



NOTICES OF PROPOSED RULEMAKING

This section of the *Arizona Administrative Register* contains Notices of Proposed Rulemakings.

A proposed rulemaking is filed by an agency upon completion and submittal of a Notice of Rulemaking Docket Opening. Often these two documents are filed at the same time and published in the same *Register* issue.

When an agency files a Notice of Proposed Rulemaking under the Administrative Procedure Act (APA), the notice is published in the *Register* within three weeks of filing. See the publication schedule in the back of each issue of the *Register* for more information.

Under the APA, an agency must allow at least 30 days to elapse after the publication of the Notice of Proposed Rulemaking in the *Register* before beginning any proceedings for making, amending, or repealing any rule. (A.R.S. §§ 41-1013 and 41-1022)

The Office of the Secretary of State is the filing office and publisher of these rules. Questions about the interpretation of the proposed rules should be addressed to the agency the promulgated the rules. Refer to item #4 below to contact the person charged with the rulemaking and item #10 for the close of record and information related to public hearings and oral comments.

NOTICE OF PROPOSED RULEMAKING

TITLE 7. EDUCATION

CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

[R16-220]

PREAMBLE

<u>1. Article, Part, or Section Affected (as applicable)</u>	<u>Rulemaking Action</u>
R7-5-101	Amend
Article 2	Amend
R7-5-201	Amend
R7-5-202	Amend
R7-5-203	Amend
R7-5-204	Amend
R7-5-205	Amend
R7-5-206	Amend
R7-5-207	Amend
R7-5-208	New Section
Article 3	ReNUMBER
Article 3	New Article
R7-5-301	ReNUMBER
R7-5-301	New Section
R7-5-302	ReNUMBER
R7-5-302	New Section
R7-5-303	ReNUMBER
R7-5-303	New Section
R7-5-304	ReNUMBER
R7-5-304	New Section
Article 4	Repeal
Article 4	New Article
R7-5-401	ReNUMBER
R7-5-401	New Section
R7-5-402	New Section
R7-5-403	New Section
R7-5-404	New Section
Article 5	Repeal
Article 5	New Article
R7-5-501	Repeal
R7-5-501	ReNUMBER
R7-5-501	Amend
R7-5-502	Repeal



R7-5-502	Renumber
R7-5-502	Amend
R7-5-503	Repeal
R7-5-503	New Section
R7-5-504	Repeal
R7-5-504	New Section
R7-5-505	New Section
R7-5-506	New Section
R7-5-507	New Section
R7-5-508	New Section
R7-5-509	New Section
R7-5-510	Renumber
R7-5-510	Amend
Article 6	Renumber
Article 6	New Article
R7-5-601	Renumber
R7-5-601	Amend
R7-5-602	New Section
R7-5-603	New Section
R7-5-604	New Section
R7-5-605	New Section
R7-5-606	New Section
R7-5-607	New Section

2. Citations to the agency's statutory rulemaking authority to include the authorizing statute (general) and the implementing statute (specific):

Authorizing statute: A.R.S. § 15-182(E)(5)

Implementing statute: A.R.S. §§ 15-182(E)(1), 15-183(I)(1) through (4), and 15-183(R)

3. Citations to all related notices published in the Register as specified in R1-1-409(A) that pertain to the record of the proposed rule:

Notice of Rulemaking Docket Opening: 22 A.A.R. 823, April 15, 2016

4. The agency's contact person who can answer questions about the rulemaking:

Name: Whitney Chapa, Executive Director

Address: State Board for Charter Schools
1616 W. Adams St., Suite 170
Phoenix, AZ 85007

or

P.O. Box 18328
Phoenix, AZ 85009

Telephone: (602) 364-3091

Fax: (602) 364-3089

E-mail: whitney.chapa@asbcs.az.gov

Web site: www.asbcs.az.gov

5. An agency's justification and reason why a rule should be made, amended, repealed, or renumbered, to include an explanation about the rulemaking:

The Board is amending its rules to make them consistent with statutory changes made in 2012 and 2013, to make the changes identified as needed in a five-year-review report approved by Council on October 4, 2016, and to place in rule the Board's academic, financial, and operational expectations for charter holders.

An exemption from Executive Order 2015-01 was provided for this rulemaking by Dawn Wallace, Education Policy Advisor in the Governor's office, in an e-mail dated January 6, 2016.

6. A reference to any study relevant to the rule that the agency reviewed and proposes either to rely on or not to rely on in its evaluation of or justification for the rule, where the public may obtain or review each study, all data underlying each study, and any analysis of each study and other supporting material:

The Board does not intend to review or rely on a study in its evaluation of or justification for any rule in this rulemaking.

7. A showing of good cause why the rulemaking is necessary to promote a statewide interest if the rulemaking will diminish a previous grant of authority of a political subdivision of this state:

Not applicable



8. The preliminary summary of the economic, small business, and consumer impact:

The Board believes the rulemaking will have minimal economic impact on current charter holders and applicants for a charter. The rulemaking involves no substantive change to the Board's current rules and policies. Rather, it clarifies existing rules and places policies into rule so the policies are more readily available to applicants and charter holders.

9. The agency's contact person who can answer questions about the economic, small business, and consumer impact statement:

Name: Whitney Chapa, Executive Director
 Address: State Board for Charter Schools
 1616 W. Adams St., Suite 170
 Phoenix, AZ 85007
 or
 P.O. Box 18328
 Phoenix, AZ 85009
 Telephone: (602) 364-3091
 Fax: (602) 364-3089
 E-mail: whitney.chapa@asbcs.az.gov
 Web site: www.asbcs.az.gov

10. The time, place, and nature of the proceedings to make, amend, repeal, or renumber the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

An oral proceeding regarding the proposed rules will be held as follows:

Date: Tuesday, November 29, 2016
 Time: 3:00 p.m.
 Location: ASBCS Office
 1616 W. Adams St., Suite 170
 Phoenix, AZ 85007

11. All agencies shall list other matters prescribed by statute applicable to the specific agency or to any specific rule or class of rules. Additionally, an agency subject to Council review under A.R.S. §§ 41-1052 and 41-1055 shall respond to the following questions:

None

a. Whether the rule requires a permit, whether a general permit is used and if not, the reasons why a general permit is not used:

Charters issued under Article 2 and amendments made under Article 3 are general permits consistent with A.R.S. § 41-1037 because they are issued to qualified individuals or entities to conduct activities that are substantially similar in nature.

b. Whether a federal law is applicable to the subject of the rule, whether the rule is more stringent than federal law and if so, citation to the statutory authority to exceed the requirements of federal law:

There are numerous federal laws that apply to public schools. However, no federal law is directly applicable to the subject of these rules. The rules are no more stringent than federal law.

c. Whether a person submitted an analysis to the agency that compares the rule's impact of the competitiveness of business in this state to the impact on business in other states:

No analysis was submitted.

