Senate Engrossed House Bill

FILED
MICHELE REAGAN
SECRETARY OF STATE

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CHAPTER 331

HOUSE BILL 2190

AN ACT

AMENDING SECTIONS 15-101 AND 15-102, ARIZONA REVISED STATUTES; AMENDING SECTION 15-117, ARIZONA REVISED STATUTES, AS ADDED BY HOUSE BILL 2088, FIFTY-SECOND LEGISLATURE, SECOND REGULAR SESSION, AS TRANSMITTED TO THE GOVERNOR; AMENDING SECTIONS 15-152, 15-183 AND 15-218, ARIZONA REVISED STATUTES; REPEALING SECTION 15-306, ARIZONA REVISED STATUTES; AMENDING SECTION 15-341, ARIZONA REVISED STATUTES; REPEALING SECTIONS 15-348, 15-349, 15-353, 15-505, 15-707, 15-708, 15-709, 15-711.01 AND 15-718, ARIZONA REVISED STATUTES; REPEALING TITLE 15, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-552, 15-701, 15-706, 15-823 AND 15-824, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.07; AMENDING SECTIONS 15-903 AND 15-914, ARIZONA REVISED STATUTES; AMENDING SECTION 15-995, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 48, SECTION 2; AMENDING SECTIONS 15-1103, 15-1107 AND 43-1089.01, ARIZONA REVISED STATUTES; RELATING TO EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-101, Arizona Revised Statutes, is amended to read:

15-101. Definitions

In this title, unless the context otherwise requires:

1. "Accommodation school" means either:

(a) A school that is operated through the county board of supervisors and the county school superintendent and that the county school superintendent administers to serve a military reservation or territory that is not included within the boundaries of a school district.

(b) A school that provides educational services to homeless children or alternative education programs as provided in section 15-308, subsection B.

(c) A school that is established to serve a military reservation, the boundaries of which are coterminous with the boundaries of the military reservation on which the school is located.

2. "Assessed valuation" means the valuation derived by applying the applicable percentage as provided in title 42, chapter 15, article 1 to the full cash value or limited property value, whichever is applicable, of the property.

3. "Charter holder" means a person that enters into a charter with the state board for charter schools. For the purposes of this paragraph, "person" means an individual, partnership, corporation, association or public or private organization of any kind.

4. "Charter school" means a public school established by contract with a district governing board, the state board of education, the state board for charter schools, a university under the jurisdiction of the Arizona board of regents, a community college district ~~with enrollment of more than fifteen thousand full-time equivalent students~~ or a group of community college districts ~~with a combined enrollment of more than fifteen thousand full-time equivalent students~~ pursuant to article 8 of this chapter to provide learning that will improve pupil achievement.

5. "Child with a disability" means a child with a disability as defined in section 15-761.

6. "Class A bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held on or before December 31, 1998.

7. "Class B bonds" means general obligation bonds approved by a vote of the qualified electors of a school district at an election held from and after December 31, 1998.

8. "Competency" means a demonstrated ability in a skill at a specified performance level.

9. "Course" means organized subject matter in which instruction is offered within a given period of time and for which credit toward promotion,

graduation or certification is usually given. A course consists of knowledge selected from a subject for instructional purposes in the schools.

10. "Course of study" means a list of required and optional subjects to be taught in the schools.

11. "Dual enrollment course" means a ~~college level~~ COLLEGE-LEVEL course that is conducted on the campus of a high school or on the campus of a joint technical education district, that is applicable to an established community college academic degree or certificate program and that is transferable to a university under the jurisdiction of the Arizona board of regents. A dual enrollment course that is applicable to a community college occupational degree or certificate program may be transferable to a university under the jurisdiction of the Arizona board of regents.

12. "Elementary grades" means kindergarten programs and grades one through eight.

13. "Fiscal year" means the year beginning July 1 and ending June 30.

14. "Governing board" means a body organized for the government and management of the schools within a school district or a county school superintendent in the conduct of an accommodation school.

15. "Lease" means an agreement for conveyance and possession of real or personal property.

16. "Limited property value" means the value determined pursuant to title 42, chapter 13, article 7. Limited property value shall be used as the basis for assessing, fixing, determining and levying primary property taxes.

17. "Parent" means the natural or adoptive parent of a child or a person who has custody of a child.

18. "Person who has custody" means a parent or legal guardian of a child, a person to whom custody of the child has been given by order of a court or a person who stands in loco parentis to the child.

19. "Primary property taxes" means all ad valorem taxes except for secondary property taxes.

20. "Private school" means a nonpublic institution where instruction is imparted.

21. "School" or "public school" means any public institution established for the purposes of offering instruction to pupils in programs for preschool children with disabilities, kindergarten programs or any combination of elementary grades or secondary grades one through twelve.

22. "School district" means a political subdivision of this state with geographic boundaries organized for the purpose of the administration, support and maintenance of the public schools or an accommodation school.

23. "Secondary grades" means grades nine through twelve.

24. "Secondary property taxes" means ad valorem taxes used to pay the principal of and the interest and redemption charges on any bonded indebtedness or other lawful long-term obligation issued or incurred for a specific purpose by a school district or a community college district and

amounts levied pursuant to an election to exceed a budget, expenditure or tax limitation.

25. "Subject" means a division or field of organized knowledge, such as English or mathematics, or a selection from an organized body of knowledge for a course or teaching unit, such as the English novel or elementary algebra.

Sec. 2. Section 15-102, Arizona Revised Statutes, is amended to read:

15-102. Parental involvement in the school; definition

A. The governing board, in consultation with parents, teachers and administrators, shall develop and adopt a policy to promote the involvement of parents and guardians of children enrolled in the schools within the school district, including:

1. A plan for parent participation in the schools ~~which~~ THAT is designed to improve parent and teacher cooperation in such areas as homework, attendance and discipline. THE PLAN SHALL PROVIDE FOR THE ADMINISTRATION OF A PARENT-TEACHER SATISFACTION SURVEY.

2. Procedures by which parents may learn about the course of study for their children and review learning materials, including the source of any supplemental educational materials.

3. Procedures by which parents who object to any learning material or activity on the basis that it is harmful may withdraw their children from the activity or from the class or program in which the material is used. Objection to a learning material or activity on the basis that it is harmful includes objection to a material or activity because it questions beliefs or practices in sex, morality or religion.

4. If a school district offers any sex education curricula pursuant to section 15-711 or 15-716 or pursuant to any rules adopted by the state board of education, procedures to prohibit a school district from providing sex education instruction to a pupil unless the pupil's parent provides written permission for the child to participate in the sex education curricula.

5. Procedures by which parents will be notified in advance of and given the opportunity to withdraw their children from any instruction or presentations regarding sexuality in courses other than formal sex education curricula.

6. Procedures by which parents may learn about the nature and purpose of clubs and activities that are part of the school curriculum, extracurricular clubs and activities that have been approved by the school.

7. Procedures by which parents may learn about parental rights and responsibilities under the laws of this state, including the following:

(a) The right to opt in to a sex education curriculum if one is provided by the school district.

(b) Open enrollment rights pursuant to section 15-816.01.

(c) The right to opt out of assignments pursuant to this section.

(d) The right to opt out of immunizations pursuant to section 15-873.

(e) The promotion requirements prescribed in section 15-701.

(f) The minimum course of study and competency requirements for graduation from high school prescribed in section 15-701.01.

(g) The right to opt out of instruction on the acquired immune deficiency syndrome pursuant to section 15-716.

(h) The right to review test results pursuant to section 15-743.

(i) The right to participate in gifted programs pursuant to section 15-779.01.

(j) The right to access instructional materials pursuant to section 15-730.

(k) The right to receive a school report card pursuant to section 15-746.

(l) The attendance requirements prescribed in sections 15-802, 15-803 and 15-821.

(m) The right to public review of courses of study and textbooks pursuant to section 15-721.

(n) The right to be excused from school attendance for religious purposes pursuant to section 15-806.

(o) Policies related to parental involvement pursuant to this section.

(p) The right to seek membership on school councils pursuant to section 15-351.

(q) The right to participate in a parental satisfaction survey pursuant to section 15-353.

(r) Information about the student accountability information system as prescribed in section ~~15-1042~~ 15-1041.

(s) The right to access the failing schools tutoring fund pursuant to section 15-241.

B. The policy adopted by the governing board pursuant to this section may also include the following components:

1. A plan by which parents will be made aware of the district's parental involvement policy and this section, including:

(a) Rights under the family educational rights and privacy act of 1974 (20 United States Code section 1232g) relating to access to children's official records.

(b) The parent's right to inspect the school district policies and curriculum.

2. Efforts to encourage the development of parenting skills.

3. The communication to parents of techniques designed to assist the child's learning experience in the home.

4. Efforts to encourage access to community and support services for children and families.

5. The promotion of communication between the school and parents concerning school programs and the academic progress of the parents' children.

6. Identifying opportunities for parents to participate in and support classroom instruction at the school.

7. Efforts to support, with appropriate training, parents as shared ~~decision makers~~ DECISION-MAKERS and to encourage membership on school councils.

8. The recognition of the diversity of parents and the development of guidelines that promote widespread parental participation and involvement in the school at various levels.

9. The development of preparation programs and specialized courses for certificated employees and administrators that promote parental involvement.

10. The development of strategies and programmatic structures at schools to encourage and enable parents to participate actively in their children's education.

C. The governing board may adopt a policy to provide to parents the information required by this section in an electronic form.

D. A parent shall submit a written request for information pursuant to this section during regular business hours to either the school principal at the school site or the superintendent of the school district at the office of the school district. Within ten days of receiving the request for information, the school principal or the superintendent of the school district shall either deliver the requested information to the parent or submit to the parent a written explanation of the reasons for the denial of the requested information. If the request for information is denied or the parent does not receive the requested information within fifteen days after submitting the request for information, the parent may submit a written request for the information to the school district governing board, which shall formally consider the request at the next scheduled public meeting of the governing board if the request can be properly noticed on the agenda. If the request cannot be properly noticed on the agenda, the governing board shall formally consider the request at the next subsequent public meeting of the governing board.

E. For the purposes of this section, "parent" means the natural or adoptive parent or legal guardian of a minor child.

Sec. 3. Section 15-117, Arizona Revised Statutes, as added by House Bill 2088, fifty-second legislature, second regular session, as transmitted to the governor, is amended to read:

15-117. <u>Surveys; pupil information; parental permission and informed consent; exceptions; penalties; definitions</u>

A. Notwithstanding any other law, each school district and charter school shall obtain written informed consent from the parent of a pupil before administering any survey that is retained by a school district, a charter school or the department of education for longer than one year and that solicits personal information about the pupil regarding any of the following:

1. Critical appraisals of another person with whom a pupil has a close relationship.

2. Gun or ammunition ownership.

3. Illegal, antisocial or self-incriminating behavior.
4. Income or other financial information.
5. Legally recognized privileged or analogous relationships, such as relationships with a lawyer, physician or member of the clergy.
6. Medical history or medical information.
7. Mental health history or mental health information.
8. Political affiliations, opinions or beliefs.
9. Pupil biometric information.
10. The quality of home interpersonal relationships.
11. Religious practices, affiliations or beliefs.
12. Self-sufficiency as it pertains to emergency, disaster and essential services interruption planning.
13. Sexual behavior or attitudes.
14. Voting history.

B. At the beginning of every school year, every school district and charter school shall obtain written informed consent from the parent of a pupil to participate in any survey pursuant to subsection A of this section for the entire year. A parent of a pupil may at any time revoke consent for the pupil to participate in any survey pursuant to subsection A of this section. For any pupil who is at least eighteen years of age, the permission or consent that would otherwise be required from the pupil's parent pursuant to this section is required only from the pupil. All surveys conducted pursuant to subsection A of this section shall be approved and authorized by the school district or charter school. The school district or charter school is subject to the penalties prescribed in subsection L of this section. A teacher or other school employee may not administer any survey pursuant to subsection A of this section without written authorization from the school district or charter school.

C. This section applies to all surveys conducted pursuant to subsection A of this section:
1. Regardless of the stated purpose of the survey.
2. Regardless of the quantity or percentage of questions that solicit data pursuant to subsection A of this section.
3. Including written or digital surveys.

D. This section does not apply to:
1. Mental health screening pursuant to section 15-104 or the identification of or programming for children with disabilities or gifted pupils pursuant to chapter 7, articles 4 and 4.1 of this title.
2. Class instruction, discussion or assignments on subjects within the purview of the course.
3. Private schools.
4. Any nationally recognized college entrance exam that a student chooses to take regardless if the administration of the exam takes place on public school property.

