

Senate Engrossed

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**KEN BENNETT  
SECRETARY OF STATE**

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First Regular Session  
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CHAPTER 310

## **SENATE BILL 1451**

AN ACT

AMENDING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, SEVENTH SPECIAL SESSION, CHAPTER 8, SECTION 1 AND LAWS 2010, SECOND REGULAR SESSION, CHAPTER 17, SECTION 2, CHAPTER 306, SECTION 1, CHAPTER 332, SECTION 4 AND CHAPTER 333, SECTION 2; REPEALING SECTION 15-185, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 318, SECTION 1; AMENDING SECTIONS 15-342.03, 15-701.01, 15-792.02 AND 15-792.03, ARIZONA REVISED STATUTES; BLENDING MULTIPLE ENACTMENTS; RELATING TO THE BOARD EXAMINATION SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-185, Arizona Revised Statutes, as amended by  
3 Laws 2010, seventh special session, chapter 8, section 1 and Laws 2010,  
4 second regular session, chapter 17, section 2, chapter 306, section 1,  
5 chapter 332, section 4 and chapter 333, section 2, is amended to read:

6 15-185. Charter schools; financing; civil penalty;  
7 transportation; definitions

8 A. Financial provisions for a charter school that is sponsored by a  
9 school district governing board are as follows:

10 1. The charter school shall be included in the district's budget and  
11 financial assistance calculations pursuant to paragraph 3 of this subsection  
12 and chapter 9 of this title, except for chapter 9, article 4 of this title.  
13 The charter of the charter school shall include a description of the methods  
14 of funding the charter school by the school district. The school district  
15 shall send a copy of the charter and application, including a description of  
16 how the school district plans to fund the school, to the state board of  
17 education before the start of the first fiscal year of operation of the  
18 charter school. The charter or application shall include an estimate of the  
19 student count for the charter school for its first fiscal year of operation.  
20 This estimate shall be computed pursuant to the requirements of paragraph 3  
21 of this subsection.

22 2. A school district is not financially responsible for any charter  
23 school that is sponsored by the state board of education, the state board for  
24 charter schools, a university under the jurisdiction of the Arizona board of  
25 regents, a community college district or a group of community college  
26 districts.

27 3. A school district that sponsors a charter school may:

28 (a) Increase its student count as provided in subsection B, paragraph  
29 2 of this section during the first year of the charter school's operation to  
30 include those charter school pupils who were not previously enrolled in the  
31 school district. A charter school sponsored by a school district governing  
32 board is eligible for the assistance prescribed in subsection B, paragraph 4  
33 of this section. The soft capital allocation as provided in section 15-962  
34 for the school district sponsoring the charter school shall be increased by  
35 the amount of the additional assistance. The school district shall include  
36 the full amount of the additional assistance in the funding provided to the  
37 charter school.

38 (b) Compute separate weighted student counts pursuant to section  
39 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter  
40 school pupils in order to maintain eligibility for small school district  
41 support level weights authorized in section 15-943, paragraph 1 for its  
42 noncharter school pupils only. The portion of a district's student count  
43 that is attributable to charter school pupils is not eligible for small  
44 school district support level weights.

1           4. If a school district uses the provisions of paragraph 3 of this  
2 subsection, the school district is not eligible to include those pupils in  
3 its student count for the purposes of computing an increase in its revenue  
4 control limit and district support level as provided in section 15-948.

5           5. A school district that sponsors a charter school is not eligible to  
6 include the charter school pupils in its student count for the purpose of  
7 computing an increase in its capital outlay revenue limit as provided in  
8 section 15-961, subsection C, except that if the charter school was  
9 previously a school in the district, the district may include in its student  
10 count any charter school pupils who were enrolled in the school district in  
11 the prior year.

12           6. A school district that sponsors a charter school is not eligible to  
13 include the charter school pupils in its student count for the purpose of  
14 computing the revenue control limit which is used to determine the maximum  
15 budget increase as provided in chapter 4, article 4 of this title unless the  
16 charter school is located within the boundaries of the school district.

17           7. If a school district converts one or more of its district public  
18 schools to a charter school and receives assistance as prescribed in  
19 subsection B, paragraph 4 of this section, and subsequently converts the  
20 charter school back to a district public school, the school district shall  
21 repay the state the total additional assistance received for the charter  
22 school for all years that the charter school was in operation. The repayment  
23 shall be in one lump sum and shall be reduced from the school district's  
24 current year equalization assistance. The school district's general budget  
25 limit shall be reduced by the same lump sum amount in the current year.

26           B. Financial provisions for a charter school that is sponsored by the  
27 state board of education, the state board for charter schools, a university,  
28 a community college district or a group of community college districts are as  
29 follows:

30           1. The charter school shall calculate a base support level as  
31 prescribed in section 15-943, except that section 15-941 does not apply to  
32 these charter schools.

