

REFERENCE TITLE: charter schools; meeting; reporting; audits

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SB 1694

Introduced by
Senators Diaz: Fernandez, Gonzales, Hatathlie, Kuby, Miranda, Ortiz, Sears

AN ACT

AMENDING SECTIONS 15-154.02, 15-181 AND 15-183, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-183.02; AMENDING SECTIONS 15-184, 15-189.02 AND 15-189.03, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 1, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-189.08; AMENDING SECTIONS 15-213, 15-914.02, 41-1279.03 AND 41-1279.04, ARIZONA REVISED STATUTES; RELATING TO CHARTER SCHOOLS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-154.02, Arizona Revised Statutes, is amended
3 to read:

4 15-154.02. Emergency response plans; school safety
5 assessments; approved providers; triennial
6 safety assessments

7 A. Each school district and charter school that receives monies
8 pursuant to section 15-154 for an approved school safety program shall do
9 both of the following:

10 1. Develop an emergency response plan pursuant to section 15-341,
11 subsection A, paragraph 31 or section 15-183, subsection E, paragraph ~~10~~
12 11 to satisfy the requirements prescribed in this paragraph.

13 2. Every five years, contract with a school safety assessment
14 provider from the list compiled pursuant to subsection B of this section
15 to conduct a school safety assessment, including an assessment of the
16 physical security of each school site and a review of the emergency
17 response plan for each school site.

18 B. The department of education shall compile a list of approved
19 school safety assessment providers and shall make the list available to
20 school districts and charter schools that participate in the school safety
21 program established by section 15-154.

22 C. Every three years, the department of education shall select a
23 random sample of school districts and charter schools that are
24 participating in the school safety program established by section 15-154
25 and shall conduct a safety assessment of the selected school districts and
26 charter schools. The department shall provide a copy of the safety
27 assessment results to the respective school district's governing board or
28 charter school's governing body and the administrators of each school site
29 that was assessed.

30 Sec. 2. Section 15-181, Arizona Revised Statutes, is amended to
31 read:

32 15-181. Charter schools; purpose; scope; open meetings;
33 public records; posting; exceptions; definition

34 A. Charter schools may be established pursuant to this article to
35 provide a learning environment that will improve pupil achievement.
36 Charter schools provide additional academic choices for parents and
37 pupils. Charter schools may consist of new schools or all or any portion
38 of an existing school. Charter schools are public schools that serve as
39 alternatives to traditional public schools, and charter schools are not
40 subject to the requirements of article XI, section 1, Constitution of
41 Arizona, or title 41, chapter 56.

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

44 C. EXCEPT AS PROVIDED IN SUBSECTION D OF THIS SECTION, CHARTER
45 SCHOOLS, CHARTER SCHOOL GOVERNING BODIES, CHARTER SCHOOL SPONSORS, CHARTER

1 HOLDERS, CHARTER SCHOOL OPERATORS, CORPORATE BOARDS OF DIRECTORS OF
2 CHARTER SCHOOL OPERATORS AND MANAGEMENT ORGANIZATIONS THAT CONTRACT WITH
3 CHARTER SCHOOLS SHALL COMPLY WITH BOTH OF THE FOLLOWING:

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

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

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

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

16 2. DISCUSSING OR CONSIDERING RECORDS THAT ARE EXEMPT BY LAW FROM
17 PUBLIC INSPECTION.

18 3. DISCUSSING OR RECEIVING LEGAL ADVICE.

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

21 5. DISCUSSING AND INSTRUCTING REPRESENTATIVES REGARDING LABOR
22 NEGOTIATIONS.

23 6. DISCUSSING INTERNATIONAL, INTERSTATE AND TRIBAL NEGOTIATIONS.

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

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

28 Sec. 3. Section 15-183, Arizona Revised Statutes, is amended to
29 read:

30 15-183. Charter schools; application; requirements; immunity;
31 exemptions; renewal of application; reprisal; fee;
32 funds; annual reports; definitions

33 A. An applicant seeking to establish a charter school shall apply
34 in writing to a proposed sponsor as prescribed in subsection C of this
35 section. The application, application process and application time frames
36 shall be posted on the sponsor's website and shall include the following,
37 as specified in the application adopted by the sponsor:

38 1. A detailed educational plan.

39 2. A detailed business plan.

40 3. A detailed operational plan.

41 4. Any other materials required by the sponsor.

42 B. The sponsor of a charter school may contract with a public body,
43 private person or private organization ~~for the purpose of establishing~~ TO
44 ESTABLISH a charter school pursuant to this article. BEGINNING JANUARY 1,

1 2027, THE SPONSOR OF A CHARTER SCHOOL MAY NOT CONTRACT WITH A FOR-PROFIT
2 ORGANIZATION TO ESTABLISH A CHARTER SCHOOL PURSUANT TO THIS ARTICLE.

3 C. The sponsor of a charter school may be either the state board of
4 education, the state board for charter schools, a university under the
5 jurisdiction of the Arizona board of regents, a community college district
6 or a group of community college districts, subject to the following
7 requirements:

8 1. An applicant may not apply for sponsorship to any person or
9 entity other than those prescribed in this subsection.

10 2. The applicant may apply to the state board of education or the
11 state board for charter schools. Notwithstanding any other law, ~~neither~~
12 the state board for charter schools ~~nor~~ OR the state board of education
13 ~~shall~~ MAY NOT grant a charter to a school district governing board for a
14 new charter school or for the conversion of an existing district public
15 school to a charter school. The state board of education or the state
16 board for charter schools may approve the application if the application
17 meets the requirements of this article and may approve the charter if the
18 proposed sponsor determines, within its sole discretion, that the
19 applicant is sufficiently qualified to operate a charter school and that
20 the applicant is applying to operate as a separate charter holder by
21 considering factors such as whether:

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

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

25 (c) The applicant intends to have an affiliation agreement ~~for the~~
26 ~~purpose of providing~~ TO PROVIDE enrollment preferences.

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

30 (e) The applicant is reconstituting an existing school site
31 population at the same or new site.

32 (f) The applicant is reconstituting an existing grade configuration
33 from a prior charter holder with at least one grade remaining on the
34 original site with the other grade or grades moving to a new site. The
35 state board of education or the state board for charter schools may
36 approve any charter schools transferring charters. If the state board of
37 education or the state board for charter schools rejects the preliminary
38 application, the state board of education or the state board for charter
39 schools shall notify the applicant in writing of the reasons for the
40 rejection and of suggestions for improving the application. An applicant
41 may submit a revised application for reconsideration by the state board of
42 education or the state board for charter schools. The applicant may
43 request, and the state board of education or the state board for charter
44 schools may provide, technical assistance to improve the application.