5. Any survey conducted that contains questions soliciting information pursuant to subsection A of this section if the survey does not require a student's name or any other personally identifiable information.

6. Any survey conducted or implemented by the Arizona criminal justice commission.

7. Any method of surveying a student that is conducted because a person has a reasonable belief that a minor is or has been a victim of abuse pursuant to section 13-3620.

E. A penalty may not be imposed on a pupil or the parent of a pupil who does not participate in any survey conducted pursuant to subsection A of this section. Participation in any survey pursuant to subsection A of this section is not required:

1. To demonstrate that a pupil has met competency requirements for any grade level, course or subject.

2. For a pupil to qualify for placement into any grade level, course or subject.

3. For a pupil to be promoted to the next grade.

4. For a pupil to receive credit for any course or as part of a letter grade for any course.

5. For a pupil to graduate from high school.

6. For a pupil to obtain a high school equivalency diploma.

F. A school district or charter school shall provide an alternative educational activity for any pupil whose parent does not consent for that pupil to participate in a survey conducted pursuant to subsection A of this section.

G. Any pupil whose parent does not give written informed consent for that pupil to participate in any survey pursuant to subsection A of this section and who attends the alternative educational activity pursuant to this section shall be counted toward daily attendance and average daily membership for the school pursuant to section 15-901 and may not be counted absent from school.

H. Responses to any survey pursuant to subsection A of this section may not be included:

1. As part of a school academic performance indicator pursuant to section 15-241, or as part of any other similar school rating system.

2. In the education learning and accountability system pursuant to section 15-249, or in any other similar system.

3. In the student accountability information system pursuant to section 15-756.10 or 15-1041, or in any other similar system.

~~4. In any school, administrator or teacher rating system.~~

I. A penalty may not be imposed on and a reward may not be granted to a teacher, administrator, other school employee, school district, school or charter school based on the pupil participation rate in any survey conducted pursuant to subsection A of this section.

J. On request, a charter school or school district shall provide any available information in a timely manner to the parent of a pupil regarding a survey administered pursuant to subsection A of this section including:

1. The name of the survey.
2. The date or dates on which the survey will be administered.
3. The method or methods of administering the survey.
4. The amount of time required to administer the survey.
5. The type of information collected by the survey.
6. The reasons for administering the survey.

K. A parent of a pupil that has a reasonable belief that a school district or charter school has violated this section may file a complaint with the attorney general or the county attorney for the county in which an alleged violation of this section occurred. The attorney general or the county attorney for the county in which an alleged violation of this section occurred may initiate a suit in the superior court in the county in which the school district or charter school is located for the purpose of complying with this section. After receiving written notice of an alleged failure to comply with this section, a school district or charter school that determines that a violation has occurred is not subject to a penalty or cause of action under this section if the school district or charter school cures the violation. For the purposes of this subsection, "cure" means to destroy any information gathered in violation of this section and to provide written instruction to the individual circulating the survey, to be kept on file for one year after receipt of the written notice of the alleged failure to comply.

L. For each violation of this section, the court may impose a civil penalty not to exceed five hundred dollars. The school district or charter school determined to be out of compliance with this section shall be responsible for the payment of all penalties.

M. An attorney acting on behalf of a public school may request a legal opinion of the county attorney or attorney general as to whether the public school would violate this section.

N. All penalties collected by the court for a suit initiated in superior court by the attorney general shall be paid to the office of the attorney general for the use and reimbursement of costs of prosecution pursuant to this section. All penalties collected by the court for a suit initiated in superior court by a county attorney shall be paid to the county treasurer of the county in which the court is held for the use and reimbursement of costs of prosecution pursuant to this section.

O. For the purposes of this section:

1. "Parent" has the same meaning prescribed in section 15-101, except that parent does not mean this state if the pupil is a ward of the state.

2. "Survey" means:

(a) When used as a noun, an instrument that investigates the attitudes, behaviors, beliefs, experiences, opinions or thoughts of a pupil or group of pupils.

(b) When used as a verb, to use an instrument to investigate the attitudes, behaviors, beliefs, experiences, opinions or thoughts of a pupil or group of pupils.

Sec. 4. Section 15-152, Arizona Revised Statutes, is amended to read:

15-152. Pest management at schools; notice

A. The governing board of each school district~~, in consultation with teachers, parents, guardians, administrators, members of the public, a certified applicator, and at least one health professional,~~ shall develop and adopt a policy to provide pupils and employees with at least forty-eight hours' notice before pesticides are applied on school property. The policy shall include at least the following:

1. PROCEDURES FOR ORAL NOTIFICATION TO PUPILS AND EMPLOYEES DURING THE REGULAR SCHOOL SESSION.

2. PROCEDURES FOR WRITTEN, ELECTRONIC OR TELEPHONIC NOTIFICATION TO PARENTS OR GUARDIANS AT LEAST FORTY-EIGHT HOURS PRIOR TO THE APPLICATION OF PESTICIDES.

~~1. Procedures for providing the notification including:~~

~~(a) Procedures for oral notification to pupils and employees during a regular school session.~~

~~(b) Procedures for written notification to parents or guardians during a regular school session.~~

~~(c) Procedures for the posting of signs to identify pesticide application areas.~~

~~2. Procedures for requiring any contracted pest control applicator to provide detailed and sufficient information to the schools for the purpose of completing the posting materials.~~

~~3. Procedures providing for continuing instruction for pupils who are absent because of pesticide application on school property.~~

~~B. Each school district shall maintain written records of pesticide application notifications. The school district may delegate to the pest control applicator the duty to fill out and post notices required by district policy.~~

~~C.~~ B. For purposes of this section, ~~"~~pesticides~~" does~~ DO not include:

1. Nonrestricted use disinfectants, sanitizers or deodorizers regulated by the federal insecticide, fungicide and rodenticide act but ~~includes~~ INCLUDE other pesticides regulated under the federal insecticide, fungicide and rodenticide act (P.L. 100-532; 102 Stat. 2654; 7 United States Code section 136).

2. NONRESIDUAL PESTICIDE APPLICATIONS PERFORMED OR CONTRACTED BY PUBLIC HEALTH AGENCIES FOR VECTOR CONTROL.

3. EMERGENCY APPLICATIONS OF A PESTICIDE THAT HAS A TOXICITY CATEGORY OF III OR IV PURSUANT TO 40 CODE OF FEDERAL REGULATIONS SECTION 156.62 TO CONTROL HARMFUL PESTS THAT POSE AN IMMINENT THREAT TO THE PUBLIC HEALTH.

Sec. 5. Section 15-183, Arizona Revised Statutes, is amended to read:

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

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

1. A detailed educational plan.

2. A detailed business plan.

3. A detailed operational plan.

4. Any other materials required by the sponsor.

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

C. The sponsor of a charter school may be either a school district governing board, the state board of education, the state board for charter schools, a university under the jurisdiction of the Arizona board of regents, a community college district ~~with enrollment of more than fifteen thousand full-time equivalent students~~ or a group of community college districts ~~with a combined enrollment of more than fifteen thousand full-time equivalent students~~, subject to the following requirements:

1. For charter schools that submit an application for sponsorship to a school district governing board:

(a) An applicant for a charter school may submit its application to a school district governing board, which shall either accept or reject sponsorship of the charter school within ninety days. An applicant may submit a revised application for reconsideration by the governing board. If the governing board rejects the application, the governing board shall notify the applicant in writing of the reasons for the rejection. The applicant may request, and the governing board may provide, technical assistance to improve the application.

(b) In the first year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored by the school district that the school district is out of compliance with the uniform system of financial records. The notification shall include a statement that if the school district is determined to be out of compliance for a second consecutive year, the charter school will be required to transfer sponsorship to another entity pursuant to subdivision (c) of this paragraph.

(c) In the second consecutive year that a school district is determined to be out of compliance with the uniform system of financial records, within fifteen days of the determination of noncompliance, the school district shall notify by certified mail each charter school sponsored by the school district that the school district is out of compliance with the uniform system of financial records. A charter school that receives a notification of school district noncompliance pursuant to this subdivision shall file a written sponsorship transfer application within forty-five days with the state board of education, the state board for charter schools or the school district governing board if the charter school is located within the geographic boundaries of that school district. A charter school that receives a notification of school district noncompliance may request an extension of time to file a sponsorship transfer application, and the state board of education, the state board for charter schools or a school district governing board may grant an extension of not more than an additional thirty days if good cause exists for the extension. The state board of education and the state board for charter schools shall approve a sponsorship transfer application pursuant to this paragraph.

(d) A school district governing board shall not grant a charter to a charter school that is located outside the geographic boundaries of that school district.

(e) A school district that has been determined to be out of compliance with the uniform system of financial records during either of the previous two fiscal years shall not sponsor a new or transferring charter school.

(f) Notwithstanding any other law, a school district governing board shall not grant a charter to a new charter school that begins initial operations after June 30, 2013 or convert an existing district public school to a charter school that begins initial operations after June 30, 2013.

2. The applicant may submit the application to the state board of education or the state board for charter schools. Notwithstanding any other law, neither the state board for charter schools nor the state board of education shall grant a charter to a school district governing board for a new charter school that begins initial operations after June 30, 2013 or for the conversion of an existing district public school to a charter school that begins initial operations after June 30, 2013. The state board of education or the state board for charter schools may approve the application if the application meets the requirements of this article and may approve the charter if the proposed sponsor determines, within its sole discretion, that the applicant is sufficiently qualified to operate a charter school and that the applicant is applying to operate as a separate charter holder by considering factors such as whether:

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

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

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

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

(e) It is reconstituting an existing school site population at the same or new site.

(f) It is reconstituting an existing grade configuration from a prior charter holder with at least one grade remaining on the original site with the other grade or grades moving to a new site. The state board of education or the state board for charter schools may approve any charter schools transferring charters. The state board of education and the state board for charter schools shall approve any charter schools transferring charters from a school district that is determined to be out of compliance with the uniform system of financial records pursuant to this section, but may require the charter school to sign a new charter that is equivalent to the charter awarded by the former sponsor. If the state board of education or the state board for charter schools rejects the preliminary application, the state board of education or the state board for charter schools shall notify the applicant in writing of the reasons for the rejection and of suggestions for improving the application. An applicant may submit a revised application for reconsideration by the state board of education or the state board for charter schools. The applicant may request, and the state board of education or the state board for charter schools may provide, technical assistance to improve the application.

3. The applicant may submit the application to a university under the jurisdiction of the Arizona board of regents, a community college district or a group of community college districts. A university, a community college district or a group of community college districts shall not grant a charter to a school district governing board for a new charter school that begins initial operations after June 30, 2013 or for the conversion of an existing district public school to a charter school that begins initial operations after June 30, 2013. A university, a community college district or a group of community college districts may approve the application if it meets the requirements of this article and if the proposed sponsor determines, in its sole discretion, that the applicant is sufficiently qualified to operate a charter school.

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

investigation. The criminal records check shall be completed before the issuance of a charter.

5. All persons engaged in instructional work directly as a classroom, laboratory or other teacher or indirectly as a supervisory teacher, speech therapist or principal shall have a valid fingerprint clearance card that is issued pursuant to title 41, chapter 12, article 3.1, unless the person is a volunteer or guest speaker who is accompanied in the classroom by a person with a valid fingerprint clearance card. A charter school shall not employ a teacher whose certificate has been surrendered or revoked, unless the teacher's certificate has been subsequently reinstated by the state board of education. All other personnel shall be fingerprint checked pursuant to section 15-512, or the charter school may require those personnel to obtain a fingerprint clearance card issued pursuant to title 41, chapter 12, article 3.1. Before employment, the charter school shall make documented, good faith efforts to contact previous employers of a person to obtain information and recommendations that may be relevant to a person's fitness for employment as prescribed in section 15-512, subsection F. The charter school shall notify the department of public safety if the charter school or sponsor receives credible evidence that a person who possesses a valid fingerprint clearance card is arrested for or is charged with an offense listed in section 41-1758.03, subsection B. Charter schools may hire personnel that have not yet received a fingerprint clearance card if proof is provided of the submission of an application to the department of public safety for a fingerprint clearance card and if the charter school that is seeking to hire the applicant does all of the following:

(a) Documents in the applicant's file the necessity for hiring and placement of the applicant before receiving a fingerprint clearance card.