33           2. Notwithstanding paragraph 1 of this subsection, the student count  
34 shall be determined initially using an estimated student count based on  
35 actual registration of pupils before the beginning of the school year. After  
36 the first one hundred days or two hundred days in session, as applicable, the  
37 charter school shall revise the student count to be equal to the actual  
38 average daily membership, as defined in section 15-901, ~~or the adjusted~~  
39 ~~average daily membership, as prescribed in section 15-902,~~ of the charter  
40 school. ~~A charter school that provides two hundred days of instruction may~~  
41 ~~use section 15-902.02 for the purposes of this section.~~ Before the one  
42 hundredth day or two hundredth day in session, as applicable, the state board  
43 of education, the state board for charter schools, the sponsoring university,  
44 the sponsoring community college district or the sponsoring group of  
45 community college districts may require a charter school to report

1 periodically regarding pupil enrollment and attendance, and the department of  
2 education may revise its computation of equalization assistance based on the  
3 report. A charter school shall revise its student count, base support level  
4 and additional assistance before May 15. A charter school that overestimated  
5 its student count shall revise its budget before May 15. A charter school  
6 that underestimated its student count may revise its budget before May 15.

7 3. A charter school may utilize section 15-855 for the purposes of  
8 this section. The charter school and the department of education shall  
9 prescribe procedures for determining ~~average daily attendance and average~~  
10 daily membership.

11 4. Equalization assistance for the charter school shall be determined  
12 by adding the amount of the base support level and additional assistance.  
13 The amount of the additional assistance is one thousand six hundred seven  
14 dollars fifty cents per student count in kindergarten programs and grades one  
15 through eight and one thousand eight hundred seventy-three dollars fifty-two  
16 cents per student count in grades nine through twelve.

17 5. The state board of education shall apportion state aid from the  
18 appropriations made for such purposes to the state treasurer for disbursement  
19 to the charter schools in each county in an amount as determined by this  
20 paragraph. The apportionments shall be made as prescribed in section 15-973,  
21 subsection B.

22 6. The charter school shall not charge tuition for pupils who reside  
23 in this state, levy taxes or issue bonds. A charter school may admit pupils  
24 who are not residents of this state and shall charge tuition for those pupils  
25 in the same manner prescribed in section 15-823.

26 7. Not later than noon on the day preceding each apportionment date  
27 established by paragraph 5 of this subsection, the superintendent of public  
28 instruction shall furnish to the state treasurer an abstract of the  
29 apportionment and shall certify the apportionment to the department of  
30 administration, which shall draw its warrant in favor of the charter schools  
31 for the amount apportioned.

32 C. If a pupil is enrolled in both a charter school and a public school  
33 that is not a charter school, the sum of the daily membership, which includes  
34 enrollment as prescribed in section 15-901, subsection A, paragraph 2- 1,  
35 subdivisions (a) and (b) and daily attendance as prescribed in section  
36 15-901, subsection A, paragraph 6- 5, for that pupil in the school district  
37 and the charter school shall not exceed 1.0, except that if the pupil is  
38 enrolled in both a charter school and a joint technical education district  
39 and resides within the boundaries of a school district participating in the  
40 joint technical education district, the sum of the average daily membership  
41 for that pupil in the charter school and the joint technical education  
42 district shall not exceed 1.25. If a pupil is enrolled in both a charter  
43 school and a public school that is not a charter school, the department of  
44 education shall direct the average daily membership to the school with the  
45 most recent enrollment date. Upon validation of actual enrollment in both a

1 charter school and a public school that is not a charter school and if the  
2 sum of the daily membership or daily attendance for that pupil is greater  
3 than 1.0, the sum shall be reduced to 1.0 and shall be apportioned between  
4 the public school and the charter school based on the percentage of total  
5 time that the pupil is enrolled or in attendance in the public school and the  
6 charter school, except that if the pupil is enrolled in both a charter school  
7 and a joint technical education district and resides within the boundaries of  
8 a school district participating in the joint technical education district,  
9 the sum of the average daily membership for that pupil in the charter school  
10 and the joint technical education district shall be reduced to 1.25 and shall  
11 be apportioned between the charter school and the joint technical education  
12 district based on the percentage of total time that the pupil is enrolled or  
13 in attendance in the charter school and the joint technical education  
14 district. The uniform system of financial records shall include guidelines  
15 for the apportionment of the pupil enrollment and attendance as provided in  
16 this section.

17 D. Charter schools are allowed to accept grants and gifts to  
18 supplement their state funding, but it is not the intent of the charter  
19 school law to require taxpayers to pay twice to educate the same pupils. The  
20 base support level for a charter school or for a school district sponsoring a  
21 charter school shall be reduced by an amount equal to the total amount of  
22 monies received by a charter school from a federal or state agency if the  
23 federal or state monies are intended for the basic maintenance and operations  
24 of the school. The superintendent of public instruction shall estimate the  
25 amount of the reduction for the budget year and shall revise the reduction to  
26 reflect the actual amount before May 15 of the current year. If the  
27 reduction results in a negative amount, the negative amount shall be used in  
28 computing all budget limits and equalization assistance, except that:

29 1. Equalization assistance shall not be less than zero.

30 2. For a charter school sponsored by the state board of education, the  
31 state board for charter schools, a university, a community college district  
32 or a group of community college districts, the total of the base support  
33 level and the additional assistance shall not be less than zero.

34 3. For a charter school sponsored by a school district, the base  
35 support level for the school district shall not be reduced by more than the  
36 amount that the charter school increased the district's base support level,  
37 capital outlay revenue limit and soft capital allocation.

