

REFERENCE TITLE: **classroom spending profile; charter schools**

State of Arizona  
House of Representatives  
Fifty-sixth Legislature  
First Regular Session  
2023

## **HB 2661**

Introduced by

Representatives Pawlik: Aguilar, Austin, Bravo, Cano, Contreras L,  
Contreras P, De Los Santos, Gutierrez, Hernandez A, Hernandez C, Hernandez  
L, Hernandez M, Longdon, Mathis, Ortiz, Peshlakai, Quiñonez, Salman,  
Sandoval, Schwiebert, Seaman, Shah, Stahl Hamilton, Sun, Terech, Travers,  
Tsosie

**AN ACT**

**AMENDING SECTION 15-183, ARIZONA REVISED STATUTES; REPEALING SECTION  
41-1279.03, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER  
405, SECTION 25; AMENDING SECTION 41-1279.03, ARIZONA REVISED STATUTES, AS  
AMENDED BY LAWS 2019, CHAPTER 3, SECTION 11; 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 15-183, Arizona Revised Statutes, is amended to  
3 read:

4 15-183. Charter schools; application; requirements; immunity;  
5 exemptions; renewal of application; reprisal; fee;  
6 funds; annual reports

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

- 12 1. A detailed educational plan.
- 13 2. A detailed business plan.
- 14 3. A detailed operational plan.
- 15 4. Any other materials required by the sponsor.

16 B. The sponsor of a charter school may contract with a public body,  
17 private person or private organization for the purpose of establishing a  
18 charter school pursuant to this article.

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

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

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

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

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

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

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

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

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

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

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

36 5. All persons engaged in instructional work directly as a  
37 classroom, laboratory or other teacher or indirectly as a supervisory  
38 teacher, speech therapist or principal and all charter representatives,  
39 charter school governing body members and officers, directors, members and  
40 partners of the charter holder shall have a valid fingerprint clearance  
41 card that is issued pursuant to title 41, chapter 12, article 3.1, unless  
42 the person is a volunteer or guest speaker who is accompanied in the  
43 classroom by a person with a valid fingerprint clearance card. A charter  
44 school shall not employ in any position that requires a valid fingerprint  
45 clearance card a person against whom the state board of education has

1 taken disciplinary action as prescribed in section 15-505 or whose  
 2 certificate has been suspended, surrendered or revoked, unless the  
 3 person's certificate has been subsequently reinstated by the state board  
 4 of education. All other personnel shall be fingerprint checked pursuant  
 5 to section 15-512, or the charter school may require those personnel to  
 6 obtain a fingerprint clearance card issued pursuant to title 41,  
 7 chapter 12, article 3.1. Before employment, the charter school shall make  
 8 documented, good faith efforts to contact previous employers of a person  
 9 to obtain information and recommendations that may be relevant to the  
 10 person's fitness for employment as prescribed in section 15-512,  
 11 subsection F, including checking the educator information system that is  
 12 maintained by the department of education pursuant to section 15-505. The  
 13 charter school shall notify the department of public safety if the charter  
 14 school or sponsor receives credible evidence that a person who possesses a  
 15 valid fingerprint clearance card is arrested for or is charged with an  
 16 offense listed in section 41-1758.03, subsection B. A person who is  
 17 employed at a charter school that has met the requirements of this  
 18 paragraph is not required to meet any additional requirements that are  
 19 established by the department of education or that may be established by  
 20 rule by the state board of education. The state board of education may  
 21 not adopt rules that exceed the requirements for persons who are qualified  
 22 to teach in charter schools prescribed in title I of the every student  
 23 succeeds act (P.L. 114-95) or the individuals with disabilities education  
 24 improvement act of 2004 (P.L. 108-446). Charter schools may hire  
 25 personnel who have not yet received a fingerprint clearance card if proof  
 26 is provided of the submission of an application to the department of  
 27 public safety for a fingerprint clearance card and if the charter school  
 28 that is seeking to hire the applicant does all of the following:

29 (a) Documents in the applicant's file the necessity for hiring and  
 30 placing the applicant before the applicant receives a fingerprint  
 31 clearance card.

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

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

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

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

1 (f) Verifies the fingerprint status of the applicant with the  
2 department of public safety.

3 6. A charter school that complies with the fingerprinting  
4 requirements of this section shall be deemed to have complied with section  
5 15-512 and is entitled to the same rights and protections provided to  
6 school districts by section 15-512.

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

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

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

27 (a) Surrender any certificates issued by the department of  
28 education.