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

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

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

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

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

6. A charter school that complies with the fingerprinting requirements of this section shall be deemed to have complied with section 15-512 and is

entitled to the same rights and protections provided to school districts by section 15-512.

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

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

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

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

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

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

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

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

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

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

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

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

4. Ensure that it designs a method to measure pupil progress toward the pupil outcomes adopted by the state board of education pursuant to

section 15-741.01, including participation in the Arizona instrument to measure standards test and the nationally standardized norm-referenced achievement test as designated by the state board and the completion and distribution of an annual report card as prescribed in chapter 7, article 3 of this title.

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

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

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

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

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

F. A charter school shall keep ~~on~~ IN THE PERSONNEL file ~~the resumes~~ of all current ~~and former~~ employees who provide instruction to pupils at the charter school~~. Resumes shall include an individual's~~ INFORMATION ABOUT THE EMPLOYEE'S educational and teaching background and experience in a particular academic content subject area. A charter school shall inform parents and guardians of the availability of the ~~resume~~ information and shall make the ~~resume~~ information available for inspection on request of parents and guardians of pupils enrolled at the charter school. This subsection does not

1 require any charter school to release personally identifiable information in
2 relation to any teacher or employee, including the teacher's or employee's
3 address, salary, social security number or telephone number.
4 G. The charter of a charter school may be amended at the request of
5 the governing body of the charter school and on the approval of the sponsor.
6 H. Charter schools may contract, sue and be sued.
7 I. The charter is effective for fifteen years from the first day of
8 the fiscal year as specified in the charter, subject to the following:
9 1. At least eighteen months before the expiration of the charter, the
10 sponsor shall notify the charter school that the charter school may apply for
11 renewal and shall make the renewal application available to the charter
12 school. A charter school that elects to apply for renewal shall file a
13 complete renewal application at least fifteen months before the expiration of
14 the charter. A sponsor shall give written notice of its intent not to renew
15 the charter school's request for renewal to the charter school at least
16 twelve months before the expiration of the charter. The sponsor shall make
17 data used in making renewal decisions available to the school and the public
18 and shall provide a public report summarizing the evidence basis for each
19 decision. The sponsor may deny the request for renewal if, in its judgment,
20 the charter holder has failed to do any of the following:
21 (a) Meet or make sufficient progress toward the academic performance
22 expectations set forth in the performance framework.
23 (b) Meet the operational performance expectations set forth in the
24 performance framework or any improvement plans.
25 (c) Complete the obligations of the contract.
26 (d) Comply with this article or any provision of law from which the
27 charter school is not exempt.
28 2. A charter operator may apply for early renewal. At least nine
29 months before the charter school's intended renewal consideration, the
30 operator of the charter school shall submit a letter of intent to the sponsor
31 to apply for early renewal. The sponsor shall review fiscal audits and
32 academic performance data for the charter school that are annually collected
33 by the sponsor, review the current contract between the sponsor and the
34 charter school and provide the qualifying charter school with a renewal
35 application. On submission of a complete application, the sponsor shall give
36 written notice of its consideration of the renewal application. The sponsor
37 may deny the request for early renewal if, in the sponsor's judgment, the
38 charter holder has failed to do any of the following:
39 (a) Meet or make sufficient progress toward the academic performance
40 expectations set forth in the performance framework.
41 (b) Meet the operational performance expectations set forth in the
42 performance framework or any improvement plans.
43 (c) Complete the obligations of the contract.
44 (d) Comply with this article or any provision of law from which the
45 charter school is not exempt.

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

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

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

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

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

5. At least sixty days before the effective date of the proposed revocation, the sponsor shall give written notice to the operator of the charter school of its intent to revoke the charter. Notice of the sponsor's intent to revoke the charter shall be delivered personally to the operator of the charter school or sent by certified mail, return receipt requested, to the address of the charter school. The notice shall incorporate a statement of reasons for the proposed revocation of the charter. The sponsor shall allow the charter school at least sixty days to correct the problems associated with the reasons for the proposed revocation of the charter. The final determination of whether to revoke the charter shall be made at a public hearing called for such purpose.

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

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

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

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

(a) Disciplinary or corrective action.

(b) Detail, transfer or reassignment.

(c) Suspension, demotion or dismissal.

(d) An unfavorable performance evaluation.

(e) A reduction in pay, benefits or awards.

(f) Elimination of the employee's position without a reduction in force by reason of lack of monies or work.

(g) Other significant changes in duties or responsibilities that are inconsistent with the employee's salary or employment classification.

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

(a) Suspension or termination of the program.

(b) Transfer or reassignment of the program to a less favorable department.

(c) Relocation of the program to a less favorable site within the school or school district.

(d) Significant reduction or termination of funding for the program.

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

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

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

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

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

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

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

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

3. Intervention and improvement policies.

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

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

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

V. A transfer of a charter to another sponsor, a transfer of a charter school site to another sponsor or a transfer of a charter school site to a different charter shall be completed before the beginning of the fiscal year that the transfer is scheduled to become effective. An entity that sponsors charter schools may accept a transferring school after the beginning of the fiscal year if the transfer is approved by the superintendent of public instruction. The superintendent of public instruction shall have the discretion to consider each transfer during the fiscal year on a case by case basis. If a charter school is sponsored by a school district that is determined to be out of compliance with this title, the uniform system of financial records or any other state or federal law, the charter school may transfer to another sponsoring entity at any time during the fiscal year. A charter holder seeking to transfer sponsors shall comply with the current charter terms regarding assignment of the charter. A charter holder transferring sponsors shall notify the current sponsor that the transfer has been approved by the new sponsor.

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

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

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

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

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

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

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

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

EE. Pursuant to the prescribed graduation requirements adopted by the state board of education, the governing body of a charter school operating a high school may approve a rigorous computer science course that would fulfill a mathematics course required for graduation from high school. The governing

body may approve a rigorous computer science course only if the rigorous computer science course includes significant mathematics content and the governing body determines the high school where the rigorous computer science course is offered has sufficient capacity, infrastructure and qualified staff, including competent teachers of computer science.

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

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

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

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

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

3. FOR THE PRIOR YEAR, the number of new charters approved, ~~and~~ the number of charter schools closed and THE reason for the closure ~~in the prior year~~.

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

II. The auditor general shall prescribe the format for the annual report required by subsection HH of this section and may require that the annual report be submitted electronically. The auditor general shall review the submitted annual reports to ensure that the reports include the required items in subsection HH of this section and shall make the annual reports available upon request. If the auditor general finds significant noncompliance or ~~a sponsor's failure~~ IF A SPONSOR FAILS to submit the annual report required by subsection HH of this section, on or before December 31 of each year the auditor general shall report to the governor, the president of the senate, the speaker of the house of representatives and the chairs of the senate and house education committees or their successor committees, and the legislature shall consider revoking the sponsor's authority to sponsor charter schools.

Sec. 6. Section 15-218, Arizona Revised Statutes, is amended to read:

15-218. Suicide awareness and prevention training; child abuse and sexual abuse prevention and training; continuing education

A. The state board of education shall adopt rules to allow certificated teachers and administrators to count suicide awareness and prevention training programs as continuing education credits.

B. The state board of education shall adopt rules to allow certificated teachers and administrators to count awareness and prevention training on issues concerning child abuse and the sexual abuse of children, including warning signs that a child may be a victim of child abuse or sexual abuse, as continuing education credits.

C. ANY RULES REGARDING CONTINUING EDUCATION CREDITS ADOPTED BY THE STATE BOARD OF EDUCATION PURSUANT TO THIS SECTION SHALL INCLUDE A REASONABLE LIMIT OF CREDITS THAT MAY COUNT TOWARDS CERTIFICATION RENEWAL REQUIREMENTS.

Sec. 7. Repeal

Section 15-306, Arizona Revised Statutes, is repealed.

Sec. 8. Section 15-341, Arizona Revised Statutes, is amended to read:

15-341. General powers and duties; immunity; delegation

A. The governing board shall:

1. Prescribe and enforce policies and procedures for the governance of the schools, not inconsistent with law or rules prescribed by the state board of education.

2. Exclude from schools all books, publications, papers or audiovisual materials of a sectarian, partisan or denominational character. This paragraph shall not be construed to prohibit the elective course permitted by section 15-717.01.

3. Manage and control the school property within its district.

4. Acquire school furniture, apparatus, equipment, library books and supplies for the use of the schools.

5. Prescribe the curricula and criteria for the promotion and graduation of pupils as provided in sections 15-701 and 15-701.01.

6. Furnish, repair and insure, at full insurable value, the school property of the district.

7. Construct school buildings on approval by a vote of the district electors.

8. Make in the name of the district conveyances of property belonging to the district and sold by the board.

9. Purchase school sites when authorized by a vote of the district at an election conducted as nearly as practicable in the same manner as the election provided in section 15-481 and held on a date prescribed in section 15-491, subsection E, but such authorization shall not necessarily specify the site to be purchased and such authorization shall not be necessary to exchange unimproved property as provided in section 15-342, paragraph 23.

10. Construct, improve and furnish buildings used for school purposes when such buildings or premises are leased from the national park service.

11. Purchase school sites or construct, improve and furnish school buildings from the proceeds of the sale of school property only on approval by a vote of the district electors.

12. Hold pupils to strict account for disorderly conduct on school property.

13. Discipline students for disorderly conduct on the way to and from school.

14. Except as provided in section 15-1224, deposit all monies received by the district as gifts, grants and devises with the county treasurer who shall credit the deposits as designated in the uniform system of financial records. If not inconsistent with the terms of the gifts, grants and devises given, any balance remaining after expenditures for the intended purpose of the monies have been made shall be used for reduction of school district taxes for the budget year, except that in the case of accommodation schools the county treasurer shall carry the balance forward for use by the county school superintendent for accommodation schools for the budget year.

15. Provide that, if a parent or legal guardian chooses not to accept a decision of the teacher as provided in section ~~15-521, paragraph 4~~ PARAGRAPH 42 OF THIS SUBSECTION, the parent or legal guardian may request in writing that the governing board review the teacher's decision. This paragraph shall not be construed to release school districts from any liability relating to a child's promotion or retention.

16. Provide for adequate supervision over pupils in instructional and noninstructional activities by certificated or noncertificated personnel.

17. Use school monies received from the state and county school apportionment exclusively for payment of salaries of teachers and other employees and contingent expenses of the district.

18. Make an annual report to the county school superintendent on or before October 1 in the manner and form and on the blanks prescribed by the superintendent of public instruction or county school superintendent. The board shall also make reports directly to the county school superintendent or the superintendent of public instruction whenever required.

19. Deposit all monies received by school districts other than student activities monies or monies from auxiliary operations as provided in sections 15-1125 and 15-1126 with the county treasurer to the credit of the school district except as provided in paragraph 20 of this subsection and sections 15-1223 and 15-1224, and the board shall expend the monies as provided by law for other school funds.

20. Establish bank accounts in which the board during a month may deposit miscellaneous monies received directly by the district. The board shall remit monies deposited in the bank accounts at least monthly to the county treasurer for deposit as provided in paragraph 19 of this subsection and in accordance with the uniform system of financial records.

21. Prescribe and enforce policies and procedures for disciplinary action against a teacher who engages in conduct that is a violation of the policies of the governing board but that is not cause for dismissal of the teacher or for revocation of the certificate of the teacher. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters.

22. Prescribe and enforce policies and procedures for disciplinary action against an administrator who engages in conduct that is a violation of the policies of the governing board regarding duties of administrators but that is not cause for dismissal of the administrator or for revocation of the certificate of the administrator. Disciplinary action may include suspension without pay for a period of time not to exceed ten school days. Disciplinary action shall not include suspension with pay or suspension without pay for a period of time longer than ten school days. The procedures shall include notice, hearing and appeal provisions for violations that are cause for disciplinary action. The governing board may designate a person or persons to act on behalf of the board on these matters. For violations that are cause for dismissal, the provisions of notice, hearing and appeal in chapter 5, article 3 of this title shall apply. The filing of a timely request for a hearing suspends the imposition of a suspension without pay or a dismissal pending completion of the hearing.

23. Notwithstanding sections 13-3108 and 13-3120, prescribe and enforce policies and procedures that prohibit a person from carrying or possessing a weapon on school grounds unless the person is a peace officer or has obtained specific authorization from the school administrator.

