



Replacement Check List

For rules filed within the
1st Quarter
January – March 31, 2017

THE ARIZONA ADMINISTRATIVE CODE

Within the stated calendar quarter, this Chapter contains all rules made, amended, repealed, renumbered, and recodified; or rules that have expired or were terminated due to an agency being eliminated under sunset law. These rules were either certified by the Governor's Regulatory Review Council or the Attorney General's Office; or exempt from the rulemaking process, and filed with the Office of the Secretary of State. Refer to the historical notes for more information. Please note that some rules you are about to remove may still be in effect after the publication date of this Supplement. Therefore, all superseded material should be retained in a separate binder and archived for future reference.

Title 7. Education

Chapter 5. State Board for Charter Schools

Supplement 17-1

Sections, Parts, Exhibits, Tables or Appendices modified

R7-5-101, R7-5-201 through R7-5-208; R7-5-301 through R7-5-304; R7-5-401 through R7-5-404; R7-5-501 through R7-5-510; R7-5-601 through R7-5-607

REMOVE Supp. 14-1
Pages: 1 - 9

REPLACE with Supp. 17-1
Pages: 1 - 17

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Disclaimer: Please be advised the person listed is the contact of record as submitted in the rulemaking package for this supplement. The contact and other information may change and is provided as a public courtesy.

PUBLISHER
Arizona Department of State
Office of the Secretary of State, Public Services Division

PREFACE

Under Arizona law, the Department of State, Office of the Secretary of State (Office), accepts state agency rule filings and is the publisher of Arizona rules. The Office of the Secretary of State does not interpret or enforce rules in the Administrative Code. Questions about rules should be directed to the state agency responsible for the promulgation of the rule.

Scott Cancelosi, Director
PUBLIC SERVICES DIVISION
March 31, 2017

RULES

A.R.S. § 41-1001(17) states: “‘Rule’ means an agency statement of general applicability that implements, interprets, or prescribes law or policy, or describes the procedures or practice requirements of an agency.”

THE ADMINISTRATIVE CODE

The Arizona Administrative Code is where the official rules of the state of Arizona are published. The Code is the official codification of rules that govern state agencies, boards, and commissions. Virtually everything in your life is affected in some way by rules published in the Arizona Administrative Code, from the quality of air you breathe to the licensing of your dentist. This chapter is one of more than 230 in the Code compiled in 21 Titles.

ADMINISTRATIVE CODE SUPPLEMENTS

Rules filed by an agency to be published in the Administrative Code are updated quarterly. Supplement release dates are printed on the footers of each chapter:

First Quarter: January 1 - March 31
Second Quarter: April 1 - June 30
Third Quarter: July 1 - September 30
Fourth Quarter: October 1 - December 31

For example, the first supplement for the first quarter of 2017 is cited as Supp. 17-1.

HOW TO USE THE CODE

Rules may be in effect before a supplement is released by the Office. Therefore, the user should refer to issues of the Arizona Administrative Register for recent updates to rule Sections.

ARTICLES AND SECTIONS

Rules in chapters are divided into Articles, then Sections. The “R” stands for “rule” with a sequential numbering and lettering system separated into subsections.

HISTORICAL NOTES AND EFFECTIVE DATES

Historical notes inform the user when the last time a Section was updated in the Administrative Code. Be aware, since the Office publishes each quarter by entire chapters, not all Sections are updated by an agency in a supplement release. Many times just one Section or a few Sections may be updated in the entire chapter.

ARIZONA REVISED STATUTE REFERENCES

The Arizona Revised Statutes (A.R.S.) are available online at the Legislature’s website, www.azleg.gov. An agency’s authority note to make rules is often included at the beginning of a chapter. Other Arizona statutes may be referenced in rule under the A.R.S. acronym.

SESSION LAW REFERENCES

Arizona Session Law references in the introduction of a chapter can be found at the Secretary of State’s website, www.azsos.gov/services/legislative-filings.

EXEMPTIONS FROM THE APA

It is not uncommon for an agency to be exempt from the steps outlined in the rulemaking process as specified in the Arizona Administrative Procedures Act, also known as the APA (Arizona Revised Statutes, Title 41, Chapter 6, Articles 1 through 10). Other agencies may be given an exemption to certain provisions of the Act.

An agency’s exemption is written in law by the Arizona State Legislature or under a referendum or initiative passed into law by Arizona voters.

When an agency files an exempt rulemaking package with our Office it specifies the law exemption in what is called the preamble of rulemaking. The preamble is published in the Arizona Administrative Register online at www.azsos.gov/rules, click on the Administrative Register link.

In the Administrative Code the Office includes editor’s notes at the beginning of a chapter indicating that certain rulemaking Sections were made by exempt rulemaking. Exempt rulemaking notes are also included in the historical note at the end of a rulemaking Section.

The Office makes a distinction to certain exemptions because some rules are made without receiving input from stakeholders or the public. Other exemptions may require an agency to propose exempt rules at a public hearing.

EXEMPTIONS AND PAPER COLOR

If you are researching rules and come across rescinded chapters on a different paper color, this is because the agency filed a Notice of Exempt Rulemaking. At one time the office published exempt rules on either blue or green paper. Blue meant the authority of the exemption was given by the Legislature; green meant the authority was determined by a court order. In 2001 the Office discontinued publishing rules using these paper colors.

PERSONAL USE/COMMERCIAL USE

This chapter is posted as a public courtesy online, and is for private use only. Those who wish to use the contents for resale or profit should contact the Office about Commercial Use fees. For information on commercial use fees review A.R.S. § 39-121.03 and 1 A.A.C. 1, R1-1-113.

Public Services managing rules editor, Rhonda Paschal, assisted with the editing of this chapter.

TITLE 7. EDUCATION
CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

Authority: A.R.S. § 15-182

Editor’s Note: 7 A.A.C. 5 made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1).

ARTICLE 1. GENERAL PROVISIONS

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APPLICATION FOR CHARTER REPLICATION**

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ARTICLE 1. GENERAL PROVISIONS

Article 1, consisting of R7-5-101, made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1).

R7-5-101. Definitions

In this Chapter, the following definitions apply:

“Academic performance dashboard” means color-coded graphics that represent a charter school’s academic performance by measure for the three most recent fiscal years and identifies whether the schools operated by the charter holder meet the minimum academic performance expectations.

“Academic Performance Framework” means a document publicly available and posted on the Board’s web site that sets forth the minimum academic performance expectations for charter schools, measures of progress towards meeting the expectations, and consequences of failing to meet the expectations.

“Accounting industry regulatory body” means any state or federal regulatory body that has authority to discipline a certified public accountant or audit firm.

“Administrative completeness review time frame” means the number of days from the Board’s receipt of a submission for Board consideration until the Board staff determines whether the submission contains all components and is formatted as required by statute and rule.

“Annual application cycle” means the process the Board conducts each year to receive and review new charter application packages and grant or deny a charter.

“Applicant” means a person that applies to the Board for a new charter.

“Application” means the Board-approved forms and instructions used by an applicant or charter holder to apply for a new charter, transfer a charter as provided under R7-5-302(A)(1), transfer a charter school as provided under R7-5-302(A)(2), or renew or replicate a charter sponsored by the Board.

“Application package” means an application form, narratives, and documents, including exhibits and attachments, submitted by an applicant or charter holder.

“ASBCS Online” means the Board’s web-based interface, which is accessible through the web site of the Arizona State Board for Charter Schools.

“Audit” means a charter holder’s annual audit required under A.R.S. § 15-914.

“Audit contract” means an engagement letter provided by an audit firm that describes the terms of a contract between a charter holder and the audit firm.

“Authorized representative” means an individual with the power to bind an applicant contractually according to the applicant’s Articles of Incorporation, operating agreement, or by-laws.

“Board” means the Arizona State Board for Charter Schools.

“CAP” means corrective action plan.

“Charter” means a contract between a person and the Board to operate a charter school under A.R.S. § 15-181 et seq.

“Charter holder” means a person that enters into a charter with the Board.

“Charter representative” means an individual with the power to bind a charter holder contractually according to the charter holder’s Articles of Incorporation, operating agreement, or by-laws and is the point of contact with the Board for the purposes of communication and accountability to charter terms and conditions.

“Charter school” has the meaning specified at A.R.S. § 15-101.

“Date of notice” means the date on which an electronic notification is sent by the Board to an applicant or charter holder through the authorized representative or charter representative.

“Day” means a business day.

“Demonstration of sufficient progress” means the process for a charter holder to show the charter holder is making progress towards achieving the minimum academic performance expectations specified in the Academic Performance Framework.

“Department” means the Arizona Department of Education.

“Education Service Provider” means an organization that contracts with or has a governance relationship with an applicant or charter holder to provide comprehensive services.

“Financial performance dashboard” means a color-coded graphic that represents a charter holder’s financial performance by measure for the two most recent audited fiscal years and identifies whether the charter holder’s financial performance meets the minimum financial performance expectations.

“Financial Performance Framework” means a document publicly available and posted on the Board’s web site that sets forth the minimum financial performance expectations for charter holders, measures of performance, and consequences of failing to meet the expectations.

“Fiscal year” means the 12-month period beginning July 1 and ending June 30.

“Operational performance dashboard” means a color-coded graphic that represents a charter holder’s operational performance by measure for up to the five most recent fiscal years and identifies whether the charter holder’s operational performance meets the minimum operational performance expectations.

“Operational Performance Framework” means a document publicly available and posted on the Board’s web site that sets forth the minimum operational performance expectations for charter holders, measures of performance, and consequences of failing to meet the expectations.

