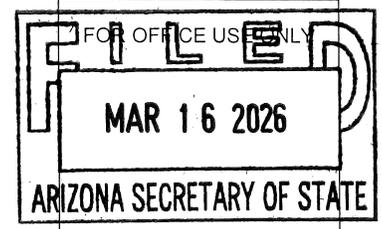




STATE OF ARIZONA

Application for Serial Number Initiative Petition A.R.S. § 19-111



The undersigned intends to circulate and file an initiative petition and hereby makes application for the issuance of an official serial number to be printed in the lower right-hand corner of each side of each signature sheet of such petition. Attached hereto is the full title and text, in no less than eight-point type of the measure or constitutional amendment intended to be initiated at the next general election.

Statutory Measure [checked] Constitutional Amendment [unchecked]

Date of Application 03/16/2026
Signatures Required 255,949
Deadline for Filing 07/02/2026
Serial Number Issued I-10-2026

Strengthens transparency, accountability, and fiscal integrity in the Empowerment Scholarship Account (ESA) program without infringing on parental choice. Mandates the Department of Education (ADE) to establish an "online marketplace payment system" (as defined) by July 1, 2027, through which all ESA purchases must be processed directly with approved vendors; eliminates reimbursements and debit cards after that date. Students with disabilities may request an alternative payment method, including reimbursement, for specialized services unavailable through the marketplace system. Restricts allowable ESA expenditures, explicitly prohibiting noneducational and luxury purchases (as defined). Requires "qualified tutors," "qualified tutoring service providers" (QTSPs), and qualified school personnel with unsupervised student contact to hold valid fingerprint clearance cards. Permanently disqualifies parents who knowingly misuse monies with intent to defraud and bars disqualified parents from enrolling any child in the program. Requires students not enrolled full-time at a qualified school to participate in an "approved examination" (as defined) beginning in 2027-2028; directs ADE to maintain lists of approved examinations and curricula, including faith-based options. Requires quarterly reporting to the Attorney General on vendor payments, disqualifications, and recovered funds.

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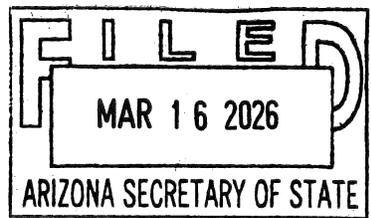
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By submitting this Application for Serial Number and checking all boxes below, I acknowledge the following:

- That I have received and will review the accompanying Instructions for Statewide Initiatives, including the Secretary of State's recommended best practices for printing copies of the Statewide Initiative Petition to be circulated.
That at the time of filing, I was provided instructions regarding accurate completion of the electronic Statewide Initiative Petition form.

Gordon W Berg
Applicant Signature

3/16/2026
Date



**OFFICIAL TITLE**

**AN INTITATIVE MEASURE**

AMENDING SECTIONS 15-2401, 15-2401.01, 15-2402, 15-2403, 15 2404, 15-2405 AND 15-2406, ARIZONA REVISED STATUTES; RELATING TO ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS

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

**Section 1. Short title**

This Act may be cited as the "Arizona Empowerment Scholarship Accounts Reform and Accountability Act"

**Sec. 2. Findings and declaration of purpose**

A. The People of the State of Arizona find and declare as follows:

1. The Arizona empowerment scholarship accounts program enables families to direct funding for their children's education to the schools, services and providers that best meet their children's needs.

2. Since the universal expansion of the program in 2022, the program has grown to serve approximately 100,000 students, demonstrating strong demand for educational options among Arizona families.

3. The continued success of the program depends on robust fiscal accountability, responsible stewardship of public resources and public confidence that program monies are used for legitimate educational purposes.

4. Enhanced accountability measures, including restrictions on noneducational purchases, fingerprint clearance requirements, provider level payment reporting and permanent disqualification for intentional violations, will strengthen the program and maintain public trust without undermining parental choice.

5. In addition to school or home-based assessments, parents need information on their children's academic progress relative to the children's peers.

6. Yearly administration of a nationally norm-referenced or state test promotes educational quality while preserving the choice of assessment for students who are educated pursuant to Arizona empowerment scholarship accounts.

7. The independence of nonpublic schools from government control is a foundational principle of Arizona's educational system.

8. An online marketplace payment system, through which all purchases are made directly between an Arizona empowerment scholarship account and approved vendors and providers, provides superior accountability while preserving parental choice.

9. Enforcement of program requirements should be proportional, limited and focused on fraud prevention rather than regulatory expansion over qualified schools.

B. The purposes of this act are:

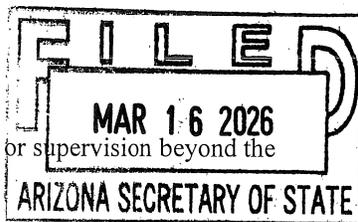
1. To preserve universal access to the program for all Arizona families, regardless of income, while providing enhanced funding support for priority students, including students from low-income families and students with disabilities.

2. To strengthen fiscal accountability and prevent fraud through an online marketplace payment system, spending restrictions, fingerprint clearance card requirements, provider level reporting and permanent disqualification for intentional violations.

3. To promote educational quality through annual assessments of student learning through nationally norm referenced or state tests, with a broad range of options from which qualified schools and parents may choose.

4. To establish, with meaningful input from families, a list of a broad range of preapproved curricula, including faith-based options, for qualified students who are not enrolled full-time at a qualified school.

5. To protect the independence of qualified schools and their employees from government control or supervision beyond the requirements expressly stated in title 15, chapter 19, Arizona Revised Statutes.



C. For the purposes of this section, "qualified school" and "qualified student" have the same meanings prescribed in section 15 2401, Arizona Revised Statutes, as amended by this act, and section 15-2401.01, Arizona Revised Statutes.

**Sec. 3.** Section 15-2401, Arizona Revised Statutes, is amended to read:

15-2401. Definitions

In this chapter, unless the context otherwise requires:

1. "Annual education plan" means an initial individualized evaluation and subsequent annual reviews that are developed for a qualified student who meets the criteria specified in paragraph 7- 10, subdivision (a), item (i), (ii) or (iii) of this section to determine ongoing annual eligibility through the school year in which the qualified student reaches twenty-two years of age and whether the student may be eligible pursuant to ~~section 36-2981~~TITLE 36, CHAPTER 29, ARTICLE 4 and should be referred for eligibility determination.