38 E. If a charter school was a district public school in the prior year  
39 and is now being operated for or by the same school district and sponsored by  
40 the state board of education, the state board for charter schools, a  
41 university, a community college district, a group of community college  
42 districts or a school district governing board, the reduction in subsection D  
43 of this section applies. The reduction to the base support level of the  
44 charter school or the sponsoring district of the charter school shall equal  
45 the sum of the base support level and the additional assistance received in

1 the current year for those pupils who were enrolled in the traditional public  
2 school in the prior year and are now enrolled in the charter school in the  
3 current year.

4 F. Equalization assistance for charter schools shall be provided as a  
5 single amount based on average daily membership without categorical  
6 distinctions between maintenance and operations or capital.

7 G. At the request of a charter school, the county school  
8 superintendent of the county where the charter school is located may provide  
9 the same educational services to the charter school as prescribed in section  
10 15-308, subsection A. The county school superintendent may charge a fee to  
11 recover costs for providing educational services to charter schools.

12 H. If the sponsor of the charter school determines at a public meeting  
13 that the charter school is not in compliance with federal law, with the laws  
14 of this state or with its charter, the sponsor of a charter school may submit  
15 a request to the department of education to withhold up to ten per cent of  
16 the monthly apportionment of state aid that would otherwise be due the  
17 charter school. The department of education shall adjust the charter  
18 school's apportionment accordingly. The sponsor shall provide written notice  
19 to the charter school at least seventy-two hours before the meeting and shall  
20 allow the charter school to respond to the allegations of noncompliance at  
21 the meeting before the sponsor makes a final determination to notify the  
22 department of education of noncompliance. The charter school shall submit a  
23 corrective action plan to the sponsor on a date specified by the sponsor at  
24 the meeting. The corrective action plan shall be designed to correct  
25 deficiencies at the charter school and to ensure that the charter school  
26 promptly returns to compliance. When the sponsor determines that the charter  
27 school is in compliance, the department of education shall restore the full  
28 amount of state aid payments to the charter school.

29 I. In addition to the withholding of state aid payments pursuant to  
30 subsection H of this section, the sponsor of a charter school may impose a  
31 civil penalty of one thousand dollars per occurrence if a charter school  
32 fails to comply with the fingerprinting requirements prescribed in section  
33 15-183, subsection C or section 15-512. The sponsor of a charter school  
34 shall not impose a civil penalty if it is the first time that a charter  
35 school is out of compliance with the fingerprinting requirements and if the  
36 charter school provides proof within forty-eight hours of written  
37 notification that an application for the appropriate fingerprint check has  
38 been received by the department of public safety. The sponsor of the charter  
39 school shall obtain proof that the charter school has been notified, and the  
40 notification shall identify the date of the deadline and shall be signed by  
41 both parties. The sponsor of a charter school shall automatically impose a  
42 civil penalty of one thousand dollars per occurrence if the sponsor  
43 determines that the charter school subsequently violates the fingerprinting  
44 requirements. Civil penalties pursuant to this subsection shall be assessed  
45 by requesting the department of education to reduce the amount of state aid

1 that the charter school would otherwise receive by an amount equal to the  
2 civil penalty. The amount of state aid withheld shall revert to the state  
3 general fund at the end of the fiscal year.

4 J. A charter school may receive and spend monies distributed by the  
5 department of education pursuant to section 42-5029, subsection E and section  
6 37-521, subsection B.

7 K. If a school district transports or contracts to transport pupils to  
8 the Arizona state schools for the deaf and the blind during any fiscal year,  
9 the school district may transport or contract with a charter school to  
10 transport sensory impaired pupils during that same fiscal year to a charter  
11 school if requested by the parent of the pupil and if the distance from the  
12 pupil's place of actual residence within the school district to the charter  
13 school is less than the distance from the pupil's place of actual residence  
14 within the school district to the campus of the Arizona state schools for the  
15 deaf and the blind.

16 L. Notwithstanding any other law, a university under the jurisdiction  
17 of the Arizona board of regents, a community college district or a group of  
18 community college districts shall not include any student in the student  
19 count of the university, community college district or group of community  
20 college districts for state funding purposes if that student is enrolled in  
21 and attending a charter school sponsored by the university, community college  
22 district or group of community college districts.

23 M. The governing body of a charter school shall transmit a copy of its  
24 proposed budget or the summary of the proposed budget and a notice of the  
25 public hearing to the department of education for posting on the department  
26 of education's website no later than ten days before the hearing and meeting.  
27 If the charter school maintains a website, the charter school governing body  
28 shall post on its website a copy of its proposed budget or the summary of the  
29 proposed budget and a notice of the public hearing.

30 N. The governing body of a charter school ~~may contract~~ SHALL  
31 COLLABORATE with the private organization that is approved by the state board  
32 of education pursuant to section 15-792.02 to provide approved board  
33 examination systems for the charter school.

34 O. For the purposes of this section:

35 1. "Monies intended for the basic maintenance and operations of the  
36 school" means monies intended to provide support for the educational program  
37 of the school, except that it does not include supplemental assistance for a  
38 specific purpose or title VIII of the elementary and secondary education act  
39 of 1965 monies. The auditor general shall determine which federal or state  
40 monies meet the definition in this paragraph.

41 2. "Operated for or by the same school district" means the charter  
42 school is either governed by the same district governing board or operated by  
43 the district in the same manner as other traditional schools in the district  
44 or is operated by an independent party that has a contract with the school

1 district. The auditor general and the department of education shall  
2 determine which charter schools meet the definition in this subsection.