12. A list of any incorporated by reference material as specified in A.R.S. § 41-1028 and its location in the rules:

None

13. The full text of the rules follows:

TITLE 7. EDUCATION

CHAPTER 5. STATE BOARD FOR CHARTER SCHOOLS

ARTICLE 1. GENERAL PROVISIONS

Section
 R7-5-101. Definitions

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



Section

- R7-5-201. Application for a New Charter
- R7-5-202. New Charter Application Processing Fee
- R7-5-203. ~~Time frames~~ Time Frames for Granting or Denying a New Charter
- R7-5-204. Review of Administratively Complete Application Package for a New Charter, Technical Assistance, and ~~In-person~~ In-person Interview
- R7-5-205. Execution of a New Charter
- R7-5-206. ~~Good Cause~~ Good-cause Extension to Execute a New Charter
- R7-5-207. ~~Good Cause~~ Good-cause Suspension of a New Charter
- R7-5-208. Application for Replication Charter

ARTICLE 3. ~~CHARTER OVERSIGHT~~ POST-CHARTER ACTIONS

Section

- R7-5-301. General Provisions
- R7-5-302. Application for Charter Renewal; Early Renewal of Charter
- R7-5-303. Charter Transfer Application
- R7-5-304. Charter Amendment Requests

ARTICLE 4. ~~AMENDMENT TO A CHARTER~~ MINIMUM PERFORMANCE EXPECTATIONS

Section

- R7-5-401. ~~Amendment to a Charter~~ Minimum Academic Performance Expectations
- R7-5-402. Minimum Financial Performance Expectations
- R7-5-403. Minimum Operational Performance Expectations
- R7-5-404. Development and Use of Performance Frameworks

ARTICLE 5. ~~AUDITS AND AUDIT CONTRACTS~~ CHARTER SUPERVISION

Section

- ~~R7-5-301~~ R7-5-501. ~~Audit Guidelines~~ General Supervision, Oversight, and Administrative Responsibility
- ~~R7-5-303~~ R7-5-502. ~~Approval of Audit Contracts~~ Site Visits; Records; Notice of Violation
- R7-5-503. ~~Audit Completeness Determinations~~ Annual Academic Performance Review
- R7-5-504. ~~Review of Complete Audit~~ Annual Audit and Financial Performance Review
- R7-5-505. Annual Operational Performance Review
- R7-5-506. Five-year-interval Review
- R7-5-507. Complaints
- R7-5-508. Demonstration of Sufficient Progress towards Minimum Academic Performance Expectations
- R7-5-509. Financial Performance Response
- ~~R7-5-302~~ R7-5-510. Corrective Action Plan

~~ARTICLE 3.~~ ARTICLE 6. CHARTER OVERSIGHT

Section

- ~~R7-5-304~~ R7-5-601. ~~Disciplinary Action~~ Charter Oversight; General Provisions
- R7-5-602. Oversight of Charter Schools Assigned a Letter Grade of "F" by the Department
- R7-5-603. Oversight of Charter Schools Assigned a Letter Grade of "D" by the Department
- R7-5-604. Civil Penalty for Fingerprinting Violations
- R7-5-605. Withholding State Funds
- R7-5-606. Consent Agreement
- R7-5-607. Revocation

ARTICLE 1. GENERAL PROVISIONS

R7-5-101. Definitions

For the purpose of 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 the authority to discipline a certified public accountant or audit firm.

"Administrative completeness review ~~time frame~~ 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. ~~The administrative completeness review time frame does not include the period during which the Board performs a substantive review of the submission.~~



~~“Annual application cycle” means a new charter application the process which is conducted the Board conducts each year to receive and review new charter applications and grant or deny charters for the operation of new a charter schools and is based on the earliest fiscal year in which a new charter school may begin operation.~~

~~“Applicant” means a person that applies to the Board for a new charter, a person who applies to transfer a charter from another charter school sponsor, a charter holder who applies to renew or replicate a charter sponsored by the Board, or a charter holder who applies to transfer an existing charter school site operated under a charter sponsored by the Board to a separate Board-sponsored charter held by the same charter holder.~~

~~“Application” means the Board-approved forms and instructions used by an applicant or charter holder to apply for a new charter, transfer a charter, or renew or replicate a charter sponsored by the Board.~~

~~“Application package” means an application form, narratives, and documents, including exhibits and attachments, as 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’ website Schools.~~

~~“Audit” means a charter holder’s annual audit, as required by 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.~~

~~“Audit firm” means a business that conducts an independent audit for a charter school.~~

~~“Audit guidelines” means the Board-approved general guidance on charter school audit requirements, which is available online.~~

~~“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 for with the Board for the purposes of communication and accountability to contract charter terms and conditions.~~

~~“Charter school” means a public school operated under a charter granted under A.R.S. § 15-181 et seq 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 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.~~

~~“Good standing” means that a supervising certified public accountant or audit firm has no current or pending disciplinary action or any regulatory action that requires the supervising certified public accountant or audit firm to complete conditions specified by an accounting industry regulatory body.~~

~~“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~~ 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 ~~within in~~ in the submission. The overall ~~time-frame~~ time frame consists of both the administrative completeness review ~~time-frame~~ time frame and the substantive review ~~time-frame~~ time frame.

“Oversight” means regulatory actions of the Board towards a charter holder the Board has determined is not in compliance with its charter, other contractual agreements with the Board, or statutory requirements or is not making sufficient progress toward meeting the Board’s performance expectations.

“Peer review” means an external ~~quality control~~ quality-control review, as required by generally accepted government auditing standards, ~~that~~ which determines whether an audit firm’s internal ~~quality control~~ quality-control system is in place and 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.

“Preliminary application package” means an administratively complete application package that is forwarded to the Technical Review Panel for scoring.

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

“~~Revised application package~~” means an application package including revisions submitted by an applicant after receiving written notification that the applicant’s preliminary application package failed to meet the scoring requirements of R7-5-204.

“Serious impact finding” means an issue identified by the Board that ~~in the opinion of~~ the Board believes has or potentially has a ~~significant~~ 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 ~~the~~ children, gross violation of generally accepted accounting principles that increases the opportunity for fraud or theft, or ~~repeat~~ repeated issues of ~~non-compliance~~ noncompliance.

“~~Submission deadline~~” means a date and time established each year by the Board and identified in the application for a new charter by which a new charter application package shall be submitted to the Board to be considered in a specified annual application cycle.

“Substantive review ~~time-frame~~ 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 ~~within in~~ in the submission.

“Sufficiently qualified” means the Board’s determination that an applicant’s ~~application package~~, knowledge and understanding of the ~~application package~~, 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 frameworks adopted expectations established by the Board and requirements of statute and rule.