“Overall time frame” means the number of days after receipt of a submission for Board consideration until the Board decides whether to grant or deny the request contained in the submission. The overall time frame consists of both the administrative completeness review time frame and the substantive review time frame.

“Peer review” means an external quality-control review, required by generally accepted government auditing stan-

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dards, which determines whether an audit firm's internal quality-control system exists, is operating effectively, and provides assurance that established policies and procedures and applicable auditing standards are being followed.

"Performance expectations" means the minimum academic, financial, and operational performance expectations established by the Board.

"Person" means an individual, partnership, corporation, association, or public or private organization of any kind.

"Principals" means the officers, directors, members, partners, or board of an applicant or charter holder.

"Serious impact finding" means an issue identified by the Board that the Board believes has or potentially has a detrimental impact on the operation of the charter school or students, such as threat to the health and safety of children, failure to meet the academic needs of children, gross violation of generally accepted accounting principles that increases the opportunity for fraud or theft, or repeated issues of noncompliance.

"Substantive review time frame" means the number of days after a submission for Board consideration is determined to be administratively complete until the Board decides whether to grant or deny the request contained in the submission.

"Sufficiently qualified" means the Board's determination that an applicant's knowledge, experience, qualifications, current and prior charter compliance, capacity, personal and professional background, and creditworthiness indicate an ability to implement a charter or operate a charter school in accordance with federal and state law and the performance expectations established by the Board.

"Supervising certified public accountant" means the certified public accountant responsible for leading the audit of a charter school or signing the final audit report.

"Technical Review Panel" means individuals approved by the Executive Director of the Board who use their expertise in charter school development, curriculum, and finance to assist the Executive Director by conducting a preliminary evaluation of an application package.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Amended by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Amended by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

ARTICLE 2. APPLICATION FOR A NEW CHARTER; APPLICATION FOR CHARTER REPLICATION

R7-5-201. Application for a New Charter

- A. By March 31 of each year, the Board shall approve and make available on ASBCS Online an application for a new charter for a specified annual application cycle.
- B. A person that wants to establish a charter school shall submit a complete application package by the submission deadline identified in the application.
- C. A person may submit a complete application package by using:
 1. The web-based application wizard on ASBCS Online; or

2. An alternative submission process. Before using an alternative submission process, the person shall hand deliver or mail a signed, notarized waiver request to the Board, in the form and by the waiver deadline identified in the application, and shall waive the right to have the Board consider an application package submitted through ASBCS Online during the same annual application cycle. The Board shall not accept an application package through the alternative submission process unless a waiver request has been submitted by the waiver deadline and acknowledged as timely by the Board.
- D. An applicant for a new charter shall ensure the submitted application package contains all the information, materials, documents, and attachments identified in the application and A.R.S. § 15-183(A), including the new charter application processing fee specified under R7-5-202, and is in the format specified in the application.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Amended by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-202. New Charter Application Processing Fee

As specifically authorized under A.R.S. § 15-183(CC), the Board establishes and shall collect a new charter application processing fee of \$6,500 for each application package submitted to the Board.

1. An applicant shall pay the new charter application processing fee in the form of a single personal or cashier's check that:
 - a. Is made payable to Arizona State Board for Charter Schools,
 - b. Has the applicant's name imprinted on the front of the check, and
 - c. Is delivered by mail or hand to the Board office during regular business hours by the submission deadline.
2. Board staff shall deem an application package administratively incomplete under R7-5-203(B) if the new charter application processing fee is not received by the submission deadline.
3. Board staff shall deposit all checks within five days of submission. If an applicant's check is dishonored for any reason, Board staff shall:
 - a. Deem the application package administratively incomplete under R7-5-203(B), and
 - b. Require the applicant to pay any future fees to the Board by cashier's check.
4. If an application package is found to be administratively incomplete under R7-5-203(B) and the applicant paid the new charter application processing fee, the Board shall refund the fee to the applicant by mailing a refund check to the authorized representative at the address provided in the application package.
5. If an application package is found to be administratively complete under R7-5-203(B), the new charter application processing fee becomes non-refundable except as required under A.R.S. § 41-1077(A).

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Section R7-5-202 renumbered to Section R7-5-203; new Section R7-5-202 made by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017

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(Supp. 17-1).

R7-5-203. Time Frames for Granting or Denying a New Charter

- A.** For granting or denying a new charter, the time frames are:
1. Administrative completeness review time frame: 25 days;
 2. Substantive review time frame: 175 days; and
 3. Overall time frame: 200 days.
- B.** An applicant for a new charter shall submit to the Board an administratively complete application package by the submission deadline. An application package is complete if:
1. The application package is from the current application cycle;
 2. The application package contains all the information, materials, documents, attachments, signatures, and notarizations identified in the application;
 3. All the application package's components are formatted as required;
 4. All curriculum samples address the required standard;
 5. All templates are unmodified and completed; and
 6. The application processing fee required under R7-5-202 is paid.
- C.** The administrative completeness review time frame listed in subsection (A)(1) begins the day after the Board receives an application package.
- D.** If an application package is administratively complete, Board staff shall send the applicant a written notice of administrative completeness.
- E.** If an application package is administratively incomplete, Board staff shall:
1. Send the applicant a written notice of deficiency that states the reasons the application package is administratively incomplete;
 2. Administratively close the applicant's file; and
 3. Refund the new charter application processing fee paid under R7-5-202.
- F.** If an applicant receives a written notice of deficiency under subsection (E) and if the submission deadline has not yet passed, the applicant may correct the deficiencies in the administratively incomplete application package and submit a new application package in the same annual application cycle by complying with R7-5-201.
- G.** If an applicant receives a written notice of deficiency under subsection (E) and believes the application package was erroneously designated as administratively incomplete, the applicant may submit a written request for reconsideration to the Board within 10 days after the date of the notice of deficiency.
- H.** An applicant that submits a written request for reconsideration under subsection (G) shall ensure the request:
1. Contains a clear statement indicating how the previously submitted application package fulfilled each of the requirements identified as deficient; and
 2. Has no new or additional information, documents, or materials included or attached.
- I.** Within 10 days after receiving a request for reconsideration, Board staff shall review the request and:
1. Determine whether the request complies with the requirements in subsection (H) and if not, send the applicant written notice the request was not submitted properly and the applicant's file remains closed;
 2. If Board staff determines the application package was erroneously designated as administratively incomplete, reopen the applicant's file and send the applicant a written notice of administrative completeness; or
 3. If Board staff determines the application package was correctly designated as administratively incomplete, send

the applicant written notice the applicant's file remains closed.

- J.** If Board staff does not provide a notice of deficiency or administrative completeness to the applicant within the administrative completeness review time frame, the application package is deemed administratively complete.
- K.** The substantive review time frame listed in subsection (A)(2) begins when an application package is determined to be administratively complete. Board staff shall ensure the substantive review is conducted according to R7-5-204.
- L.** Within the time provided in subsection (A)(3), Board staff shall provide the applicant with written notice of the Board's decision to grant or deny a charter.
1. The Board shall deny a charter if the Board determines the application package does not meet the requirements of statute or rule or the applicant is not sufficiently qualified to operate a charter school. Board staff shall include in the written notice the basis for the denial and other information required under A.R.S. § 41-1092.03. An applicant that receives a notice of denial may:
 - a. Submit a new application package under R7-5-201 in a later annual application cycle; or
 - b. Appeal the Board's decision under A.R.S. Title 41, Chapter 6, Article 10.
 2. The Board shall grant a charter if it determines that the application package meets the requirements of statute and rule and the applicant is sufficiently qualified to operate a charter school.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Section R7-5-203 renumbered to Section R7-5-204; new Section R7-5-203 renumbered from R7-5-202 and amended by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-204. Review of Administratively Complete Application Package for a New Charter, Technical Assistance, and In-person Interview

- A.** The Board shall ensure an administratively complete application package for a new charter is reviewed as follows:
1. The Technical Review Panel shall score an application package using the evaluation criteria identified in the application to determine whether the application package meets the Board's requirements.
 2. The Technical Review Panel shall assign an application package a score of "Meets the Criteria," "Approaches the Criteria," or "Falls below the Criteria" for each evaluation criterion.
 - a. The Technical Review Panel shall score an evaluation criterion "Meets the Criteria" when the application section within which that evaluation criterion is identified:
 - i. Addresses the evaluation criterion fully with specific and accurate information;
 - ii. Reflects a thorough understanding of the evaluation criterion; and
 - iii. Is clear and coherent.
 - b. The Technical Review Panel shall score an evaluation criterion "Approaches the Criteria" when the application section within which that evaluation criterion is identified:
 - i. Addresses the evaluation criterion partially or lacks specific and accurate information for some aspect of the evaluation criterion;