2. "APPROVED EXAMINATION" MEANS ANY EXAMINATION, ASSESSMENT OR TEST THAT IS INCLUDED IN THE LIST DEVELOPED PURSUANT TO SECTION 15-2403, SUBSECTION L, PARAGRAPH 4.

~~2-~~ 3. "Curriculum":

(a) Means a course of study for content areas or grade levels, ~~including any supplemental materials required or recommended by the curriculum, approved by the department~~ THAT IS INCLUDED IN THE LIST DEVELOPED PURSUANT TO SECTION 15-2403, SUBSECTION L, PARAGRAPH 5.

(b) INCLUDES ANY SUPPLEMENTARY MATERIALS THAT ARE REQUIRED OR RECOMMENDED BY THE CURRICULUM.

~~3-~~ 4. "Department" means the department of education.

4- 5. "Eligible postsecondary institution" means a community college as defined in section 15-1401, a university under the jurisdiction of the Arizona board of regents or an accredited private postsecondary institution.

6. "ENROLLED FULL TIME" MEANS ENROLLED AT AND REGULARLY ATTENDING A QUALIFIED SCHOOL FOR THE FULL SCHOOL YEAR, ACCORDING TO THE QUALIFIED SCHOOL'S ACADEMIC CALENDAR.

7. "ONLINE MARKETPLACE PAYMENT SYSTEM":

(a) MEANS AN ONLINE PLATFORM THROUGH WHICH ALL EXPENDITURES FROM AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT ARE PROCESSED.

(b) INCLUDES A DIRECT PAY INVOICING CHANNEL FOR TUITION AND FEES THAT ARE PAID TO A QUALIFIED SCHOOL OR ELIGIBLE POSTSECONDARY EDUCATION PURSUANT TO THIS CHAPTER.

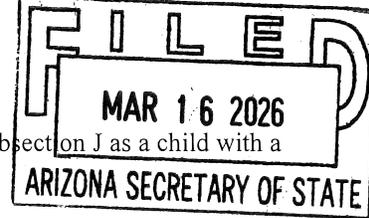
~~5-~~ 8. "Parent" means a resident of this state who is the parent, stepparent or legal guardian of a qualified student.

~~6-~~ 9. "Qualified school" means a nongovernmental primary or secondary school or a preschool for pupils with disabilities that is located in this state or, for qualified students who reside within the boundaries of an Indian reservation in this state, that is located in an adjacent state and that is within two miles of the border of the state in which the qualified student resides, and that does not discriminate on the basis of race, color or national origin.

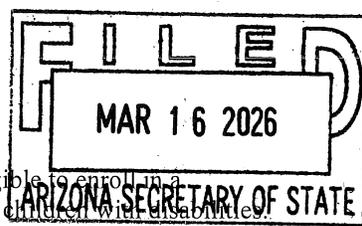
~~7-~~ 10. "Qualified student" means a resident of this state who:

(a) Is any of the following:

(i) Identified as having a disability under section 504 of the rehabilitation act of 1973 (29 United States Code section 794).



- (ii) Identified by a school district or by an independent third party pursuant to section 15-2403, subsection J as a child with a disability as defined in section 15-731 or 15-761.
- (iii) A child with a disability who is eligible to receive services from a school district under section 15-763.
- (iv) Attending a school or school district that was assigned a letter grade of D or F pursuant to section 15-241 for the most recent year in which letter grades were assigned or is currently eligible to attend kindergarten and resides within the attendance boundary of a school that was assigned a letter grade of D or F pursuant to section 15-241 for the most recent year in which letter grades were assigned. A child who meets the requirements of this item and who meets the income eligibility requirements for free and reduced price lunches under the national school lunch and child nutrition acts (42 United States Code sections 1751 through 1793) is not subject to subdivision (b) of this paragraph.
- (v) A previous recipient of a scholarship issued pursuant to this section, unless the qualified student's parent has been removed from eligibility in the program for failure to comply pursuant to section 15-2403, subsection C.
- (vi) A child of a parent who is a member of the armed forces of the United States and who is on active duty or was killed in the line of duty. A child who meets the requirements of this item is not subject to subdivision (b) of this paragraph.
- (vii) A child who is a ward of the juvenile court and who is residing with a prospective permanent placement pursuant to section 8-862 and the case plan is adoption or permanent guardianship.
- (viii) A child who was a ward of the juvenile court and who achieved permanency through adoption or permanent guardianship.
- (ix) A child who is the sibling of a current or previous Arizona empowerment scholarship account recipient or of an eligible qualified student who accepts the terms of and enrolls in an Arizona empowerment scholarship account.
- (x) A child who resides within the boundaries of an Indian reservation in this state as determined by the department of education or a tribal government.
- (xi) A child of a parent who is legally blind or deaf or hard of hearing as defined in section 36-1941.
- (b) And, except as provided in subdivision (a), items (iv) and (vi) of this paragraph, who meets any of the following requirements:
- (i) Attended a governmental primary or secondary school as a full-time student as defined in section 15-901 for at least forty five days of the current or prior fiscal year and who transferred from a governmental primary or secondary school under a contract to participate in an Arizona empowerment scholarship account. Kindergarten students who are enrolled in Arizona online instruction must receive one hundred hours of logged instruction to be eligible pursuant to this item. First, second and third grade students who are enrolled in Arizona online instruction must receive two hundred hours of logged instruction to be eligible pursuant to this item. Fourth, fifth and sixth grade students who are enrolled in Arizona online instruction must receive two hundred fifty hours of logged instruction to be eligible pursuant to this item. Seventh and eighth grade students who are enrolled in Arizona online instruction must receive two hundred seventy-five hours of logged instruction to be eligible pursuant to this item. High school students who are enrolled in Arizona online instruction must receive two hundred fifty hours of logged instruction to be eligible pursuant to this item.
- (ii) Previously participated in an Arizona empowerment scholarship account.
- (iii) Received a scholarship under section 43-1505 and who continues to attend a qualified school if the student attended a governmental primary or secondary school as a full-time student as defined in section 15-901 for at least ninety days of the prior fiscal year or one full semester before attending a qualified school.
- (iv) Was eligible for an Arizona scholarship for pupils with disabilities and received monies from a school tuition organization pursuant to section 43-1505 or received an Arizona scholarship for pupils with disabilities but did not receive monies from a school tuition organization pursuant to section 43-1505 and who continues to attend a qualified school if the student attended a governmental primary or secondary school as a full time student as defined in section 15-901 for at least ninety days of the prior fiscal year or one full semester before attending a qualified school.
- (v) Attended a nonpublic school for pupils with disabilities in the prior year if placement at the school was approved by the department of education and contracted for by a public school district.