“Supervision” means actions taken by the Board to observe and assess whether a charter holder is complying with its charter, other contractual agreements with the Board, and federal and state law and meeting performance expectations.

“Supervising certified public accountant” means the certified public accountant responsible for leading the audit ~~work~~ 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 ~~in the evaluation of a preliminary or revised~~ the Board by conducting a preliminary evaluation of an application package.

ARTICLE 2. APPLICATION FOR A NEW ~~CHARTERS~~ 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 ~~online at its web site~~ on ASBCS Online an application for a new charter for a specified annual application cycle.
- B. A person ~~desiring that~~ wants to establish a charter school shall submit ~~an a~~ complete application package ~~online through the web-based application wizard on ASBCS Online~~ by the submission deadline identified in the application.
- C. A person may utilize an alternate submission process 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
- 1- ~~A person utilizing the alternate submission process shall submit by hand delivery deliver or mail a signed, notarized waiver request to the Board, in the form and by the waiver deadline set out 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.~~
2. ~~The Board shall send an acknowledgment of timely receipt of a waiver request within 10 days of receipt of a waiver request.~~
- 3- ~~Any person who submits a timely waiver request waives the right to have the Board consider any application package submitted through ASBCS Online in the same annual application cycle. Instead, such a person shall only submit an application package according to the alternate submission process instructions and by the alternate submission process submission deadline identified in the application.~~
4. ~~An~~ The Board shall not accept an application package shall not be accepted through the alternative submission process unless a waiver request has been received submitted by the waiver deadline and acknowledged as timely by the Board.

~~C.D.~~ An applicant for a new charter shall ensure that the submitted application package contains all the information, materials, documents, and attachments identified in the application for a new charter for the current annual application cycle 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 that the application, which shall together constitute:

- 1- ~~A detailed educational plan;~~
- 2- ~~A detailed business plan;~~
- 3- ~~A detailed operational plan; and~~
- 4- ~~Any other materials the Board requires.~~

R7-5-202. New Charter Application Processing Fee

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

- 1- ~~The new charter application processing fee is \$6,500 for each application package an applicant submits to the Board.~~
- 2-1. ~~Each~~ An applicant shall pay the new charter application processing fee in the form of a single personal check or cashier's check with the applicant's name clearly identified on the front of the 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. ~~The check shall be~~ Is delivered by mail or hand delivery to the Board office during regular business hours by the submission deadline.
- 3-2. ~~Failure to timely submit the new charter application processing fee shall result in the Board staff shall deem an application package being deemed administratively incomplete under R7-5-203(B) if the new charter application processing fee is not received by the submission deadline.~~
- 4-3. ~~All Board staff shall deposit all checks shall be deposited~~ within five days of submission. If an applicant's new charter application processing fee payment to the Board check is dishonored for any reason including an insufficient funds check, Board staff shall:
 - a. ~~The application package shall be deemed~~ Deem the application package administratively incomplete under R7-5-203(B), and
 - b. ~~The applicant shall use a cashier's check to pay the new charter application processing fee for any application package submitted to the Board by the applicant at any later date~~ Require the applicant to pay any future fees to the Board by cashier's check.
- 5-4. ~~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 shall be refunded to the applicant. The fee refund shall be mailed by U.S. Postal Service regular mail by mailing a refund check to the authorized representative at the address provided in the application package.~~
- 6-5. ~~If an application package is found to be administratively complete under R7-5-203(B), the new charter application processing fee shall become~~ becomes non-refundable except as required under A.R.S. § 41-1077(A).

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

- A. For granting or denying a new charter, the ~~time frames required~~ 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 application package for a charter school applicant for a new charter shall be submit to the Board an~~ administratively complete if application package by the submission deadline. An application package is complete if:
 1. The application package is from the current application cycle;



- ~~1-2.~~ The application package contains all the information, materials, documents, attachments, signatures, and notarizations identified in the application ~~for a new charter for the current annual application cycle;~~
- ~~2-3.~~ All the application package's components are formatted as required ~~by that application;~~
- ~~3-4.~~ All curriculum samples address the required standard;
- ~~4-5.~~ All templates are unmodified, ~~completely filled out and completed,~~ and ~~from the current annual application cycle;~~ and
- ~~5-6.~~ The application processing fee ~~has been paid according to required under R7-5-202(1), (2), and (4) is paid.~~
- C. The administrative completeness review ~~time frame, as 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. If the application package is administratively incomplete when received, the Board staff shall provide to ~~Send~~ the applicant a written notice of deficiency that states the reasons the application package ~~was found to be~~ is administratively incomplete-;
 2. Upon written notice to the applicant that the application package is administratively incomplete, the Board staff shall ~~Administratively~~ close the applicant's file-; and
 3. Refund the new charter application processing fee paid under R7-5-202.
- ~~a-F.~~ If an applicant receives a written notice of deficiency under subsection (E) and if the submission deadline has not yet passed, an the applicant may correct the deficiencies in an the administratively incomplete application package and submit a new application package in the same annual application cycle, under by complying with R7-5-201; the applicant shall pay a new application processing fee, under R7-5-202.
- ~~b-G.~~ An If an applicant receives a written notice of deficiency under subsection (E) and who believes their the application was erroneously designated as administratively incomplete, the applicant may submit a written request for reconsideration to the Board within 10 days of after the date of the notice of deficiency.
- ~~i-H.~~ The An applicant that submits a written request for reconsideration under subsection (G) shall ensure the request; for reconsideration shall contain
 1. Contains a clear statement indicating how the previously submitted application package fulfilled each of the requirements ~~that were identified as having been deficient-; and~~
 2. The request for reconsideration shall not provide any Has no new or additional information, documents, or materials included or attached.
- ~~ii-I.~~ A 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, that does not address each deficiency identified in the notice or that contains new or additional information, documents, or materials shall not be considered and send the applicant notice shall be notified that the request was not submitted according to subsection (i) and the applicant's properly and the applicant's file is remains closed-;
 - iii. The Board staff shall review a request for reconsideration that is submitted according to subsection (i) and provide a decision on the request for reconsideration within 10 days of receipt.
 - ~~iv-2.~~ If the Board staff determines the application package was erroneously designated as administratively incomplete, the Board staff shall reopen the applicant's file and send the applicant a written notice of administrative completeness to the applicant-; or
 3. If the Board staff determines the application package was correctly designated as administratively incomplete, send the applicant notice the applicant's file shall remain remains closed.
 3. If the application package is administratively complete, the Board shall send a written notice of administrative completeness to the applicant.
- ~~4-J.~~ If the Board staff does not provide a notice of deficiency or administrative completeness to the applicant within the administrative completeness review time frame time frame, the application package is deemed administratively complete.
- ~~D-K.~~ A The substantive review time frame, as time frame listed in subsection (A)(2); begins when an application package is determined to be administratively complete. The Board staff shall ensure the substantive review is conducted according to R7-5-204.
- ~~E-L.~~ Within the time provided in subsection (A)(3), the Board staff shall provide the applicant with written notice of it's the Board's decision to grant or deny a charter.
 1. The Board shall deny a charter if # the Board determines that the application package does not meet the requirements of statute or rule or the applicant is not sufficiently qualified to operate a charter school. The Board staff shall include in the written notice shall include the basis for the denial and other information required under A.R.S. § 41-1092.03. The An applicant that receives a notice of denial may:
 - a. Submit a new application package under R7-5-201 for consideration by the Board in any 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.