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- ii. Presents a partial understanding of the evaluation criterion; or
 - iii. Is not clear and coherent.
 - c. The Technical Review Panel shall score an evaluation criterion "Falls below the Criteria" when the application section within which that evaluation criterion is identified fails to address the evaluation criterion.
 - 3. An application package meets the Board's requirements if:
 - a. No evaluation criterion is scored "Falls below the Criteria;"
 - b. No more than one evaluation criterion in each application section is scored "Approaches the Criteria;" and
 - c. At least 95 percent of the evaluation criteria in the educational plan, operational plan, and business plan is scored "Meets the Criteria."
- B. Board staff shall conduct a background and credit check of each principal and authorized representative of the applicant and determine whether each principal and authorized representative possesses a valid fingerprint clearance card issued by the State of Arizona. If an issue arises during the background and credit check of any principal or authorized representative, Board staff shall provide the principal or authorized representative written notice of the issue and an opportunity to provide a written response addressing the issue. The Board shall consider information obtained from the background and credit check when making the decision to grant or deny a new charter.
- C. If an application package fails to meet the Board's requirements specified under subsection (A)(3), Board staff shall provide written notice to the applicant. Board staff shall include in the notice:
 - 1. The reasons the application package failed to meet the Board's requirements;
 - 2. Comments of the Technical Review Panel, which will serve as technical assistance and suggestions for improving the application package; and
 - 3. The options specified under subsection (D).
- D. If an applicant receives notice under subsection (C), the applicant may, within 20 days of the date of notice, submit to the Board:
 - 1. A revised application package, or
 - 2. A written request that the previously submitted and scored application package be forwarded to the Board.
- E. If an applicant that receives notice under subsection (C) fails to act under subsection (D), Board staff shall close the applicant's file. An applicant whose file is closed and wants to obtain a new charter shall apply again under R7-5-201 in a later annual application cycle.
- F. If an applicant submits a revised application package under subsection (D), the Technical Review Panel shall score the revised application package as specified under subsection (A). If the revised application package fails to meet the Board's requirements as specified under subsection (A)(3), Board staff shall provide written notice to the applicant of the intent to close the file. Board staff shall include with the notice the comments of the Technical Review Panel.
- G. An applicant that receives notice under subsection (F) may, within 20 days after the date of notice, submit a written request that the revised application package be forwarded to the Board. If a written request is not submitted, Board staff shall close the applicant's file. An applicant whose file is closed and wants to obtain a new charter shall apply again under R7-5-201 in a later annual application cycle.
- H. At least 30 days before the last Board meeting before the substantive review time frame expires, and within 90 days after determining an application package meets the Board's requirements under subsection (A)(3) or receiving an applicant's request under subsection (D)(2) or (G), the principals and authorized representative of the applicant shall make themselves available for an in-person interview with two or more members of the Technical Review Panel. In the interview, the members of the Technical Review Panel shall assess:
 - 1. The applicant's understanding of the components presented in the application package;
 - 2. The applicant's capacity to implement a plan to operate a charter school in accordance with the performance expectations established by the Board;
 - 3. The applicant's clarification of any issue revealed in the course of the due diligence process for the applicant any principal, authorized representative, or Education Service Provider; and
 - 4. Any other factor relevant to determining whether the applicant is sufficiently qualified to operate a charter school.
- I. Board staff shall provide an applicant with at least seven days written notice of the date, time, and place of the meeting at which the Board will consider the applicant's application package and determine whether to grant or deny a new charter to the applicant. The Board shall use the following information to determine whether the applicant is sufficiently qualified to operate a charter school:
 - 1. The application package;
 - 2. The scoring rubric completed by the Technical Review Panel;
 - 3. The results of the in-person interview of the applicant's principals and authorized representative;
 - 4. Information obtained through investigation and verification of the employment, experience, and education backgrounds, fingerprint clearance card, and creditworthiness of each principal and authorized representative of the applicant;
 - 5. Information concerning any current or former charter operations for any principal, authorized representative, or Education Service Provider of the applicant;
 - 6. Board staff report; and
 - 7. Testimony presented at the Board meeting.
- J. After the Board meeting held under subsection (I), Board staff shall provide written notice to the applicant regarding the Board's decision to grant or deny a new charter to the applicant. If the Board denies a new charter to the applicant, the Board shall include the information required under A.R.S. § 41-1092.03 in the written notice.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Amended by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section R7-5-204 renumbered to Section R7-5-205; new Section R7-5-204 renumbered from R7-5-203 and amended by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-205. Execution of a New Charter

- A. After the Board decides to grant a new charter but before the charter is signed, the applicant shall submit to the Board the following:
 - 1. A completed I.R.S. Form W-9, Request for Taxpayer Identification Number and Certification, obtained from

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- the Department or online at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>;
2. The following information for each charter school approved for educational use:
 - a. Certificate of occupancy; and
 - b. Fire marshal report; or
 - c. If either the certificate of occupancy or fire marshal report is not available, a completed Occupancy Compliance Assurance and Understanding form obtained from the Board;
 3. A completed General Statement of Assurances form obtained from the Department;
 4. A statement indicating where all public notices of meetings will be posted as required under A.R.S. § 38-431.02; and
 5. A copy of the lease agreement or other documentation of a secured charter school facility for each charter school.
- B.** The Board President or designee and authorized representative of the applicant shall sign the charter within 12 months after the Board's decision to grant the charter.
1. If the charter is not timely signed, the Board's decision to grant the new charter expires unless the applicant applies for and is granted a good-cause extension to execute the charter under R7-5-206.
 2. If an applicant that is granted a new charter but does not timely sign the charter and does not obtain a good-cause extension wants to obtain a new charter, the applicant shall apply again under R7-5-201 in a later annual application cycle.
- C.** A charter holder shall begin providing educational instruction no later than the second fiscal year after the Board's decision to grant the charter unless the charter holder is granted a good-cause extension to execute a charter under R7-5-206 or good-cause suspension of a charter under R7-5-207.
1. A charter holder that is granted a good-cause extension to execute a charter under R7-5-206 or good-cause suspension of a charter under R7-5-207 shall begin providing educational instruction no later than the third fiscal year after the Board's decision to grant the charter.
 2. If a charter holder does not begin providing educational instruction as required under subsection (C) or (C)(1), the Board shall issue the charter holder a notice of intent to revoke the charter in accordance with A.R.S. § 15-183(I).
- D.** At least 10 days before beginning to provide educational instruction, a charter holder shall submit to the Board the following written proof that the charter school is in compliance with federal, state, and local laws relating to health, safety, civil rights, and insurance:
1. Charter school contact information;
 2. Insurance policy binder issued by an insurance company licensed to do business in Arizona;
 3. County health certificate for each charter school at which students will be taught;
 4. Evidence of a public meeting, required by A.R.S. § 15-183(C)(7), at least 30 days before the charter holder opens a charter school;
 5. Certificate of attendance of the charter representative or principal at the special education training for new charters offered by the Department; and
 6. Any other documents required to demonstrate compliance with federal, state, and local laws relating to health, safety, civil rights, and insurance.
- E.** If a charter holder submitted an Occupancy Compliance Assurance and Understanding form under subsection (A)(2), the Board shall not advise the Department to initiate state aid funding until Board staff determines the required certificate of occupancy and fire marshal report submissions are complete and sufficient.
- F.** A new charter is effective upon signing by both parties for 15 years beginning on the date stated in the charter, unless revoked under A.R.S. § 15-183(I).
- Historical Note**
- New Section R7-5-205 renumbered from R7-5-204 and amended by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).
- R7-5-206. Good-cause Extension to Execute a New Charter**
- A.** Before the Board's decision to grant a new charter expires under R7-5-205(B), an applicant that has not yet executed the charter may submit to the Board a written request for a good-cause extension to execute a charter. The applicant shall ensure the written request for a good-cause extension to execute a charter:
1. Explains and provides evidence of why the applicant is unable to implement the plans contained in the application package and execute the charter within the allotted 12 months;
 2. Explains the applicant's new timeline for implementing the plans contained in the application package and why the new timeline is viable and adequate to enable the applicant to execute the charter by the new timeline; and
 3. Provides clear and specific action steps with target completion dates that will enable the applicant to implement the plans contained in the application package in accordance with the new timeline and the requirements of R7-5-205(C)(1).
- B.** The Board shall grant a good-cause extension to execute a charter if an applicant demonstrates good cause. When deciding whether the applicant demonstrates good cause, the Board shall consider:
1. The timeliness of the request for a good-cause extension and the proposed extension date;
 2. The viability of the applicant's new timeline for implementing the plans contained in the application package;
 3. Whether the new timeline is adequate to begin providing educational instruction as required under R7-5-205(C)(1) and complies with the plans contained in the application package;
 4. The circumstances the applicant indicates affected the applicant's ability to execute the charter within the allotted 12 months;
 5. Whether there have been changes in the principals of the applicant; and
 6. The extent to which the applicant is in compliance with all applicable federal, state, and local laws.
- C.** The Board shall not grant more than one good-cause extension to execute a particular charter.
- D.** If the Board grants a good-cause extension to execute a charter, the Board shall specify the date by which the applicant shall execute the charter and begin providing educational instruction based on the timeline provided by the applicant and the requirements of R7-5-205(C)(1). If the applicant does not execute the charter by the specified date, the Board's decision to grant the charter expires.
- Historical Note**
- Section R7-5-206 made by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).
- R7-5-207. Good-cause Suspension of a New Charter**