1 3. The applicant may submit the application to a university under
2 the jurisdiction of the Arizona board of regents, a community college
3 district or a group of community college districts. A university, a
4 community college district or a group of community college districts shall
5 not grant a charter to a school district governing board for a new charter
6 school or for the conversion of an existing district public school to a
7 charter school. A university, a community college district or a group of
8 community college districts may approve the application if it meets the
9 requirements of this article and if the proposed sponsor determines, in
10 its sole discretion, that the applicant is sufficiently qualified to
11 operate a charter school.

12 4. Each applicant seeking to establish a charter school shall
13 submit a full set of fingerprints to the approving agency ~~for the purpose~~
14 ~~of obtaining~~ TO OBTAIN a state and federal criminal records check pursuant
15 to section 41-1750 and Public Law 92-544. If an applicant will have
16 direct contact with students, the applicant shall possess a valid
17 fingerprint clearance card that is issued pursuant to title 41, chapter
18 12, article 3.1. The department of public safety may exchange this
19 fingerprint data with the federal bureau of investigation. The criminal
20 records check shall be completed before the issuance of a charter.

21 5. All persons engaged in instructional work directly as a
22 classroom, laboratory or other teacher or indirectly as a supervisory
23 teacher, speech therapist or principal and all charter representatives,
24 charter school governing body members and officers, directors, members and
25 partners of the charter holder shall have a valid fingerprint clearance
26 card that is issued pursuant to title 41, chapter 12, article 3.1, unless
27 the person is a volunteer or guest speaker who is accompanied in the
28 classroom by a person with a valid fingerprint clearance card. A charter
29 school shall not employ in any position that requires a valid fingerprint
30 clearance card a person against whom the state board of education has
31 taken disciplinary action as prescribed in section 15-505 or whose
32 certificate has been suspended, surrendered or revoked, unless the
33 person's certificate has been subsequently reinstated by the state board
34 of education. All other personnel shall be fingerprint checked pursuant
35 to section 15-512, or the charter school may require those personnel to
36 obtain a fingerprint clearance card issued pursuant to title 41,
37 chapter 12, article 3.1. Before employment, the charter school shall make
38 documented, good faith efforts to contact previous employers of a person
39 to obtain information and recommendations that may be relevant to the
40 person's fitness for employment as prescribed in section 15-512,
41 subsection F, including checking the educator information system that is
42 maintained by the department of education pursuant to section 15-505. The
43 charter school shall notify the department of public safety if the charter
44 school or sponsor receives credible evidence that a person who possesses a
45 valid fingerprint clearance card is arrested for or is charged with an

1 offense listed in section 41-1758.03, subsection B. A person who is
2 employed at a charter school ~~that~~ AND WHO has met the requirements of this
3 paragraph is not required to meet any additional requirements that are
4 established by the department of education or that may be established by
5 rule by the state board of education. The state board of education may
6 not adopt rules that exceed the requirements for persons who are qualified
7 to teach in charter schools prescribed in title I of the every student
8 succeeds act (P.L. 114-95) or the individuals with disabilities education
9 improvement act of 2004 (P.L. 108-446). Charter schools may hire
10 personnel who have not yet received a fingerprint clearance card if proof
11 is provided of the submission of an application to the department of
12 public safety for a fingerprint clearance card and if the charter school
13 that is seeking to hire the applicant does all of the following:

14 (a) Documents in the applicant's file the necessity for hiring and
15 placing the applicant before the applicant receives a fingerprint
16 clearance card.

17 (b) Ensures that the department of public safety completes a
18 statewide criminal records check on the applicant. A statewide criminal
19 records check shall be completed by the department of public safety every
20 one hundred twenty days until the date that the fingerprint check is
21 completed or the fingerprint clearance card is issued or denied.

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

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

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

30 (f) Verifies the fingerprint status of the applicant with the
31 department of public safety.

32 6. A charter school that complies with the fingerprinting
33 requirements of this section ~~shall be~~ IS deemed to have complied with
34 section 15-512 and is entitled to the same rights and protections provided
35 to school districts by section 15-512.

36 7. If a charter school operator is not already subject to a public
37 meeting or hearing by the municipality in which the charter school is
38 located, the operator of a charter school shall conduct a public meeting
39 at least thirty days before the charter school operator opens a site or
40 sites for the charter school. The charter school operator shall post
41 notices of the public meeting in at least three different locations that
42 are within three hundred feet of the proposed charter school site.

43 8. A person who is employed by a charter school or who is an
44 applicant for employment with a charter school, who is arrested for or
45 charged with a nonappealable offense listed in section 41-1758.03,

1 subsection B and who does not immediately report the arrest or charge to
2 the person's supervisor or potential employer is guilty of unprofessional
3 conduct and the person shall be immediately dismissed from employment with
4 the charter school or immediately excluded from potential employment with
5 the charter school.

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

11 (a) Surrender any certificates issued by the department of
12 education.

13 (b) Notify the person's employer or potential employer of the
14 conviction.

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

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

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

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

24 1. Ensure compliance with federal, state and local rules,
25 regulations and statutes relating to health, safety, civil rights and
26 insurance. The department of education shall publish a list of relevant
27 rules, regulations and statutes to notify charter schools of their
28 responsibilities under this paragraph.

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

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

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

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

1 6. Ensure that, except as provided in this article, it is subject
2 to the same financial and electronic data submission requirements as a
3 school district, including the uniform system of financial records as
4 prescribed in chapter 2, article 4 of this title, ~~procurement rules as~~
5 ~~prescribed in section 15-213~~ and audit requirements. The auditor general
6 shall conduct a comprehensive review and revision of the uniform system of
7 financial records to ensure that the provisions of the uniform system of
8 financial records that relate to charter schools are in accordance with
9 commonly accepted accounting principles used by private business.
10 ~~A school's charter may include exceptions to the requirements of this~~
11 ~~paragraph that are necessary as determined by the university, the~~
12 ~~community college district, the group of community college districts, the~~
13 ~~state board of education or the state board for charter schools.~~ EACH
14 CHARTER SCHOOL AND CHARTER MANAGEMENT ORGANIZATION THAT ENTERS INTO A
15 MANAGEMENT SERVICES CONTRACT WITH THE CHARTER SCHOOL SHALL ENSURE THAT AN
16 ANNUAL INDEPENDENT AUDIT OF FINANCIAL STATEMENTS IS CONDUCTED AND THAT THE
17 RESULTS OF THAT AUDIT, INCLUDING INDIVIDUAL SALARIES PAID BY THE CHARTER
18 SCHOOL TO THE CHARTER MANAGEMENT ORGANIZATION, AND ANY MANAGEMENT LETTER
19 ISSUED IN CONNECTION WITH THAT AUDIT ARE MADE AVAILABLE TO THE PUBLIC.
20 The department of education or the office of the auditor general ~~may~~ SHALL
21 conduct financial, program or compliance audits.