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

- A.** The Board shall ensure ~~review~~ of an administratively complete application package for a new charter is reviewed as follows:
1. The Technical Review ~~panel~~ Panel shall score ~~the preliminary~~ an application package using the evaluation criteria identified in the application to determine whether ~~an~~ the application package meets the Board's ~~scoring~~ requirements.
 - ~~a-2. An~~ The Technical Review Panel shall assign an application package ~~shall be assigned~~ a score of "Meets the Criteria," "Approaches the Criteria," or "Falls ~~Below~~ below the Criteria" for each evaluation criterion.
 - ~~i-a. An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be scored~~ "Meets the Criteria" when the application section within which that evaluation criterion is identified ~~by the application~~:
 - (1)~~i.~~ Addresses the evaluation criterion fully with specific and accurate information;
 - (2)~~ii.~~ Reflects a thorough understanding of the evaluation criterion; and
 - (3)~~iii.~~ Is clear and coherent.
 - ~~ii-b. An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be assigned a score of~~ "Approaches the Criteria" when the application section within which that evaluation criterion is identified ~~by the application~~:
 - (1)~~i.~~ Addresses the evaluation criterion partially and or lacks specific and accurate information for some aspect of the evaluation criterion;
 - (2)~~ii.~~ Presents a partial understanding of the evaluation criterion; or
 - (3)~~iii.~~ Is not clear and coherent.
 - ~~iii-c. An~~ The Technical Review Panel shall score an evaluation criterion ~~shall be assigned a score of~~ "Falls ~~Below~~ below the Criteria" when the application section within which that evaluation criterion is identified ~~by the application~~ does not ~~fails to~~ address the evaluation criterion.
 - ~~b-3. An~~ application package meets the Board's ~~scoring~~ requirements if:
 - ~~i-a.~~ No evaluation criterion receives a score of is scored "Falls ~~Below~~ below the Criteria;,"
 - ~~ii-b.~~ No more than one evaluation criterion in each application section is scored as Approaching "Approaches the Criteria;," and
 - ~~iii-c.~~ The application package receives a score of Meets the Criteria for at At least 95% percent of the evaluation criteria in each plan (the educational plan, operational plan, and business plan) is scored "Meets the Criteria."
- 2-B.** ~~The Board staff shall conduct a background and credit check of each principal and authorized representative of the applicant and confirm determine whether each principal and authorized representative possesses a valid fingerprint clearance card issued by the State of Arizona.~~
- ~~a.~~ If issues arise from the information obtained an issue arises during the background and credit checks check of any principal or authorized representative, the Board staff shall provide the pertinent principal or authorized representative written notice of the issues issue and the principal will have the an opportunity to provide a written response clarifying addressing the information issue. The Board shall consider information obtained from the background and credit check when making the decision to grant or deny a new charter.
 - ~~b.~~ Information obtained and communications conducted during this process shall be considered by the Board in making its decision on whether to grant or deny a charter.
- 3-C.** ~~The Board staff shall notify the applicant if the preliminary If an application package fails to meet the scoring Board's requirements as evaluated by the Technical Review Panel specified under subsection (A)(3), Board staff shall provide written notice to the applicant. The Board staff shall provide include in the notice:~~
1. The reasons the application package fails failed to meet the scoring Board's requirements; and include the
 2. comments 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).
- 4-D.** ~~An If an applicant who receives notification that a preliminary application package fails to meet the scoring requirements as evaluated by the Technical Review Panel notice under subsection (C), the applicant may, within 20 days of the date of notice, submit to the Board:~~
1. ~~a~~ A revised application package, or a
 2. A written request that the preliminary previously submitted and scored application package be forwarded to the Board.
- 5-E.** ~~If a revised application package or written request is not submitted to the Board within 20 days of the date of notice that a preliminary application package fails to meet the scoring requirements an applicant that receives notice under subsection (C) fails to act under subsection (D), the Board staff shall close the applicant's file. An applicant whose file is closed and who wants to obtain a new charter shall apply again under R7-5-201 in any a later annual application cycle.~~
- 6-F.** ~~If a an applicant submits a revised application package is submitted under subsection (D), the Technical Review Panel shall score the revised application package using the scores and scoring requirements described in subsection (1) as specified under subsection (A).~~
7. ~~If a the revised application package fails to meet the scoring Board's requirements as evaluated by the Technical Review Panel specified under subsection (A)(3), the Board staff shall notify provide written notice to the applicant~~



of the intent to close the file. The Board staff shall include with the notice the comments of the Technical Review Panel.

~~8-G.~~ An applicant ~~who that~~ receives notification of the Board staff's intent to close the file notice under subsection (F) may, within 20 days ~~of after~~ the date of notice, submit a written request that the revised application package be forwarded to the Board.

~~9.~~ If a written request is not submitted to the Board within 20 days of the date of notice that a revised application package fails to meet the scoring requirements, the Board staff shall close the applicant's file. An applicant whose file is closed and ~~who~~ wants to obtain a charter shall apply again under R7-5-201 in ~~any~~ a later annual application cycle.

~~10-H.~~ At least 30 days ~~prior to before~~ the last Board meeting before the substantive review time frame ~~time frame~~ expires, and within 90 days of the determination that a preliminary or revised ~~after determining an~~ application package meets the ~~scoring~~ Board's requirements as evaluated by the Technical Review Panel, ~~under subsection (A)(3) or the receipt of receiving~~ an applicant's request under subsection (4) ~~(D)(2) or (8) (G)~~, that the Board consider an application package that fails to meet the scoring requirements as evaluated by the Technical Review Panel, 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:

- ~~a-1.~~ The applicant's understanding of the components presented in the ~~written~~ application package;
- ~~b-2.~~ The applicant's capacity to implement a plan to operate a charter school in accordance with the performance ~~frameworks adopted~~ expectations established by the Board;
- ~~e-3.~~ The applicant's clarification of any issues that arise ~~issue revealed~~ in the course of the due diligence process for ~~any~~ the applicant; ~~any~~ principal, ~~authorized representative~~, or Education Service Provider; and
- ~~d-4.~~ Any other ~~factors~~ factor relevant to determining whether the applicant is sufficiently qualified to operate a charter school.