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- A. Before the first day of the fiscal year in which a charter holder must begin providing educational instruction, the charter holder, if eligible under subsection (B), may submit to the Board a written request for a good-cause suspension of the charter.
- B. A charter holder is eligible to apply for a good-cause suspension of the charter if:
 1. The charter holder has not been granted a good-cause extension to execute the charter,
 2. The charter holder has not begun providing educational instruction under the charter, and
 3. The charter holder has not received or has returned state equalization or other state or federal funding for which provision of instruction is a requirement of receipt.
- C. The charter holder shall ensure the written request for a good-cause suspension of a charter:
 1. Explains and provides evidence for why the charter holder is unable to implement the plans contained in the application package and begin providing educational instruction as required under R7-5-205(C);
 2. Explains the charter holder's new timeline for implementing the plans contained in the application package and why the new timeline is viable and adequate to enable the charter holder to operate a charter school in accordance with the charter and performance expectations established by the Board; and
 3. Provides clear and specific action steps with target completion dates that will enable the charter holder to implement the plans contained in the application package in accordance with the new timeline and the requirements of R7-5-205(C)(1).
- D. The Board shall grant a good-cause suspension of a charter if the charter holder demonstrates good cause. When deciding whether the charter holder demonstrates good cause, the Board shall consider:
 1. Whether the charter holder is eligible under subsection (B) for a good-cause suspension of a charter;
 2. The timeliness of the request for a good-cause suspension of a charter and the proposed extension date;
 3. The viability of the charter holder's new timeline for implementing the plans contained in the application package;
 4. Whether the new timeline is adequate to begin providing educational instruction as required under R7-5-205(C)(1) and complies with the plans contained in the application package;
 5. The circumstances the charter holder indicates affected the charter holder's ability to begin providing educational instruction as required under R7-5-205(C);
 6. Whether there have been changes in the principals of the charter holder; and
 7. The extent to which the charter holder is in compliance with all applicable federal, state, and local laws and terms of the charter.
- E. The Board shall not grant more than one good-cause suspension of a particular charter to any charter holder.
- F. A charter holder granted a good-cause suspension of the charter shall not apply to receive any state equalization or other state or federal funding for which provision of instruction is a requirement of receipt until the fiscal year in which the charter holder plans to begin providing educational instruction. The holder of a suspended charter shall promptly return any funding it receives before the fiscal year in which it begins providing educational instruction.
- G. A charter holder granted a good-cause suspension of a charter shall begin providing educational instruction as required by

R7-5-205(C). If a charter holder does not begin providing educational instruction as required, the Board shall issue the charter holder a notice of intent to revoke the charter in accordance with A.R.S. § 15-183(I).

Historical Note

Section R7-5-207 made by final rulemaking at 20 A.A.R. 437, effective April 5, 2014 (Supp. 14-1). Amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-208. Application for Replication Charter

- A. The charter holder of an existing high quality charter school may be eligible to apply for a replication charter rather than a new charter. A replication charter allows the charter holder to implement the existing educational program, corporate and governance structure, and financial and operational processes at a new charter school.
- B. A charter holder that wishes to apply for a replication charter shall submit to the Board a Replication Eligibility form. Board staff shall review the form and determine whether the charter holder is eligible to apply for a replication charter. A charter holder is eligible to apply for a replication charter if the charter holder is in compliance with provisions of its charter, contractual agreements with the Board, federal and state law and this Chapter, and meets the academic eligibility requirements specified in the replication application instructions, which are publicly available and posted on the Board's web site.
- C. Within 15 days after receiving a Replication Eligibility form, Board staff shall provide written notice to the charter holder of whether the charter holder may apply for a replication charter and, if eligible, shall make the replication application available to the charter holder.
- D. If a charter holder submits an application package for a replication charter by the last business day of September, Board staff shall process the application package in an expedited manner and ensure the application package is considered at the Board's meeting in November.
- E. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a replication charter:
 1. Administrative review time frame: 15 days;
 2. Substantive review time frame: 50 days; and
 3. Overall time frame: 65 days.
- F. The provisions at R7-5-205(A), regarding execution of a new charter, apply to a replication charter.
- G. R7-5-206, regarding a good-cause extension to execute a new charter, and R7-5-207, regarding good-cause suspension of a new charter, do not apply to a replication charter.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

ARTICLE 3. POST-CHARTER ACTIONS**R7-5-301. Application for Charter Renewal; Early Renewal of Charter**

- A. The Board shall make available on its web site instructions regarding eligibility and submission requirements for renewal and early renewal of a charter.
- B. A charter holder shall submit to the Board electronically through ASBCS Online the renewal application package identified in subsection (E) or the early renewal application package identified in subsection (L). The Board shall not accept a paper submission.
- C. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's

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renewal or early renewal application package. The charter holder shall attend the Board meeting.

- D. At least 18 months before a charter is scheduled to expire, the Board shall provide the charter holder with a renewal application that is customized based on the charter holder's performance history. The Board shall require a charter holder that does not meet the performance expectations specified in Article 4 to submit more information than a charter holder that does meet the performance expectations.
- E. As required under A.R.S. § 15-183(I), a charter holder that intends to seek renewal of the charter shall submit to the Board a renewal application package at least 15 months before the charter is scheduled to expire.
- F. The Board shall not consider a renewal application package that is not submitted by the date specified in subsection (E).
- G. As part of the charter renewal process, Board staff shall conduct an academic-systems-review site visit, as described in R7-5-506, of the charter holder.
- H. The Board shall notify a charter holder of the Board's decision to renew or deny renewal of the charter at least 12 months before the charter is scheduled to expire.
- I. As specified under A.R.S. § 15-183(I), the Board may deny renewal of a charter if the Board determines the charter holder failed to meet or make sufficient progress toward the academic performance expectations or failed to meet the operational performance expectations specified in Article 4, complete the obligations of the charter, or comply with federal or state law or this Chapter. If the Board denies renewal of a charter, Board staff shall provide written notice to the charter holder that includes the information required under A.R.S. § 41-1092.03(A).
- J. A charter holder is eligible to apply for early renewal of the charter if the charter holder:
 1. Submits to the Board a letter of intent to apply for early renewal at least 24 months before the charter is scheduled to expire;
 2. Has operated a school under the charter for at least five years;
 3. Meets the performance expectations specified in Article 4; and
 4. Had no compliance matters within the last three years that required action by the Board or other governmental entity.
- K. Within 15 days after receiving a letter of intent to apply for early renewal under subsection (J)(1), Board staff shall provide written notice to the charter holder of whether the charter holder is eligible to apply for early renewal and, if eligible, shall provide the charter holder with the renewal application referenced in subsection (D).
- L. A charter holder that receives notification under subsection (K) of eligibility to apply for early renewal shall submit to the Board the early renewal application package no later than one month after the charter holder receives notification under subsection (K).
- M. A charter holder applying for early renewal shall continue to meet the eligibility requirements specified in subsection (J) until the Board considers the early renewal application package at the Board meeting referenced under subsection (C). The Board shall not consider an early renewal application package submitted by a charter holder that has a change in eligibility status.
- N. Within three months after a charter holder timely submits an early renewal application package, Board staff shall conduct an academic-systems-review site visit, as described in R7-5-506, of the charter holder and shall place the charter holder's

early renewal application package on an agenda for Board consideration.

- O. As specified under A.R.S. § 15-183(I)(2), the Board may deny early renewal of a charter if the Board determines the charter holder failed to meet or make sufficient progress toward the academic performance expectations or failed to meet the operational performance expectations specified in Article 4, complete the obligations of the charter, or comply with federal or state law or this Chapter. If the Board denies early renewal of a charter, Board staff shall provide written notice to the charter holder that includes the information required under A.R.S. § 41-1092.03(A).

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section R7-5-301 renumbered to R7-5-501; new Section R7-5-301 made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-302. Charter Transfer Application

- A. A charter transfer application may be used to do either of the following:
 1. Transfer a charter to the Board; or
 2. Transfer a charter school that has operated under an existing charter for at least three years to its own charter with the same educational program and financial and operational processes.
- B. The Board shall make available on its web site instructions regarding eligibility and submission requirements for transfers specified under subsection (A).
- C. A charter holder that intends to transfer as specified under subsection (A) shall submit to the Board a letter of intent to transfer.
- D. Within 15 days after receiving a letter of intent to transfer, Board staff shall provide written notice to the charter holder of whether the charter holder may apply for transfer.
- E. A charter holder eligible to transfer under subsection (D) shall submit to the Board a paper charter transfer application package until electronic submission through ASBCS Online is available. After electronic submission through ASBCS Online is available, the Board shall not accept a paper submission.
- F. For a transfer to occur on July 1, a charter holder shall submit the letter of intent to transfer by the last business day of November of the prior fiscal year and the transfer application package by the last business day of February of the prior fiscal year.
- G. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's transfer application package. The charter holder shall attend the Board meeting.
- H. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a charter transfer:
 1. Administrative review time frame: 15 days;
 2. Substantive review time frame: 60 days; and
 3. Overall time frame: 75 days.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section R7-5-302 renumbered to R7-5-510; new Section R7-5-302 made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-303. Charter Amendment Requests

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- A. A change to a charter requires the consent of both the Board and charter holder. To obtain the Board's consent to a change to a charter, the charter holder shall submit a charter amendment request to the Board.
- B. A charter holder shall not act in a manner contrary to the terms of the charter without obtaining the Board's prior consent to the change.
- C. The Board shall make available on its web site instructions regarding eligibility and submissions requirements for each amendment request listed under subsection (D).
- D. The Board shall accept requests for the following charter amendments:
1. Add or remove a grade level to a charter;
 2. Addition of or change to an Arizona Online Instruction Program of Instruction; as expressly authorized under A.R.S. § 15-183(X), the Board shall charge a non-refundable processing fee of \$3,000 for each grade category involved in the charter amendment request;
 3. Change in charter holder entity name;
 4. Change in legal status of the charter holder;
 5. Change of entity that holds the charter;
 6. Change in charter mission;
 7. Increase or decrease the number of annual instructional days;
 8. Change in program of instruction including methods of instruction, criteria for promotion, and graduation requirements;
 9. Exception from state procurement requirements;
 10. Exception from the Uniform System of Financial Records for Charter Schools;
 11. Change charter holder governance;
 12. Change the mailing or physical address of the charter holder;
 13. Change charter representative;
 14. Increase or decrease the number of students the charter holder may serve;
 15. Add a charter school to an existing charter;
 16. Close a charter school under an existing charter;
 17. Change membership of a charter school governing body;
 18. Change the name of a charter school;
 19. Change the mailing or physical address of a charter school;
 20. Increase or decrease the grades served at a particular charter school; and
 21. Transfer of a charter school from the current charter to another existing charter with the same educational program and financial and operational processes.
- E. A charter holder shall submit an amendment request listed under subsection (D) to the Board electronically through ASBCS Online. The Board shall not accept a paper amendment request unless agreed to by Board staff and the charter holder before the amendment request is submitted.
- F. As required under A.R.S. § 41-1073, the Board establishes the following time frames for approving or disapproving a charter amendment request:
1. Administrative review time frame: 20 days;
 2. Substantive review time frame: 40 days; and
 3. Overall time frame: 60 days.
- G. To determine the date on which the Board will approve or disapprove an amendment request listed under subsection (D), the charter holder shall consult the Board's meeting and submission-deadline schedule, which is posted on the Board's web site and ASBCS Online.
- H. The Board shall provide the charter holder at least 72-hours' written notice of the date, time, and location of the Board meeting at which the Board will consider the charter holder's

administratively and substantively complete amendment request. The charter holder shall attend the Board meeting.