(vi) Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a kindergarten program in a school district or charter school in this state or attended a program for preschool children with disabilities. For the purposes of this item, a child is eligible to enroll in a kindergarten program if the child is at least five years of age on January 1 of the current school year, is under seven years of age, has not already completed a kindergarten program and is not enrolled in grade one of a private or governmental school in the current year.

(vii) Has not previously attended a governmental primary or secondary school but is currently eligible to enroll in a program for preschool children with disabilities in this state.

11. "QUALIFIED TUTOR" MEANS AN INDIVIDUAL WHO PROVIDES TUTORING OR TEACHING SERVICES AND WHO MEETS ALL OF THE FOLLOWING REQUIREMENTS:

(a) IS AT LEAST EIGHTEEN YEARS OF AGE.

(b) HAS A VALID FINGERPRINT CLEARANCE CARD PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

(c) IS NOT SUBJECT TO DISCIPLINARY ACTION BY THE STATE BOARD OF EDUCATION FOR IMMORAL OR UNPROFESSIONAL CONDUCT PURSUANT TO SECTION 15-505 OR 15-534.04.

12. "QUALIFIED TUTORING SERVICE PROVIDER" MEANS A PERSON WHO BOTH:

(a) EMPLOYS QUALIFIED TUTORS TO PROVIDE TUTORING, EDUCATIONAL OR SUPPLEMENTARY SERVICES TO ONE OR MORE QUALIFIED STUDENTS.

(b) REQUIRES ALL PERSONNEL WHO HAVE CONTACT WITH A QUALIFIED STUDENT THAT IS NOT SUPERVISED AS DEFINED IN SECTION 15-505 TO HAVE A VALID FINGERPRINT CLEARANCE CARD PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

8- 13. "Treasurer" means the office of the state treasurer.

Sec. 4. Section 15-2401.01, Arizona Revised Statutes, is amended to read:

15-2401.01 Definition of qualified student for Arizona empowerment scholarship accounts; expansion

Notwithstanding section 15-2401, ~~beginning in the 2022-2023 school year~~, in this chapter, unless the context otherwise requires, "qualified student" includes a resident of this state who both:

1. Is eligible to enroll in a public school in this state in any of the following:

(a) A preschool program for children with disabilities.

(b) A kindergarten program.

(c) Any of grades one through twelve.

2. Does not otherwise qualify for an Arizona empowerment scholarship account pursuant to this chapter.

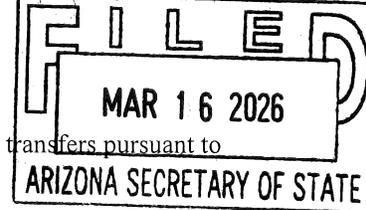
Sec. 5. Section 15-2402, Arizona Revised Statutes, is amended to read:

15-2402. Arizona empowerment scholarship accounts; funds

A. Arizona empowerment scholarship accounts are established to provide options for the education of students in this state.

B. To enroll a qualified student for an Arizona empowerment scholarship account, the parent of the qualified student must sign an agreement to do all of the following:

1. Use a portion of the Arizona empowerment scholarship account monies allocated annually to provide an education for the qualified student in at least the subjects of reading, grammar, mathematics, social studies and science, unless the Arizona



empowerment scholarship account is allocated monies according to a transfer schedule other than quarterly transfers pursuant to section 15-2403, subsection G.

2. Not enroll the qualified student in a school district or charter school and release the school district from all obligations to educate the qualified student. This paragraph does not:

(a) Relieve the school district or charter school that the qualified student previously attended from the obligation to conduct an evaluation pursuant to section 15-766.

(b) Require the qualified student to withdraw from a school district or charter school before enrolling for an Arizona empowerment scholarship account if the qualified student withdraws from the school district or charter school before receiving any monies in the qualified student's Arizona empowerment scholarship account.

(c) Prevent the qualified student from applying in advance for an Arizona empowerment scholarship account to be funded beginning the following school year, subject to section 15-2403, subsection H.

3. Not accept a scholarship from a school tuition organization pursuant to title 43 concurrently with an Arizona empowerment scholarship account for the qualified student in the same year a parent signs the agreement pursuant to this section.

4. Use monies deposited in the qualified student's Arizona empowerment scholarship account only for the following expenses of the qualified student:

(a) Tuition or fees at a qualified school that MEETS ALL OF THE FOLLOWING REQUIREMENTS, AS DETERMINED BY THE DEPARTMENT:

(i) Requires all teaching staff and personnel who have ~~unsupervised~~ contact with students ~~to be fingerprinted~~ THAT IS NOT SUPERVISED AS DEFINED IN SECTION 15-505 TO HAVE VALID FINGERPRINT CLEARANCE CARDS PURSUANT TO TITLE 41, CHAPTER 12, ARTICLE 3.1.