3 Sec. 2. Repeal

4 Section 15-185, Arizona Revised Statutes, as amended by Laws 2010,  
5 chapter 318, section 1, is repealed.

6 Sec. 3. Section 15-342.03, Arizona Revised Statutes, is amended to  
7 read:

8 15-342.03. Other powers and duties

9 A. The governing board ~~may contract~~ SHALL COLLABORATE with the private  
10 organization that is approved by the state board of education pursuant to  
11 section 15-792.02 to provide approved board examination systems for the  
12 schools in the school district.

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

17 Sec. 4. Section 15-701.01, Arizona Revised Statutes, is amended to  
18 read:

19 15-701.01. High school; graduation; requirements; community  
20 college or university courses; transfer from  
21 private schools; academic credit

22 A. The state board of education shall:

23 1. Prescribe a minimum course of study, as defined in section 15-101  
24 and incorporating the academic standards adopted by the state board of  
25 education, for the graduation of pupils from high school.

26 2. Prescribe competency requirements for the graduation of pupils from  
27 high school incorporating the academic standards in at least the areas of  
28 reading, writing, mathematics, science and social studies.

29 3. Develop and adopt competency tests pursuant to section 15-741 for  
30 the graduation of pupils from high school in at least the areas of reading,  
31 writing and mathematics and shall establish passing scores for each such  
32 test. For the purposes of satisfying the graduation requirements of this  
33 paragraph, a minimum score as determined by the state board of education on  
34 one or more nationally recognized college entrance examinations selected by  
35 the state board of education, if examination information may be accessed at  
36 no cost to this state, may be substituted for passing scores on the Arizona  
37 instrument to measure standards test if a pupil who is in grade twelve has  
38 previously taken the Arizona instrument to measure standards test at each  
39 administration of the test. For the purposes of satisfying the graduation  
40 requirements of this paragraph, a score as determined by the state board of  
41 education on a board examination prescribed in article 6 of this chapter may  
42 be substituted for passing scores on the Arizona instrument to measure  
43 standards test if a pupil who is in grade twelve has previously taken the  
44 board examination and has not achieved the minimum score required to earn BE  
45 ELIGIBLE FOR a Grand Canyon diploma. A pupil shall not be required to pass

1 the competency test required in this paragraph to graduate from high school  
2 if the pupil transfers into the district from out-of-state and has  
3 successfully passed a statewide assessment test on state adopted standards  
4 that are substantially equivalent to the state board adopted academic  
5 standards.

6 B. If the state board of education adopts a competency test as a  
7 graduation requirement for a child with a disability as defined in section  
8 15-761 or a child who receives special education pursuant to section 15-763,  
9 pupils with individualized education programs shall not be required to  
10 achieve passing scores on competency tests in order to graduate from high  
11 school unless the pupil is learning at a level appropriate for the pupil's  
12 grade level in a specific academic area and unless passing scores on a  
13 competency test are specifically required in a specific academic area by the  
14 pupil's individualized education program as mutually agreed on by the pupil's  
15 parents and the pupil's individualized education program team or the pupil,  
16 if the pupil is at least eighteen years of age. These competency tests shall  
17 be administered to pupils in a manner prescribed in the pupil's  
18 individualized education program, and school districts and charter schools  
19 shall make specific and appropriate accommodations for pupils with  
20 individualized education programs. Pupils with section 504 plans as defined  
21 in section 15-731 shall not be required to achieve passing scores on  
22 competency tests in order to graduate from high school unless the pupil is  
23 learning at a level appropriate for the pupil's grade level in a specific  
24 academic area and unless passing scores on a competency test are specifically  
25 required in a specific academic area by the pupil's section 504 plan that is  
26 developed in consultation with the pupil's parents. These competency tests  
27 shall be administered to pupils in a manner prescribed in the pupil's section  
28 504 plan, and school districts and charter schools shall make specific and  
29 appropriate accommodations for pupils with a section 504 plan. A pupil with  
30 an individualized education program or a section 504 plan who graduates from  
31 high school but who is not required to achieve a passing score on a  
32 competency test in order to graduate from high school shall receive the  
33 standard diploma issued by the school district or charter school.

34 C. The governing board of a school district shall:

35 1. Prescribe curricula that include the academic standards in the  
36 required subject areas pursuant to subsection A, paragraph 1 of this section.

37 2. Prescribe criteria for the graduation of pupils from the high  
38 schools in the school district. These criteria shall include accomplishment  
39 of the academic standards in at least reading, writing, mathematics, science  
40 and social studies, as determined by district assessment. Other criteria may  
41 include additional measures of academic achievement and attendance.

42 D. The governing board may prescribe the course of study and  
43 competency requirements for the graduation of pupils from high school that  
44 are in addition to or higher than the course of study and competency  
45 requirements which the state board prescribes.

1 E. The governing board may prescribe competency requirements for the  
2 passage of pupils in courses that are required for graduation from high  
3 school.

4 F. A teacher shall determine whether to pass or fail a pupil in a  
5 course in high school as provided in section 15-521, paragraph 3 on the basis  
6 of the competency requirements, if any have been prescribed. The governing  
7 board, if it reviews the decision of a teacher to pass or fail a pupil in a  
8 course in high school as provided in section 15-342, paragraph 11, shall base  
9 its decision on the competency requirements, if any have been prescribed.