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

25 8. ENSURE THAT IT PROVIDES FOR A CHARTER HOLDER GOVERNING BOARD
26 THAT IS COMPOSED OF AT LEAST THREE MEMBERS. NOT MORE THAN TWO IMMEDIATE
27 FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE CHARTER HOLDER GOVERNING
28 BOARD, AND IMMEDIATE FAMILY MEMBERS MAY NOT CONSTITUTE A MAJORITY OF THOSE
29 BOARD MEMBERS, EXCEPT THAT:

30 (a) PERSONS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY
31 RESIDE WITHIN THE SAME HOUSEHOLD OR WHO RESIDED WITHIN THE SAME HOUSEHOLD
32 AT ANY TIME WITHIN THE PRECEDING FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY
33 ON THE SAME CHARTER HOLDER GOVERNING BOARD.

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

39 ~~8.~~ 9. Ensure that it provides for a governing body for the charter
40 school that is responsible for the OPERATIONAL AND policy decisions of the
41 charter school. THERE SHALL BE AT LEAST THREE GOVERNING BODY MEMBERS.
42 NOT MORE THAN TWO IMMEDIATE FAMILY MEMBERS MAY SERVE SIMULTANEOUSLY ON THE
43 GOVERNING BODY OF THE SAME CHARTER SCHOOL, AND IMMEDIATE FAMILY MEMBERS
44 MAY NOT BE A MAJORITY OF THE GOVERNING BODY MEMBERS OF THE SAME CHARTER
45 SCHOOL. Notwithstanding section 1-216, if there is a vacancy or vacancies

1 on the governing body, a majority of the remaining members of the
2 governing body constitute a quorum for the transaction of business, unless
3 that quorum is prohibited by the charter school's operating agreement.
4 INDIVIDUALS RELATED AS IMMEDIATE FAMILY MEMBERS WHO CURRENTLY RESIDE
5 WITHIN THE SAME HOUSEHOLD OR WHO RESIDED WITHIN THE SAME HOUSEHOLD ANY
6 TIME WITHIN THE PRECEDING FOUR YEARS MAY NOT SERVE SIMULTANEOUSLY ON THE
7 SAME CHARTER SCHOOL GOVERNING BODY, EXCEPT THAT FOR A CHARTER SCHOOL WITH
8 A STUDENT COUNT OF AT LEAST TWO HUNDRED FIFTY THAT IS LOCATED IN A COUNTY
9 WITH A POPULATION OF MORE THAN FIVE HUNDRED THOUSAND PERSONS, NOT MORE
10 THAN TWO PERSONS RELATED BY AFFINITY, BY CONSANGUINITY OR BY LAW TO THE
11 THIRD DEGREE MAY SERVE SIMULTANEOUSLY ON THE SAME CHARTER SCHOOL GOVERNING
12 BODY. FOR THE PURPOSES OF THIS PARAGRAPH, "OPERATIONAL" INCLUDES ALL
13 APPLICABLE REQUIREMENTS FOR SUPERVISION THAT ARE PRESCRIBED FOR SCHOOL
14 DISTRICT GOVERNING BOARDS PURSUANT TO SECTION 15-341.

15 ~~9.~~ 10. Ensure that it provides a minimum of one hundred eighty
16 instructional days before June 30 of each fiscal year unless it is
17 operating on an alternative calendar approved by its sponsor. The
18 superintendent of public instruction shall adjust the apportionment
19 schedule accordingly to accommodate a charter school utilizing an
20 alternative calendar.

21 ~~10.~~ 11. Ensure that the charter school, in conjunction with local
22 law enforcement agencies and emergency response agencies, ~~develop~~ DEVELOPS
23 an emergency response plan for each school in accordance with minimum
24 standards developed jointly by the department of education and the
25 division of emergency management within the department of emergency and
26 military affairs. Any emergency response plan developed pursuant to this
27 paragraph must address how the school and emergency responders will
28 communicate with and provide assistance to students with disabilities.

29 12. ENSURE THAT THE CHARTER SCHOOL GOVERNING BODY AND THE CHARTER
30 HOLDER GOVERNING BOARD COMPLY WITH THE OPEN MEETING REQUIREMENTS
31 PRESCRIBED IN TITLE 38, CHAPTER 3, ARTICLE 3.1.

32 F. A charter school shall collect and maintain information about
33 each teacher's educational and teaching background and experience in a
34 particular academic content subject area. A charter school shall either
35 post the information on the charter school's website or make the
36 information available for inspection on request of parents and guardians
37 of pupils enrolled at the charter school. This subsection does not
38 require any charter school to release personally identifiable information
39 in relation to any teacher, including the teacher's address, salary,
40 social security number or telephone number.

41 G. The charter of a charter school may be amended at the request of
42 the governing body of the charter school and on the approval of the
43 sponsor.

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

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

3 1. At least eighteen months before the charter expires, the sponsor
4 shall notify the charter school that the charter school may apply for
5 renewal and shall make the renewal application available to the charter
6 school. A charter school that elects to apply for renewal shall file a
7 complete renewal application at least fifteen months before the charter
8 expires. A sponsor shall give written notice of its intent not to renew
9 the charter school's request for renewal to the charter school at least
10 twelve months before the expiration of the charter. The sponsor shall
11 make data used in making renewal decisions available to the school and the
12 public and shall provide a public report summarizing the evidence basis
13 for each decision. The sponsor may deny the request for renewal if, in
14 its judgment, the charter holder has failed to do any of the following:

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

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

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

21 (d) Complete the obligations of the contract.

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

24 2. A charter operator may apply for early renewal. At least nine
25 months before the charter school's intended renewal consideration, the
26 operator of the charter school shall submit a letter of intent to the
27 sponsor to apply for early renewal. The sponsor shall review fiscal
28 audits and academic performance data for the charter school that are
29 annually collected by the sponsor, review the current contract between the
30 sponsor and the charter school and provide the qualifying charter school
31 with a renewal application. On submission of a complete application, the
32 sponsor shall give written notice of its consideration of the renewal
33 application. The sponsor may deny the request for early renewal if, in the
34 sponsor's judgment, the charter holder has failed to do any of the
35 following:

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

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

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

42 (d) Complete the obligations of the contract.

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

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

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

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

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

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

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

18 5. Before the sponsor adopts a determination of intent to revoke a
19 charter, the charter holder shall have at least thirty days to address the
20 problems, as necessary or applicable, associated with the reason or
21 reasons for the determination of intent to revoke. The sponsor is not
22 required to provide the charter holder with thirty days to correct the
23 problems associated with the reason or reasons for adopting a
24 determination of intent to revoke if the reason or reasons cannot be
25 remedied, including a failure to submit required financial audits pursuant
26 to subsection E, paragraph 6 of this section and section 15-914, or for a
27 matter of health or safety, or both. Before the sponsor adopts a
28 determination of intent to revoke a charter, the sponsor shall give
29 written notice to the charter holder that includes the reason or reasons
30 for the sponsor's consideration to revoke the charter. Notice may be
31 provided by electronic means or by United States mail and is effective on
32 the date of email or, if sent by United States mail, the earlier of the
33 date of receipt by the charter holder or within five days after the notice
34 is mailed. The determination of whether to proceed to revocation shall be
35 made at a public meeting called for that purpose.