~~11-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 ~~The Board shall consider an application package to determine whether to approve or deny the application package and whether to grant or deny the a new charter if the Technical Review Panel determines that the application package meets or exceeds the scoring requirements or if to the applicant requests under subsection (4) or (8) that the Board consider an application package that fails to meet the scoring requirements as evaluated by the Technical Review Panel.~~

~~a.~~ For the purpose of deciding whether to approve or deny the application package, the Board shall consider:

- ~~i.~~ The application package; and
- ~~ii.~~ A copy of the scoring rubric completed by the Technical Review Panel.

~~b.~~ For the purpose of deciding whether to grant or deny a new charter, the ~~The~~ Board shall use the following information to determine whether the applicant is sufficiently qualified ~~by considering the following to operate a charter school:~~

- ~~i-1.~~ The application package;
- ~~ii-2.~~ A copy of the ~~The~~ scoring rubric completed by the Technical Review Panel;
- ~~iii-3.~~ The results of the in-person interview of the applicant's principals and authorized representative;
- ~~iv-4.~~ Information obtained through ~~verification and investigation~~ and verification of the employment, experience, and education backgrounds including employment, experience, education, fingerprint clearance card, and assessment of creditworthiness for each of the principals each principal and authorized representative of the applicant;
- ~~v-5.~~ Information concerning any current or former charter operations for any principal, authorized representative, or Education Service Provider or principal of the applicant;
- ~~vi-6.~~ A Board staff report; and
- ~~vii-7.~~ Testimony presented at the Board meeting.

~~12.~~ The Board 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.

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.

R7-5-205. Execution of a New Charter

A. ~~After the Board's decision~~ Board decides to grant a new charter; ~~and but~~ before the charter is signed, the applicant shall submit to the Board the following:

1. ~~No change~~ A completed I.R.S. Form W-9, Request for Taxpayer Identification Number and Certification, obtained from the Department or online at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.
2. ~~Charter school site location~~ The following information including for each charter school site approved for educational use:
 - a. Certificate of occupancy ~~for each charter school site approved for educational use;~~ and
 - b. Fire marshal report ~~for each charter school site approved for educational use;~~ or
 - c. If either the certificate of occupancy ~~and or~~ fire marshal report ~~are 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 by the Secretary of State under A.R.S. § 38-431.02; and
5. ~~Copy A copy~~ of the lease agreement or other documentation of a secured charter school facility for each charter school site.
- B. ~~A charter shall be signed by the~~ 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 ~~a~~ 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~~ good-cause extension to execute the charter under R7-5-206.
 2. If an applicant ~~who that~~ is granted a new charter but does not timely sign the charter and does not obtain a ~~good-cause~~ good-cause extension wants to obtain a new charter, the applicant shall apply again under R7-5-201 in ~~any 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~~ good-cause extension to execute a charter under R7-5-206 or ~~good-cause~~ good-cause suspension of a charter under R7-5-207.
 1. A charter holder ~~who that~~ is granted a ~~good-cause~~ good-cause extension to execute a charter under R7-5-206 or ~~good-cause~~ 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 by ~~subsections~~ subsection (C) ~~and 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. ~~A~~ 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 rules, regulations, and statutes laws relating to health, safety, civil rights, and insurance at least 10 days before the first day it will begin providing educational instruction by submitting:
 1. Charter school site contact information;
 2. Insurance policy binder issued by an insurance company licensed to do business in Arizona;
 3. County health certificate for each site 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 site for the charter school;
 5. Certificate of attendance of the charter representative or principal at the special education training for new charters offered by the ~~Department's Exceptional Student Services Division~~ Department; and
 6. Any other documents required to demonstrate compliance with federal, state, and local ~~rules, regulations, and statutes~~ laws relating to health, safety, civil rights, and insurance.
- E. If a charter holder ~~has completed~~ submitted an Occupancy Compliance Assurance and Understanding form under subsection (A)(2), the Board shall not initiate state aid funding ~~shall not initiate~~ until the Board staff ~~has determined that~~ determines the required certificate of occupancy and fire marshal report submissions are complete and sufficient.
- F. A new charter is effective upon the signing of by both parties for a term of 15 years ~~commencing~~ beginning on the date stated in the charter, unless revoked under A.R.S. § 15-183(I).

R7-5-206. Good-Cause 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 ~~who that~~ has not yet executed the charter may submit to the Board a written request for a ~~good-cause~~ good-cause extension to execute a charter.
 1. The applicant shall ensure the written request for a ~~good-cause~~ good-cause extension to execute a charter shall:
 - a-1. ~~Explain~~ Explains and ~~provide~~ 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;
 - b-2. ~~Explain~~ Explains the applicant's new timeline for implementing the plans contained in the application package; and why the new timeline is viable and adequate ~~for achieving the proposed~~ to enable the applicant to execute the charter by the new timeline start-up date of the school and appropriate for operating a charter school in accordance with the performance frameworks adopted by the Board and requirements of statute and rule; and
 - c-3. ~~Provide~~ 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 ~~provided~~ and the requirements of R7-5-205(C)(1).
- B. The Board ~~may~~ shall grant a ~~good-cause~~ good-cause extension to execute a charter if an applicant demonstrates good cause. When considering a request for a deciding whether the applicant demonstrates good cause extension to execute a charter, the Board shall consider:
 - a-1. The timeliness of the ~~submission of the request for a good-cause extension~~ and the proposed extension date;
 - b-2. The viability of the applicant's new timeline for implementing the plans contained in the application package;
 - c-3. Whether the new timeline ~~provided by the applicant~~ 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;
 - d-4. ~~Unforeseen~~ The circumstances affecting the applicant indicates affected the applicant's ability to execute the charter within the allotted 12 months;
 - e-5. Whether there have been changes in the principals of the applicant; and



