational service that is an allowable expense pursuant to section  
44 15-2402, subsection B.

1 M. Except for cases in which the attorney general determines that a  
2 parent or account holder has committed fraud, any expenditure from an  
3 Arizona empowerment scholarship account for a purchase that the department  
4 determines is not an allowable expense pursuant to section 15-2402 and  
5 that is subsequently repaid by the parent or account holder shall be  
6 credited back to the Arizona empowerment scholarship account balance  
7 within thirty days after the receipt of payment.

8 N. If, in response to an appeal of an administrative decision made  
9 by the department, the state board of education issues a stay of an  
10 Arizona empowerment scholarship account suspension pursuant to rules  
11 adopted by the board, the department may not withhold funding or contract  
12 renewal for the account holder because of the appealed administrative  
13 decision during the stay unless directed by the board to do so.

14 Sec. 4. Section 15-2404, Arizona Revised Statutes, is amended to  
15 read:

16 15-2404. State control over nonpublic schools; prohibition;  
17 application

18 A. EXCEPT AS PROVIDED IN SECTION 15-2403, this chapter does not  
19 ~~permit~~ ALLOW any government agency to exercise control or supervision over  
20 any nonpublic school or homeschool.

21 B. A qualified school that accepts a payment from a parent pursuant  
22 to this chapter is not an agent of the state or federal government.

23 C. A qualified school shall not be required to alter its creed,  
24 practices, admissions policy or curriculum in order to accept students  
25 whose parents pay tuition or fees from an ARIZONA empowerment scholarship  
26 account pursuant to this chapter in order to participate as a qualified  
27 school.

28 ~~D. In any legal proceeding challenging the application of this~~  
29 ~~chapter to a qualified school, the state bears the burden of establishing~~  
30 ~~that the law is necessary and does not impose any undue burden on~~  
31 ~~qualified schools.~~

32 Sec. 5. Section 15-2405, Arizona Revised Statutes, is amended to  
33 read:

34 15-2405. Arizona empowerment scholarship accounts parent  
35 oversight committee; membership; duties

36 A. The Arizona empowerment scholarship accounts parent oversight  
37 committee is established consisting of six members who are parents of  
38 qualified students who receive Arizona empowerment scholarship account  
39 monies under this chapter. The members shall be appointed as follows:

- 40 1. One member who is appointed by the president of the senate.
- 41 2. One member who is appointed by the speaker of the house of  
42 representatives.
- 43 3. One member who is appointed by the minority leader of the  
44 senate.

- 1           4. One member who is appointed by the minority leader of the house  
2 of representatives.
- 3           5. Two members who are appointed by the governor.
- 4           B. At a minimum, the members appointed pursuant to subsection A,  
5 paragraphs 1, 2, 3 and 4 of this section shall be parents of qualified  
6 students who both:
- 7           1. Meet any of the criteria specified in section 15-2401, paragraph  
8 ~~7~~ 8, subdivision (a), item (i), (ii) or (iii) as determined by an  
9 independent third party pursuant to section 15-2403, subsection ~~I~~ J.
- 10          2. Use monies deposited in the qualified student's Arizona  
11 empowerment scholarship account for expenses as prescribed in section  
12 15-2402, subsection B, paragraph 4, subdivision (c).
- 13          C. The members of the committee shall annually elect a chairperson  
14 from among its members.
- 15          D. The committee shall meet at least once each calendar quarter. A  
16 majority of the membership constitutes a quorum for the transaction of  
17 business.
- 18          E. The committee shall collaborate and interact with the  
19 department, the state board of education, the attorney general and, as  
20 appropriate, the auditor general to review all of the following:
- 21          1. The implementation of policies and procedures relating to the  
22 Arizona empowerment scholarship account program under this chapter and the  
23 program's effectiveness.
- 24          2. The concerns of parents of qualified students who receive  
25 Arizona empowerment scholarship account monies under this chapter.
- 26          3. The work of the ombudsman-citizens aide on complaints associated  
27 with administering the Arizona empowerment scholarship account program.
- 28          F. A parent may not serve on the committee if any of the following  
29 applies:
- 30          1. The parent is an employee or the relative of an employee of the  
31 department.
- 32          2. The parent receives monies or compensation from or is otherwise  
33 associated in any manner with a lobbyist organization, a school choice  
34 advocacy group or a private financial management firm that manages Arizona  
35 empowerment scholarship accounts pursuant to section 15-2403,  
36 subsection A.
- 37          3. The parent provides goods or services to qualified students that  
38 are purchased pursuant to section 15-2402, subsection B, paragraph 4.