- I. The Board has delegated to staff authority to approve charter amendment requests listed under subsection (D) for which the standards for approval can be applied without the exercise of discretion.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section R7-5-303 renumbered to R7-5-502; new Section R7-5-303 made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-304. Renumbered**Historical Note**

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section R7-5-304 renumbered to R7-5-601 at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1).

ARTICLE 4. MINIMUM PERFORMANCE EXPECTATIONS**R7-5-401. Minimum Academic Performance Expectations**

- A. The Board shall assess a charter holder's achievement of the minimum academic performance expectations using student achievement measures, specified in the Academic Performance Framework, that are indicators of academic performance.
1. The Board may assess a charter holder's achievement of the minimum academic performance expectations at any time.
 2. The Board shall assess a charter holder's achievement of the minimum academic performance expectations:
 - a. Annually when state assessment data are released for the previous year;
 - b. During the five-year-interval review required under A.R.S. § 15-183(I);
 - c. When considering the following submitted by the charter holder:
 - i. An application for a new charter,
 - ii. An application to transfer a charter school from an existing charter contract to a separate charter contract,
 - iii. A request to change the legal status of the charter holder; or
 - iv. A request to change the entity that holds the charter;
 - d. When considering an expansion request submitted by the charter holder to;
 - i. Add a new charter school to an existing charter,
 - ii. Add one or more grade levels to a charter,
 - iii. Increase the number of students the charter holder may serve,
 - iv. Add an Arizona Online Instruction program, or
 - v. Replicate an existing charter;
 - e. When considering a charter contract renewal request submitted by the charter holder;
 - f. Upon receipt of information that a charter school operated by the charter holder failed to meet the minimum academic performance expectations for three consecutive years;
 - g. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of "F" by the Department; and
 - h. When making a decision related to the charter holder's achievement of the minimum academic performance expectations or compliance with its char-

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- ter, other contractual agreements with the Board, federal and state law, and this Chapter.
- B.** The Board shall annually assign a charter holder an overall academic performance rating that reflects the degree to which the charter holder achieved the minimum academic performance expectations.
- C.** The Board shall determine a charter holder meets the minimum academic performance expectations if all charter schools operated by the charter holder receive an annual overall academic performance rating of “meets standard,” “above standard,” or “exceeds standard” in the most recent year for which data are available. A charter holder that meets the minimum academic performance expectations may be:
1. Waived from some of the academic performance supervision requirements described in Article 5; and
 2. Entitled to reduced submission requirements:
 - a. Regarding requests made to the Board; and
 - b. During the five-year-interval review required under A.R.S. § 15-183(I).
- D.** The Board shall determine a charter holder does not meet the minimum academic performance expectations if one or more of the charter schools operated by the charter holder did not receive an overall academic performance rating of “meets standard,” “above standard,” or “exceeds standard” in the most recent year for which data are available. A charter holder that does not meet the minimum academic performance expectations:
1. Shall be required to demonstrate sufficient progress towards achieving the minimum academic performance expectations;
 2. May be subject to heightened submission requirements:
 - a. Regarding requests made to the Board, and
 - b. During the five-year-interval review required under A.R.S. § 15-183(I); and
 3. May be subject to charter oversight as specified in Article 6.
- Historical Note**
- New Section made by final rulemaking at 10 A.A.R. 1141, effective March 2, 2004 (Supp. 04-1). Section repealed; new Section R7-5-401 made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).
- R7-5-402. Minimum Financial Performance Expectations**
- A.** The Board shall assess a charter holder’s achievement of the minimum financial performance expectations using data contained in the annual audit required under A.R.S. § 15-914 and conducted according to the standards specified in R7-5-504.
1. The Board may assess a charter holder’s achievement of the minimum financial performance expectations at any time.
 2. The Board shall assess a charter holder’s achievement of the minimum financial performance expectations:
 - a. When considering an expansion request submitted by the charter holder to:
 - i. Add a new charter school to an existing charter,
 - ii. Add an Arizona Online Instruction program, or
 - iii. Replicate an existing charter;
 - b. During the five-year-interval review required under A.R.S. § 15-183(I);
 - c. When considering a charter contract renewal request submitted by the charter holder;
 - d. Upon receipt of information that a charter school operated by the charter holder failed to meet the minimum academic performance expectations for three consecutive years;
 - e. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of “F” by the Department; and
 - f. When making a decision related to the charter holder’s achievement of the minimum academic performance expectations or compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter.
- B.** The Board shall annually assign a charter holder a financial performance rating, based on measures specified in the Financial Performance Framework, which reflects both the charter holder’s near-term financial health and longer-term financial stability.
- C.** The Board shall determine a charter holder meets the annual financial performance standard if the charter holder receives no measure rated “falls far below standard” and no more than one measure rated “does not meet standard” based on the most recent audit conducted under R7-5-504.
- D.** The Board shall determine a charter holder meets the minimum financial performance expectations if the charter holder:
1. Receives an overall rating of “meets the annual financial performance standard” based on the most recent audit conducted under R7-5-504; or
 2. Receives an overall rating of “meets the annual financial performance standard” based on the previous audit and receives an overall rating of “does not meet the annual financial performance standard” based on the most recent audit with no measure rated “falls far below standard.”
- E.** The Board shall determine a charter holder does not meet the minimum financial performance expectations if the charter holder:
1. Receives an overall rating of “does not meet the annual financial performance standard” and one or more measures rated “falls far below standard” based on the most recent audit conducted under R7-5-504; or
 2. Receives an overall rating of “does not meet the annual financial performance standard” based on both of the last two audits conducted under R7-5-504.
- F.** A charter holder that meets the minimum financial performance expectations may be entitled to reduced submission requirements at the times specified under subsection (A). The Board shall require a charter holder that does not meet the minimum financial performance expectations to submit a financial performance response as specified under R7-5-509 at the times specified in subsections (A)(2)(a)-(e) and may require a charter holder that does not meet the minimum financial performance expectations to submit a financial performance response as specified under R7-5-509 at the times specified in subsection (A)(2)(f).
- Historical Note**
- New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).
- R7-5-403. Minimum Operational Performance Expectations**
- A.** The Board shall assess a charter holder’s achievement of the minimum operational performance expectations. To avoid duplicative reporting burdens, the Board shall use data collected from a variety of sources that reflect on the charter holder’s compliance with the charter contract, other contractual agreements with the Board, federal and state law, and this Chapter.
1. The Board may assess a charter holder’s achievement of the minimum operational performance expectations at any time.

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2. The Board shall assess a charter holder's achievement of the minimum operational performance expectations:
 - a. When considering the following submitted by the charter holder:
 - i. An application for a new charter;
 - ii. An application to transfer a charter school from an existing charter contract to a separate charter contract;
 - iii. A request to change the legal status of the charter holder;
 - iv. A request to change the entity that holds the charter; or
 - v. A request to change program of instruction including methods of instruction, criteria for promotion, or graduation requirements;
 - b. When considering an expansion request submitted by the charter holder to:
 - i. Add a new charter school to an existing charter,
 - ii. Add one or more grade levels to a charter,
 - iii. Increase the number of students the charter holder may serve,
 - iv. Add an Arizona Online Instruction program, or
 - v. Replicate an existing charter;
 - c. During the five-year-interval review required under A.R.S. § 15-183(I);
 - d. When considering an application for charter renewal submitted by the charter holder;
 - e. Upon receipt of information that a charter school operated by the charter holder failed to meet the minimum academic performance expectations for three consecutive years; and
 - f. Upon receipt of information that a charter school operated by the charter holder has been assigned a letter grade of "F" by the Department.
- B. The Board shall annually assign a charter holder an overall operational performance rating based on the measures specified in the Operational Performance Framework, which reflect the degree to which the charter holder achieved the minimum operational performance expectations. The Board shall make each charter holder's operational performance dashboard publicly available and post it on ASBCS Online.
- C. The Board shall determine a charter holder meets the minimum operational performance standard if the charter holder receives no measure rated "falls far below standard" and no more than five measures rated "does not meet standard" for the evaluated year.
- D. The Board shall determine a charter holder meets the minimum operational performance expectations if the charter holder receives an overall rating of "meets the Board's operational performance standard" in both of the two most recent years for which an overall rating was calculated and has no measure rated "falls far below standard" in the current year.
- E. The Board shall determine a charter holder does not meet the minimum operational performance expectations if the charter holder receives an overall rating of "does not meet the Board's operational performance standard" in at least one of the two most recent years for which an overall rating was calculated or has at least one measure rated "falls far below standard" in the current year.
- F. If the Board determines a charter holder does not meet the minimum operational performance expectations, the Board shall consider charter oversight under Article 6.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-404. Development and Use of Performance Frameworks