- ~~f-6.~~ The ~~status of extent to which the applicant is in~~ compliance with all applicable federal, ~~State state,~~ and local laws; and with all of the terms of a charter.
- ~~3-C.~~ The Board shall not grant more than one ~~good-cause good-cause~~ extension to execute a ~~particular~~ charter to any applicant for the same charter.
- ~~4-D.~~ If the Board grants a ~~good-cause 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 shall ~~expire expires~~.
- R7-5-207. ~~Good-Cause Good-cause~~ Suspension of a ~~New~~ Charter**
- ~~A.~~ ~~Prior to~~ Before the first day of the fiscal year ~~that in which~~ a charter holder must begin providing educational instruction, the charter holder, if eligible under subsection (B), ~~of a not yet operational charter~~ may submit to the Board a written request for a ~~good-cause good-cause~~ suspension of a ~~the~~ charter.
- ~~1-B.~~ A charter holder is eligible to apply for a ~~good-cause good-cause~~ suspension of a ~~the~~ charter if:
- ~~a-1.~~ The charter holder has not been granted a ~~good-cause good-cause~~ extension to execute a ~~the~~ charter,
 - ~~b-2.~~ The charter holder has not begun providing educational instruction under the charter, and
 - ~~e-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.
- ~~2-C.~~ The ~~charter holder shall ensure the~~ written request for a ~~good-cause good-cause~~ suspension of a charter shall:
- ~~a-1.~~ ~~Explain Explains~~ and ~~provide 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);
 - ~~b-2.~~ ~~Explain 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 ~~for achieving the proposed start-up date of the school and appropriate for operating to enable the charter holder to operate~~ a charter school in accordance with the ~~charter and~~ performance frameworks ~~adopted expectations established~~ by the Board ~~and requirements of statute and rule~~.
 - ~~e-3.~~ ~~Provide 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 ~~provided~~ and the requirements of R7-5-205(C)(1).
- ~~3-D.~~ The Board ~~may shall~~ grant a ~~good-cause good-cause~~ suspension of a charter if the charter holder demonstrates good cause. When ~~considering a request for a~~ deciding whether the charter holder demonstrates good cause ~~suspension of a charter~~, the Board shall consider:
- ~~1.~~ ~~Whether the charter holder is eligible under subsection (B) for a good-cause suspension of a charter:~~
 - ~~a-2.~~ The timeliness of the ~~submission of the~~ request for a ~~good-cause suspension of a charter~~ and the proposed extension date;
 - ~~b-3.~~ The viability of the charter holder's new timeline for implementing the plans contained in the application package;
 - ~~e-4.~~ Whether the new timeline ~~provided by the charter holder~~ 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;
 - ~~d-5.~~ ~~Unforeseen~~ The circumstances ~~affecting the charter holder indicates affected~~ the charter holder's ability to begin providing educational instruction as required under R7-5-205(C);
 - ~~e-6.~~ Whether there have been changes in the principals of the charter holder; and
- ~~f-7.~~ The ~~status of extent to which the charter holder is in~~ compliance with all applicable federal, ~~State state,~~ and local laws; and with all of the terms of the charter.
- ~~4-E.~~ The Board shall not grant more than one ~~good-cause good-cause~~ suspension of a ~~particular~~ charter to any charter holder for the same charter and shall not grant a good cause suspension of a charter to any charter holder who previously received a good cause extension to execute a charter for the same charter.
- ~~5-F.~~ A charter holder who is granted a ~~good-cause good-cause~~ suspension may ~~execute and~~ submit an amendment to the charter indicating a new effective date ~~which shall conform that conforms~~ to R7-5-205(C)(1) and is the date ~~on by~~ which the charter holder shall begin providing educational instruction.
- ~~6-G.~~ A charter holder who is granted a ~~good-cause good-cause~~ suspension of a ~~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, ~~and The holder of a suspended charter shall promptly return any such funding it receives prior to before~~ the fiscal year in which it begins providing educational instruction.
- ~~7-H.~~ A charter holder granted a ~~good-cause 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).

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 eligibil-



- ity 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 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.

ARTICLE 3. ~~CHARTER OVERSIGHT~~POST-CHARTER ACTIONS

R7-5-301. General Provisions

- 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 a change.
- C. A charter holder shall submit a post-charter action request to the Board electronically through ASBCS Online. The Board shall not accept a paper submission regarding a post-charter action.
- D. The Board shall make available on its web site instructions regarding eligibility and submission requirements for each kind of post-charter action request.
- E. To determine the date on which the Board will approve or disapprove a charter amendment request listed under R7-5-304, 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.
- F. If the Board will consider a post-charter action request at an open meeting, the Board shall notify the charter holder of the date, time, and location of the Board meeting. The charter holder shall attend the Board meeting at which the post-charter action request will be considered.
- G. The Board has delegated to staff authority to approve charter amendment requests listed under R7-5-304 when the standards for approval can be applied without the exercise of discretion.

R7-5-302. Application for Charter Renewal; Early Renewal of Charter

- A. 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.
- B. 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.
- C. The Board shall not consider a renewal application package that is not submitted by the date specified in subsection (B).
- D. 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.
- E. 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.
- F. 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 or 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).
- G. 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.
- H. Within 15 days after receiving a letter of intent to apply for early renewal, Board staff shall review evidence of the charter holder's eligibility under subsection (G). If Board staff determines the charter holder is eligible to apply for early renewal, the Board shall provide the charter holder with the renewal application referenced in subsection (A).
- I. As specified under A.R.S. § 15-183(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 or 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).

R7-5-303. Charter Transfer Application

- A.** A charter transfer application may be used to do either of the following:
1. Transfer sponsorship of a charter to the Board; or
 2. Transfer a charter site 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.** A charter holder that intends to transfer as specified under subsection (A) shall submit to the Board a letter of intent to transfer.
- C.** After the Board acknowledges the intent to transfer, the charter holder shall submit to the Board a charter transfer application package.
- D.** 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.
- E.** 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.

R7-5-304. Charter Amendment Requests

- A.** 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 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 holder's 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.
- B.** 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.

ARTICLE 4. AMENDMENT TO A CHARTER MINIMUM PERFORMANCE EXPECTATIONS

R7-5-401. Amendment to a Charter 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 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;
 - d. When considering a charter contract renewal request 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;
 - 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; and
 - g. 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 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.
- R7-5-402. Minimum Financial Performance Expectations**
- A. The Board shall assess a charter holder's achievement of 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" 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” 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” 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” in 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).

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.
 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; or
 - iv. A request to change program 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.

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 modifications 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.

ARTICLE 5. ~~AUDITS AND AUDIT CONTRACTS~~ CHARTER SUPERVISION

~~R7-5-301.~~ **R7-5-501. Audit Guidelines General Supervision, Oversight, and Administrative Responsibility**

~~By July 1 of each year, the Board shall make available to the public at its office and online at its web site, written audit guidelines that provide general guidance on charter school audit requirements, including the deadline for submitting the completed audit to the Board and information that must be included for the audit to be deemed complete.~~

- A.** A charter holder shall:
 - 1. ~~comply~~ Comply with the provisions of its charter, contractual agreements with the Board, and with federal and state laws, ~~at all times, and this Chapter;~~
 - 2. Meet the minimum performance expectations specified in Article 4; and
 - 3. Notify the Board of any adverse condition that may affect the charter school's opening or operations.
- B.** ~~The Board may use~~ shall supervise a charter holder's compliance with subsection (A) using any of the following means in performing its administrative responsibilities to and general supervision and oversight of a charter holder:
 - 1. ~~Oral, written, and electronic or written communication with;~~
 - a. ~~the~~ The ~~authorized charter representative or authorized charter school personnel;~~
 - ~~2-b. Oral, written, and electronic communication with representatives~~ Representatives of federal, state, and local agencies having jurisdiction over the operation of the charter school or having the authority to investigate or adjudicate allegations of misconduct by any member of the charter school's staff; and
 - ~~3-c. Oral, written, and electronic communication with students~~ Students, parents, charter school staff, or outside parties regarding any activity or program conducted by or for the charter school or regarding allegations of misconduct by any member of the charter school's staff;
 - 4. 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;
 - ~~5-6. A corrective action plan as described in R7-5-302~~ Operational performance review as described in R7-5-505; and
 - ~~6-7. A site visit as described in R7-5-303~~ Five-year-interval review of academic, financial, and operational performance, as described in R7-5-506.