24. Prescribe and enforce policies and procedures relating to the health and safety of all pupils participating in district sponsored practice sessions or games or other interscholastic athletic activities, including:

(a) The provision of water.

(b) Guidelines, information and forms, developed in consultation with a statewide private entity that supervises interscholastic activities, to inform and educate coaches, pupils and parents of the dangers of concussions and head injuries and the risks of continued participation in athletic activity after a concussion. The policies and procedures shall require that, before a pupil participates in an athletic activity, the pupil and the pupil's parent must sign an information form at least once each school year that states that the parent is aware of the nature and risk of concussion. The policies and procedures shall require that a pupil who is suspected of sustaining a concussion in a practice session, game or other interscholastic athletic activity be immediately removed from the athletic activity. A coach from the pupil's team or an official or a licensed health care provider may

remove a pupil from play. A team parent may also remove the parent's own child from play. A pupil may return to play on the same day if a health care provider rules out a suspected concussion at the time the pupil is removed from play. On a subsequent day, the pupil may return to play if the pupil has been evaluated by and received written clearance to resume participation in athletic activity from a health care provider who has been trained in the evaluation and management of concussions and head injuries. A health care provider who is a volunteer and who provides clearance to participate in athletic activity on the day of the suspected injury or on a subsequent day is immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this subdivision, except in cases of gross negligence or wanton or wilful neglect. A school district, school district employee, team coach, official or team volunteer or a parent or guardian of a team member is not subject to civil liability for any act, omission or policy undertaken in good faith to comply with the requirements of this subdivision or for a decision made or an action taken by a health care provider. A group or organization that uses property or facilities owned or operated by a school district for athletic activities shall comply with the requirements of this subdivision. A school district and its employees and volunteers are not subject to civil liability for any other person or organization's failure or alleged failure to comply with the requirements of this subdivision. This subdivision does not apply to teams that are based in another state and that participate in an athletic activity in this state. For the purposes of this subdivision, athletic activity does not include dance, rhythmic gymnastics, competitions or exhibitions of academic skills or knowledge or other similar forms of physical noncontact activities, civic activities or academic activities, whether engaged in for the purposes of competition or recreation. For the purposes of this subdivision, "health care provider" means a physician who is licensed pursuant to title 32, chapter 13 or 17, an athletic trainer who is licensed pursuant to title 32, chapter 41, a nurse practitioner who is licensed pursuant to title 32, chapter 15, and a physician assistant who is licensed pursuant to title 32, chapter 25.

~~25. Prescribe and enforce policies and procedures regarding the smoking of tobacco within school buildings. The policies and procedures shall be adopted in consultation with school district personnel and members of the community and shall state whether smoking is prohibited in school buildings. If smoking in school buildings is not prohibited, the policies and procedures shall clearly state the conditions and circumstances under which smoking is permitted, those areas in a school building that may be designated as smoking areas and those areas in a school building that may not be designated as smoking areas.~~

~~26.~~ 25. Establish an assessment, data gathering and reporting system as prescribed in chapter 7, article 3 of this title.

~~27.~~ 26. Provide special education programs and related services pursuant to section 15-764, subsection A to all children with disabilities as defined in section 15-761.

~~28.~~ 27. Administer competency tests prescribed by the state board of education for the graduation of pupils from high school.

~~29.~~ 28. Ensure that insurance coverage is secured for all construction projects for purposes of general liability, property damage and workers' compensation and secure performance and payment bonds for all construction projects.

~~30.~~ 29. Keep ~~on~~ IN THE PERSONNEL file ~~the resumes~~ of all current and former employees who provide instruction to pupils at a school~~. Resumes shall include an individual's~~ INFORMATION ABOUT THE EMPLOYEE'S educational and teaching background and experience in a particular academic content subject area. A school district shall inform parents and guardians of the availability of the ~~resume~~ information and shall make the ~~resume~~ information available for inspection on request of parents and guardians of pupils enrolled at a school. This paragraph shall not be construed to require any school to release personally identifiable information in relation to any teacher or employee, including the teacher's or employee's address, salary, social security number or telephone number.

~~31.~~ 30. Report to local law enforcement agencies any suspected crime against a person or property that is a serious offense as defined in section 13-706 or that involves a deadly weapon or dangerous instrument or serious physical injury and any conduct that poses a threat of death or serious physical injury to employees, students or anyone on the property of the school. This paragraph does not limit or preclude the reporting by a school district or an employee of a school district of suspected crimes other than those required to be reported by this paragraph. For the purposes of this paragraph, "dangerous instrument", "deadly weapon" and "serious physical injury" have the same meanings prescribed in section 13-105.

~~32.~~ 31. In conjunction with local law enforcement agencies and ~~local medical facilities~~ EMERGENCY RESPONSE AGENCIES, develop an emergency response plan for each school in the school district in accordance with minimum standards developed jointly by the department of education and the division of emergency management within the department of emergency and military affairs.

~~33.~~ 32. Provide written notice to the parents or guardians of all students ~~affected~~ ENROLLED in the school district at least ten days prior to a public meeting to discuss closing a school within the school district. The notice shall include the reasons for the proposed closure and the time and place of the meeting. The governing board shall fix a time for a public meeting on the proposed closure no less than ten days before voting in a public meeting to close the school. The school district governing board shall give notice of the time and place of the meeting. At the time and place designated in the notice, the school district governing board shall

hear reasons for or against closing the school. The school district governing board is exempt from this paragraph if it is determined by the governing board that the school shall be closed because it poses a danger to the health or safety of the pupils or employees of the school. A governing board may consult with the school facilities board for technical assistance and for information on the impact of closing a school. The information provided from the school facilities board shall not require the governing board to take or not take any action.

~~34.~~ 33. Incorporate instruction on Native American history into appropriate existing curricula.

~~35.~~ 34. Prescribe and enforce policies and procedures:

(a) Allowing pupils who have been diagnosed with anaphylaxis by a health care provider licensed pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse practitioner licensed and certified pursuant to title 32, chapter 15 to carry and self-administer emergency medications, including auto-injectable epinephrine, while at school and at school-sponsored activities. The pupil's name on the prescription label on the medication container or on the medication device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration is sufficient proof that the pupil is entitled to the possession and self-administration of the medication. The policies shall require a pupil who uses auto-injectable epinephrine while at school and at school-sponsored activities to notify the nurse or the designated school staff person of the use of the medication as soon as practicable. A school district and its employees are immune from civil liability with respect to all decisions made and actions taken that are based on good faith implementation of the requirements of this subdivision, except in cases of wanton or wilful neglect.

(b) For the emergency administration of auto-injectable epinephrine by a trained employee of a school district pursuant to section 15-157.

~~36.~~ 35. Allow the possession and self-administration of prescription medication for breathing disorders in handheld inhaler devices by pupils who have been prescribed that medication by a health care professional licensed pursuant to title 32. The pupil's name on the prescription label on the medication container or on the handheld inhaler device and annual written documentation from the pupil's parent or guardian to the school that authorizes possession and self-administration shall be sufficient proof that the pupil is entitled to the possession and self-administration of the medication. A school district and its employees are immune from civil liability with respect to all decisions made and actions taken that are based on a good faith implementation of the requirements of this paragraph.

~~37.~~ 36. Prescribe and enforce policies and procedures to prohibit pupils from harassing, intimidating and bullying other pupils on school grounds, on school property, on school buses, at school bus stops, at school-sponsored events and activities and through the use of electronic

technology or electronic communication on school computers, networks, forums and mailing lists that include the following components:

(a) A procedure for pupils, parents and school district employees to confidentially report to school officials incidents of harassment, intimidation or bullying. The school shall make available written forms designed to provide a full and detailed description of the incident and any other relevant information about the incident.

(b) A requirement that school district employees report in writing suspected incidents of harassment, intimidation or bullying to the appropriate school official and a description of appropriate disciplinary procedures for employees who fail to report suspected incidents that are known to the employee.

(c) A requirement that, at the beginning of each school year, school officials provide all pupils with a written copy of the rights, protections and support services available to a pupil who is an alleged victim of an incident reported pursuant to this paragraph.

(d) If an incident is reported pursuant to this paragraph, a requirement that school officials provide a pupil who is an alleged victim of the incident with a written copy of the rights, protections and support services available to that pupil.

(e) A formal process for the documentation of reported incidents of harassment, intimidation or bullying and for the confidentiality, maintenance and disposition of this documentation. School districts shall maintain documentation of all incidents reported pursuant to this paragraph for at least six years. The school shall not use that documentation to impose disciplinary action unless the appropriate school official has investigated and determined that the reported incidents of harassment, intimidation or bullying occurred. If a school provides documentation of reported incidents to persons other than school officials or law enforcement, all individually identifiable information shall be redacted.

(f) A formal process for the investigation by the appropriate school officials of suspected incidents of harassment, intimidation or bullying, including procedures for notifying the alleged victim on completion and disposition of the investigation.

(g) Disciplinary procedures for pupils who have admitted or been found to have committed incidents of harassment, intimidation or bullying.

(h) A procedure that sets forth consequences for submitting false reports of incidents of harassment, intimidation or bullying.

(i) Procedures designed to protect the health and safety of pupils who are physically harmed as the result of incidents of harassment, intimidation and bullying, including, if appropriate, procedures to contact emergency medical services or law enforcement agencies, or both.

(j) Definitions of harassment, intimidation and bullying.

~~38.~~ 37. Prescribe and enforce policies and procedures regarding changing or adopting attendance boundaries that include the following components:

(a) A procedure for holding public meetings to discuss attendance boundary changes or adoptions that allows public comments.

(b) A procedure to notify the parents or guardians of the students affected.

(c) A procedure to notify the residents of the households affected by the attendance boundary changes.

(d) A process for placing public meeting notices and proposed maps on the school district's website for public review, if the school district maintains a website.

(e) A formal process for presenting the attendance boundaries of the affected area in public meetings that allows public comments.

(f) A formal process for notifying the residents and parents or guardians of the affected area as to the decision of the governing board on the school district's website, if the school district maintains a website.

(g) A formal process for updating attendance boundaries on the school district's website within ninety days of an adopted boundary change. The school district shall send a direct link to the school district's attendance boundaries website to the department of real estate.

~~(h) If the land that a school was built on was donated within the past five years, a formal process to notify the entity that donated the land affected by the decision of the governing board.~~

~~39.~~ 38. If the state board of education determines that the school district has committed an overexpenditure as defined in section 15-107, provide a copy of the fiscal management report submitted pursuant to section 15-107, subsection H on its website and make copies available to the public on request. The school district shall comply with a request within five business days after receipt.

~~40.~~ 39. Ensure that the contract for the superintendent is structured in a manner in which up to twenty ~~per cent~~ PERCENT of the total annual salary included for the superintendent in the contract is classified as performance pay. This paragraph shall not be construed to require school districts to increase total compensation for superintendents. Unless the school district governing board votes to implement an alternative procedure at a public meeting called for this purpose, the performance pay portion of the superintendent's total annual compensation shall be determined as follows:

(a) Twenty-five ~~per cent~~ PERCENT of the performance pay shall be determined based on the percentage of academic gain determined by the department of education of pupils who are enrolled in the school district compared to the academic gain achieved by the highest ranking of the fifty largest school districts in this state. For the purposes of this subdivision, the department of education shall determine academic gain by the academic growth achieved by each pupil who has been enrolled at the same

school in a school district for at least five consecutive months measured against that pupil's academic results in the 2008-2009 school year. For the purposes of this subdivision, of the fifty largest school districts in this state, the school district with pupils who demonstrate the highest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 100 and the school district with pupils who demonstrate the lowest statewide percentage of overall academic gain measured against academic results for the 2008-2009 school year shall be assigned a score of 0.

(b) Twenty-five ~~per cent~~ PERCENT of the performance pay shall be determined by the percentage of parents of pupils who are enrolled at the school district who assign a letter grade of "A" to the school on a survey of parental satisfaction with the school district. The parental satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience to accurately measure the results of the survey. The parental satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each parent who participates in the survey. The letter grade scale used on the parental satisfaction survey shall direct parents to assign one of the following letter grades:

(i) A letter grade of "A" if the school district is excellent.

(ii) A letter grade of "B" if the school district is above average.

(iii) A letter grade of "C" if the school district is average.

(iv) A letter grade of "D" if the school district is below average.

(v) A letter grade of "F" if the school district is a failure.