10 G. Graduation requirements established by the governing board may be  
11 met by a pupil who passes courses in the required or elective subjects at a  
12 community college or university, if the course is at a higher level than the  
13 course taught in the high school attended by the pupil or, if the course is  
14 not taught in the high school, the level of the course is equal to or higher  
15 than the level of a high school course. The governing board shall determine  
16 if the subject matter of the community college or university course is  
17 appropriate to the specific requirement the pupil intends it to fulfill and  
18 if the level of the community college or university course is less than,  
19 equal to or higher than a high school course, and the governing board shall  
20 award one-half of a carnegie unit for each three semester hours of credit the  
21 pupil earns in an appropriate community college or university course. If a  
22 pupil is not satisfied with the decision of the governing board regarding the  
23 amount of credit granted or the subjects for which credit is granted, the  
24 pupil may request that the state board of education review the decision of  
25 the governing board, and the state board shall make the final determination  
26 of the amount of credit to be given the pupil and for which subjects. The  
27 governing board shall not limit the number of credits that is required for  
28 high school graduation and that may be met by taking community college or  
29 university courses. For the purposes of this subsection:

30 1. "Community college" means an educational institution that is  
31 operated by a community college district as defined in section 15-1401 or a  
32 postsecondary educational institution under the jurisdiction of an Indian  
33 tribe recognized by the United States department of the interior.

34 2. "University" means a university under the jurisdiction of the  
35 Arizona board of regents.

36 H. A pupil who transfers from a private school shall be provided with  
37 a list that indicates those credits that have been accepted and denied by the  
38 school district. A pupil may request to take an examination in each  
39 particular course in which credit has been denied. The school district shall  
40 accept the credit for each particular course in which the pupil takes an  
41 examination and receives a passing score on a test designed and evaluated by  
42 a teacher in the school district who teaches the subject matter on which the  
43 examination is based. In addition to the above requirements, the governing  
44 board of a school district may prescribe requirements for the acceptance of  
45 the credits of pupils who transfer from a private school.

1 I. If a pupil who was previously enrolled in a charter school or  
2 school district enrolls in a school district in this state, the school  
3 district shall accept credits earned by the pupil in courses or instructional  
4 programs at the charter school or school district. The governing board of a  
5 school district may adopt a policy concerning the application of transfer  
6 credits for the purpose of determining whether a credit earned by a pupil who  
7 was previously enrolled in a school district or charter school will be  
8 assigned as an elective or core credit.

9 J. A pupil who transfers from a charter school or school district  
10 shall be provided with a list that indicates which credits have been accepted  
11 as an elective credit and which credits have been accepted as a core credit  
12 by the school district. Within ten school days after receiving the list, a  
13 pupil may request to take an examination in each particular course in which  
14 core credit has been denied. The school district shall accept the credit as  
15 a core credit for each particular course in which the pupil takes an  
16 examination and receives a passing score on a test designed and evaluated by  
17 a teacher in the school district who teaches the subject matter on which the  
18 examination is based.

19 K. The state board of education shall adopt rules to allow high school  
20 pupils who can demonstrate competency in a particular academic course or  
21 subject to obtain academic credit for the course or subject without enrolling  
22 in the course or subject.

23 L. Pupils who earn a Grand Canyon diploma pursuant to article 6 of  
24 this chapter are exempt from the graduation requirements prescribed in this  
25 section, including the requirement that a pupil obtain passing scores on the  
26 Arizona instrument to measure standards test in order to graduate from high  
27 school. Pupils who earn a Grand Canyon diploma are entitled to all the  
28 rights and privileges of persons who graduate with a high school diploma  
29 issued pursuant to this section, including access to postsecondary  
30 scholarships and other forms of student financial aid and access to all forms  
31 of postsecondary education. Notwithstanding any other law, a pupil who ~~earns~~  
32 IS ELIGIBLE FOR a Grand Canyon diploma may elect to remain in high school  
33 through grade twelve AND SHALL NOT BE PREVENTED FROM ENROLLING AT A HIGH  
34 SCHOOL AFTER THE PUPIL BECOMES ELIGIBLE FOR A GRAND CANYON DIPLOMA. A pupil  
35 who ~~earns~~ IS ELIGIBLE FOR a Grand Canyon diploma and who elects not to pursue  
36 one of the options prescribed in section 15-792.03 may only be readmitted to  
37 that high school or another high school in this state pursuant to policies  
38 adopted by the school district of readmission.

39 Sec. 5. Section 15-792.02, Arizona Revised Statutes, is amended to  
40 read:

41 15-792.02. Board examination system; private contractor; duties

42 A. The state board of education shall select and enter into a  
43 five-year agreement with a private organization to operate and administer the  
44 board examination system prescribed in this article.

1           B. The private organization selected by the state board of education  
2 shall:

3           1. Identify, select and ~~contract~~ COLLABORATE with a national  
4 organization that is devoted to issues concerning education and the economy  
5 and that is selected by the state board of education to provide technical  
6 services to develop and maintain an interstate system of approved board  
7 examination systems.