- A. The Board shall revise the Academic, Financial, and Operational Performance Frameworks as needed. During the process of revision, the Board shall provide the public with notice and an opportunity to comment on proposed revisions. The Board shall adopt revisions at a public meeting.
- B. The Board shall ensure the Academic Performance Framework includes considerations for non-traditional charter schools, including small charter schools with very low enrollment and those designated by the Department as alternative schools.
- C. Use of the Academic Performance Framework is contingent on a charter school's receipt of an annual achievement profile under A.R.S. § 15-241. The Board shall assign a rating of "no rating" to a charter school that does not provide enough data to make a calculation.
- D. If the Department does not timely release annual achievement profiles under A.R.S. § 15-241, rather than assigning a rating of "no rating" to all charter schools, the Board may use the most recent available data for each measure.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

ARTICLE 5. CHARTER SUPERVISION**R7-5-501. General Supervision**

- A. A charter holder shall:
 1. Comply with the provisions of its charter, contractual agreements with the Board, federal and state laws, and this Chapter; and
 2. Meet the minimum performance expectations specified in Article 4.
- B. The Board may supervise a charter holder's compliance with subsection (A) using any of the following means:
 1. Oral or written communication with:
 - a. The charter representative or authorized charter school personnel; and
 - b. Representatives of federal, state, and local agencies having jurisdiction over operation of the charter school or having authority to investigate or adjudicate allegations of misconduct by any member of the charter school's staff;
 2. Collection and review of reports, audits, data, records, documents, files, and communication from any source relating to any activity or program conducted by or for the charter school;
 3. A site visit as described in R7-5-502;
 4. Annual academic performance review as described in R7-5-503;
 5. Annual audit and financial performance review as described in R7-5-504 and, if necessary, a financial performance response as described in R7-5-509;
 6. Operational performance review as described in R7-5-505;
 7. Five-year-interval review of academic, financial, and operational performance, as described in R7-5-506; and
 8. Complaints as described in R7-5-507.
- C. If the specified deadline has not passed, Board staff may grant a charter holder an extension to submit a CAP or other response required under R7-5-502(G), R7-5-504(G), R7-5-

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505(D), R7-5-505(E), R7-5-506(B)(2), R7-5-507(C), or R7-5-509(B).

1. In determining whether to grant an extension, Board staff shall consider the following, as applicable:
 - a. Whether the charter school at issue was in session when the Board provided notice to the charter holder,
 - b. Whether the charter school at issue was in session during the period provided in the notice for the charter holder to respond to the Board, and
 - c. Whether additional time is required by the charter holder because of the number or complexity of matters to be addressed.
2. Even if the specified deadline has not passed, Board staff shall not grant an extension for a financial performance response required as part of the charter holder's renewal application.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section repealed; new Section renumbered from R7-5-301 and amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-502. Site Visits

- A. A designee of the Board or Department may conduct a site visit of a charter school to review or evaluate the charter holder's compliance with R7-5-501(A).
- B. A designee of the Board or Department may conduct a site visit to corroborate information submitted to the Board or Department and to gather information, documentation, and testimony that permit the Board to evaluate the charter holder's compliance with R7-5-501(A).
- C. A designee of the Board or Department who conducts a site visit shall do so during regular operational hours of the charter school or at any other reasonable time.
- D. A designee of the Board or Department may conduct either an announced or unannounced site visit.
- E. Upon request by a designee of the Board or Department, a charter holder shall open for inspection all records, documents, and files relating to any activity or program conducted by or for the charter school or the charter holder relating to the charter school.
- F. Upon request by a designee of the Board or Department, a charter holder shall provide access to all school facilities.
 1. During a site visit, a charter holder shall provide access to classrooms for the purpose of counting students, observing a program of instruction, or documenting individuals providing instruction.
 2. In conducting a site visit, the designee of the Board or the Department shall make every effort not to disrupt the classroom environment.
- G. The Board or Department shall inform a charter holder in writing of any issue identified during a site visit and specify any further action required by the charter holder. To assist with this requirement, Board staff shall direct the charter holder to submit a CAP, as described in R7-5-510, which addresses the issue.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section repealed; new Section renumbered from R7-5-303 and amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-503. Annual Academic Performance Review

- A. When the Department releases the annual achievement profile under A.R.S. § 15-241, the Board shall:
 1. Calculate an overall academic rating for each charter school sponsored by the Board using the Academic Performance Framework, and
 2. Make the annual overall academic performance dashboard publicly available and post it on ASBCS Online.
- B. If the Board determines a charter holder does not meet the Board's minimum academic performance expectations, as defined under R7-5-401(D), the Board shall require the charter holder to demonstrate sufficient progress towards achieving the minimum academic performance expectations.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section repealed; new Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-504. Annual Audit and Financial Performance Review

- A. By July 1 of each year, the Board shall make available on its web site written requirements regarding the audit each charter school is required to submit annually under A.R.S. §§ 15-183(E)(6) and 15-914.
- B. Before beginning the audit, a charter holder or the audit firm shall submit for the Board's approval a copy of the audit contract the charter holder intends to execute with an audit firm.
 1. Board staff shall approve the audit contract unless the Board has knowledge that one of the following is applicable:
 - a. A person employed by the audit firm has been convicted under federal or state law of a crime indicating lack of business integrity or honesty;
 - b. The audit firm or supervising certified public accountant is subject to a current or pending disciplinary action or a regulatory action requiring the audit firm or supervising certified public accountant to complete conditions specified by an accounting industry regulatory body;
 - c. The audit firm violates or fails to meet generally accepted auditing standards or generally accepted government auditing standards as identified by an accounting industry regulatory body;
 - d. The audit firm receives an opinion of "fail" during the audit firm's most recent peer review;
 - e. An auditor scheduled to work on the audit fails to meet the continuing professional education requirements prescribed by generally accepted government auditing standards; or
 - f. The audit firm fails to agree to adhere to the audit requirements specified in subsection (A).
 2. Within 10 days after receiving a copy of an audit contract under subsection (B), the Board shall provide the charter holder and audit firm written notice whether the audit contract is approved.
 3. If the Board disapproves an audit contract submitted under subsection (B), the Board shall include the reason for the disapproval in the written notice provided under subsection (B)(2). If the charter holder or audit firm provides documentation to the Board demonstrating the cause for the disapproval no longer exists, Board staff shall approve the audit contract and provide written notice to the charter holder and audit firm.
- C. A charter holder or the audit firm that conducts an audit for the charter holder shall submit the annual audit to the Board for a determination whether the audit is complete. Within five days after receiving the annual audit, Board staff shall provide the

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charter holder and audit firm written notice whether the audit is complete.

- D. Board staff shall find an audit is incomplete if it does not comply with all requirements specified under subsection (A) or if the audit is prepared by an audit firm that fails to meet the requirements under subsection (B)(1)(a)-(e). If Board staff finds an audit is incomplete, Board staff shall include the reason for the finding in the notice provided under subsection (C). If the charter holder or audit firm provides documentation to the Board demonstrating the reason for the finding no longer exists, Board staff shall find the annual audit is complete and provide written notice to the charter holder and audit firm.
- E. A charter holder that fails to submit timely a complete audit may be subject to charter oversight as specified in Article 6.
- F. Board staff shall review each audit deemed complete.
- G. Board staff shall send notice to a charter holder after the audit is reviewed unless the Board has been notified the charter holder will not be operating during the next fiscal year. If the Board identifies an issue in the audit, Board staff shall direct the charter holder to address the issue and may require the charter holder to submit a CAP, as described in R7-5-510.
- H. If Board staff identifies a serious impact finding in the audit, the charter holder shall be subject to charter oversight as specified in Article 6 unless the charter holder provides credible evidence to the Board that the charter holder's next audit will find the charter holder in compliance.
- I. The Board shall annually calculate a financial performance rating for each charter holder using the Financial Performance Framework and the annual audit submitted to the Board by the charter holder. The Board shall make each charter holder's financial performance dashboard publicly available and post it on ASBCS Online.

Historical Note

New Section made by final rulemaking at 12 A.A.R. 577, effective February 7, 2006 (Supp. 06-1). Section repealed; new Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-505. Operational Performance Review

- A. Board staff shall conduct a site visit to a charter school during the charter school's first year of operation, and thereafter as specified in R7-5-502, to evaluate the charter holder's compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter.
- B. Before conducting the first-year site visit specified under subsection (A), Board staff shall ask the charter holder to identify dates within a specified time frame not conducive to an unscheduled first-year site visit. This includes dates of an early release, parent conferences, or school not being in session.
- C. Board staff may conduct a compliance check of a charter holder's operational performance at any time. The Board shall conduct a compliance check when:
 1. The charter holder seeks to amend the charter or makes another request of the Board; or
 2. A lending institution, bond rating agency, or similar entity that has a loan or bond arrangement with the charter holder contacts Board staff to discuss the charter holder's current standing with the Board.
- D. Within 10 days after completing the site visit under subsection (A), Board staff shall provide the charter holder with written notice of any compliance issues identified and, if applicable, require the charter holder to submit a CAP as described in R7-5-510.
- E. Within 10 days after completing a compliance check under subsection (C), Board staff shall provide the charter holder

with written notice of any compliance issues identified and specify a deadline for addressing the issues.