(c) Twenty-five ~~per cent~~ PERCENT of the performance pay shall be determined by the percentage of teachers who are employed at the school district and who assign a letter grade of "A" to the school on a survey of teacher satisfaction with the school. The teacher satisfaction survey shall be administered and scored by an independent entity that is selected by the governing board and that demonstrates sufficient expertise and experience to accurately measure the results of the survey. The teacher satisfaction survey shall use standard random sampling procedures and provide anonymity and confidentiality to each teacher who participates in the survey. The letter grade scale used on the teacher satisfaction survey shall direct teachers to assign one of the following letter grades:

(i) A letter grade of "A" if the school district is excellent.

(ii) A letter grade of "B" if the school district is above average.

(iii) A letter grade of "C" if the school district is average.

(iv) A letter grade of "D" if the school district is below average.

(v) A letter grade of "F" if the school district is a failure.

(d) Twenty-five ~~per cent~~ PERCENT of the performance pay shall be determined by other criteria selected by the governing board.

~~41.~~ 40. Maintain and store permanent public records of the school district as required by law. Notwithstanding section 39-101, the standards

adopted by the Arizona state library, archives and public records for the maintenance and storage of school district public records shall allow school districts to elect to satisfy the requirements of this paragraph by maintaining and storing these records either on paper or in an electronic format, or a combination of a paper and electronic format.

~~42.~~ 41. Adopt in a public meeting and implement by school year 2013-2014 policies for principal evaluations. Before the adoption of principal evaluation policies, the school district governing board shall provide opportunities for public discussion on the proposed policies. The policies shall describe:

(a) The principal evaluation instrument, including the four performance classifications adopted by the governing board pursuant to section 15-203, subsection A, paragraph 38.

(b) Alignment of professional development opportunities to the principal evaluations.

(c) Incentives for principals in one of the two highest performance classifications pursuant to section 15-203, subsection A, paragraph 38, which may include:

(i) Multiyear contracts pursuant to section 15-503.

(ii) Incentives to work at schools that are assigned a letter grade of D or F pursuant to section 15-241.

(d) Transfer and contract processes for principals designated in the lowest performance classification pursuant to section 15-203, subsection A, paragraph 38.

42. PRESCRIBE AND ENFORCE POLICIES AND PROCEDURES THAT DEFINE THE DUTIES OF PRINCIPALS AND TEACHERS. THESE POLICIES AND PROCEDURES SHALL AUTHORIZE TEACHERS TO TAKE AND MAINTAIN DAILY CLASSROOM ATTENDANCE, MAKE THE DECISION TO PROMOTE OR RETAIN A PUPIL IN A GRADE IN COMMON SCHOOL OR TO PASS OR FAIL A PUPIL IN A COURSE IN HIGH SCHOOL, SUBJECT TO REVIEW BY THE GOVERNING BOARD IN THE MANNER PROVIDED IN SECTION 15-342, PARAGRAPH 11.

B. Notwithstanding subsection A, paragraphs 7, 9 and 11 of this section, the county school superintendent may construct, improve and furnish school buildings or purchase or sell school sites in the conduct of an accommodation school.

C. If any school district acquires real or personal property, whether by purchase, exchange, condemnation, gift or otherwise, the governing board shall pay to the county treasurer any taxes on the property that were unpaid as of the date of acquisition, including penalties and interest. The lien for unpaid delinquent taxes, penalties and interest on property acquired by a school district:

1. Is not abated, extinguished, discharged or merged in the title to the property.

2. Is enforceable in the same manner as other delinquent tax liens.

D. The governing board may not locate a school on property that is less than one-fourth mile from agricultural land regulated pursuant to

section 3-365, except that the owner of the agricultural land may agree to comply with the buffer zone requirements of section 3-365. If the owner agrees in writing to comply with the buffer zone requirements and records the agreement in the office of the county recorder as a restrictive covenant running with the title to the land, the school district may locate a school within the affected buffer zone. The agreement may include any stipulations regarding the school, including conditions for future expansion of the school and changes in the operational status of the school that will result in a breach of the agreement.

E. A school district, its governing board members, its school council members and its employees are immune from civil liability for the consequences of adoption and implementation of policies and procedures pursuant to subsection A of this section and section 15-342. This waiver does not apply if the school district, its governing board members, its school council members or its employees are guilty of gross negligence or intentional misconduct.

F. A governing board may delegate in writing to a superintendent, principal or head teacher the authority to prescribe procedures that are consistent with the governing board's policies.

G. Notwithstanding any other provision of this title, a school district governing board shall not take any action that would result in a reduction of pupil square footage unless the governing board notifies the school facilities board established by section 15-2001 of the proposed action and receives written approval from the school facilities board to take the action. A reduction includes an increase in administrative space that results in a reduction of pupil square footage or sale of school sites or buildings, or both. A reduction includes a reconfiguration of grades that results in a reduction of pupil square footage of any grade level. This subsection does not apply to temporary reconfiguration of grades to accommodate new school construction if the temporary reconfiguration does not exceed one year. The sale of equipment that results in a reduction that falls below the equipment requirements prescribed in section 15-2011, subsection B is subject to commensurate withholding of school district district additional assistance monies pursuant to the direction of the school facilities board. Except as provided in section 15-342, paragraph 10, proceeds from the sale of school sites, buildings or other equipment shall be deposited in the school plant fund as provided in section 15-1102.

H. Subsections C through G of this section apply to a county board of supervisors and a county school superintendent when operating and administering an accommodation school.

Sec. 9. Repeal

Sections 15-348, 15-349 and 15-353, Arizona Revised Statutes, are repealed.

Sec. 10. Repeal

A. Sections 15-505, 15-707, 15-708, 15-709, 15-711.01 and 15-718, Arizona Revised Statutes, are repealed.

B. Title 15, chapter 5, article 2, Arizona Revised Statutes, is repealed.

Sec. 11. Section 15-552, Arizona Revised Statutes, is amended to read:

15-552. Alternative teacher development program; report; program termination

A. The state board of education shall establish an alternative teacher development program for the purpose of accelerating the process of identifying, training and placing highly qualified individuals into low income schools through the use of teaching intern certification and the identification of a qualified service provider.

B. The department of education shall develop application procedures, selection criteria and minimum performance standards for service providers that wish to participate in the program.

C. The state board of education shall award a matching grant to a service provider that meets all of the requirements of this section. The amount of the matching grant shall be equal to the matching monies raised by the service provider, not to exceed the total of monies appropriated to the alternative teacher development program. The service provider that receives the matching grant shall demonstrate that its alternative teacher development program serves public schools in this state and meets all of the following requirements:

1. Is a nonprofit 501(c)(3) organization that has been providing alternative teacher recruitment and placement in this state for a period of not less than ten years.

2. Serves only public schools that provide instruction to student populations in which a majority of the students are from low income households.

3. Requires that individuals seeking to participate in the alternative teacher development program offered by the service provider have attained a baccalaureate degree from an accredited institution.

4. Maintains a competitive application and selection process for individuals seeking to participate in the alternative teacher development program offered by the service provider.

5. Requires all individuals who participate in the alternative teacher development program to commit to serve as a teacher in a low income public school in this state for not less than two years.

6. Provides ongoing support, evaluations and professional development to teachers placed in a classroom through the alternative teacher development program.

D. The service provider selected to participate in the alternative teacher development program shall annually report ~~at least~~ the following information to the department of education:

1. The number of teachers placed in low income schools by the service provider.

2. The number of students served by teachers placed in low income schools by the service provider.

3. Demographic data concerning the aggregate composition of students in classrooms served by teachers placed by the service provider.

4. A listing of the school districts and schools in which teachers were placed by the service provider.

5. CLASSROOM-LEVEL DATA COLLECTED BY THE SERVICE PROVIDER THAT DEMONSTRATES THE ACADEMIC PROGRESS OF STUDENTS INSTRUCTED BY TEACHERS PARTICIPATING IN THE ALTERNATIVE TEACHER DEVELOPMENT PROGRAM.

6. A DESCRIPTIVE SUMMARY OF THE ONGOING SUPPORT, EVALUATIONS AND PROFESSIONAL DEVELOPMENT PROVIDED TO PARTICIPATING TEACHERS.

7. THE PERFORMANCE CLASSIFICATIONS OF TEACHERS PARTICIPATING IN THE ALTERNATIVE TEACHER DEVELOPMENT PROGRAM PURSUANT TO SECTION 15-537, AS REPORTED TO THE SERVICE PROVIDER BY PARTICIPATING TEACHERS.

~~5.~~ 8. A total of all matching monies raised by the service provider.

E. The department of education shall submit an annual report by December 15 of each year concerning the alternative teacher development program to the governor, the president of the senate and the speaker of the house of representatives that includes an evaluation of the effectiveness of the program. The department of education shall provide a copy of the report to the secretary of state. ~~The report shall include a comparison of the annual academic achievement gain of students served by teachers participating in the alternative teacher development program and students served by beginning teachers in the same school.~~

F. The program established by this section ends on July 1, 2020.

Sec. 12. Section 15-701, Arizona Revised Statutes, is amended to read:

15-701. Common school; promotions; requirements; certificate; supervision of eighth grades by superintendent of high school district; high school admissions; academic credit; definition

A. The state board of education shall:

1. Prescribe a minimum course of study, as defined in section 15-101 and incorporating the academic standards adopted by the state board of education, to be taught in the common schools.

2. Prescribe competency requirements for the promotion of pupils from the eighth grade and competency requirements for the promotion of pupils from the third grade incorporating the academic standards in at least the areas of reading, writing, mathematics, science and social studies. Notwithstanding section 15-521, paragraph 4, the competency requirements for the promotion of pupils from the third grade shall include the following:

(a) A requirement that a pupil not be promoted from the third grade if the pupil obtains a score on the reading portion of the Arizona instrument to measure standards test, or a successor test, that demonstrates that the

pupil's reading falls far below the third grade level or the equivalent as established by the board. A pupil may not be retained if data regarding the pupil's performance on the Arizona instrument to measure standards test, or a successor test, is not available before the start of the following academic year. A pupil who is not retained due to the unavailability of test data must receive intervention and remedial strategies pursuant to subdivision (c) of this paragraph if the third grade assessment data subsequently demonstrates that the pupil's reading ability falls far below the third grade level or the equivalent.

(b) A mechanism to allow a school district governing board or the governing body of a charter school to promote a pupil from the third grade who obtains a score on the reading portion of the Arizona instrument to measure standards test, or a successor test, that demonstrates that the pupil's reading falls far below the third grade level for any of the following:

(i) A good cause exemption if the pupil is an English learner or a limited English proficient student as defined in section 15-751 and has had fewer than two years of English language instruction.

(ii) A pupil who is in the process of a special education referral or evaluation for placement in special education ~~or~~, a pupil who has been diagnosed as having a significant reading impairment, including dyslexia or a pupil who is a child with a disability as defined in section 15-761 if the pupil's individualized education program team and the pupil's parent or guardian agree that promotion is appropriate based on the pupil's individualized education program.

(iii) A PUPIL WHO RECEIVES INTERVENTION AND REMEDIAL SERVICES DURING THE SUMMER OR SUBSEQUENT SCHOOL YEAR PURSUANT TO SUBDIVISION (c) OF THIS PARAGRAPH AND DEMONSTRATES SUFFICIENT PROGRESS MAY BE PROMOTED FROM THE THIRD GRADE BASED ON GUIDELINES ISSUED PURSUANT TO SUBSECTION B, PARAGRAPH 5 OF THIS SECTION.

(c) Intervention and remedial strategies developed by the state board of education for pupils who are not promoted from the third grade. A school district governing board or the governing body of a charter school shall offer at least one of the intervention and remedial strategies developed by the state board of education. The parent or guardian of a pupil who is not promoted from the third grade and the pupil's teacher and principal may choose the most appropriate intervention and remedial strategies that will be provided to that pupil. The intervention and remedial strategies developed by the state board of education shall include:

(i) A requirement that the pupil be assigned to a different teacher for reading instruction.

(ii) Summer school reading instruction.

(iii) In the next academic year, intensive reading instruction that occurs before, during or after the regular school day, or any combination of before, during and after the regular school day.

(iv) Online reading instruction.

3. Provide for universal screening of pupils in preschool programs, kindergarten programs and grades one through three that is designed to identify pupils who have reading deficiencies pursuant to section 15-704.

4. Develop intervention and remedial strategies pursuant to paragraph 2, subdivision (c) of this subsection for pupils in kindergarten programs and grades one through three who are identified as having reading deficiencies pursuant to section 15-704.