(ii) PAYS FOR AND ADMINISTERS AN APPROVED EXAMINATION TO ALL QUALIFIED STUDENTS WHO ARE ENROLLED FULL TIME AT THE QUALIFIED SCHOOL, EXCEPT THAT A QUALIFIED STUDENT WHO MEETS ANY OF THE CRITERIA SPECIFIED IN SECTION 15-2401, PARAGRAPH 10, SUBDIVISION (a), ITEM (i), (ii) OR (iii) IS NOT REQUIRED TO PARTICIPATE IN AN APPROVED EXAMINATION UNLESS THE QUALIFIED STUDENT IS LEARNING AT A LEVEL APPROPRIATE FOR THE QUALIFIED STUDENT'S GRADE LEVEL IN A SPECIFIC ACADEMIC AREA AND THE QUALIFIED STUDENT'S PARENT AGREES THAT A PASSING SCORE ON THE APPROVED EXAMINATION IS REQUIRED IN THE SPECIFIC ACADEMIC AREA AND THE QUALIFIED STUDENT'S PARENT NOTIFIES THE QUALIFIED SCHOOL OF ANY NECESSARY TESTING ACCOMMODATIONS.

(iv) ON OR BEFORE JUNE 30 OF EACH YEAR, REPORTS TO THE DEPARTMENT THE TEST SCORES FROM THE APPROVED EXAMINATION THAT THE QUALIFIED SCHOOL ADMINISTERS PURSUANT TO ITEM (ii) OF THIS SUBDIVISION FOR EACH QUALIFIED STUDENT WHO IS ENROLLED FULL TIME AT THE QUALIFIED SCHOOL AND A LIST OF QUALIFIED STUDENTS WHO ARE ENROLLED FULL TIME AT THE QUALIFIED SCHOOL AND WHO DID NOT PARTICIPATE IN THE APPROVED EXAMINATION.

(b) Textbooks required by a qualified school.

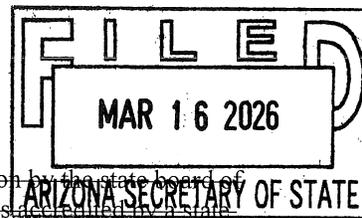
(c) If the qualified student meets any of the criteria specified in section 15-2401, paragraph 7-10, subdivision (a), item (i), (ii) or (iii) as determined by a school district or by an independent third party pursuant to section 15-2403, subsection J, the qualified student may use the following additional services:

(i) Educational therapies from a licensed or accredited practitioner or provider, including and up to any amount not covered by insurance if the expense is partially paid by a health insurance policy for the qualified student.

(ii) A licensed or accredited paraprofessional or educational aide.

(iii) Tuition for vocational and life skills education approved by the department.

iv) Associated goods and services that include educational and psychological evaluations, assistive technology rentals and braille translation goods and services approved by the department.



(d) ~~Tutoring or teaching services provided by an individual who is not subject to disciplinary action by the state board of education for immoral or unprofessional conduct pursuant to section 15-505 or 15-534.04 or a facility that is accredited by a state regional or national accrediting organization-~~ A QUALIFIED TUTOR OR QUALIFIED TUTORING SERVICE PROVIDER. The department shall ensure THAT any individual who provides tutoring or teaching services to one or more qualified students pursuant to this subdivision is A QUALIFIED TUTOR AND IS not subject to disciplinary action by the state board of education FOR IMMORAL OR UNPROFESSIONAL CONDUCT PURSUANT TO SECTION 15-505 OR 15-534.04. The department shall also remove any ~~individual~~ QUALIFIED TUTOR who is subject to disciplinary action by the state board of education from all platforms that the department provides to parents and qualified students for the purchase of goods or educational services using account monies.

(e) Curricula and supplementary materials IF THE SUPPLEMENTARY MATERIALS ARE BOTH:

(i) DIRECTLY AND SUBSTANTIALLY RELATED TO THE CONTENT OF THE CURRICULUM.

(ii) ARE USED TO TEACH OR ENHANCE THE CURRICULUM.

(f) Tuition or fees for a nonpublic online learning program.

(g) Fees for a nationally standardized norm referenced achievement test, an advanced placement examination or any exams related to college or university admission.

(h) Tuition or fees at an eligible postsecondary institution.

(i) Textbooks required by an eligible postsecondary institution.

(j) Fees to manage the Arizona empowerment scholarship account.

(k) Services provided by a public school, including individual classes and extracurricular programs.

(l) Insurance or surety bond payments.

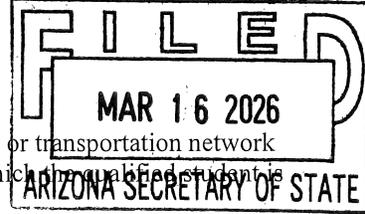
(m) Uniforms purchased from or through a qualified school.

(n) If the qualified student meets the criteria specified in section 15-2401, paragraph 7- 10, subdivision (a), item (i), (ii) or (iii) and if the qualified student is in the second year prior to the final year of a contract executed pursuant to this article, costs associated with an annual education plan conducted by an independent evaluation team. The department shall prescribe minimum qualifications for independent evaluation teams pursuant to this subdivision and factors that teams must use to determine whether the qualified student shall be eligible to continue to receive monies pursuant to this article through the school year in which the qualified student reaches twenty-two years of age. An independent evaluation team that provides an annual education plan pursuant to this subdivision shall submit a written report that summarizes the results of the evaluation to the parent of the qualified student and to the department on or before July 31. The written report submitted by the independent evaluation team is valid for one year. If the department determines that the qualified student meets the eligibility criteria prescribed in the annual education plan, the qualified student is eligible to continue to receive monies pursuant to this article until the qualified student reaches twenty-two years of age, subject to annual review. A parent may appeal the department's decision pursuant to title 41, chapter 6, article 10. As an addendum to a qualified student's final year contract, the department shall provide the following written information to the parent of the qualified student:

(i) That the qualified student will not be eligible to continue to receive monies pursuant to this article unless the results of an annual education plan conducted pursuant to this subdivision demonstrate that the qualified student meets the eligibility criteria prescribed in the annual education plan.

(ii) That the parent is entitled to obtain an annual education plan pursuant to this subdivision to determine whether the qualified student meets the eligibility criteria prescribed in the annual education plan.

(iii) A list of independent evaluation teams that meet the minimum qualifications prescribed by the department pursuant to this subdivision.