36 J. The charter may be renewed for successive periods of twenty
37 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 3. The financial expectations of the charter school.

30 4. Intervention and improvement policies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 1. The current number of charters authorized and the number of
43 schools operated by authorized charter holders.

1 2. The academic, operational and financial performance of the
2 sponsor's charter portfolio as measured by the sponsor's adopted
3 performance framework.

4 3. For the prior year, the number of new charters approved, the
5 number of charter schools closed and the reason for the closure.

6 4. The sponsor's application, amendment, renewal and revocation
7 processes, charter contract template and current performance framework as
8 required by this section.

9 II. The auditor general shall prescribe the format for the annual
10 report required by subsection HH of this section and may require that the
11 annual report be submitted electronically. The auditor general shall
12 review the submitted annual reports to ensure that the reports include the
13 required items in subsection HH of this section and shall make the annual
14 reports available on request. If the auditor general finds significant
15 noncompliance or if a sponsor fails to submit the annual report required
16 by subsection HH of this section, on or before December 31 of each year
17 the auditor general shall report to the governor, the president of the
18 senate, the speaker of the house of representatives and the chairs of the
19 senate and house education committees or their successor committees, and
20 the legislature shall consider revoking the sponsor's authority to sponsor
21 charter schools.

22 JJ. Each charter representative, charter school governing body
23 member and officer, director, member and partner of a charter holder, as
24 allowed by the charter holder, may have:

25 1. Access to the charter school's students and student records.

26 2. Unrestricted access to the charter school's campuses.

27 3. Authority to make final decisions regarding student learning in
28 the charter school.

29 4. Authority to make final decisions regarding the safety of the
30 charter school's students and school campuses.

31 KK. THE SPONSOR OF A CHARTER SCHOOL SHALL ANNUALLY COMPILE
32 INFORMATION PERTAINING TO THE GOVERNANCE AND OPERATIONS OF EACH CHARTER
33 SCHOOL IT SPONSORS. A NONPROFIT CHARTER HOLDER THAT IS RESPONSIBLE FOR
34 ANNUALLY FILING A FORM 990 WITH THE INTERNAL REVENUE SERVICE MAY MEET THE
35 RELEVANT DATA REQUIREMENTS PRESCRIBED IN PARAGRAPHS 3 THROUGH 12 OF THIS
36 SUBSECTION BY SUBMITTING THE CHARTER HOLDER'S FORM 990 TO THE CHARTER
37 SCHOOL'S SPONSOR. A CHARTER SCHOOL SPONSOR SHALL POST TO ITS PUBLIC
38 WEBSITE THE FOLLOWING INFORMATION FOR EACH CHARTER SCHOOL IT SPONSORS:

39 1. THE NAMES OF VOTING MEMBERS OF THE CHARTER SCHOOL GOVERNING
40 BODY.

41 2. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER SCHOOL
42 GOVERNING BODY. FOR THE PURPOSES OF THIS PARAGRAPH, "INDEPENDENT VOTING
43 MEMBERS" MEANS MEMBERS WHO ARE NOT EMPLOYED BY THE CHARTER SCHOOL OR WHO
44 DO NOT HAVE IMMEDIATE FAMILY MEMBERS OR BUSINESS RELATIONSHIPS WITH THE
45 CHARTER SCHOOL.

- 1 3. THE NAMES OF VOTING MEMBERS OF THE CHARTER HOLDER GOVERNING
2 BOARD.
- 3 4. THE NUMBER OF INDEPENDENT VOTING MEMBERS OF THE CHARTER HOLDER
4 GOVERNING BOARD.
- 5 5. THE TOTAL ANNUAL STATE REVENUES RECEIVED.
- 6 6. THE TOTAL ANNUAL REVENUES FROM OTHER SOURCES, INCLUDING GRANTS,
7 DONATIONS AND INVESTMENT INCOME.
- 8 7. THE TOTAL ANNUAL EXPENSES.
- 9 8. THE TOTAL ANNUAL REVENUES MINUS TOTAL ANNUAL EXPENSES.
- 10 9. THE TOTAL ASSETS AND LIABILITIES.
- 11 10. THE AUTHORIZATION OF ANY RELATED PARTY TRANSACTION AND THE
12 INDIVIDUALS OR ENTITIES THAT ARE PARTY TO THE TRANSACTION, SERVICES OR
13 GOODS PROVIDED AND THE TOTAL TRANSACTION COST.
- 14 11. WHETHER THE CHARTER SCHOOL OR CHARTER HOLDER SOLD, EXCHANGED,
15 DISPOSED OF OR TRANSFERRED MORE THAN TWENTY-FIVE PERCENT OF THE CHARTER
16 SCHOOL'S ASSETS IN THE PREVIOUS FISCAL YEAR.
- 17 12. THE CONFIRMATION OF AN ADOPTED CONFLICT OF INTEREST POLICY AND
18 A COPY OF THE ADOPTED POLICY.
- 19 13. IF THE CHARTER SCHOOL OR CHARTER HOLDER CONTRACTS WITH A
20 CHARTER MANAGEMENT ORGANIZATION, A WRITTEN STATEMENT THAT DOES ALL OF THE
21 FOLLOWING:
 - 22 (a) IDENTIFIES THE CHARTER MANAGEMENT ORGANIZATION AND THE NAME OF
23 THE PERSON OR ENTITY THAT HAS OWNERSHIP OF THE CHARTER MANAGEMENT
24 ORGANIZATION.
 - 25 (b) DESCRIBES THE SERVICES PROVIDED TO THE CHARTER SCHOOL OR
26 CHARTER HOLDER.
 - 27 (c) PROVIDES THE AMOUNT OF MONIES THE CHARTER SCHOOL OR CHARTER
28 HOLDER SPENDS FOR THE CHARTER MANAGEMENT ORGANIZATION'S SERVICES.
 - 29 (d) INCLUDES AN ITEMIZED LIST OF SERVICES THE CHARTER MANAGEMENT
30 ORGANIZATION OFFERS TO THE CHARTER SCHOOL OR CHARTER HOLDER, INCLUDING THE
31 COST FOR EACH SERVICE.
- 32 14. SPENDING DATA THAT THE CHARTER SCHOOL SPONSOR COMPILES FROM
33 ANNUAL FINANCIAL REPORTS FOR EACH CHARTER HOLDER IN EACH OF THE FOLLOWING
34 CATEGORIES:
 - 35 (a) TEACHER SALARIES.
 - 36 (b) CLASSROOM INSTRUCTION.
 - 37 (c) STUDENT SUPPORT SERVICES.
 - 38 (d) OTHER SUPPORT SERVICES AND OPERATIONS.
 - 39 (e) SPECIAL EDUCATION.
 - 40 (f) ADMINISTRATION.
 - 41 (g) FEDERAL PROJECTS.
 - 42 (h) FACILITIES EXPENSES.
- 43 LL. IF A CHARTER SCHOOL CONTRACTS WITH A CHARTER MANAGEMENT
44 ORGANIZATION, NOT MORE THAN TEN PERCENT OF THE CHARTER SCHOOL'S TOTAL
45 EXPENDITURES MAY BE SPENT ON ADMINISTRATIVE EXPENSES.