5. Distribute guidelines for the school districts to follow in prescribing criteria for the promotion of pupils from grade to grade in the common schools. These guidelines shall include recommended procedures for ensuring that the cultural background of a pupil is taken into consideration when criteria for promotion are being applied.

B. School districts and charter schools shall provide annual written notification to parents of pupils in kindergarten programs and first, second and third grades that a pupil who obtains a score on the reading portion of the Arizona instrument to measure standards test, or a successor test, that demonstrates the pupil is reading far below the third grade level will not be promoted from the third grade. If the school has determined that the pupil is substantially deficient in reading before the end of grade three, the school district or charter school shall provide to the parent of that pupil a separate written notification of the reading deficiency that includes the following information:

1. A description of the current reading services provided to the pupil.

2. A description of the available supplemental instructional services and supporting programs that are designed to remediate reading deficiencies. Each school district or charter school shall offer at least one intervention strategy and at least one remedial strategy for pupils with reading deficiencies. The notification shall list the intervention and remedial strategies offered and shall instruct the parent or guardian to choose the strategy that will be implemented for that child.

3. Parental strategies to assist the pupil to attain reading proficiency.

4. A statement that the pupil will not be promoted from the third grade if the pupil obtains a score on the reading portion of the Arizona instrument to measure standards test, or a successor test, that demonstrates the pupil is reading far below the third grade level, unless the pupil is exempt from mandatory retention in grade three or the pupil qualifies for an exemption pursuant to subsection A of this section.

5. A description of the school district or charter school policies on midyear promotion to a higher grade.

C. Pursuant to the guidelines that the state board of education distributes, the governing board of a school district shall:

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

2. Prescribe criteria for the promotion of pupils from grade to grade in the common schools in the school district. These criteria shall include accomplishment of the academic standards in at least reading, writing, mathematics, science and social studies, as determined by district assessment. Other criteria may include additional measures of academic achievement and attendance.

D. The governing board may prescribe the course of study and competency requirements for promotion that are in addition to or higher than the course of study and competency requirements the state board prescribes.

E. A teacher shall determine whether to promote or retain a pupil in grade in a common school as provided in section 15-521, paragraph 4 on the basis of the prescribed criteria. The governing board, if it reviews the decision of a teacher to promote or retain a pupil in grade in a common school as provided in section 15-342, paragraph 11, shall base its decision on the prescribed criteria.

F. A governing board may provide and issue certificates of promotion to pupils whom it promotes from the eighth grade of a common school. Such certificates shall be signed by the principal or superintendent of schools. Where there is no principal or superintendent of schools, the certificates shall be signed by the teacher of an eighth grade. The certificates shall admit the holders to any high school in the state.

G. Within any high school district or union high school district, the superintendent of the high school district shall supervise the work of the eighth grade of all schools employing no superintendent or principal.

H. A school district shall not deny a pupil who is between the ages of sixteen and twenty-one years admission to a high school because the pupil does not hold an eighth grade certificate. Governing boards shall establish procedures for determining the admissibility of pupils who are under sixteen years of age and who do not hold eighth grade certificates.

I. The state board of education shall adopt rules to allow common school pupils who can demonstrate competency in a particular academic course or subject to obtain academic credit for the course or subject without enrolling in the course or subject.

J. A school district may conduct a ceremony to honor pupils who have been promoted from the eighth grade.

K. For the purposes of this section, "dyslexia" means a brain-based learning difference that impairs a person's ability to read and spell, that is independent of intelligence and that typically causes a person to read at levels lower than expected.

Sec. 13. Section 15-706, Arizona Revised Statutes, is amended to read:

15-706. Instruction in environmental education; definition

~~A. The department of education shall establish and maintain an environmental education information resource system to assist school~~

~~districts that choose to develop and implement environmental education programs. The system shall include a current documentation, referral and dissemination program for environmental education materials and information that promotes knowledge of the environment, including various scientific and economic concepts that impact on environmental and natural resource issues of this state and its citizens.~~

~~B.~~ A. If a school district chooses to provide instruction in environmental education, the environmental education program shall:

1. Be based on current AND RELIABLE scientific information.

2. Include a discussion of economic and social implications.

~~C.~~ B. For the purposes of this section "environmental education" means educational processes, programs and activities which are specifically designed to enhance student acquisition of knowledge of scientific and economic principles, concepts and facts as they relate to environmental topics and issues and which are taught in an unbiased, fair and balanced manner.

Sec. 14. Section 15-823, Arizona Revised Statutes, is amended to read:

15-823. Admission; residents of other school districts; nonresidents of this state; tuition

A. Except as provided in subsections B, C, D, E, F ~~and~~ , G AND H of this section, children of nonresidents of this state may be admitted ~~upon~~ ON payment of a reasonable tuition fixed by the governing board.

B. The governing board shall admit children of nonresident teaching and research faculty of community college districts and state universities and children of nonresident graduate or undergraduate students of community college districts and state universities whose parent's presence at the district or university is of international, national, state or local benefit without payment of tuition.

C. The governing board shall admit children who are residents of the United States but who are nonresidents of this state without payment of tuition if evidence indicates that the child's physical, mental, moral or emotional health is best served by placement with a grandparent, brother, sister, stepbrother, stepsister, aunt or uncle who is a resident within the school district, unless the governing board determines that the placement is solely for the purpose of obtaining an education in this state without payment of tuition.

D. The governing board may admit nonresident foreign students who are in exchange programs without payment of tuition or as it may otherwise prescribe.

E. NOTWITHSTANDING SUBSECTION D OF THIS SECTION, BEGINNING IN THE 2016-2017 SCHOOL YEAR THE GOVERNING BOARD MAY ADMIT THE SAME NUMBER OF NONRESIDENT FOREIGN STUDENTS WHO ARE IN EXCHANGE PROGRAMS AND WHO ARE RECIPIENTS OF A J-1 VISA PURSUANT TO FEDERAL LAW, THAT IS EQUAL TO THE NUMBER OF RESIDENT STUDENTS ENROLLED IN THAT LOCAL EDUCATION AGENCY WHO ARE

CURRENTLY PARTICIPATING IN A FOREIGN EXCHANGE PROGRAM, AS DETERMINED BY THE DEPARTMENT, WITHOUT THE PAYMENT OF TUITION.

~~E.~~ F. The governing board may admit children who are residents of the United States without payment of tuition if evidence indicates that because the parents are homeless or the child is abandoned, as defined in section 8-201, the child's physical, mental, moral or emotional health is best served by placement with a person who does not have legal custody of the child and who is a resident within the school district, unless the governing board determines that the placement is solely for the purpose of obtaining an education in this state without payment of tuition.

~~F.~~ G. The governing board may admit children who are residents of the United States, but who are nonresidents of this state, without payment of tuition if all of the following conditions exist:

1. The child is a member of a federally recognized Indian tribe.

2. The child resides on Indian lands that are under the jurisdiction of the tribe of which the child is a member.

3. The area in the boundaries of the reservation where the child resides is located both in this state and in another state of the United States.

4. The governing board enters into an intergovernmental agreement with the governing board of the school district in another state in which the nonresident child resides. The intergovernmental agreement shall specify the number of nonresident children admitted in this state and the number of resident children that are admitted by the governing board in another state.

~~G.~~ H. The governing board may admit children who are residents of the United States, but who are nonresidents of this state, without payment of tuition if all of the following conditions exist:

1. The child is enrolled in a year-round residential boarding academy located in this state specializing in intensive instruction and skill development in sports, music or acting.

2. The child's parents have executed a current notarized guardianship agreement covering the child while enrolled at the academy, which is a condition of enrollment at the academy and authorizes academy representatives to act on BEHALF OF the child's ~~parent's~~ PARENT or legal ~~guardian's behalf~~ GUARDIAN in making all decisions on a daily basis as to the child's activities and needs for medical, educational and other personal issues.

~~H.~~ I. The governing board shall charge reasonable tuition for the number of nonresident pupils who reside in another state and who are admitted by a governing board in this state pursuant to subsection F of this section that exceeds the number of resident pupils from this state who are admitted into a school district by the other state.

~~I.~~ J. The governing board of a school district shall pay reasonable tuition for the number of resident pupils who reside in that school district and who are admitted by a school district in another state pursuant to subsection F of this section that exceeds the number of nonresident pupils

from that other state who are admitted by the governing board into that school district in this state.

~~J.~~ K. Children admitted under this section shall be counted or not counted as resident pupils as prescribed in section 15-824, subsection D.

~~K.~~ L. Except as provided in ~~subsection I~~ SUBSECTIONS E, H AND K of this section, a school district or a charter school shall not include pupils who are not residents of this state in the district's or charter school's student count and shall not obtain state funding for those pupils.

Sec. 15. Section 15-824, Arizona Revised Statutes, is amended to read:

15-824. Admission of pupils of other school districts; homeless children; tuition charges; definitions

A. The governing board of a school district shall admit pupils from another school district or area as follows:

1. ~~Upon~~ ON the presentation of a certificate of educational convenience issued by the county school superintendent pursuant to section 15-825.

2. For three hundred fifty or fewer pupils, to a high school without the presentation of such certificate, if the pupil is a resident of a common school district within this state that is not within a high school district and that does not offer instruction in the pupil's grade. The three hundred fifty or fewer pupil limitation prescribed in this paragraph does not apply to a small isolated school district as defined in section 15-901. Tuition shall be charged as prescribed in subsection E of this section for each pupil admitted pursuant to this paragraph, each pupil from a school district that provides only financing for pupils who are instructed by another school district and each pupil from a unified district that does not offer instruction in the pupil's grade. The school membership of such pupils is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of the pupil's residence.

B. The residence of the person having legal custody of the pupil is considered the residence of the pupil, except as provided in subsection C of this section and in section 15-825, subsection B.

C. The current residence of a homeless pupil who does not reside with the person having legal custody of the pupil is considered to be the residence of the homeless pupil if the person having legal custody of the pupil is a resident of the United States. For the purposes of this subsection, "homeless pupil" means a pupil who has a primary residence that is:

1. A supervised publicly or privately operated shelter designed to provide temporary living accommodations.

2. An institution that provides a temporary residence for individuals intended to be institutionalized.

3. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

D. The school enrollment of a pupil who is a resident of this state or who is admitted to a school district under section 15-823, subsection B, C, ~~or~~ E, F OR H is deemed, for the purpose of determining student count and for apportionment of state aid, to be enrollment in the school district of actual attendance, except as provided in section 15-825, subsection A, paragraph 1 and subsection A, paragraph 2 of this section and except for pupils for whom the superintendent of public instruction is charged tuition pursuant to section 15-825, subsections B and D and section 15-976 or for whom another school district is charged tuition as provided in subsections E and G of this section.

E. If tuition is required to be charged for pupils attending school in a school district other than that of their residence, the tuition shall be determined and paid in the following manner:

1. The number of high school pupils for which tuition may be charged to a common school district that is not within a high school district is equal to the average daily membership in the district of attendance from the common school district for the prior fiscal year, except that for the first year in which a common school district not within a high school district stops teaching high school subjects, the district of attendance may charge tuition for the number of pupils ~~which~~ THAT is equal to the average daily membership for high school pupils in the common school district for the prior fiscal year. This number may be adjusted if the common school district increases its revenue control limit and district support level or recomputes its revenue control limit as provided in section 15-948.

2. The tuition for pupils attending school in a school district other than that of their residence, except pupils provided for by section 15-825, subsections B and D and any pupils included in the definition of child with a disability in section 15-761, shall not exceed the cost per student count of the school district attended, as determined for the current school year. Tuition for pupils included in the definition of child with a disability in section 15-761 shall not exceed the actual cost of the school attended for each pupil as determined for the current year. The school district of attendance shall not include in the cost per student count a charge for transportation if no transportation is provided, and the charge for transportation shall not exceed the actual costs of providing transportation for the pupils served, as prescribed in the uniform system of financial records. The school district of attendance shall provide the school district of residence with the final tuition charge for the current year and with an estimate of the budget year's tuition charge by May 1 of the current year. The school district of residence shall pay at least one-fourth of the total amount of the estimated tuition by September 30, December 31 and March 31, and it shall pay the remaining amount it owes after adjustments are made by June 30.