29 (b) Notify the person's employer or potential employer of the  
30 conviction.

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

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

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

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

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

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

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

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

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

17           6. Ensure that, except as provided in this article, it is subject  
18 to the same financial and electronic data submission requirements as a  
19 school district, including the uniform system of financial records as  
20 prescribed in chapter 2, article 4 of this title, procurement rules as  
21 prescribed in section 15-213 and audit requirements. The auditor general  
22 shall conduct a comprehensive review and revision of the uniform system of  
23 financial records to ensure that the provisions of the uniform system of  
24 financial records that relate to charter schools are in accordance with  
25 commonly accepted accounting principles used by private business. A  
26 school's charter may include exceptions to the requirements of this  
27 paragraph that are necessary as determined by the university, the  
28 community college district, the group of community college districts, the  
29 state board of education or the state board for charter schools. The  
30 department of education or the office of the auditor general may conduct  
31 financial, program or compliance audits.

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

35           8. Ensure that it provides for a governing body for the charter  
36 school that is responsible for the policy decisions of the charter school.  
37 Notwithstanding section 1-216, if there is a vacancy or vacancies on the  
38 governing body, a majority of the remaining members of the governing body  
39 constitute a quorum for the transaction of business, unless that quorum is  
40 prohibited by the charter school's operating agreement.

41           9. Ensure that it provides a minimum of one hundred eighty  
42 instructional days before June 30 of each fiscal year unless it is  
43 operating on an alternative calendar approved by its sponsor. The  
44 superintendent of public instruction shall adjust the apportionment

1 schedule accordingly to accommodate a charter school utilizing an  
2 alternative calendar.

3 F. A charter school shall keep in the personnel file of each  
4 current employee who provides instruction to pupils at the charter school  
5 information about the employee's educational and teaching background and  
6 experience in a particular academic content subject area. A charter  
7 school shall inform parents and guardians of the availability of the  
8 information and shall make the information available for inspection on  
9 request of parents and guardians of pupils enrolled at the charter school.  
10 This subsection does not require any charter school to release personally  
11 identifiable information in relation to any teacher or employee, including  
12 the teacher's or employee's address, salary, social security number or  
13 telephone number.

14 G. The charter of a charter school may be amended at the request of  
15 the governing body of the charter school and on the approval of the  
16 sponsor.

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

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

20 1. At least eighteen months before the charter expires, the sponsor  
21 shall notify the charter school that the charter school may apply for  
22 renewal and shall make the renewal application available to the charter  
23 school. A charter school that elects to apply for renewal shall file a  
24 complete renewal application at least fifteen months before the charter  
25 expires. A sponsor shall give written notice of its intent not to renew  
26 the charter school's request for renewal to the charter school at least  
27 twelve months before the expiration of the charter. The sponsor shall  
28 make data used in making renewal decisions available to the school and the  
29 public and shall provide a public report summarizing the evidence basis  
30 for each decision. The sponsor may deny the request for renewal if, in  
31 its judgment, the charter holder has failed to do any of the following:

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

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

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

38 (d) Complete the obligations of the contract.

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

41 2. A charter operator may apply for early renewal. At least nine  
42 months before the charter school's intended renewal consideration, the  
43 operator of the charter school shall submit a letter of intent to the  
44 sponsor to apply for early renewal. The sponsor shall review fiscal  
45 audits and academic performance data for the charter school that are

1 annually collected by the sponsor, review the current contract between the  
2 sponsor and the charter school and provide the qualifying charter school  
3 with a renewal application. On submission of a complete application, the  
4 sponsor shall give written notice of its consideration of the renewal  
5 application. The sponsor may deny the request for early renewal if, in  
6 the sponsor's judgment, the charter holder has failed to do any of the  
7 following:

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

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

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

14 (d) Complete the obligations of the contract.

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

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

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

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

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

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

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

34 5. Before the sponsor adopts a determination of intent to revoke a  
35 charter, the charter holder shall have at least thirty days to address the  
36 problems, as necessary or applicable, associated with the reason or  
37 reasons for the determination of intent to revoke. The sponsor is not  
38 required to provide the charter holder with thirty days to correct the  
39 problems associated with the reason or reasons for adopting a  
40 determination of intent to revoke if the reason or reasons cannot be  
41 remedied, including a failure to submit required financial audits pursuant  
42 to subsection E, paragraph 6 of this section and section 15-914, or for a  
43 matter of health or safety, or both. Before the sponsor adopts a  
44 determination of intent to revoke a charter, the sponsor shall give  
45 written notice to the charter holder that includes the reason or reasons



1 for the sponsor's consideration to revoke the charter. Notice may be  
2 provided by electronic means or by United States mail and is effective on  
3 the date of email or, if sent by United States mail, the earlier of the  
4 date of receipt by the charter holder or within five days after the notice  
5 is mailed. The determination of whether to proceed to revocation shall be  
6 made at a public meeting called for that purpose.