1 MM. THE WEBSITE OF EACH CHARTER SCHOOL SHALL INCLUDE A LINK TO THE
2 INFORMATION REQUIRED TO BE POSTED ON THE CHARTER SCHOOL SPONSOR'S WEBSITE
3 PURSUANT TO SUBSECTION KK OF THIS SECTION.

4 ~~KK.~~ NN. For the purposes of this section:

5 1. "CHARTER MANAGEMENT ORGANIZATION":

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

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

11 ~~1.~~ 2. "Charter representative" means an individual who both:

12 (a) Has the authority to execute contracts on behalf of the charter
13 holder in accordance with the charter holder's articles of incorporation,
14 operating agreement or bylaws.

15 (b) Represents the charter holder before the state board for
16 charter schools in matters relating to accountability and compliance with
17 federal, state and local laws and with the terms and conditions of the
18 charter.

19 ~~2.~~ 3. "Charter school governing body member" means an individual
20 who is a member of a body organized to govern and manage a charter school.

21 4. "IMMEDIATE FAMILY" HAS THE SAME MEANING PRESCRIBED IN SECTION
22 15-421.

23 ~~3.~~ 5. "Officer, director, member ~~or~~ AND partner of a charter
24 holder":

25 (a) Means an individual who has the authority to manage the
26 operations and functions of a charter school or to make decisions on
27 behalf of a charter holder.

28 (b) Includes:

29 (i) An individual who possesses an ownership interest or voting
30 rights, or both, in the charter school.

31 (ii) An individual who is identified in any of sections 10-140,
32 10-801, 10-840, 10-3140, 10-3840, 29-301, 29-1001, 29-3102 and 29-4101.

33 Sec. 4. Title 15, chapter 1, article 8, Arizona Revised Statutes,
34 is amended by adding section 15-183.02, to read:

35 15-183.02. Procurement policies; enforcement

36 A. ON OR BEFORE JULY 1, 2027, EACH CHARTER SCHOOL IN THIS STATE
37 SHALL COMPLY WITH THE PROCUREMENT POLICIES PRESCRIBED IN SECTION 15-213.
38 EACH CHARTER SCHOOL IN THIS STATE SHALL ALSO ADOPT PROCUREMENT POLICIES
39 THAT INCLUDE ALL OF THE FOLLOWING:

40 1. A PROHIBITION ON PURCHASING ANY GOOD OR SERVICE FROM ANY OF THE
41 FOLLOWING PERSONS, UNLESS A MAJORITY OF THE DISINTERESTED MEMBERS OF THE
42 CHARTER SCHOOL GOVERNING BODY AUTHORIZE THE PURCHASE AFTER FULLY
43 DISCLOSING THE SUBSTANTIAL INTEREST AND INCLUDE THIS INFORMATION AND A
44 DESCRIPTION OF THE JUSTIFICATION FOR WHY THE PURCHASE IS IN THE BEST

1 INTEREST OF THE SCHOOL IN THE MINUTES OF THE MEETING AT WHICH THE
2 GOVERNING BODY APPROVES THE PURCHASE:

3 (a) ANY MEMBER OF THE CHARTER HOLDER GOVERNING BOARD OR CHARTER
4 SCHOOL GOVERNING BODY.

5 (b) AN IMMEDIATE FAMILY MEMBER OF ANY MEMBER OF THE CHARTER HOLDER
6 GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY.

7 (c) ANY OTHER ENTITY IN WHICH ANY MEMBER OF THE CHARTER HOLDER
8 GOVERNING BOARD OR CHARTER SCHOOL GOVERNING BODY OR AN IMMEDIATE FAMILY
9 MEMBER OF A MEMBER OF THE CHARTER HOLDER GOVERNING BOARD OR CHARTER SCHOOL
10 GOVERNING BODY MAY HAVE A SUBSTANTIAL INTEREST IN THE PROCUREMENT.

11 2. A REQUIREMENT THAT, FOR ANY PURCHASE MADE ON BEHALF OF THE
12 CHARTER SCHOOL BY THE CHARTER SCHOOL OR CHARTER HOLDER THAT THE CHARTER
13 SCHOOL OR CHARTER HOLDER REASONABLY ANTICIPATES WILL EXCEED \$50,000, THE
14 CHARTER SCHOOL MAINTAIN RECORDS DEMONSTRATING THAT THE PURCHASE IS IN THE
15 BEST INTEREST OF THE CHARTER SCHOOL WHEN CONSIDERING THE TOTALITY OF THE
16 CIRCUMSTANCES. A CHARTER SCHOOL MAY DEMONSTRATE THAT THE PURCHASE IS IN
17 THE BEST INTEREST OF THE CHARTER SCHOOL THROUGH RESEARCH OF LIKE PRODUCTS
18 OR SERVICES OR BY RECEIVING MULTIPLE QUOTES. A CHARTER SCHOOL SHALL
19 MAINTAIN RECORDS OF THE PURCHASE FOR REVIEW DURING THE CHARTER SCHOOL'S
20 ANNUAL AUDIT. A PROJECT OR PURCHASE MAY NOT BE DIVIDED OR SEQUENCED INTO
21 SEPARATE PROJECTS OR PURCHASES TO INTENTIONALLY AVOID THE LIMITS
22 PRESCRIBED IN THIS PARAGRAPH.

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

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

30 B. FEDERAL PROCUREMENT REQUIREMENTS APPLY TO A CHARTER SCHOOL'S
31 RECEIPT OF CERTAIN FEDERAL MONIES.

32 C. A CHARTER SCHOOL EMPLOYEE WHO HAS CONTROL OVER PERSONNEL ACTIONS
33 MAY NOT TAKE REPRISAL AGAINST A CHARTER SCHOOL EMPLOYEE FOR THAT
34 EMPLOYEE'S DISCLOSURE OF INFORMATION RELATING TO A VIOLATION OF THIS
35 SECTION.