- F. After receiving the notice provided under subsection (E), the charter holder shall provide the Board with written notice demonstrating that all identified compliance issues have been addressed by the specified deadline.
- G. The Board shall require a charter holder that fails to provide the notice required under subsection (F) or fails to demonstrate that all identified compliance issues have been addressed to appear before the Board and:
 1. May subject the charter holder's requests to heightened review,
 2. Shall not place the charter holder's requests on a Board agenda, and
 3. May subject the charter holder to charter oversight as described in Article 6.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-506. Five-year-interval Review

- A. As required under A.R.S. § 15-183(I)(3), the Board shall review a charter holder at five-year intervals for:
 1. Compliance with its charter, other contractual agreements with the Board, federal and state law, and this Chapter; and
 2. Achievement of the minimum performance expectations specified in Article 4.
- B. Board staff shall provide a charter holder with notice of a five-year-interval review. Board staff shall include in the notice:
 1. The information the charter holder is required to submit to the Board,
 2. The deadline by which the charter holder shall submit the required information, and
 3. A request for the charter holder to identify dates within a specified time frame not conducive to an unscheduled academic-systems-review site visit. This includes dates of an early release, parent conferences, or school not being in session.
- C. The Board shall require a financial performance response, as described under R7-5-509, from a charter holder that does not meet the Board's minimum financial performance expectations.
- D. The Board shall require a charter holder to review and confirm information concerning the charter's mission statement, program of instruction, instructional days, school calendar, charter representative, grade levels served, enrollment cap, principals, school site, and charter holder locations and, as applicable submit requests for appropriate post-charter actions as described in Article 3.
- E. A charter holder that fails to submit the information required by the deadline specified in subsection (B) shall appear before the Board and may be subject to charter oversight as described in Article 6.
- F. As part of a five-year-interval review, Board staff shall conduct an unscheduled academic-systems-review site visit, in accordance with R7-5-502, to gather evidence regarding the charter holder's implementation of a comprehensive program of instruction and a method to measure pupil progress toward outcomes required in the charter. Using the information provided by the charter holder under subsection (B)(3), Board staff shall provide written notice to the charter holder of the two-week interval during which Board staff will conduct the unscheduled academic-systems-review site visit.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-507. Complaints

- A.** To make a complaint regarding a charter holder, a person shall submit to the Board a document through ASBCS Online that:
1. Alleges with particularity the charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state law, or this Chapter;
 2. Includes a statement of the facts on which the allegation of violation is based; and
 3. Includes supporting evidence, if available.
- B.** Board staff shall review the complaint to determine whether the complaint is within the Board's jurisdiction.
1. If Board staff determines the complaint is not within the Board's jurisdiction but may be within the jurisdiction of another agency, Board staff shall inform the complainant of the agency that has jurisdiction and that the complainant may file the complaint with the appropriate agency; or
 2. If Board staff determines the complaint is within the Board's jurisdiction, Board staff shall, within five days after receiving the complaint, send a copy to the charter holder complained against.
- C.** A charter holder complained against shall, within 10 days after receiving a copy of the complaint provided under subsection (B)(2), provide a written response to the Board that addresses each allegation, the statement of facts, and supporting evidence in the complaint. The charter holder may include evidence of compliance with the response. Board staff may grant the charter holder an extension to submit the written response.
- D.** Board staff shall review the complaint and the charter holder's response to determine whether a violation of the charter, other contractual agreements with the Board, federal or state law, or this Chapter can be substantiated. Board staff shall conduct further investigation if additional information is needed. Board staff may place the charter holder on an agenda for the Board to determine whether the charter holder is in compliance with the charter, other contractual agreements with the Board, federal and state law, and this Chapter.
- E.** Within 10 days after receiving the charter holder's response under subsection (C), Board staff shall send:
1. The complainant a copy of the response, and
 2. The complainant and charter holder notice of the final action to be taken.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-508. Demonstration of Sufficient Progress towards Minimum Academic Performance Expectations

- A.** The Board shall require a charter holder to demonstrate the charter holder is making sufficient progress towards achieving the minimum academic performance expectations if:
1. The Board determines under R7-5-401(D) the charter holder does not meet the minimum academic performance expectations; or
 2. A charter school operated by the charter holder is assigned a letter grade of "F" by the Department.
- B.** Within 30 days after issuing overall ratings, the Board shall provide the charter holder with a written notification of the charter holder's progress toward meeting the minimum academic performance expectations.
- C.** If a charter school operated by a charter holder receives an overall rating of "does not meet" or "falls far below" for three

consecutive years, the Board shall conclude the charter holder has failed to demonstrate sufficient progress.

- D.** If the Board concludes a charter holder has failed to demonstrate sufficient progress, the charter holder may be subject to charter oversight as specified in Article 6.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-509. Financial Performance Response

- A.** The Board shall require a charter holder to prepare a financial performance response if the Board determines under R7-5-402(E) the charter holder does not meet the minimum financial performance expectations at one of the times specified in R7-5-402(A)(2)(a)-(e).
- B.** Board staff shall provide written notice to a charter holder that is required to submit a financial performance response. Board staff shall ensure the notice includes the following:
1. Information on how to access the charter holder's financial performance dashboard, and
 2. The deadline for submitting the financial performance response to the Board.
- C.** For each measure for which a charter holder received a "does not meet standard" or "falls far below standard" during the most recent audited fiscal year presented in the financial performance dashboard and by the deadline specified in subsection (B)(2), the charter holder shall:
1. Explain why the charter holder failed to meet the measure's target in the audited fiscal year,
 2. Explain the charter holder's effort to improve its performance so it is possible to meet the measure's target in the next fiscal year or a subsequent fiscal year, and
 3. Provide evidence that supports the charter holder's explanation and analysis under subsections (C)(1) and (2).
- D.** Within 60 days after receiving a financial performance response or when the five-year interval review is closed out for a financial performance response submitted as part of a five-year interval review, Board staff shall provide the charter holder with written notice that the response is acceptable or not acceptable. Board staff shall find a financial performance response acceptable if it includes the explanations and evidence required under subsection (C).
- E.** If Board staff finds a financial performance response is not acceptable, the Board shall allow the charter holder to supplement the financial performance response if the charter holder is in a process that requires the financial performance response to be considered at a Board meeting.
- F.** If the Board allows a charter holder to supplement a financial performance response under subsection (E), Board staff shall:
1. Include the deadline for submitting the supplemented financial performance response in the notice provided under subsection (D); and
 2. Find the supplemented financial performance response acceptable if it includes the explanations and evidence required under subsection (C).
- G.** Board staff shall include the supplemented financial performance response and the determination made under subsection (F)(2) in the meeting materials provided to the Board. The supplemented financial performance response and the Board's final determination shall be posted on ASBCS Online.
- H.** If a charter holder fails to submit or fails to submit timely a required financial performance response, the failure shall be noted in the charter holder's operational performance dashboard posted on ASBCS Online.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693,

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effective May 6, 2017 (Supp. 17-1).

R7-5-510. Corrective Action Plan

- A.** Board staff shall require a charter holder to prepare a CAP for:
1. Any issue identified during a site visit described in R7-5-502 or R7-5-505,
 2. An issue identified through the audit described in R7-5-504, or
 3. Actions taken by the Board to withhold up to 10 percent of the charter holder's monthly state aid as described in R7-5-601 and R7-5-605.
- B.** Board staff shall provide written notice to a charter holder required to prepare a CAP. Board staff shall ensure the written notice includes the following:
1. An explanation of why the charter holder is required to submit a CAP,
 2. A description of the issue,
 3. A list of the specific information required in the CAP,
 4. The deadline for submitting the CAP to the Board,
 5. The time during which the charter holder is required to implement the CAP, and
 6. The consequences if the charter holder fails to submit or implement the CAP.
- C.** Within 10 days after receiving the CAP, Board staff shall provide written notice to the charter holder that:
1. A complete CAP was received and implementation is required; or
 2. Additional information is required and the deadline for submitting the additional information to the Board.
- D.** Board staff shall monitor, through site visits and review of documentary evidence, the charter holder's implementation of the CAP until the Board determines the issue has been corrected.
- E.** If a charter holder fails to submit a required CAP, fails to submit additional information required under subsection (C)(2), or fails to implement the CAP timely, the charter holder may be subject to charter oversight as specified in Article 6.