(o) Public transportation services in this state, including a commuter pass for the qualified student, or transportation network services as defined in section 28-9551 between the qualified student's residence and a qualified school in which the qualified student is enrolled.

(p) Computer hardware and technological devices primarily used for an educational purpose. For the purposes of this subdivision, "computer hardware and technological devices":

(i) Includes calculators, personal computers, laptops, tablet devices, microscopes, telescopes and printers.

(ii) Does not include entertainment and other primarily noneducational devices, including televisions, telephones, video game consoles and accessories, and home theatre and audio equipment.

5. Not file an affidavit of intent to homeschool pursuant to section 15-802, subsection B, paragraph 2 or 3.

6. Not use monies deposited in the qualified student's account for any of the following:

(a) Computer hardware or other technological devices, except as otherwise allowed under paragraph 4, subdivision (c) or (p) of this subsection.

(b) Transportation of the pupil, except for transportation services described in paragraph 4, subdivision (o) of this subsection.

(c) NONEDUCATIONAL OR LUXURY GOODS, INCLUDING HOUSEHOLD FURNITURE, FIXTURES, ITEMS THAT ARE NOT PRIMARILY USED FOR EDUCATIONAL PURPOSES, COMMERCIAL APPLIANCES, HOUSEHOLD APPLIANCES, COMMERCIAL MACHINERY, HOUSEHOLD MACHINERY, HOME IMPROVEMENTS, PROPERTY IMPROVEMENTS, JEWELRY, LINGERIE, ADMISSION TO WATER PARKS, ADMISSION TO AMUSEMENT PARKS, HOME SWIMMING POOLS, HOT TUBS, SAUNAS, GIFT CARDS, GIFT CERTIFICATES, OUT OF STATE TRAVEL, INTERNATIONAL TRAVEL, OUT OF STATE MUSEUMS, INTERNATIONAL MUSEUMS, OUT OF STATE EXCURSIONS, INTERNATIONAL EXCURSIONS, CHILD CARE, BABYSITTING, RESTAURANT DINING, HOTELS, LODGING, BOUNCE HOUSES, WATER SLIDES, MOTOR VEHICLES AND MOTORIZED WATERCRAFT.

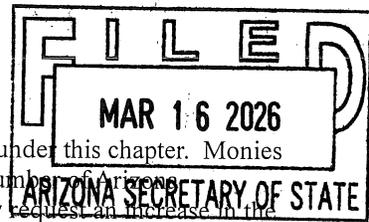
(d) IF THE QUALIFIED STUDENT DOES NOT MEET ANY OF THE CRITERIA SPECIFIED IN SECTION 15-2401, PARAGRAPH 10, SUBDIVISION (a), ITEM (i), (ii) OR (iii), TO PAY ANY INDIVIDUAL WHO IS A MEMBER OF THE FAMILY AS DEFINED IN SECTION 15-1871 OF THE QUALIFIED STUDENT.

7. BEGINNING JULY 1, 2027, USE THE ONLINE MARKETPLACE PAYMENT SYSTEM FOR ALL EXPENDITURES PURSUANT TO THIS ARTICLE.

8. BEGINNING IN THE 2027-2028 SCHOOL YEAR, ENSURE THAT THE QUALIFIED STUDENT EITHER IS A FULL TIME STUDENT IN A QUALIFIED SCHOOL OR PARTICIPATES IN AN APPROVED EXAMINATION THAT IS SELECTED BY THE PARENT. IF THE QUALIFIED STUDENT PARTICIPATES IN AN APPROVED EXAMINATION PURSUANT TO THIS PARAGRAPH, THE PARENT SHALL SUBMIT THE QUALIFIED STUDENT'S TEST SCORES TO THE DEPARTMENT NOT LATER THAN JUNE 30 OF EACH YEAR. A QUALIFIED STUDENT WHO MEETS ANY OF THE CRITERIA SPECIFIED IN SECTION 15-2401, PARAGRAPH 10, SUBDIVISION (a), ITEM (i), (ii) OR (iii) IS NOT REQUIRED TO PARTICIPATE IN AN APPROVED EXAMINATION PURSUANT TO THIS PARAGRAPH UNLESS THE QUALIFIED STUDENT IS LEARNING AT A LEVEL APPROPRIATE FOR THE QUALIFIED STUDENT'S GRADE LEVEL IN A SPECIFIC ACADEMIC AREA AND THE QUALIFIED STUDENT'S PARENT AGREES THAT A PASSING SCORE ON THE APPROVED EXAMINATION IS REQUIRED IN THE SPECIFIC ACADEMIC AREA AND THE QUALIFIED STUDENT'S PARENT NOTIFIES THE PERSON WHO ADMINISTERS THE APPROVED EXAMINATION OF ANY NECESSARY TESTING ACCOMMODATIONS.

C. In exchange for the parent's agreement pursuant to subsection B of this section, the department shall transfer from the monies that would otherwise be allocated to a recipient's prior school district, or if the child is currently eligible to attend a preschool program for children with disabilities, a kindergarten program or any of grades one through twelve, the monies that the department determines would otherwise be allocated to a recipient's expected school district of attendance, to the treasurer for deposit into an Arizona empowerment scholarship account an amount that is equivalent to ninety percent of the sum of the base support level and additional assistance prescribed in sections 15-185 and 15-943 for that particular student if that student were attending a charter school.

D. The department of education empowerment scholarship account fund is established consisting of monies appropriated by the legislature. The department shall administer the fund. Monies in the fund are subject to legislative appropriation. Monies in the



fund shall be used for the department's costs in administering Arizona empowerment scholarship accounts under this chapter. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. If the number of Arizona empowerment scholarship accounts significantly increases after fiscal year 2020-2021, the department may request an increase in the amount appropriated to the fund in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113. The department shall list monies in the fund as a separate line item in its budget estimate.