~~R7-5-303.~~ **R7-5-502. Approval of Audit Contracts Site Visits; Records; Notice of Violation**

- A.** ~~In accordance with A.R.S. § 15-914 and Laws 1999, 1st S.S., Ch. 4, § 15, a charter holder shall submit to the Board for approval an audit contract for each audit before the audit begins.~~
- B.** ~~The Board shall disapprove an audit contract only for the following reasons:~~
 - 1. ~~Board knowledge that a person employed by the audit firm has been convicted under a federal or state statute for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty;~~
 - 2. ~~Failure of the audit firm or supervising certified public accountant to maintain good standing with an accounting industry regulatory body;~~
 - 3. ~~Violation of or failure of the audit firm to meet generally accepted auditing standards or generally accepted government auditing standards as identified by an accounting industry regulatory body;~~
 - 4. ~~Failure of the audit firm to receive an unmodified opinion during the audit firm's most recent peer review or failure of any auditor working on the audit to meet the continuing professional education requirements prescribed by generally accepted government auditing standards; or~~
 - 5. ~~Failure to acknowledge that the audit firm shall adhere to the audit requirements listed in the Board's audit guidelines.~~
- C.** ~~The Board shall provide written notification of approval or disapproval of an audit contract to the charter holder and the audit firm within 10 days of receipt of the audit contract.~~
- D.** ~~The Board shall include the cause for disapproval in a notice of disapproval.~~
- E.** ~~If the charter holder or audit firm provides documentation that demonstrates the cause for disapproval no longer exists, the Board shall approve the audit contract and notify all parties of the approval.~~
- A.** ~~A designee of the Board or Department may conduct a site visit of a charter school to a review or evaluate the charter school's financial operations, academic program, or compliance with the provisions of its charter and federal and state~~



- laws 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 fulfill its oversight function under the law and ensure evaluate the charter school is in holder's compliance with the provisions of its charter and federal and state laws R7-5-501(A).
 - C. A designee of the Board or Department shall conduct who conducts a site visit shall do so during regular operational hours of a 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.~~ A designee of the Board or Department may conduct an investigation of a charter school in response to concerns raised by students, parents, employees, members of the community or other individuals or groups regarding any activity or program conducted by or for the charter school or regarding allegations of misconduct by any member of the charter school's staff.
 - ~~F.~~ 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.
 - ~~G.~~ 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.
 - ~~H.~~ The Board or Department shall inform a charter holder in writing of any offense identified during a site visit and shall specify any further action that must be taken required by the charter holder. In determining the appropriate action to take, the Board shall consider the items in R7-5-304(A).
 - ~~I.~~ The Board shall require a charter holder with a serious impact finding to appear before the Board for possible disciplinary action under R7-5-304.
- R7-5-503. ~~Audit Completeness Determinations~~ Annual Academic Performance Review**
- ~~A.~~ In accordance with A.R.S. § 15-914 and Laws 1999, 1st S.S., Ch. 4, § 15, a charter holder shall submit an audit to the Board for a determination regarding the audit's completeness.
 - ~~B.~~ The Board shall find that an audit is incomplete if it does not include all of the items listed in the Board's audit guidelines.
 - ~~C.~~ The Board shall provide written notification of a complete audit to the charter holder within five days of the receipt of the audit. The Board shall provide written notification of an incomplete audit to the charter holder and the audit firm within five days of receipt of the audit.
 - ~~D.~~ The Board shall include the cause for the determination in a notice of an incomplete audit.
 - ~~E.~~ If the charter holder or audit firm provides documentation that demonstrates the cause for an incomplete audit no longer exists, the Board shall deem the audit complete and notify the charter holder.
 - ~~F.~~ The Board shall require that a charter holder whose audit does not include the items stated in the audit guidelines appear before the Board for possible disciplinary action under R7-5-304.
 - 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.

R7-5-504. ~~Review of Complete Audits~~ Annual Audit and Financial Performance Review

- ~~A.~~ The Board staff shall review each audit deemed complete.
- ~~B.~~ The Board shall send a letter to a charter holder after the audit is reviewed. If the Board identifies an issue in the audit, the Board shall direct the charter holder to address the issue and based on an assessment of the factors in R7-5-302(A), may require the charter holder to submit a corrective action plan.
- ~~C.~~ The Board shall require that a charter holder with a serious impact finding appear before the Board for possible disciplinary action under R7-5-304.
- 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 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 corrective action plan, 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.

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. 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. The Board is asked to do so by an outside entity with oversight of the charter holder or a business relationship with the charter holder.
- C. Within 10 days after completing the site visit under subsection (A) or a compliance check under subsection (B), Board staff shall provide the charter holder with written notice of any compliance issues identified and specify a deadline for addressing the issues.
- D. After receiving the notice provided under subsection (C), the charter holder shall provide the Board with written notice demonstrating that all identified compliance issues have been addressed by the specified deadline.
- E. The Board shall require a charter holder that fails to provide the notice required under subsection (D) 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 request on a Board agenda, and
 - 3. May subject the charter holder to charter oversight as described in Article 6.

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. The two-week interval during which Board staff will conduct the unscheduled academic-systems-review site visit specified in subsection (F).



- 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 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.

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 direct the complainant to 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 state of facts, and supporting evidence in the complaint. The charter holder may include evidence of compliance with the 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 the complainant a copy of the response and notice of the final action to be taken.

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 R7-5-503(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. Board staff shall provide written notice to a charter holder required to demonstrate sufficient progress towards achieving the minimum academic performance expectations. The Board shall ensure the notice includes the following:
 - 1. An explanation of why the charter holder is required to demonstrate sufficient progress towards achieving the minimum academic performance expectations;
 - 2. The indicators and measures in the academic performance framework the charter holder is not meeting;
 - 3. The deadline for meeting the minimum academic performance expectations.
- C. Within 30 days after issuing overall ratings, the Board shall provide the charter holder with a written evaluation of the charter holder's progress toward meeting the minimum academic performance expectations and notify the charter holder of the Board's finding.
- D. 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.
- E. 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.