Historical Note

New Section R7-5-510 renumbered from R7-5-302 and amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

ARTICLE 6. CHARTER OVERSIGHT**R7-5-601. Charter Oversight: General Provisions**

- A.** Before the Board determines a charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state laws, or this Chapter and decides whether to impose charter oversight, the Board shall provide notice to the charter holder.
- B.** The Board shall provide the charter holder with at least 72-hours' notice of the date, time, and location of the meeting at which the Board will decide whether to impose charter oversight. The Board shall include in the notice the purpose of the meeting and why the Board is considering imposing charter oversight.
- C.** In determining the appropriate charter oversight action to take, the Board shall consider the following, as applicable:
1. Threat to the health or safety of children;
 2. Whether the charter holder's historical compliance record indicates repeated or multiple breaches of the provisions of its charter, other contractual agreements with the Board, federal or state laws, or this Chapter;
 3. Whether the charter holder has failed to meet the minimum academic performance expectations specified under R7-5-401;
 4. Length of time the issue has been occurring;

5. The charter holder's compliance with and response to Board investigation by providing necessary information and documentation within requested time frames;
 6. Whether there has been a misuse of funds; and
 7. Any other factor that bears on the charter holder's ability and willingness to comply with its charter, other contractual agreements with the Board, federal and state laws, and this Chapter.
- D.** Charter oversight actions available to the Board include, but are not limited to the following:
1. Imposing a civil penalty, as authorized under A.R.S. § 15-185 and described under R7-5-604;
 2. Requesting the Department withhold up to 10 percent of a charter holder's monthly state aid as authorized under A.R.S. § 15-185 and described under R7-5-605 and requiring the charter holder to submit a CAP as described under R7-5-510;
 3. Entering into a consent agreement with a charter holder as described under R7-5-606;
 4. Issuing a notice of intent to revoke a charter as authorized under A.R.S. § 15-183 and described under R7-5-607; and
 5. Revoking a charter as authorized under A.R.S. § 15-183 and described under R7-5-607.

Historical Note

New Section R7-5-601 renumbered from R7-5-304 and amended by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-602. Oversight of Charter Schools Assigned a Letter Grade of "F" by the Department

- A.** If the Department notifies the Board, as required under A.R.S. § 15-241, that a charter school has been assigned a letter grade of "F," the Board shall require the charter holder to appear before the Board for consideration of whether the Board will issue a notice of intent to revoke the charter under R7-5-607 or restore the charter to acceptable performance through a consent agreement under R7-5-606.
- B.** Upon receipt of the Department's notice under subsection (A), the Board shall provide written notice to the charter holder that the school has been designated a failing school.
- C.** Within 30 days after receipt of the notice provided under subsection (B), the charter holder shall:
1. As required under A.R.S. § 15-241, provide written notice to the parents or guardians of all students attending the school that the Department has assigned the school a letter grade of "F" because the school is demonstrating a failing level of performance. The charter holder shall provide to the Board a copy of the notice required under this subsection;
 2. Provide the Board with a list of the names and mailing addresses of the parents or guardians of all students attending the school;
 3. Ensure the charter school's public communications that make a statement concerning the charter school's academic performance, including the charter school's web site and promotional materials, accurately describe the charter school's most current annual achievement profile assigned by the Department; and
 4. If notified the charter holder does not meet the minimum financial performance expectations, submit a financial performance response as described under R7-5-509.
- D.** If required, Board staff shall evaluate the financial performance response specified under R7-5-509.
- E.** The Board shall provide the charter holder with at least 72 hours' written notice of the date, time, and location of the pub-

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lic meeting at which the Board will consider whether to restore the charter to acceptable performance or revoke the charter. In making this decision, the Board shall consider all relevant factors including:

1. Whether the charter holder complied fully with the provisions of subsection (C);
 2. Whether the charter holder failed to meet the minimum academic performance expectations based on student achievement measures specified in the Academic Performance Framework;
 3. Whether the charter holder has demonstrated, under R7-5-508, sufficient progress toward achieving the minimum academic performance expectations;
 4. Whether the charter holder meets the minimum financial performance expectations;
 5. Whether the charter holder timely complied with Board requests for information and documents;
 6. Whether the charter holder's historical compliance record indicates repeated or multiple breaches of its charter, other contractual agreements with the Board, federal or state law, or this Chapter; and
 7. Any other factor the Board determines has a bearing on the charter holder's ability or willingness to comply with the provisions of its charter, other contractual agreements with the Board, federal and state law, and this Chapter.
- F.** If the Board decides to restore the charter to acceptable performance, the Board shall enter into a consent agreement with the charter holder as provided under R7-5-606. If the Board decides to revoke the charter, the Board shall issue a notice of intent to revoke the charter as provided under R7-5-607.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-603. Oversight of Charter Schools Assigned a Letter Grade of "D" by the Department

- A.** Within 30 days after the Department notifies a charter holder under A.R.S. § 15-241 that a charter school operated by the charter holder has been assigned a letter grade of "D," the charter holder shall:
1. Comply fully with A.R.S. § 15-241 by providing written notice to the parents or guardians of all students attending the school. The charter holder shall include the following in the notice:
 - a. The Department has assigned the charter school a letter grade of "D;"
 - b. The charter holder is required under A.R.S. § 15-241.02 to prepare an improvement plan within 90 days after the charter school was assigned a letter grade of "D;" and
 - c. The charter holder is required to present the improvement plan to the Board at a public meeting;
 2. Provide the Board a copy of the notice required under subsection (A)(1);
 3. Provide the Board with a list of the names and mailing addresses of the parents or guardians of all students attending the school; and
 4. Ensure the charter school's public communications that make a statement concerning the charter school's academic performance, including the charter school's web site and promotional materials, accurately describe the charter school's most current academic performance rating assigned by the Department.
- B.** The Board shall require a charter holder that fails to comply fully with subsection (A) to appear before the Board for con-

sideration of the charter holder's noncompliance and may subject the charter holder to additional charter oversight.

- C.** Under A.R.S. § 15-241.02, the Board is required to revoke the charter of a charter school if the Board determines the improvement plan required under subsection (A)(1)(b) was not properly implemented.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-604. Civil Penalty for Fingerprinting Violation

- A.** After identifying a violation of A.R.S. §§ 15-183, 15-512 or both, Board staff shall provide the charter holder with written notice of noncompliance with statutory fingerprinting requirements and the date, time, and location of the Board meeting at which the Board will consider whether to impose a civil penalty under A.R.S. § 15-185.
- B.** If the Board determines a charter holder has failed to comply with the statutory fingerprinting requirements in A.R.S. §§ 15-183 or 15-512, the Board may impose a civil penalty of \$1,000 per occurrence as provided under A.R.S. § 15-185.
- C.** Within 30 days after a civil penalty is imposed under subsection (B), the charter holder may submit to the Board a written appeal of the civil penalty. The charter holder shall include the following information in the written appeal:
1. Name and address of the appellant;
 2. Concise statement of the reason for the appeal;
 3. Relief sought; and
 4. If the appellant will be represented by an attorney, the attorney's name, address, and telephone number.
- D.** The Board shall hold a hearing to consider the appeal within 60 days after receiving the appeal.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-605. Withholding State Funds

- A.** Under A.R.S. § 15-185, if the Board determines at a public meeting that a charter holder is not in compliance with its charter or federal or state law, the Board may request the Department to withhold up to 10 percent of the charter holder's monthly apportionment of state aid.
- B.** If the Board decides to request that the Department withhold part of the charter holder's monthly apportionment of state aid, the Board shall provide written notice to the charter holder. The Board shall include the following in the notice:
1. The reason the withholding is being imposed,
 2. The percentage of the charter holder's monthly apportionment of state aid to be withheld,
 3. The date on which the withholding will begin, and
 4. Actions required by the charter holder before the full amount of state aid is restored.
- C.** If a percentage of the charter holder's monthly apportionment of state aid is withheld for six months and the charter holder has not completed the actions required under subsection (B)(4), the Board shall consider the charter holder's noncompliance and may subject the charter holder to additional charter oversight including issuing a notice of intent to revoke under R7-5-607.
- D.** If a percentage of the charter holder's monthly apportionment of state aid is withheld for failure to submit an audit for two months, the Board shall consider the charter holder's noncompliance and may subject the charter holder to additional charter oversight including issuing a notice of intent to revoke under R7-5-607.

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- E. When the Board determines the charter holder is in compliance with its charter and federal and state law, the Board shall request that the Department restore the full amount of state aid to the charter holder.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-606. Consent Agreement

- A. If the Board determines that a charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state law, or this Chapter, the Board may enter into a consent agreement with the charter holder to resolve the noncompliance.
- B. The Board shall include the following in a consent agreement:
1. The reason for the consent agreement;
 2. The facts and conditions to which the Board and charter holder agreed;
 3. The actions the charter holder must take to demonstrate compliance and avoid further charter oversight;
 4. The time within which the charter holder is to complete the actions specified under subsection (B)(3); and
 5. After approval by both the Board and charter holder, the signatures of both the Board president and charter representative.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).

R7-5-607. Revocation

- A. If the Board determines that a charter holder is not in compliance with its charter, federal or state law, or this Chapter, the

Board may issue a written notice of intent to revoke the charter as authorized under A.R.S. § 15-183.

- B. When a charter holder receives a notice of intent to revoke and notice of hearing, the charter holder shall:
1. Within 48 hours after receiving the notice of intent to revoke and notice of hearing, provide written notice that includes the following to all staff and the parents or guardians of all students attending the school:
 - a. A notice of intent to revoke has been received;
 - b. The notice of intent to revoke may be inspected at the charter school location; and
 - c. The date, time, and location of the hearing set with the Office of Administrative Hearings; and
 2. Within 20 days after receiving the notice of intent to revoke, provide the Board with:
 - a. A copy of the notice required under subsection (B)(1), and
 - b. A list of the names and mailing addresses of the parents or guardians of all students attending the school.
- C. Both the Board and charter holder shall appear for an administrative hearing before an administrative law judge at the Office of Administrative Hearings on the date provided in the notice of intent to revoke.
- D. After the administrative hearing under subsection (C) and receipt of the decision of the administrative law judge, the Board shall hold a public meeting at which the Board shall:
1. Decide whether to accept, reject, or modify the decision of the administrative law judge; and
 2. Take action on the charter.

Historical Note

New Section made by final rulemaking at 23 A.A.R. 693, effective May 6, 2017 (Supp. 17-1).