E. The state treasurer empowerment scholarship account fund is established consisting of monies appropriated by the legislature. The state treasurer shall administer the fund. Monies in the fund shall be used for the state treasurer's costs in administering the Arizona empowerment scholarship accounts under this chapter. If the number of Arizona empowerment scholarship accounts significantly increases after fiscal year 2020-2021, the state treasurer may request an increase in the amount appropriated to the fund in any subsequent fiscal year in the budget estimate submitted pursuant to section 35-113. Monies in the fund are subject to legislative appropriation. Monies in the fund are exempt from the provisions of section 35-190 relating to lapsing of appropriations. The state treasurer shall list monies in the fund as a separate line item in its budget estimate.

F. A parent must renew the qualified student's Arizona empowerment scholarship account on an annual basis. The department of education shall verify that the parent's child is a qualified student as defined in section 15-2401 or 15-2401.01 in the year for which the parent seeks to renew the Arizona empowerment scholarship account. This subsection does not require the department to annually verify the child's disability for the purpose of section 15-2401, paragraph 7-10, subdivision (a), item (i), (ii) or (iii), if applicable.

G. Notwithstanding any changes to the student's multidisciplinary evaluation team plan, a student who has previously qualified for an Arizona empowerment scholarship account remains eligible to apply for renewal until the student finishes high school.

H. If a parent does not renew the qualified student's Arizona empowerment scholarship account for a period of three ONE academic years YEAR, the department shall notify the parent that the qualified student's account will be closed in sixty calendar days. The notification must be sent through BY certified mail, email and telephone, if applicable. The parent has sixty calendar days to renew the qualified student's Arizona empowerment scholarship account. If the parent chooses not to renew or does not respond in WITHIN sixty calendar days, the department shall close the account and any remaining monies shall be returned to the THIS state.

I. A signed agreement under this section constitutes school attendance required by section 15-802.

J. A qualified school or a provider of services purchased pursuant to subsection B, paragraph 4 of this section may not share, refund or rebate any Arizona empowerment scholarship account monies with the parent or qualified student in any manner.

K. Notwithstanding subsection H of this section, on the qualified student's graduation from a postsecondary institution or after any period of four consecutive years after high school graduation in which the student is not enrolled in an eligible postsecondary institution, but not before this time as long as the account holder continues using a portion of account monies for allowable expenses each year and is in good standing, the qualified student's Arizona empowerment scholarship account shall be closed and any remaining monies shall be returned to the state.

L. Monies received pursuant to this article do not constitute taxable income to the parent of the qualified student.

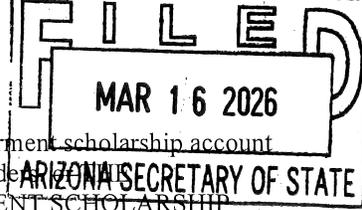
Sec. 6. Section 15-2403, Arizona Revised Statutes, is amended to read:

15-2403. Arizona empowerment scholarship accounts; administration; appeals; risk-based audits; rules; policy handbook

A. The treasurer may contract with private financial management firms to manage Arizona empowerment scholarship accounts.

B. The department shall conduct or contract for annual audits of Arizona empowerment scholarship accounts to ensure compliance with section 15-2402, subsection B, paragraph 4. The department shall also conduct or contract for random, quarterly and annual audits of Arizona empowerment scholarship accounts as needed to ensure compliance with section 15-2402, subsection B, paragraph 4. The department, in consultation with the office of the auditor general, shall develop risk-based auditing procedures for audits conducted pursuant to this subsection.

C. The department shall annually review a sample of Arizona empowerment scholarship accounts, selected at random, to determine whether the parent or qualified student is in compliance with the terms of the contract, applicable laws, rules and orders relating to the Arizona empowerment scholarship accounts program. The Arizona empowerment scholarship account of a parent or qualified student who is in good standing may be randomly selected pursuant to this subsection only one time during any five-year



period. The department may remove any parent or qualified student from eligibility for an Arizona empowerment scholarship account if the parent or qualified student fails to comply with the terms of the contract or applicable laws, rules or orders. ~~THE DEPARTMENT SHALL REMOVE A PARENT FROM ELIGIBILITY FOR AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT IF THE PARENT knowingly misuses monies or knowingly fails to comply with the terms of the contract with intent to defraud and shall notify the treasurer.~~ IF THE DEPARTMENT REMOVES A PARENT OR QUALIFIED STUDENT FROM ELIGIBILITY PURSUANT TO THIS SUBSECTION, the department shall notify the treasurer to suspend the account of a THE parent or qualified student and shall notify the parent or qualified student in writing that the account has been suspended and that no further transactions will be allowed or disbursements made. The notification shall specify the reason for the suspension and state that the parent or qualified student has fifteen days, not including weekends, to respond and take corrective action. If the parent or qualified student refuses or fails to contact the department, furnish any information or make any report that may be required for reinstatement within the fifteen-day period, the department ~~may~~ SHALL remove the parent or qualified student pursuant to this subsection. A PARENT WHO IS REMOVED PURSUANT TO THIS SUBSECTION FOR KNOWINGLY MISUSING MONIES OR KNOWINGLY FAILING TO COMPLY WITH THE TERMS OF THE CONTRACT WITH INTENT TO DEFRAUD IS INELIGIBLE FOR REINSTATEMENT OR ENROLLMENT IN A SUBSEQUENT YEAR, AND THE PARENT MAY NOT SIGN AN AGREEMENT PURSUANT TO SECTION 15-2402, SUBSECTION B FOR ANY OTHER CHILD OF THAT PARENT.

D. A parent may appeal to the state board of education any administrative decision the department makes pursuant to this article, including determinations of allowable expenses, removal from the program or enrollment eligibility. The department shall notify the parent in writing that the parent may appeal any administrative decision under this article and the process by which the parent may appeal at the same time the department notifies the parent of an administrative decision under this article. The state board of education shall establish an appeals process, and the department shall post this information on the department's website in the same location as the policy handbook developed pursuant to subsection K of this section.

E. A parent may represent himself or herself or designate a representative, not necessarily an attorney, before any appeals hearing held pursuant to this section. Any designated representative who is not an attorney admitted to practice may not charge for any services rendered in connection with the hearing. The fact that a representative participated in the hearing or assisted the account holder is not grounds for reversing any administrative decision or order if the evidence supporting the decision or order is substantial, reliable and probative.