3. Notwithstanding paragraph 2 of this subsection and subsection G of this section, if two school districts enter into a voluntary agreement for

the payment of tuition, the agreement shall specify the method for computing the tuition amount and the timing of the payments. The agreement shall not be longer than five consecutive years. If two school districts enter into an agreement and choose to renew the agreement, each renewal shall not be longer than five consecutive years. The agreement shall specify that a parent or legal guardian of a pupil affected by a tuition agreement entered pursuant to this section or section 15-816.01 may choose not to send the pupil or pupils to a school district or school that is a party to the agreement.

4. Tuition of pupils as provided in section 15-825, subsection D shall not exceed the excess costs for group B children with disabilities minus the amount generated by the equalization base as determined in section 15-971, subsection A for these pupils. A school district may submit to the superintendent of public instruction a record of actual excess costs to educate a group B child with a disability if the costs are higher than the calculated excess costs or if a pupil has been placed in a private school for special education services. The superintendent shall determine if the additional costs will be paid, and if the costs are paid, whether the additional costs will be paid by the state or the resident district.

5. The amount received representing contributions to capital outlay as provided in subsection G, paragraph 1, subdivision (b) of this section shall be applied to the capital outlay fund or the debt service fund of the school district.

6. The amount received representing contributions to debt service as provided in subsection G, paragraph 1, subdivisions (c) and (d) of this section shall be applied to the debt service fund of the school district if there is one. Otherwise such amount shall be credited to the capital outlay fund of the school district.

F. A school district may submit to the superintendent of public instruction a record of actual costs paid by the school district to educate a pupil who qualifies for a certificate of educational convenience under section 15-825, subsection B. If the actual costs for that pupil exceed the costs per student count computed pursuant to subsection G of this section, the superintendent of public instruction shall reimburse the school district for these additional costs subject to legislative appropriation.

G. For the purposes of this section:

1. "Costs per student count" means the sum of the following for the common or high school portion of the school district attended, whichever is applicable to the pupil involved, as prescribed in the uniform system of financial records:

(a) The actual school district expenditures for the regular education program subsection of the maintenance and operation section of the budget divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(b) The actual school district expenditures for the capital outlay section of the budget as provided in sections 15-903 and 15-905 excluding

expenditures for transportation equipment and buildings if no transportation is provided and expenditures for the acquisition of building sites, divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(c) The actual school district expenditures for debt service divided by the school district's student count for the common or high school portion of the school district, whichever is applicable.

(d) The result obtained in subdivision (c) of this paragraph shall not exceed:

(i) Seven hundred fifty dollars if the pupil's school district of residence pays tuition for seven hundred fifty or fewer pupils to other school districts or one hundred fifty dollars if the state pays tuition for seven hundred fifty or fewer pupils to a school district pursuant to section 15-825, subsection D or section 15-976.

(ii) Eight hundred dollars if the pupil's school district of residence pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to other school districts or two hundred dollars if the state pays tuition for one thousand or fewer, but more than seven hundred fifty, pupils to a school district pursuant to section 15-825, subsection D or section 15-976.

(iii) The actual cost per student count if either the pupil's school district of residence or the state pays tuition for more than one thousand pupils to other school districts.

2. "Legal custody" means:

(a) Custody exercised by the natural or adoptive parents with whom a pupil resides.

(b) Custody granted by order of a court of competent jurisdiction to a person or persons with whom a pupil resides unless the primary purpose for which custody was requested was to circumvent the payment of tuition as provided in this section.

Sec. 16. Title 15, chapter 9, article 1, Arizona Revised Statutes, is amended by adding section 15-901.07, to read:

15-901.07. <u>Concurrent enrollment; calculation of average daily membership; definition</u>

A. A SCHOOL DISTRICT OR A CHARTER SCHOOL MAY INCLUDE STUDENTS ENROLLED IN A CONCURRENT ENROLLMENT COURSE FOR THE PURPOSES OF CALCULATING AVERAGE DAILY MEMBERSHIP IF THE SCHOOL DISTRICT HAS RECEIVED APPROVAL FROM THE STATE BOARD OF EDUCATION OR THE CHARTER SCHOOL HAS RECEIVED APPROVAL FROM ITS SPONSOR TO OFFER CONCURRENT ENROLLMENT COURSES. A CONCURRENT ENROLLMENT COURSE SHALL BE CONSIDERED A SUBJECT FOR THE PURPOSES OF CALCULATING AVERAGE DAILY MEMBERSHIP IF THE CONCURRENT ENROLLMENT COURSE MEETS ALL OF THE FOLLOWING:

1. MEETS FOR AT LEAST FORTY HOURS PER SEMESTER.

2. A STUDENT IS AWARDED ACADEMIC CREDIT FOR THE CONCURRENT ENROLLMENT COURSE PURSUANT TO SECTION 15-701.01.

3. THE CONCURRENT ENROLLMENT COURSE IS AT A HIGHER LEVEL THAN THE COURSE TAUGHT AT THE SCHOOL DISTRICT OR CHARTER SCHOOL IN GRADES NINE THROUGH TWELVE.

4. THE STUDENT ENROLLED IN A CONCURRENT ENROLLMENT COURSE ALSO ATTENDS AT LEAST ONE COURSE OFFERED AT THE SCHOOL DISTRICT OR CHARTER SCHOOL.

5. THE CONCURRENT ENROLLMENT COURSE SHALL BE APPLICABLE TO AN ESTABLISHED COMMUNITY COLLEGE ACADEMIC DEGREE OR CERTIFICATE PROGRAM THAT IS TRANSFERABLE TO A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS. A CONCURRENT ENROLLMENT COURSE THAT IS APPLICABLE TO A COMMUNITY COLLEGE OCCUPATIONAL DEGREE OR CERTIFICATE PROGRAM MAY BE TRANSFERABLE TO A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS.

B. FOR THE PURPOSES OF THIS SECTION, "CONCURRENT ENROLLMENT COURSE" MEANS A COMMUNITY COLLEGE OR UNIVERSITY LEVEL COURSE AT A COMMUNITY COLLEGE OR UNIVERSITY, IF THE COURSE IS AT A HIGHER LEVEL THAN THE COURSE TAUGHT IN THE HIGH SCHOOL ATTENDED BY THE PUPIL OR, IF THE COURSE IS NOT TAUGHT IN THE HIGH SCHOOL, THE LEVEL OF THE COURSE IS EQUAL TO OR HIGHER THAN THE LEVEL OF A HIGH SCHOOL COURSE.

Sec. 17. Section 15-903, Arizona Revised Statutes, is amended to read:

15-903. Budget format; prohibited expenditures

A. The superintendent of public instruction in conjunction with the auditor general shall prepare and prescribe a budget format to be utilized by all school districts.

B. The budget format shall be designed to allow all school districts to plan and provide in detail for the use of available funds. The budget format shall contain distinct sections for, but need not be limited to, maintenance and operation, debt service, special projects, capital outlay, adjacent ways and classroom site fund. The maintenance and operation section shall include, but need not be limited to, separate subsections for regular education programs, special education programs and operational expenditures for pupil transportation. Each subsection shall clearly distinguish classroom instruction expenditures. The special education program subsection shall include~~, but is not limited to, programs for each~~ A SUBTOTAL FOR THE disability ~~classification~~ CLASSIFICATIONS as defined in section 15-761 and programs for gifted, vocational and technical education, remedial education and bilingual students. The total expenditures for each of these programs shall be included on the budget form. The pupil transportation subsection shall include all operational expenditures relating to the transportation of pupils, including all operational expenditures within a contract if the school district contracts for pupil transportation.

C. The capital outlay section of the budget shall include a subsection for unrestricted capital outlay. The unrestricted capital outlay subsection shall include budgeted expenditures for acquisitions by purchase, lease-purchase or lease of capital items as defined in the uniform system of financial records and shall include:

1. Land, buildings and improvements to land and buildings, including labor and related employee benefits costs and material costs if work is performed by school district employees.

2. Furniture, furnishings, athletic equipment and other equipment, including computer software.

3. Pupil and nonpupil transportation vehicles and equipment, including all capital expenditures within a contract if the school district contracts for pupil transportation.

4. Textbooks and related printed subject matter materials adopted by the governing board.

5. Instructional aids.

6. Library books.

7. Payment of principal and interest on bonds.

8. School district administration emergency needs that are directly related to pupils.

D. The budget format shall contain distinct subsections for the following:

1. Special programs to improve academic achievement of pupils in kindergarten programs and grades one through three as provided in section 15-482.

2. School plant funds.

3. Capital outlay budget increases as provided in section 15-481.

4. Property taxation, including the following:

(a) The primary tax rates for the school district for the current year and the budget year.

(b) The secondary tax rates for maintenance and operation, K-3 and capital overrides for the school district for the current year and the budget year.

(c) The secondary tax rates for class A bonds for the school district for the current year and the budget year.

(d) The secondary tax rates for class B bonds for the school district for the current year and the budget year.

5. A description of any corrections or adjustments made to the budget pursuant to section 15-915.

E. The budget format shall also contain:

1. A statement identifying proposed pupil-teacher ratios and pupil-staff ratios relating to the provision of special education services for the budget year.

2. A statement identifying the number of full-time equivalent certified employees.

F. The special projects section shall include budgeted expenditures for state special projects, including special adult projects, career education, deficiencies correction fund projects and new school facilities fund projects, such federal special projects as ESEA title programs,

1 vocational education and title IV Indian education, and other special
2 projects.
3 G. A school district shall not make expenditures for campaign
4 literature associated with school district or charter school officials. If
5 the superintendent of public instruction determines that a school district
6 has violated this subsection, the superintendent of public instruction may
7 withhold any portion of the school district's apportionment of state aid.
8 H. The budget format shall include an electronic format that shall be
9 submitted for each proposed, adopted and revised budget.
10 Sec. 18. Section 15-914, Arizona Revised Statutes, is amended to read:
11 15-914. Financial and compliance audits
12 A. The governing board of a school district that is required to comply
13 with the single audit act amendments of 1996 (P.L. 104-156; 110 Stat. 1396;
14 31 United States Code sections 7501 through 7507) shall contract for at least
15 annual financial and compliance audits of financial transactions and accounts
16 subject to the single audit act amendments of 1996 and kept by or for the
17 school district. The governing board of a school district that is not
18 required to comply with the single audit act and that has adopted an
19 expenditure budget of two million dollars or more for the maintenance and
20 operation fund pursuant to section 15-905 shall contract for an annual
21 financial statement audit. The governing board of a school district that is
22 not required to comply with the single audit act and that has adopted an
23 expenditure budget of less than two million dollars but more than seven
24 hundred thousand dollars for the maintenance and operation fund pursuant to
25 section 15-905 shall contract for a biennial financial statement audit. An
26 independent certified public accountant shall conduct the audit in accordance
27 with generally accepted governmental auditing standards. To the extent
28 permitted by federal law, a school district that is required to participate
29 in an annual audit pursuant to this subsection may convert to a biennial
30 audit schedule if the previous annual audit did not contain any significant
31 negative findings. If a biennial audit of a school district conducted
32 pursuant to this subsection contains any significant negative findings, the
33 school district shall convert back to an annual audit schedule. If a school
34 district is required to convert back to an annual audit schedule pursuant to
35 this subsection because of significant negative findings, the school district
36 may subsequently convert to a biennial audit schedule if the previous two
37 annual audits did not contain any significant negative findings. For the
38 purposes of this subsection, "significant negative finding" means a finding
39 that results in the issuance of a letter of noncompliance from the auditor
40 general.
41 B. The governing board of a charter school that is required to comply
42 with the single audit act amendments of 1996 shall contract for an annual
43 financial and compliance audit of financial transactions and accounts subject
44 to the single audit act amendments of 1996 and kept by or for the charter
45 school.

C. A charter school that is not subject to the single audit act amendments of 1996 shall contract for at least an annual financial statement audit conducted in accordance with generally accepted governmental auditing standards. An independent certified public accountant shall conduct the audit.

D. For all audits referred to in subsections A, B and C of this section, the independent certified public accountant shall submit a uniform system of financial records compliance questionnaire to the auditor general with the applicable audit reports. THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT SHALL ALSO SEND A PAPER COPY OR ELECTRONIC COPY OF THE APPLICABLE AUDIT REPORTS TO THE COUNTY SCHOOL SUPERINTENDENT OF THE COUNTY WHERE THE SCHOOL DISTRICT IS LOCATED.

E. Contracts for all financial and compliance audits and financial statement audits and the completed audits shall be approved by the auditor general as provided in section 41-1279.21. Contracts for all financial and compliance audits and financial statement audits shall comply with the rules for competitive sealed proposals as prescribed by the state board of education in section 15-213.