R7-5-509. Financial Performance Response

- A. The Board shall require a charter holder to prepare a financial performance response:
 - 1. If the Board determines under R7-5-402(E) the charter holder does not meet the minimum financial performance expectations; and
 - 2. If the charter holder does not meet the minimum financial performance expectations at 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 a required financial performance response, the failure shall be noted in the charter holder’s operational performance dashboard posted on ASBCS Online.

R7-5-302, R7-5-510, Corrective Action Plan

- A. Upon receipt of information under R7-5-301(B) that a charter holder is not in compliance with the provisions of its charter or federal or state laws, the Board shall consider the following factors in determining whether a corrective action plan (CAP) is required: When the Board receives information that a charter holder is not in compliance with its charter, other contractual agreements with the Board, federal or state law, or this Chapter, Board staff shall require the charter holder to prepare a CAP.
 - 1. The seriousness of the offense;
 - 2. The charter holder’s history of compliance with the provisions of its charter and federal and state laws;
 - 3. The length of time the offense has been occurring; and
 - 4. Any other factors relating to the charter holder’s compliance with the provisions of its charter and federal or state laws
- B. If the Board requires a CAP, it shall make a written request to the charter holder for the submission of a CAP to be implemented to remedy the offense. The request shall include: 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 offense,
 - 3. A list of the specific criteria to be included information required in the CAP,
 - 4. A The deadline for the submission of submitting the CAP to the Board,
 - 5. A timeline for the implementation of The time during which the charter holder is required to implement the CAP, and
 - 6. The consequences for failure if the charter holder fails to submit or implement the CAP.
- C. The Board shall decide to accept the CAP based on whether the specified criteria stated in the request are included in the CAP. Within 10 days after receiving the CAP, Board staff shall provide written notice to the charter holder that:
 - 1. The Board shall provide written notification to the authorized representative regarding the acceptance or rejection of the CAP. The CAP is completed and implementation is required; or
 - 2. Written notification that the Board rejected the CAP shall include the reason for the rejection, the deadline for submission of the revised CAP, and the consequences for failure to submit a CAP that meets the specified criteria. Additional information is required and the deadline for submitting the additional information to the Board.
- D. The Board staff shall monitor, through site visits and review of documentary evidence, the charter holder’s implementation of the approved CAP to ensure until the Board determines the offense is rectified has been corrected.
 - 1. The charter holder shall demonstrate to the Board through documentation or a site visit that steps have been taken to correct the offense or, in the case of a serious impact finding, that the charter holder is currently in compliance;
 - 2. The Board shall consider possible disciplinary action under R7-5-304 against the charter holder if the charter holder fails to implement the CAP and rectify the offense.
- 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.



ARTICLE 3. ARTICLE 6. CHARTER OVERSIGHT

R7-5-304.R5-5-601. Disciplinary Action Charter Oversight: General Provisions

- A.** ~~The If the Board may discipline determines a charter holder for violation of is not in compliance with its charter, other contractual agreements with the Board, or federal or state laws, or this Chapter, the Board shall provide notice to and may impose charter oversight on 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 disciplinary 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, or federal or state laws, or this Chapter;~~
 3. Whether the charter holder has failed to meet the minimum academic ~~needs of the children~~ performance expectations specified under R7-5-401;
 4. Length of time the offense has been occurring;
 5. The charter holder's compliance with and response to ~~staff~~ Board investigation ~~in~~ 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 ~~has a bearing~~ bears on the charter holder's ability and willingness to ~~operate in compliance with the provisions~~ comply with its charter, ~~other contractual agreements with the Board, and federal and state laws, and this Chapter.~~
- ~~B.D.~~** The Board shall take disciplinary action against a charter holder based on the Board's assessment of the factors listed in subsection (A). Disciplinary action may Charter oversight actions available to the Board include, but are not limited to any of the following:
 1. Requiring a corrective action plan as described in R7-5-302 Imposing a civil penalty, as authorized under A.R.S. § 15-185 and described under R7-5-604;
 2. Requesting the Department to withhold up to 10 percent of the a charter school's holder's monthly state aid in accordance with as authorized under A.R.S. § 15-185(H) and described under R7-5-605 and requiring the charter holder to submit a CAP as described under R7-5-510. Upon proof of corrected deficiencies and that the charter holder is in compliance, the Board shall request the Department to restore the full amount of state aid payments to the charter school;
 3. Entering into a consent agreement with the a charter holder as described under R7-5-606; for the resolution of the non-compliance. The Board shall ensure that the consent agreement:
 - a. Describes each offense;
 - b. Stipulates the facts agreed to by the Board and the charter holder;
 - c. Specifies the actions the charter holder must take to demonstrate compliance and avoid further disciplinary action;
 - d. Provides a timeline for the charter holder to complete the actions specified in the consent agreement;
 - e. Stipulates that if the charter holder fails to comply with the terms and conditions of the consent agreement, the Board may, after giving the number of days notice specified in the consent agreement, hold a hearing at which the Board receives information to determine whether evidence exists that the charter holder has failed to comply with the consent agreement. If the Board determines that the charter holder has breached the consent agreement, the Board may revoke the charter holder's charter; and
 - f. Is approved by the Board and the charter holder and signed by the Board president or designee and the authorized representative;
 4. Issuing a notice of intent to revoke the a charter in accordance with as authorized under A.R.S. § 15-183(I) and described under R7-5-607, if the Board determines there is cause to believe that the charter holder may have breached one or more provisions of its charter; and
 5. Revoking the a charter in accordance with as authorized under A.R.S. § 15-183(I) and described under R7-5-607.

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 fail-



- ing level of academic 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;
- 4. Demonstrate sufficient progress as described under R7-5-508; and
- 5. 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.** Board staff shall evaluate the demonstration of sufficient progress and, if required, the financial performance response as specified under R7-5-508 and 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 public 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 is able to demonstrate, 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.

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" because the charter school is demonstrating a below average level of academic performance;
 - 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 consideration 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.

R7-5-604. Civil Penalty for Fingerprinting Violation

- A.** If the Board determines a charter holder has failed to comply with the statutory fingerprinting requirements in A.R.S. §§ 15-183 and 15-512, the Board may impose a civil penalty of \$1,000 per occurrence as provided under A.R.S. § 15-185.
- B.** After making the determination under subsection (A), the Board shall provide the charter holder with written notice of noncompliance with the statutory fingerprinting requirements and the date of the Board meeting at which the Board will consider whether to impose a civil penalty 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.

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 non-compliance 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.

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.

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.

R7-5-607. Revocation

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 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, the charter holder shall:

1. Within 48 hours after receiving the notice of intent to revoke, provide written notice to all staff and the parents or guardians of all students attending the school of the following:
 - 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.