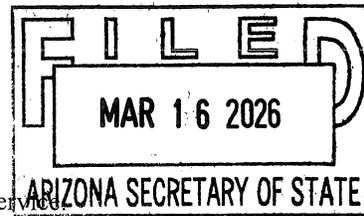
F. The state board of education may refer cases of substantial misuse of monies to the attorney general for the purpose of collection or for the purpose of a criminal investigation if the state board of education obtains evidence of fraudulent use of an account.

G. The department shall make quarterly transfers of the amount calculated pursuant to section 15-2402, subsection C to the treasurer for deposit in the Arizona empowerment scholarship account of each qualified student, except the department may make transfers according to another transfer schedule if the department determines a transfer schedule other than quarterly transfers is necessary to operate the Arizona empowerment scholarship account.

H. The department shall accept applications between July 1 and June 30 of each year. The department shall issue an award letter to eligible applicants within thirty days after receipt of a completed application and all required documentation. If an eligible applicant completes an application in advance for an Arizona empowerment scholarship account to be funded beginning on a later date, the department may enroll the eligible applicant on the later date, except that the department may not enroll the applicant more than two fiscal quarters after the fiscal quarter in which the application is completed or on a date that is after March 31 and before July 1. If an eligible applicant completes an application after March 31 and before July 1, the department shall enroll the applicant on or after July 1. The department shall enroll all other eligible applicants when the department issues an award letter pursuant to this subsection. This subsection does not allow a qualified student to receive monies in an Arizona empowerment scholarship account while the qualified student is enrolled in a school district or charter school. On or before September 1 and November 1 of each year, the department shall furnish to the joint legislative budget committee and the governor's office of strategic planning and budgeting an estimate of the amount required to fund Arizona empowerment scholarship accounts for the following fiscal year. The department shall include in its budget request for the following fiscal year the amount estimated pursuant to section 15-2402, subsection C for each qualified student.

I. The state board of education may adopt rules and policies necessary to administer Arizona empowerment scholarship accounts, including rules and policies:

1. For establishing an appeals process pursuant to subsection D of this section.
2. For conducting or contracting for examinations of the use of account monies, consistent with subsection L of this section.



3. For conducting or contracting for random, quarterly and annual reviews of accounts.
4. For establishing or contracting for the establishment of an online anonymous fraud reporting service.
5. For establishing an anonymous telephone hotline for fraud reporting.
6. That require a surety bond or insurance for account holders.

J. The department shall contract with an independent third party for the purposes of determining whether a qualified student is eligible to receive educational therapies or services pursuant to section 15-2402, subsection B, paragraph 4, subdivision (c). If during any period on or after January 1, 2023 the department fails to ensure that a contract with an independent third party is in effect, during that period:

1. The county school superintendent of each county may approve a list of independent third parties within the county whose evaluation may be used to determine whether a qualified student who resides within the county is eligible to receive educational therapies or services pursuant to section 15-2402, subsection B, paragraph 4, subdivision (c).

2. If the county school superintendent of a county does not provide a list of approved independent third parties within ninety days after the beginning of any period during which the department does not have a contract with an independent third party in effect as described in this subsection, the parent of a qualified student who resides within the county has the right to obtain an independent educational evaluation from a qualified examiner to determine whether the qualified student is eligible to receive educational therapies or services pursuant to section 15-2402, subsection B, paragraph 4, subdivision (c). The expense for an educational evaluation undertaken pursuant to this paragraph shall be provided by the school district within which the qualified student resides and that serves the grade level of the qualified student. For the purposes of this paragraph, "qualified examiner" means a licensed physician, psychiatrist or psychologist.

K. On or before July 1 of each year, the department shall develop an applicant and participant handbook that includes information relating to policies and processes of Arizona empowerment scholarship accounts. The policy handbook shall comply with the rules adopted by the state board of education pursuant to this section. The department shall post the handbook on the department's website.

L. The department shall:

1. Establish and maintain an online database of allowable and disallowed categories of expenses and provide a link to the database on the department's website.

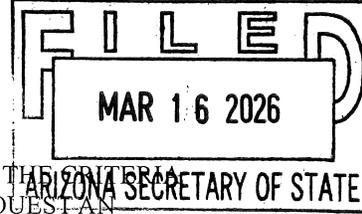
2. THROUGH JUNE 30, 2027, allow the use of account monies to reimburse the parent of a qualified student or a qualified student for the purchase of a good or educational service that is an allowable expense pursuant to section 15-2402, subsection B. FROM AND AFTER JUNE 30, 2027, THE DEPARTMENT MAY NOT ALLOW THE USE OF ACCOUNT MONIES TO REIMBURSE A PARENT OR QUALIFIED STUDENT EXCEPT AS PROVIDED BY PARAGRAPH 3, SUBDIVISION (a), ITEM (iii) OF THIS SUBSECTION.

3. ON OR BEFORE JULY 1, 2027, PROVIDE AN ONLINE MARKETPLACE PAYMENT SYSTEM, SUBJECT TO THE FOLLOWING REQUIREMENTS:

(a) THE ONLINE MARKETPLACE PAYMENT SYSTEM MUST:

(i) ALLOW PARENTS AND QUALIFIED STUDENTS TO PAY ANY APPROVED VENDOR OR EDUCATIONAL SERVICES PROVIDER FOR ANY EXPENSE THAT IS ALLOWABLE PURSUANT TO SECTION 15-2402, SUBSECTION B.

(ii) INCLUDE A DIRECT PAY INVOICING CHANNEL THAT ALLOWS PARENTS AND QUALIFIED STUDENTS TO PAY TUITION, FEES AND OTHER AMOUNTS OWED TO A QUALIFIED SCHOOL OR ELIGIBLE POSTSECONDARY INSTITUTION THAT HAS REGISTERED WITH THE DEPARTMENT OR, IF THE DEPARTMENT CONTRACTS WITH A THIRD PARTY TO PROVIDE THE ONLINE MARKETPLACE PAYMENT SYSTEM, WITH THE CONTRACTOR. THE INVOICING CHANNEL REQUIRED BY THIS ITEM MUST REQUIRE A PARENT OR QUALIFIED STUDENT TO APPROVE AN INVOICE THAT IS SUBMITTED BY A QUALIFIED SCHOOL OR ELIGIBLE POSTSECONDARY INSTITUTION BEFORE USING MONIES FROM THE QUALIFIED STUDENT'S ACCOUNT TO PAY THE QUALIFIED SCHOOL OR ELIGIBLE POSTSECONDARY INSTITUTION FOR THE TUITION, FEES OR OTHER AMOUNTS THAT ARE INCLUDED IN THE INVOICE.