8           2. Provide data and other information to a national organization that  
9 is devoted to issues concerning education and the economy and that is  
10 selected by the state board of education to provide technical services the  
11 national organization deems necessary to set appropriate performance  
12 standards for the students in this state. The department of education shall  
13 provide data and other information to the private organization.

14           3. Conduct technical studies required by the state board of education  
15 to compare the scores on approved board examinations by the students in this  
16 state to scores on the Arizona instrument to measure standards test and other  
17 measures deemed necessary to ensure the efficacy of the approved board  
18 examinations. The private organization may contract with other entities that  
19 are selected by the state board of education for the purpose of conducting  
20 technical studies.

21           4. In cooperation with the superintendent of public instruction and  
22 the state board of education, solicit monies from all lawful private and  
23 public sources, including federal monies, to offset the costs of instruction  
24 provided to students under this article.

25           5. Exercise general supervision over the implementation of the  
26 approved board examination systems in this state for the duration of the  
27 five-year contract. These examination systems shall meet the following  
28 criteria:

29           (a) Appear on a list of approved board examination systems selected by  
30 the interstate compact.

31           (b) Be periodically ~~modified to reflect core~~ EVALUATED TO ENSURE  
32 ALIGNMENT WITH INTERNATIONALLY BENCHMARKED standards selected by an  
33 interstate compact on board examination systems.

34           (c) Have common passing scores that are prescribed by an interstate  
35 compact on board examination systems and that are set to the level of  
36 ~~literacy required~~ SKILLS AND KNOWLEDGE NEEDED to succeed in college-level  
37 courses offered by community colleges in this state that count toward a  
38 degree or certificate without taking remedial or developmental coursework.  
39 The private organization, on approval of the state board of education and  
40 with input from representatives from school districts, charter schools,  
41 community colleges and universities in this state, shall designate two  
42 individuals to represent this state in an interstate compact on board  
43 examination systems to prescribe the common passing scores prescribed in this  
44 subdivision.

1           6. Prepare an annual report for the state board of education, which  
2 shall forward it to the legislature and the governor, on the progress made  
3 toward the goals established in this article and provide copies to the  
4 secretary of state. Participating schools and the department of education  
5 shall provide data to the private organization as needed in order to complete  
6 the annual report.

7           7. Identify, select and represent this state on the national governing  
8 body of an interstate compact on board examination systems, as approved by  
9 the state board of education, to enable states to collaborate in the  
10 following areas:

11           (a) The selection of board examination systems for use in those  
12 states.

13           (b) Providing technical assistance required to implement the board  
14 examination systems effectively in those states for the use of those  
15 examinations.

16           (c) Entering into contracts with board examination system providers or  
17 with a national organization that is devoted to issues concerning education  
18 and the economy to develop new or improved board examination systems.

19           8. Select this state's representatives in an interstate compact on  
20 board examination systems in accordance with policies prescribed by that  
21 interstate compact.

22           C. The state board of education shall adopt rules to carry out the  
23 purposes of this section and shall select college and career ready  
24 examinations that are available to pupils in grade eight, including those  
25 pupils who intend to participate in the board examinations system in high  
26 school. The examinations shall be selected to provide data to pupils, their  
27 families and schools regarding the pupil's level of preparation for entry  
28 into a college and career ready pathway in high school.

29           D. Pursuant to rules adopted by the state board of education, the  
30 department of education shall develop a system to track the academic progress  
31 of pupils who participate in the board examination system.

32           E. All actions taken pursuant to this section shall comply with the  
33 family educational rights and privacy act of 1974 (P.L. 93-380), as amended.

34           Sec. 6. Section 15-792.03, Arizona Revised Statutes, is amended to  
35 read:

36           15-792.03. Grand Canyon diploma

37           A. The private organization selected pursuant to section 15-792.02  
38 shall develop the Grand Canyon diploma to be approved and adopted by the  
39 state board of education. School districts and charter schools in this state  
40 may choose to offer a Grand Canyon diploma beginning in the 2012-2013 school  
41 year. A high school student who is enrolled in a school district or charter  
42 school that offers a Grand Canyon diploma may choose to pursue a Grand Canyon  
43 diploma.

1           B. STUDENTS ARE ELIGIBLE FOR the Grand Canyon diploma AND may be  
2 awarded THE GRAND CANYON DIPLOMA at the end of grade ten or during or at the  
3 end of grade eleven or twelve to IF THE students who meet the criteria.  
4 Students who elect to pursue a Grand Canyon diploma shall participate in a  
5 board examination system that consists of internationally benchmarked  
6 instructional programs of study chosen by an interstate compact on board  
7 examination systems.