36 D. IF THE SPONSOR OF A CHARTER SCHOOL DETERMINES THAT A VIOLATION
37 OF THIS SECTION IS OR LIKELY MAY BE OCCURRING, THE SPONSOR MAY REQUEST
38 THAT THE ATTORNEY GENERAL ENFORCE THIS SECTION AFTER PROVIDING THE CHARTER
39 SCHOOL WITH A REASONABLE OPPORTUNITY TO RESPOND TO ANY ALLEGATIONS RAISED
40 AND TO DISCONTINUE AND CORRECT ANY IMPROPER ACTIONS. THE ATTORNEY GENERAL
41 MAY SEEK RELIEF FOR ANY VIOLATION OF THIS SECTION THROUGH AN APPROPRIATE
42 CRIMINAL OR CIVIL ACTION IN SUPERIOR COURT. THE ATTORNEY GENERAL MAY USE
43 THE AUDIT AUTHORITY OF THE AUDITOR GENERAL PURSUANT TO 15-183, SUBSECTION
44 E, PARAGRAPH 6 TO ENFORCE THIS SECTION.

1 Sec. 5. Section 15-184, Arizona Revised Statutes, is amended to
2 read:

3 15-184. Charter schools; admissions requirements; parental
4 classroom visits

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

8 B. A charter school shall give enrollment preference to pupils who
9 are returning to the charter school in the second or any subsequent year
10 of its operation and to siblings of pupils who are already enrolled in the
11 charter school.

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

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

18 1. Are children, grandchildren or legal wards of any of the
19 following:

20 (a) Employees of the school.

21 (b) Employees of the charter holder.

22 (c) Members of the governing body of the school.

23 (d) Directors, officers, partners or board members of the charter
24 holder.

25 2. Attended another charter school or are the siblings of that
26 pupil if the charter school previously attended by the pupil has the
27 identical charter holder, board and governing board membership as the
28 enrolling charter school or is managed by the same educational management
29 organization, charter management organization or educational service
30 provider as determined by the charter authorizer.

31 3. Are children of a member of the armed forces of the United
32 States who either is on active duty or was killed in the line of duty.

33 E. If remaining capacity is insufficient to enroll all pupils who
34 submit a timely application, the charter school shall select pupils
35 through an equitable selection process such as a lottery except that
36 preference shall be given to siblings of a pupil who is selected through
37 an equitable selection process such as a lottery.

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

42 G. A CHARTER SCHOOL MAY NOT LIMIT ADMISSION BASED ON THE ABILITY OF
43 A PUPIL OR THE PUPIL'S PARENT OR GUARDIAN TO PROVIDE A FINANCIAL
44 CONTRIBUTION TO THE CHARTER SCHOOL OR BASED ON ANY AGREEMENT TO VOLUNTEER
45 AT OR FOR THE CHARTER SCHOOL.

1 ~~G.~~ H. A charter school may limit admission to pupils within a
2 given age group or grade level.

3 ~~H.~~ I. A charter school may provide instruction to pupils of a
4 single gender with the approval of the sponsor of the charter school. An
5 existing charter school may amend its charter to provide instruction to
6 pupils of a single gender and, if approved by the sponsor of the charter
7 school, may provide instruction to pupils of a single gender at the
8 beginning of the next school year.

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

12 ~~J.~~ K. A charter school governing body must develop and adopt in a
13 public meeting policies to allow for visits, tours and observations of all
14 classrooms by parents of enrolled pupils and parents who wish to enroll
15 their children in the charter school unless a visit, tour or observation
16 threatens the health and safety of pupils and staff. These policies and
17 procedures must be easily accessible from the home page on each school's
18 website.

19 Sec. 6. Section 15-189.02, Arizona Revised Statutes, is amended to
20 read:

21 15-189.02. Charter schools; exemption; public bidding
22 requirements

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

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

32 Sec. 7. Section 15-189.03, Arizona Revised Statutes, is amended to
33 read:

34 15-189.03. Academic credits; transfer; withdrawal;
35 notification

36 A. If a pupil who was previously enrolled in a charter school or
37 school district enrolls in a charter school in this state, the charter
38 school shall accept credits earned by the pupil in courses or
39 instructional programs at the charter school or school district. A
40 charter school governing ~~board~~ BODY may adopt a policy concerning the
41 application of transfer credits ~~for the purpose of determining~~ TO
42 DETERMINE whether a credit earned by a pupil who was previously enrolled
43 in a school district or charter school will be assigned as an elective or
44 core credit.

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

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

19 Sec. 8. Title 15, chapter 1, article 8, Arizona Revised Statutes,
20 is amended by adding section 15-189.08, to read:

21 15-189.08. Charter school audits; list of acceptable
22 auditors; form of audit; reports

23 AN AUDIT OF A CHARTER SCHOOL THAT IS CONDUCTED PURSUANT TO THIS
24 TITLE MUST:

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

28 2. BE CONDUCTED BY AN AUDITOR WHO MEETS ALL OF THE FOLLOWING:

29 (a) IS LOCATED IN THIS STATE.

30 (b) HAS DEMONSTRATED EXPERTISE IN THE LAWS OF THIS STATE.

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

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

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

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

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

3 6. IDENTIFY THE SOURCE OF ANY PROFIT DISTRIBUTION THAT EXCEEDS NET
4 PROFITS FOR THAT YEAR.

5 Sec. 9. Section 15-213, Arizona Revised Statutes, is amended to
6 read:

7 15-213. Procurement practices of school districts; rules;
8 violations; classification; definitions

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

11 1. The state board shall submit to the auditor general THE proposed
12 rules consistent with the procurement practices prescribed in title 41,
13 chapter 23, modifying the provisions for public notice of invitation for
14 bids, requests for proposals and requests for qualifications to allow a
15 governing board to give public notice of the invitation for bids, requests
16 for proposals and requests for qualifications by publication in the
17 official newspaper of the county as prescribed in section 11-255,
18 modifying the provisions relating to disposal of materials to comply with
19 section 15-342, paragraph 18, providing for governing board delegation of
20 procurement authority and modifying as necessary other provisions that the
21 state board determines are not appropriate for school districts. The
22 rules shall include provisions specifying that school districts are not
23 required to engage in competitive bidding in order to make the decision to
24 participate in programs pursuant to section 15-382 and that a program
25 authorized by section 15-382 is not required to engage in competitive
26 bidding for the services necessary to administer the program or for
27 ~~purchase of~~ PURCHASING insurance or reinsurance. The rules shall include
28 provisions specifying that school districts are not required to engage in
29 competitive bidding in order to place a pupil in a private school that
30 provides special education services if such a placement is prescribed in
31 the pupil's individualized education program and the private school has
32 been approved by the department of education division of special education
33 pursuant to section 15-765, subsection D. This placement is not subject
34 to rules adopted by the state board of education before November 24, 2009
35 pursuant to this section. The rules for procurement of construction
36 projects shall include provisions specifying that surety bonds furnished
37 as bid security and performance and payment bonds shall be executed and
38 furnished as required by title 34, chapter 2 or 6, as applicable. The
39 rules shall specify the total cost of a procurement that is subject to
40 invitations for bids, requests for proposals and requests for
41 clarification, using the aggregate dollar amount limits for procurements
42 prescribed in section 41-2535. The rules must follow the prompt payment
43 requirements prescribed in sections 41-2576 and 41-2577 except for
44 external funding that has not yet been received.