7 J. The charter may be renewed for successive periods of twenty  
8 years.

9 K. A charter school that is sponsored by the state board of  
10 education, the state board for charter schools, a university, a community  
11 college district or a group of community college districts may not be  
12 located on the property of a school district unless the district governing  
13 board grants this authority.

14 L. A governing board or a school district employee who has control  
15 over personnel actions shall not take unlawful reprisal against another  
16 employee of the school district because the employee is directly or  
17 indirectly involved in an application to establish a charter school. A  
18 governing board or a school district employee shall not take unlawful  
19 reprisal against an educational program of the school or the school  
20 district because an application to establish a charter school proposes to  
21 convert all or a portion of the educational program to a charter school.  
22 For the purposes of this subsection, "unlawful reprisal" means an action  
23 that is taken by a governing board or a school district employee as a  
24 direct result of a lawful application to establish a charter school and  
25 that is adverse to another employee or an education program and:

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

- 28 (a) Disciplinary or corrective action.
- 29 (b) Detail, transfer or reassignment.
- 30 (c) Suspension, demotion or dismissal.
- 31 (d) An unfavorable performance evaluation.
- 32 (e) A reduction in pay, benefits or awards.
- 33 (f) Elimination of the employee's position without a reduction in  
34 force by reason of lack of monies or work.
- 35 (g) Other significant changes in duties or responsibilities that  
36 are inconsistent with the employee's salary or employment classification.

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

- 39 (a) Suspension or termination of the program.
- 40 (b) Transfer or reassignment of the program to a less favorable  
41 department.
- 42 (c) Relocation of the program to a less favorable site within the  
43 school or school district.
- 44 (d) Significant reduction or termination of funding for the  
45 program.

1 M. Charter schools shall secure insurance for liability and  
2 property loss. The governing body of a charter school that is sponsored  
3 by the state board of education or the state board for charter schools may  
4 enter into an intergovernmental agreement or otherwise contract to  
5 participate in an insurance program offered by a risk retention pool  
6 established pursuant to section 11-952.01 or 41-621.01 or the charter  
7 school may secure its own insurance coverage. The pool may charge the  
8 requesting charter school reasonable fees for any services it performs in  
9 connection with the insurance program.

10 N. Charter schools do not have the authority to acquire property by  
11 eminent domain.

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

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

18 Q. The sponsor of a charter school shall establish procedures to  
19 conduct administrative hearings on determination by the sponsor that  
20 grounds exist to revoke a charter. Procedures for administrative hearings  
21 shall be similar to procedures prescribed for adjudicative proceedings in  
22 title 41, chapter 6, article 10. Except as provided in section  
23 41-1092.08, subsection H, final decisions of the state board of education  
24 and the state board for charter schools from hearings conducted pursuant  
25 to this subsection are subject to judicial review pursuant to title 12,  
26 chapter 7, article 6.

27 R. The sponsoring entity of a charter school shall have oversight  
28 and administrative responsibility for the charter schools that it  
29 sponsors. In implementing its oversight and administrative  
30 responsibilities, the sponsor shall ground its actions in evidence of the  
31 charter holder's performance in accordance with the performance framework  
32 adopted by the sponsor. The performance framework shall be publicly  
33 available, shall be placed on the sponsoring entity's website and shall  
34 include:

35 1. The academic performance expectations of the charter school and  
36 the measurement of sufficient progress toward the academic performance  
37 expectations.

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

40 3. The financial expectations of the charter school.

41 4. Intervention and improvement policies.

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

44 T. All property accumulated by a charter school shall remain the  
45 property of the charter school.

1 U. Charter schools may not locate a school on property that is less  
2 than one-fourth mile from agricultural land regulated pursuant to section  
3 3-365, except that the owner of the agricultural land may agree to comply  
4 with the buffer zone requirements of section 3-365. If the owner agrees  
5 in writing to comply with the buffer zone requirements and records the  
6 agreement in the office of the county recorder as a restrictive covenant  
7 running with the title to the land, the charter school may locate a school  
8 within the affected buffer zone. The agreement may include any  
9 stipulations regarding the charter school, including conditions for future  
10 expansion of the school and changes in the operational status of the  
11 school that will result in a breach of the agreement.