8           C. Students who ~~earn~~ ARE ELIGIBLE FOR a Grand Canyon diploma shall  
9 have multiple pathways available to them and may:

10           1. Enroll the following fall semester in a community college under the  
11 jurisdiction of a community college district in this state. Community  
12 colleges under the jurisdiction of a community college district in this state  
13 shall admit students who obtain a Grand Canyon diploma and who otherwise meet  
14 the qualifications for admission ~~without requiring those students to enroll~~  
15 ~~in remedial courses.~~ The school district or charter school from which the  
16 student earned the Grand Canyon diploma shall include that student in the  
17 school district's or charter school's student count and shall continue to  
18 receive per pupil funding for a student who earns a Grand Canyon diploma  
19 until that student would otherwise have graduated at the end of grade twelve,  
20 as long as that student is enrolled ~~in approved postsecondary studies at that~~  
21 ~~school district or charter school~~ AS A FULL-TIME STUDENT IN A COMMUNITY  
22 COLLEGE UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT IN THIS  
23 STATE. The school district or charter school shall SUBTRACT TWENTY PER CENT  
24 OF ITS AVERAGE DAILY MEMBERSHIP AMOUNT AND reimburse the community college  
25 district ~~for the amount of operating full-time student equivalency monies~~  
26 ~~that the community college district would be entitled to receive if the~~  
27 ~~student was enrolled as a full-time equivalent student in a community college~~  
28 ~~district~~ IF THE STUDENT HAS EARNED A GRAND CANYON DIPLOMA AND IS ATTENDING A  
29 COMMUNITY COLLEGE AS A FULL-TIME STUDENT. If the student attends community  
30 college on a community college campus, the school district or charter school  
31 shall reimburse the community college district for the amount of operating  
32 and capital outlay full-time student equivalency monies. For the purposes of  
33 this paragraph, the amount of operating full-time student equivalency monies  
34 shall be equivalent to the average appropriation per full-time student  
35 equivalent for all community college districts as calculated pursuant to  
36 section 15-1466, subsection C, paragraph 2. Fifty per cent of the remaining  
37 balance of the per pupil funding shall be used for teacher and pupil  
38 incentives, including scholarship programs, ~~and~~ TO OFFSET THE COSTS OF BOARD  
39 EXAMINATIONS AND TO PROVIDE CUSTOMIZED PROGRAMS OF ASSISTANCE FOR STUDENTS  
40 WHO DO NOT PASS THE BOARD EXAMINATIONS. THE OTHER fifty per cent shall be  
41 used for maintenance and operations, including capital. ~~The remaining~~  
42 ~~balance of the per pupil funding for teacher and pupil incentives, including~~  
43 ~~scholarship programs, shall be used to offset the costs of board examinations~~  
44 ~~and to provide customized programs of assistance for students who do not pass~~  
45 ~~the board examinations.~~ UNDER THIS PARAGRAPH, A STUDENT WHO EARNS A GRAND

1 CANYON DIPLOMA IS RESPONSIBLE FOR TUITION. A student who earns a Grand  
2 Canyon diploma may enroll in community college courses offered on a community  
3 college campus or a high school campus, or both. Notwithstanding any other  
4 law, community college districts shall not classify a student who remains in  
5 high school pursuant to this paragraph as a full-time equivalent student.  
6 Students who take courses on high school campuses pursuant to this paragraph  
7 shall be eligible to participate in extracurricular activities, including  
8 interscholastic sports, through the end of grade twelve. The expenditure by  
9 community college districts of payments from the school district or charter  
10 school to the community colleges under this section shall not be included  
11 under the district expenditure limitation prescribed pursuant to article IX,  
12 section 21, Constitution of Arizona. IF THE INSTRUCTION PROVIDED UNDER THIS  
13 PARAGRAPH IS OFFERED ON A COMMUNITY COLLEGE CAMPUS, THE FUNDING AND  
14 IMPLEMENTATION MECHANICS BETWEEN THE SCHOOL DISTRICT OR CHARTER SCHOOL AND  
15 THE COMMUNITY COLLEGE SHALL BE DETERMINED BY AGREEMENT BETWEEN THE SCHOOL  
16 DISTRICT OR CHARTER SCHOOL AND THE COMMUNITY COLLEGE.

17 2. Remain in high school and enroll in additional advanced preparation  
18 board examination programs that are designed to prepare those students for  
19 admission to ~~high-quality~~ SELECTIVE postsecondary institutions that offer  
20 baccalaureate degree programs. These board examination programs shall be  
21 selected from a list approved by an interstate compact for board examination  
22 systems. The school district or charter school from which the student ~~earned~~  
23 BECAME ELIGIBLE FOR the Grand Canyon diploma shall include that student in  
24 the school district's or charter school's student count and shall continue to  
25 receive per pupil funding for a student who ~~earns~~ IS ELIGIBLE FOR a Grand  
26 Canyon diploma until that student would otherwise have graduated at the end  
27 of grade twelve, as long as that student is enrolled in approved advanced  
28 preparation board examination programs at that school district or charter  
29 school. Students who elect to remain in high school pursuant to this  
30 paragraph SHALL NOT BE PREVENTED FROM ENROLLING AT A HIGH SCHOOL AFTER THE  
31 PUPIL BECOMES ELIGIBLE FOR A GRAND CANYON DIPLOMA AND shall be eligible to  
32 participate in extracurricular activities, including interscholastic sports,  
33 through the end of grade twelve.