F. If the school district or charter school will incur costs of financial and compliance audits for the budget year, the governing board of ~~a~~ THE school district or the governing body of the charter school may increase its base support level for the budget year by an amount equal to the amount expended for the district's or charter school's financial and compliance audits in the year before the current year, increased by the growth rate as prescribed by law, subject to appropriation. In determining the amount expended for the district's or charter school's financial and compliance audits, the school district or charter school shall include only the portion of the audit that must be paid from monies other than federal monies. The department of education and the auditor general shall prescribe a method for determining the increase in the base support level and shall include in the maintenance and operation section of the budget format, as provided in section 15-903, a separate line for financial and compliance audits expenditures.

G. Every audit contract shall include a systematic review of average daily membership, as defined in section 15-901, using methodology that is consistent with guidelines established by the auditor general. The auditor general shall consider cost when establishing guidelines pursuant to this subsection and, to the extent possible, shall attempt to minimize the cost of the review. The purpose of the review is to determine whether the average daily membership reported by the charter school or school district is in compliance with the laws of this state and the uniform systems of financial records for charter schools and school districts.

Sec. 19. Section 15-995, Arizona Revised Statutes, as amended by Laws 2016, chapter 48, section 2, is amended to read:

15-995. Special district assessment for adjacent ways by school district

A. The governing board of a school district may contract for constructing, maintaining or otherwise improving any public way adjacent to any parcel of land owned by the school district or leased for school purposes by the school district, or an intersection of any public way adjoining a quarter block in which the parcel of land is situated, and for the construction of sidewalks, sewers, utility lines, roadways and other related improvements in or along such streets and intersections, and to pay for such improvements by the levy of a special assessment on the taxable property in the school district. A school district shall not use any portion of the monies generated from the special assessment for any construction, maintenance or other improvements to the school district's property except improvements necessary to ensure the safe ingress to and egress from public school property directly adjacent to the public way for buses and fire equipment. The assessment shall be made a part of the itemized statement that is regularly filed with the county school superintendent and that shows the amount of monies needed for the expenses of schools within the school district for the ensuing year. Each adjacent ways project proposal to be funded through this special assessment must be filed with the school facilities board and include the project cost estimate. If the entire project cost for the adjacent ways project is greater than fifty thousand dollars, the expenditure shall not be made unless the school facilities board validates both of the following WITHIN SIXTY DAYS AFTER FILING THE PROPOSAL:

1. The project that is proposed to be funded by the assessment is in compliance with state laws relating to adjacent ways projects.

2. The proposal selected by the school district does not contain additional work that is not listed in the adjacent ways proposal submitted by the school district.

B. If any property that is owned by a school district or leased by a school district for school purposes from any city or county, the state or the United States is included within the assessment district to be assessed to pay the costs and expenses of any public improvements initiated by a city, in order to make the assessments thereon payable by the city in which the improvement is initiated, the governing board may contract with the municipality or its improvement district to reimburse it for the amount of the assessment against the property and to pay the amount so contracted for by the levy of a special assessment as provided by subsection A of this section.

C. The governing board of the school district shall follow the truth in taxation notice and hearing requirements prescribed in section 15-905.01, subsection B.

D. The portion of the primary tax rate to fund adjacent ways as provided in this section shall not be included in the computation of additional state aid for education as prescribed in section 15-972.

Sec. 20. Section 15-1103, Arizona Revised Statutes, is amended to read:

15-1103. Insurance proceeds fund; disposition of proceeds

A. Monies received for and derived from insurance losses shall be deposited with the county treasurer who shall credit the deposits to the insurance proceeds fund of the respective school district. The insurance proceeds fund of a school district is a continuing fund THAT IS not subject to reversion.

B. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may apply the proceeds from insurance recoveries to the payment of any outstanding bonded indebtedness of the school district that is payable from the levy of taxes on property within the school district.

C. The governing board, or the superintendent or chief administrative officer with the approval of the governing board, may apply the proceeds of insurance recoveries to construct, acquire, improve, repair or furnish school property after notice ~~and a hearing~~. IF THE PROCEEDS ARE APPLIED TO A PROJECT THAT COSTS MORE THAN TWO HUNDRED FIFTY THOUSAND DOLLARS, THE GOVERNING BOARD, OR THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE OFFICER WITH THE APPROVAL OF THE GOVERNING BOARD, MAY APPLY THE PROCEEDS AFTER NOTICE AND A HEARING.

Sec. 21. Section 15-1107, Arizona Revised Statutes, is amended to read:

15-1107. Litigation recovery fund; disposition of proceeds

A. Monies received for and derived from settlement of legal controversies or from recovery of costs, attorney fees or damages by a school district in litigation by or against the school district shall be deposited with the county treasurer who shall credit the deposits to the litigation recovery fund of the school district. The litigation recovery fund is a continuing fund ~~which~~ THAT is not subject to reversion.

B. If a school district receives monies as provided in subsection A OF THIS SECTION for the purpose of replacing or repairing school buildings or other school property, the governing board, or the superintendent or chief administrative officer with the approval of the governing board, may only apply the proceeds to:

1. Pay any outstanding bonded indebtedness of the school district ~~which~~ THAT is payable from the levy of taxes on property within the school district.

2. Construct, acquire, improve, repair or furnish school buildings after notice ~~and a hearing~~. IF THE PROCEEDS ARE APPLIED TO A PROJECT THAT COSTS MORE THAN TWO HUNDRED FIFTY THOUSAND DOLLARS, THE GOVERNING BOARD, OR

THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE OFFICER WITH THE APPROVAL OF THE GOVERNING BOARD, MAY APPLY THE PROCEEDS AFTER NOTICE AND A HEARING.

3. Replace or repair the school property other than school buildings.

C. Except as provided in subsection B OF THIS SECTION, the governing board, or the superintendent or chief administrative officer with the approval of the governing board, may apply the proceeds of litigation recoveries to procure legal services or for the costs of litigation.

Sec. 22. Section 43-1089.01, Arizona Revised Statutes, is amended to read:

43-1089.01. Tax credit; public school fees and contributions; definitions

A. A credit is allowed against the taxes imposed by this title for the amount of any fees or cash contributions by a taxpayer or on the taxpayer's behalf pursuant to section 43-401, subsection G during the taxable year to a public school located in this state for the support of standardized testing fees for college credit or readiness offered by a widely recognized and accepted educational testing organization, the career and technical education industry certification assessment, preparation courses and materials for standardized testing, extracurricular activities or character education programs of the public school, but not exceeding:

1. Two hundred dollars for a single individual or a head of household.

2. Three hundred dollars in taxable year 2005 for a married couple filing a joint return.

3. Four hundred dollars in taxable year 2006 and any subsequent taxable year for a married couple filing a joint return.

B. A husband and wife who file separate returns for a taxable year in which they could have filed a joint return may each claim only one-half of the tax credit that would have been allowed for a joint return.

C. The credit allowed by this section is in lieu of any deduction pursuant to section 170 of the internal revenue code and taken for state tax purposes.

D. If the allowable tax credit exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the taxpayer may carry the amount of the claim not used to offset the taxes under this title forward for not more than five consecutive taxable years' income tax liability.

E. The site council of the public school that receives contributions that are not designated for a specific purpose shall determine how the contributions are used at the school site. If a charter school does not have a site council, the principal, director or chief administrator of the charter school shall determine how the contributions that are not designated for a specific purpose are used at the school site. If at the end of a fiscal year a public school has unspent contributions that were previously designated for a specific purpose or program and that purpose or program has been discontinued or has not been used for two consecutive fiscal years, these

contributions shall be considered undesignated in the following fiscal year for the purposes of this subsection.

F. A public school that receives fees or a cash contribution pursuant to subsection A of this section shall report to the department, in a form prescribed by the department, by February 28 of each year the following information:

1. The total number of fee and cash contribution payments received during the previous calendar year.

2. The total dollar amount of fees and contributions received during the previous calendar year.

3. The total dollar amount of fees and contributions spent by the school during the previous calendar year, categorized by specific standardized testing, preparation courses and materials for standardized testing, extracurricular activity or character education program.

G. For the purposes of this section, a contribution for which a credit is claimed and that is made on or before the fifteenth day of the fourth month following the close of the taxable year may be applied to either the current or preceding taxable year and is considered to have been made on the last day of that taxable year.

H. For the purposes of this section:

1. "Career and technical education industry certification assessment" means an assessment for career and technical preparation programs for pupils.

2. "Character education programs" means a program described in section 15-719.

3. "Extracurricular activities" means school-sponsored activities that MAY require enrolled students to pay a fee in order to participate, including fees for:

(a) Band uniforms.

(b) Equipment or uniforms for varsity athletic activities.

(c) Scientific laboratory materials.

(d) In-state or out-of-state trips that are solely for competitive events. Extracurricular activities do not include any senior trips or events that are recreational, amusement or tourist activities.

4. "Public school" means a school that is part of a school district, a joint technical education district or a charter school.

5. "Standardized testing for college credit or readiness" includes the SAT, PSAT, ACT, advanced placement and international baccalaureate diploma tests and other similar tests.

6. "Widely recognized and accepted educational testing organization" means the college board, the ACT, the international baccalaureate and other organizations that are widely recognized and accepted by colleges and universities in the United States and that offer college credit and readiness examinations.

Sec. 23. Retroactivity

A. Section 15-552, Arizona Revised Statutes, as amended by this act, applies retroactively to from and after June 30, 2015.

B. Sections 15-823 and 15-824, Arizona Revised Statutes, as amended by this act, apply retroactively to from and after June 30, 2014, and the department of education shall adjust student counts for affected school districts accordingly.

Sec. 24. Retroactivity

Section 15-901.07, Arizona Revised Statutes, as added by this act, is effective retroactively to from and after June 30, 2010.

Sec. 25. Department of education; safe-to-tell program; report

A. The department of education shall study the feasibility and impact of developing a safe-to-tell program that enables any person to anonymously report any dangerous, violent or unlawful activity that is being conducted or is threatened to be conducted on school property, at an activity sponsored by a public school or on a school bus of a public school. The department shall:

1. Consider the appropriate agency to implement this program.

2. Determine the estimated fiscal impact of creating this program.

3. Evaluate similar programs established by other states.

B. The department of education shall submit a report with recommendations to the governor, president of the senate and the speaker of the house of representatives on or before December 15, 2016.

Sec. 26. Concurrent enrollment; fiscal year 2016-2017

A. The state board of education or the sponsor of a charter school may not approve a school district or charter school to offer concurrent enrollment courses pursuant to section 15-901.07, Arizona Revised Statutes, as added by this act, for fiscal year 2016-2017.

B. Notwithstanding subsection A of this section, a school district or charter school that had received approval prior to January 1, 2016 from the state board of education or its charter sponsor shall be authorized to continue to offer concurrent enrollment courses. The renewal of a charter contract that includes concurrent enrollment courses shall be considered approval for the purposes of offering concurrent enrollment courses pursuant to section 15-901.07, Arizona Revised Statutes, as added by this act.

Sec. 27. Conforming legislation

The legislative council staff shall prepare proposed legislation conforming the Arizona Revised Statutes to the provisions of this act for consideration in the fifty-third legislature, first regular session.

Sec. 28. Conditional enactment

Section 15-117, Arizona Revised Statutes, as amended by this act, does not become effective unless House Bill 2088, fifty-second legislature, second regular session, relating to pupil information, becomes law.

APPROVED BY THE GOVERNOR MAY 18, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 18, 2016.

Passed the House February 18, 2016

by the following vote: 58 Ayes,

0 Nays, 2 Not Voting

Speaker of the House

☐ Pro Tempore

Chief Clerk of the House

Passed the Senate May 6, 2016

by the following vote: 26 Ayes,

2 Nays, 2 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20_____

at _____ o'clock _____M.

Secretary to the Governor

Approved this _____day of

_____

at _____o'clock _____M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20_____

at _____o'clock _____M.

Secretary of State

H.B. 2190

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

May 6, 2016,

by the following vote: 35 Ayes.

21 Nays, 4 Not Voting

Speaker of the House

Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

7 day of May, 2016,

at 1:18 o'clock A. M.

Valerie Hanna
Secretary to the Governor

Approved this 18th day of

May, 2016,

at 8:17 o'clock A M.

Doug A. Ducey
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 18th day of May, 2016

at 11:05 o'clock A M.

Michele Reagan
Secretary of State

H.B. 2190