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

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

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

38 Y. The sponsoring entity may not charge any fees to a charter  
39 school that it sponsors unless the sponsor has provided services to the  
40 charter school and the fees represent the full value of those services  
41 provided by the sponsor. On request, the value of the services provided  
42 by the sponsor to the charter school shall be demonstrated to the  
43 department of education.

44 Z. Charter schools may enter into an intergovernmental agreement  
45 with a presiding judge of the juvenile court to implement a law-related

1 education program as defined in section 15-154. The presiding judge of  
2 the juvenile court may assign juvenile probation officers to participate  
3 in a law-related education program in any charter school in the county.  
4 The cost of juvenile probation officers who participate in the program  
5 implemented pursuant to this subsection shall be funded by the charter  
6 school.

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

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

15 CC. Notwithstanding subsection Y of this section, a sponsor of  
16 charter schools may charge a new charter application processing fee to any  
17 applicant. The application fee shall fully cover the cost of application  
18 review and any needed technical assistance. Authorizers may approve  
19 policies that allow a portion of the fee to be returned to the applicant  
20 whose charter is approved.

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

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

33 FF. A charter school may allow the use of school property,  
34 including school buildings, grounds, buses and equipment, by any person,  
35 group or organization for any lawful purpose, including a recreational,  
36 educational, political, economic, artistic, moral, scientific, social,  
37 religious or other civic or governmental purpose. The charter school may  
38 charge a reasonable fee for the use of the school property.

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

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

4 1. The current number of charters authorized and the number of  
5 schools operated by authorized charter holders.

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

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

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

14 5. ALL BOOKS, ACCOUNTS, REPORTS AND OTHER RECORDS OF EACH CHARTER  
15 SCHOOL IN THE SPONSOR'S CHARTER PORTFOLIO THAT ARE NECESSARY FOR THE  
16 AUDITOR GENERAL TO MAKE THE DETERMINATIONS REQUIRED BY SECTION 41-1279.03,  
17 SUBSECTION A, PARAGRAPH 11.

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

31 Sec. 2. Repeal

32 Section 41-1279.03, Arizona Revised Statutes, as amended by Laws  
33 2021, chapter 405, section 25, is repealed.

34 Sec. 3. Section 41-1279.03, Arizona Revised Statutes, as amended by  
35 Laws 2019, chapter 3, section 11, is amended to read:

36 41-1279.03. Powers and duties

37 A. The auditor general shall:

38 1. Prepare an audit plan for approval by the committee and report  
39 to the committee the results of each audit and investigation and other  
40 reviews conducted by the auditor general.

41 2. Conduct or cause to be conducted at least biennial financial and  
42 compliance audits of financial transactions and accounts kept by or for  
43 all state agencies subject to the single audit act of 1984 (P.L. 98-502).  
44 The audits shall be conducted in accordance with generally accepted  
45 governmental auditing standards and accordingly shall include tests of the

1 accounting records and other auditing procedures as may be considered  
2 necessary in the circumstances. The audits shall include the issuance of  
3 suitable reports as required by the single audit act of 1984 (P.L. 98-502)  
4 so that the legislature, the federal government and others will be  
5 informed as to the adequacy of financial statements of ~~the~~ THIS state in  
6 compliance with generally accepted governmental accounting principles and  
7 to determine whether this state has complied with laws and regulations  
8 that may have a material effect on the financial statements and on major  
9 federal assistance programs.

10 3. Perform procedural reviews for all state agencies at times  
11 determined by the auditor general. These reviews may include evaluation  
12 of administrative and accounting internal controls and reports on these  
13 reviews.

14 4. Perform special research requests, special audits and related  
15 assignments as designated by the committee and conduct performance audits,  
16 special audits, special research requests and investigations of any state  
17 agency, whether created by the constitution or otherwise, as may be  
18 requested by the committee.

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

22 6. In the tenth year and in each fifth year thereafter in which a  
23 transportation excise tax is in effect in a county as provided in section  
24 42-6106 or 42-6107, conduct a performance audit that:

25 (a) Reviews past expenditures and future planned expenditures of  
26 the transportation excise revenues and determines the impact of the  
27 expenditures in solving transportation problems within the county and, for  
28 a transportation excise tax in effect in a county as provided in section  
29 42-6107, determines whether the expenditures of the transportation excise  
30 revenues comply with section 28-6392, subsection B.