1 2. The state board of education shall adopt rules for procurements
2 involving construction not exceeding \$150,000, which shall be known as the
3 simplified school construction procurement program. At a minimum, the
4 rules for a simplified construction procurement program shall require
5 that:

6 (a) Each county school superintendent maintain a list of persons
7 who desire to receive solicitations to bid on construction projects to
8 which additions shall be allowed throughout the year.

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

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

12 (d) All bids for construction be opened at a public opening and
13 THAT the bids ~~shall~~ remain confidential until the public opening.

14 (e) All persons desiring to submit bids be treated equitably and
15 THAT the information related to each project be available to all eligible
16 persons.

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

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

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

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

44 (a) That contracts for or purchases any materials, services, goods,
45 construction or construction services in a manner contrary to the rules

1 adopted by the state board pursuant to this section is personally liable
2 for the recovery of all public monies paid plus twenty percent of that
3 amount and legal interest from the date of payment and all costs and
4 damages arising out of the violation as prescribed in section 41-2616.

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

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

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

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

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

29 7. If the auditor general approves the proposed rules, the auditor
30 general shall notify the state board in writing and the state board shall
31 adopt such rules.

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

38 B. After the bids submitted in response to an invitation for bids
39 are opened and the award is made or after the proposals or qualifications
40 are submitted in response to a request for proposals or a request for
41 qualifications and the award is made, the governing board shall make
42 available for public inspection all information, all bids, proposals and
43 qualifications submitted and all findings and other information considered
44 in determining whose bid conforms to the invitation for bids and will be
45 the most advantageous with respect to price, conformity to the

1 specifications and other factors or whose proposal or qualifications are
2 to be selected for the award, including the rationale for awarding a
3 contract for any specified professional services, construction,
4 construction services or materials to an entity selected from a qualified
5 select bidders list or through a school purchasing cooperative. The
6 invitation for bids, request for proposals or request for qualifications
7 shall include a notice that all information and bids, proposals and
8 qualifications submitted will be made available for public inspection.
9 The rules adopted by the state board shall prohibit the use in connection
10 with procurement of specifications in any way proprietary to one supplier
11 unless the specification includes all of the following:

12 1. A statement of the reasons no other specification is
13 practicable.

14 2. A description of the essential characteristics of the specified
15 product.

16 3. A statement specifically allowing an acceptable alternative
17 product to be supplied.

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

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

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

43 1. Require that person to file on forms prescribed by the attorney
44 general a statement or report in writing and under oath as to all the
45 facts and circumstances concerning a violation of the rules adopted by the

1 state board pursuant to this section by that person and any other data and
2 information deemed necessary by the attorney general.

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

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

20 G. A school district school employee who has control over personnel
21 actions may not take reprisal against a school district school employee
22 for that employee's disclosure of information that is a matter of public
23 concern, including a violation of this section, to a public body pursuant
24 to title 38, chapter 3, article 9.

25 H. The attorney general or county attorney has jurisdiction to
26 enforce this section. The attorney general or county attorney may seek
27 relief for any violation of this section through an appropriate civil or
28 criminal action in superior court, including an action to enjoin a
29 threatened or pending violation of this section and including an action to
30 enforce compliance with any request for documents made by the auditor
31 general pursuant to this section.

32 I. The department of education shall enact policies and procedures
33 for the acceptance and disposition of complaints from the public regarding
34 school procurement practices and shall forward all school procurement
35 complaints to the attorney general. Notwithstanding rules adopted by the
36 state board, school districts shall not be required to prepare or submit
37 an annual report on the benefits associated with the use of
38 construction-manager-at-risk, design-build, qualified select bidders list
39 and job-order-contracting methods.

40 J. The state board of education shall adopt, and the auditor
41 general shall review, rules authorizing school districts to procure
42 construction services by construction-manager-at-risk, design-build,
43 qualified select bidders list and job-order-contracting methods of project
44 delivery. The rules shall not require school districts to obtain bid
45 security for the construction-manager-at-risk method of project delivery.

1 K. A school district ~~or charter school~~ may evaluate United States
2 general services administration contracts for materials and services. The
3 governing board ~~or governing body~~ may authorize purchases under a current
4 contract for materials or services without complying with the requirements
5 of the procurement rules adopted by the state board of education if the
6 governing board ~~or governing body~~ determines in writing that all of the
7 following apply:

8 1. The price for materials or services is equal to or less than the
9 contractor's current federal supply contract price with the general
10 services administration.

11 2. The contractor has indicated in writing that the contractor is
12 willing to extend the current federal supply contract pricing, terms and
13 conditions to the school district ~~or charter school~~.

14 3. The purchase order adequately identifies the federal supply
15 contract on which the order is based.

16 4. The purchase contract is cost effective and is in the best
17 interests of the school district ~~or charter school~~.

18 L. Unless otherwise provided by law, multiterm contracts for
19 materials or services and contracts for job-order-contracting construction
20 services may be entered into if the duration of the contract and the
21 conditions of renewal or extension, if any, are included in the invitation
22 for bids or the request for proposals and if monies are available for the
23 first fiscal period at the time the contract is executed. The duration of
24 contracts for materials or services and contracts for
25 job-order-contracting construction services ~~are~~ IS limited to not more
26 than five years unless the governing board determines in writing before
27 the procurement solicitation is issued that a contract of longer duration
28 would be advantageous to the school district. Payment and performance
29 obligations for succeeding fiscal periods are subject to the availability
30 and appropriation of monies.

31 M. Notwithstanding the rules adopted by the state board of
32 education, the maximum dollar amount of an individual job order for
33 job-order-contracting construction services is \$1,000,000 or a higher or
34 lower amount prescribed by the governing board in a policy adopted in a
35 public meeting held pursuant to title 38, chapter 3, article 3.1.
36 Requirements shall not be artificially divided or fragmented in order to
37 constitute a job order that satisfies the requirements of this subsection.

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

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

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

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

26 Q. For the purposes of this section:

27 1. "Gift or benefit":

28 (a) Means a payment, distribution, expenditure, advance, deposit or
29 donation of monies, any intangible personal property or any kind of
30 tangible personal or real property. ~~Gift or benefit~~

31 (b) Does not include either:

32 ~~(a)~~ (i) Food or beverage.