34 3. Enroll in a full-time career and technical education program  
35 offered on ~~a community college campus,~~ a high school campus or a joint  
36 technical education district campus, or any combination of these campuses.  
37 Students who elect to remain in high school pursuant to this paragraph SHALL  
38 NOT BE PREVENTED FROM ENROLLING AT A HIGH SCHOOL AFTER THE PUPIL BECOMES  
39 ELIGIBLE FOR A GRAND CANYON DIPLOMA AND shall be eligible to participate in  
40 extracurricular activities, including interscholastic sports, through the end  
41 of grade twelve. The school district or charter school from which the  
42 student ~~earned~~ BECAME ELIGIBLE FOR the Grand Canyon diploma shall include  
43 that student in the school district's or charter school's student count and  
44 shall continue to receive per pupil funding for a student who ~~earns~~ IS  
45 ELIGIBLE FOR a Grand Canyon diploma until that student would otherwise have

1 graduated at the end of grade twelve, as long as that student is enrolled in  
2 an approved full-time career and technical education program.  
3 Notwithstanding any other law, if the instruction provided under this  
4 paragraph is provided by a joint technical education district IN A FULL-TIME  
5 CAREER AND TECHNICAL EDUCATION PROGRAM THAT IS DESIGNED TO LEAD TO A  
6 CERTIFICATE THAT IS AWARDED BY AN INDUSTRY OR RECOGNIZED AS MEETING INDUSTRY  
7 STANDARDS, the SUM OF THE average daily membership for that pupil shall be  
8 NOT EXCEED 1.25, AND THE AVERAGE DAILY MEMBERSHIP SHALL BE APPORTIONED AT 1.0  
9 FOR THE JOINT TECHNICAL EDUCATION DISTRICT AND 0.25 FOR THE SCHOOL DISTRICT.

10 ~~4. Return to a traditional academic program without completing the~~  
11 ~~next level of board examination systems curriculum.~~

12 4. REMAIN IN HIGH SCHOOL WITHOUT COMPLETING THE NEXT LEVEL OF BOARD  
13 EXAMINATION SYSTEMS AND PARTICIPATE IN PROGRAMS OF STUDY AVAILABLE TO THE  
14 STUDENTS THROUGH THE SCHOOL DISTRICT OR CHARTER SCHOOL. THE SCHOOL DISTRICT  
15 OR CHARTER SCHOOL WILL CONTINUE TO INCLUDE THE STUDENTS IN THE SCHOOL  
16 DISTRICT'S OR CHARTER SCHOOL'S COUNT AND SHALL CONTINUE TO RECEIVE PER PUPIL  
17 FUNDING FOR THE STUDENTS UNTIL THOSE STUDENTS WOULD HAVE OTHERWISE GRADUATED  
18 AT THE END OF GRADE TWELVE, AS LONG AS THOSE STUDENTS ARE ENROLLED IN  
19 APPROVED PROGRAMS OF STUDY AT THAT SCHOOL DISTRICT OR CHARTER SCHOOL.  
20 STUDENTS WHO ELECT TO REMAIN IN HIGH SCHOOL PURSUANT TO THIS PARAGRAPH SHALL  
21 BE ELIGIBLE TO PARTICIPATE IN EXTRACURRICULAR ACTIVITIES, INCLUDING  
22 INTERSCHOLASTIC SPORTS.

23 D. Students who pursue but do not ~~earn~~ MEET THE ELIGIBILITY  
24 REQUIREMENTS FOR a Grand Canyon diploma at the end of grade ten or eleven  
25 shall receive a customized program of assistance during the next school year  
26 that addresses areas in which the student demonstrated deficiencies in the  
27 approved board examinations. These students may retake the board  
28 examinations at the next available examination administration. Students may  
29 choose to return to a traditional academic program without completing the  
30 board examination system curriculum.

31 E. The private organization selected pursuant to section 15-792.02  
32 shall develop detailed requirements for students to ~~earn~~ BECOME ELIGIBLE FOR  
33 the Grand Canyon diploma, as approved and adopted by the state board of  
34 education, that include at least the following:

35 1. Demonstrated skills and knowledge in English and mathematical  
36 literacy to be successful in college level courses offered by the community  
37 colleges in this state that count toward a degree or certificate without  
38 taking remedial or developmental coursework as determined by an interstate  
39 compact on board examination systems.

40 2. Satisfactory grades on approved board examinations in subjects  
41 determined to be necessary to prepare a student to enter community college  
42 without remedial or developmental coursework and that do not include  
43 coursework required exclusively for entry into an institution that awards  
44 baccalaureate degrees.

1 F. A student who obtains a Grand Canyon diploma pursuant to this  
2 section is not eligible to participate in the early graduation scholarship  
3 program established by section 15-105 if the student elects to pursue one of  
4 the pathways prescribed in subsection C, paragraph 1, 2 or 3 of this section.  
5 The department of education shall not transmit any monies to the commission  
6 for postsecondary education pursuant to section 15-105, subsection F on  
7 behalf of any student who obtains a Grand Canyon diploma pursuant to this  
8 section if the student elects to pursue one of the pathways prescribed in  
9 subsection C, paragraph 1, 2 or 3 of this section.

APPROVED BY THE GOVERNOR APRIL 28, 2011.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 28, 2011.

Passed the House April 14, 2011,

Passed the Senate March 17, 2011,

by the following vote: 42 Ayes,  
14 Nays, 4 Not Voting

by the following vote: 27 Ayes,  
1 Nays, 2 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

Cheryl Laube  
Chief Clerk of the House

Channon Billington  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
18 day of April, 2011,

at 4:30 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 28<sup>th</sup> day of  
April, 2011,

at 11:54 o'clock A. M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 28<sup>th</sup> day of April, 2011,

at 4:01 o'clock P. M.

[Signature]  
Secretary of State

S.B. 1451