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

36 (c) Reviews, determines, reports and makes recommendations to the  
37 speaker of the house of representatives and the president of the senate  
38 whether the distribution of ARIZONA highway user revenues complies with  
39 title 28, chapter 18, article 2.

40 7. If requested by the committee, conduct performance audits of  
41 counties and incorporated cities and towns receiving ARIZONA highway user  
42 revenue fund monies pursuant to title 28, chapter 18, article 2 to  
43 determine whether the monies are being spent as provided in section  
44 28-6533, subsection B.

1           8. Perform special audits designated pursuant to law if the auditor  
2 general determines that there are adequate monies appropriated for the  
3 auditor general to complete the audit. If the auditor general determines  
4 the appropriated monies are inadequate, the auditor general shall notify  
5 the committee.

6           9. Establish a schoolwide audit team in the office of the auditor  
7 general to conduct performance audits and monitor school districts to  
8 determine the percentage of every dollar spent in the classroom by the  
9 school district. Each school district shall prominently post on its  
10 website home page a copy of its profile pages that displays the percentage  
11 of every dollar spent in the classroom by that school district from the  
12 most recent status report issued by the auditor general pursuant to this  
13 paragraph. The performance audits shall determine whether school  
14 districts that receive monies from the Arizona English language learner  
15 fund established by section 15-756.04 and the statewide compensatory  
16 instruction fund established by section 15-756.11 comply with title 15,  
17 chapter 7, article 3.1. The auditor general shall determine, through  
18 random selection, the school districts to be audited each year, subject to  
19 review by the joint legislative audit committee. A school district that  
20 is subject to an audit pursuant to this paragraph shall notify the auditor  
21 general in writing whether the school district agrees or disagrees with  
22 the findings and recommendations of the audit and whether the school  
23 district will implement the findings and recommendations, implement  
24 modifications to the findings and recommendations or refuse to implement  
25 the findings and recommendations. The school district shall submit to the  
26 auditor general a written status report on the implementation of the audit  
27 findings and recommendations every six months for two years after an audit  
28 conducted pursuant to this paragraph. The auditor general shall review  
29 the school district's progress toward implementing the findings and  
30 recommendations of the audit every six months after ~~receipt of~~ RECEIVING  
31 the district's status report for two years. The auditor general may  
32 review a school district's progress beyond this two-year period for  
33 recommendations that have not yet been implemented by the school district.  
34 The auditor general shall provide a status report of these reviews to the  
35 joint legislative audit committee. The school district shall participate  
36 in any hearing scheduled during this review period by the joint  
37 legislative audit committee or by any other legislative committee  
38 designated by the joint legislative audit committee.

39           10. Annually review per diem compensation and reimbursement of  
40 expenses for employees of this state and members of a state board,  
41 commission, council or advisory committee by judgmentally selecting  
42 samples and evaluating the propriety of per diem compensation and expense  
43 reimbursements.

1           11. MONITOR CHARTER SCHOOLS TO DETERMINE THE PERCENTAGE OF EVERY  
2 DOLLAR SPENT IN THE CLASSROOM BY THE CHARTER SCHOOL. EACH CHARTER SCHOOL  
3 SHALL PROMINENTLY POST ON ITS WEBSITE HOME PAGE A COPY OF ITS PROFILE  
4 PAGES THAT DISPLAYS THE PERCENTAGE OF EVERY DOLLAR SPENT IN THE CLASSROOM  
5 BY THAT CHARTER SCHOOL FROM THE MOST RECENT STATUS REPORT ISSUED BY THE  
6 AUDITOR GENERAL PURSUANT TO THIS PARAGRAPH.

7           B. The auditor general may:

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

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

12          C. If approved by the committee, the auditor general may charge a  
13 reasonable fee for the cost of performing audits or providing accounting  
14 services for auditing federal funds, special audits or special services  
15 requested by political subdivisions of this state. Monies collected  
16 pursuant to this subsection shall be deposited in the audit services  
17 revolving fund.

18          D. The department of transportation, the board of supervisors of a  
19 county that has approved a county transportation excise tax as provided in  
20 section 42-6106 or 42-6107 and the governing bodies of counties, cities  
21 and towns receiving ARIZONA highway user revenue fund monies shall  
22 cooperate with and provide necessary information to the auditor general or  
23 the auditor general's consultant.

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

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

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