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

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

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

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

1 Sec. 10. Section 15-914.02, Arizona Revised Statutes, is amended to
2 read:

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

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

7 Sec. 11. Section 41-1279.03, Arizona Revised Statutes, is amended
8 to read:

9 41-1279.03. Powers and duties

10 A. The auditor general shall:

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

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

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

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

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

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

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

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

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

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

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

18 8. Perform special audits designated pursuant to law if the auditor
19 general determines that there are adequate monies appropriated for the
20 auditor general to complete the audit. If the auditor general determines
21 the appropriated monies are inadequate, the auditor general shall notify
22 the [JOINT LEGISLATIVE AUDIT](#) committee. Based on information provided by
23 the auditor general, for any legislative measure that requires the auditor
24 general to perform a special audit, the joint legislative budget committee
25 staff shall notify all the members of the legislature as soon as
26 practicable of the cost to conduct the special audit.

27 9. Establish a schoolwide audit team in the office of the auditor
28 general to conduct performance audits and monitor school districts [AND](#)
29 [CHARTER SCHOOLS](#) to determine the percentage of every dollar spent in the
30 classroom by the school district [OR CHARTER SCHOOL](#). Each school district
31 [AND CHARTER SCHOOL](#) shall prominently post on its website home page a copy
32 of its profile pages that displays the percentage of every dollar spent in
33 the classroom by that school district [OR CHARTER SCHOOL](#) from the most
34 recent status report issued by the auditor general pursuant to this
35 paragraph. The auditor general shall determine, through random selection,
36 the school districts [AND CHARTER SCHOOLS](#) to be audited each year, subject
37 to review by the joint legislative audit committee. A school district [OR](#)
38 [CHARTER SCHOOL](#) that is subject to an audit pursuant to this paragraph
39 shall notify the auditor general in writing whether the school district [OR](#)
40 [CHARTER SCHOOL](#) agrees or disagrees with the findings of the audit and
41 whether the school district [OR CHARTER SCHOOL](#) will implement the
42 recommendations, implement modifications to the recommendations or refuse
43 to implement the recommendations. The school district [OR CHARTER SCHOOL](#)
44 shall submit to the auditor general a written status report on the
45 implementation of the audit recommendations at the request of the auditor

1 general, within the two-year period following the issuance of an audit
2 conducted pursuant to this paragraph. The auditor general shall review
3 the school district's OR CHARTER SCHOOL'S progress toward implementing the
4 recommendations of the audit and provide status reports of the reviews to
5 the joint legislative audit committee during this two-year period. The
6 auditor general may review a school district's OR CHARTER SCHOOL'S
7 progress beyond this two-year period for recommendations that have not yet
8 been implemented by the school district OR CHARTER SCHOOL. The school
9 district OR CHARTER SCHOOL shall participate in any hearing scheduled
10 during this review period by the joint legislative audit committee or by
11 any other legislative committee designated by the joint legislative audit
12 committee.

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

18 B. The auditor general may:

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

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

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

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

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

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

1 2. For the cost of conducting the studies or hiring a consultant
2 pursuant to subsection A, paragraph 6, subdivision (c) and paragraph 7 of
3 this section, from the Arizona highway user revenue fund.

4 Sec. 12. Section 41-1279.04, Arizona Revised Statutes, is amended
5 to read:

6 41-1279.04. Authority to examine records; violation;
7 classification; attorney general supervision

8 A. The auditor general or the auditor general's authorized
9 representatives, in ~~the performance of~~ PERFORMING THEIR official duties,
10 shall have access to employees and the authority to examine any and all
11 books, accounts, reports, vouchers, correspondence files and other
12 records, bank accounts, criminal history record information as defined in
13 section 41-1701 and in accordance with section 41-1750, monies and other
14 property of any state agency, board, commission, department, institution,
15 program, advisory council or committee or political subdivision of this
16 state, whether created by the constitution or otherwise, or such documents
17 and property of a contractor relating to a contract with this state
18 pursuant to section 35-214. Any such agency or political subdivision that
19 has such records under the officer's or employee's control, shall allow
20 access to and examination of the records on the request of the auditor
21 general or the auditor general's authorized ~~representative~~
22 REPRESENTATIVES.

23 B. The auditor general or the auditor general's authorized
24 representatives, in the performance of official duties, shall have access
25 to financial institutions' or financial enterprises' information,
26 accounts, books, records, statements, reports, communications,
27 transactions or any other information relating to any state agency, board,
28 commission, department, institution, program, advisory council or
29 committee or political subdivision of this state, whether created by the
30 constitution or otherwise. On request of the auditor general or the
31 auditor general's AUTHORIZED representatives and in the form and at the
32 time prescribed by the auditor general, the financial institution or
33 financial enterprise shall provide all information requested by the
34 auditor general or the auditor general's authorized ~~representative~~
35 REPRESENTATIVES. An authorized representative of the financial
36 institution or financial enterprise shall certify all information provided
37 to the auditor general or auditor general's authorized
38 representatives. Costs or fees associated with producing the information
39 requested by the auditor general or auditor general's authorized
40 representatives shall be paid by the state agency, board, commission,
41 department, institution, program, advisory council or committee or
42 political subdivision OF THIS STATE. A financial institution or financial
43 enterprise is not liable to the state agency, board, commission,
44 department, institution, program, advisory council or committee or
45 political subdivision OF THIS STATE for providing to the auditor general

1 or auditor general's authorized representatives information requested
2 pursuant to this subsection.

3 C. For the purpose of complying with section 41-1279.03, subsection
4 A, paragraphs 4 and 9, the auditor general or the auditor general's
5 authorized ~~representative~~ REPRESENTATIVES, in ~~the performance of~~
6 PERFORMING THEIR official duties, may attend executive sessions of the
7 governing body of any state agency, ~~or~~ school district OR CHARTER SCHOOL
8 in this state.

9 D. For the purpose of auditing the department of revenue, the
10 auditor general and the auditor general's authorized representatives have
11 access to state tax returns, except that a report of the auditor general
12 ~~shall~~ MAY not violate the confidentiality of state tax laws.

13 E. For the purpose of complying with subsection A of this section,
14 all officers of any state agency, board, commission, department,
15 institution, program, advisory council or committee or political
16 subdivision of this state shall provide reasonable space for auditor
17 general staff and make records available, in the form and at the time
18 prescribed.

19 F. Any officer or person who knowingly fails or refuses to allow
20 access and examination pursuant to this section or who knowingly obstructs
21 or misleads the auditor general in the execution of the auditor general's
22 duties is guilty of a class 2 misdemeanor.

23 G. The attorney general shall supervise the prosecution of all
24 offenders under this section.

25 Sec. 13. Short title

26 This act may be cited as the "Charter School Transparency and
27 Accountability Act".