(iii) INCLUDE A MECHANISM TO ALLOW QUALIFIED STUDENTS WHO MEET ANY OF THE CRITERIA SPECIFIED IN SECTION 15-2401, PARAGRAPH 10, SUBDIVISION (a), ITEM (i), (ii) OR (iii) TO REQUEST AN ALTERNATIVE PAYMENT METHOD, INCLUDING REIMBURSEMENT, FOR SPECIALIZED THERAPEUTIC OR EDUCATIONAL SERVICES THAT ARE NOT OTHERWISE AVAILABLE THROUGH THE ONLINE MARKETPLACE PAYMENT SYSTEM. THE DEPARTMENT MAY APPROVE A REQUEST PURSUANT TO THIS ITEM ONLY IF THE DEPARTMENT DETERMINES THAT THE QUALIFIED STUDENT IS NOT ABLE TO ACCESS THE SPECIALIZED THERAPEUTIC OR EDUCATIONAL SERVICES THROUGH THE ONLINE MARKETPLACE PAYMENT SYSTEM. IF THE DEPARTMENT APPROVES A REQUEST PURSUANT TO THIS ITEM, THE DEPARTMENT SHALL POST A NOTICE ON THE DEPARTMENT'S WEBSITE THAT INCLUDES THE DEPARTMENT'S DETERMINATION AND SHALL ANNUALLY REVIEW THE REQUEST TO DETERMINE WHETHER AN ALTERNATIVE PAYMENT METHOD IS STILL NECESSARY FOR THE QUALIFIED STUDENT TO ACCESS THE SPECIALIZED THERAPEUTIC OR EDUCATIONAL SERVICES.

(iv) INCLUDE FRAUD PREVENTION AND DETECTION MECHANISMS, INCLUDING A MECHANISM THAT IDENTIFIES UNUSUAL TRANSACTION PATTERNS AND SUBMITS THE UNUSUAL TRANSACTION PATTERNS TO THE DEPARTMENT FOR REVIEW.

(b) THE DEPARTMENT OR, IF THE DEPARTMENT CONTRACTS WITH A THIRD PARTY TO PROVIDE THE ONLINE MARKETPLACE PAYMENT SYSTEM, THE CONTRACTOR MAY NOT:

(i) ALLOW A PARENT OR QUALIFIED STUDENT TO WITHDRAW CASH FROM AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT.

(ii) ISSUE A DEBIT CARD, A PREPAID CARD OR ANY OTHER INSTRUMENT THAT ALLOWS A PARENT OR QUALIFIED STUDENT TO PURCHASE GOODS OR SERVICES OUTSIDE THE ONLINE MARKETPLACE PAYMENT SYSTEM.

(c) THE DEPARTMENT SHALL DEVELOP A PROCESS FOR QUALIFIED SCHOOLS, QUALIFIED TUTORING SERVICE PROVIDERS, QUALIFIED TUTORS, CURRICULUM VENDORS AND OTHER PROVIDERS OF EDUCATIONAL GOODS OR SERVICES THAT ARE ALLOWABLE EXPENSES PURSUANT TO SECTION 15-2402, SUBSECTION B TO APPLY TO REGISTER TO PARTICIPATE IN AND RECEIVE PAYMENTS THROUGH THE ONLINE MARKETPLACE PAYMENT SYSTEM. THE DEPARTMENT SHALL DETERMINE WHETHER TO APPROVE EACH APPLICATION THAT IS SUBMITTED PURSUANT TO THIS SUBDIVISION NOT LATER THAN FIFTEEN BUSINESS DAYS AFTER THE APPLICATION IS COMPLETED.

(d) MAINTAIN TRANSACTION LEVEL RECORDS THAT INCLUDE ALL OF THE FOLLOWING FOR EACH TRANSACTION:

(i) THE NAME OF THE PARENT OR QUALIFIED STUDENT WHO MADE THE PURCHASE.

(ii) THE NAME OF THE VENDOR AND THE DATE AND AMOUNT OF THE TRANSACTION.

(iii) A DESCRIPTION OF THE GOODS OR SERVICES THAT WERE PURCHASED.

4. DEVELOP AND MAINTAIN A LIST OF APPROVED EXAMINATIONS THAT INCLUDES ALL OF THE FOLLOWING:

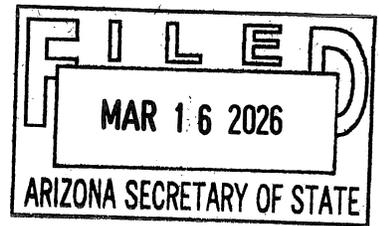
(a) NATIONALLY RECOGNIZED NORM REFERENCED TESTS THAT ARE APPROVED BY THE STATE BOARD OF EDUCATION. FOR THE PURPOSES OF THIS SUBDIVISION, THE STATE BOARD OF EDUCATION SHALL APPROVE TESTS THAT ARE COMMONLY USED IN THE UNITED STATES BY NONPUBLIC SCHOOLS, INCLUDING BUT NOT LIMITED TO:

(i) NWEA MAP TESTS;

(ii) IOWA TESTS OF BASIC SKILLS;

(iii) RENAISSANCE STAR ASSESSMENTS;

(iv) STANFORD ACHIEVEMENT TESTS;



- (v) THE PSAT; AND
- (vi) THE PRACT.

(b) ADVANCED PLACEMENT EXAMINATIONS.

(c) THE STATEWIDE ASSESSMENT ADOPTED PURSUANT TO SECTION 15-741.

(d) AN EXAMINATION THAT IS RELATED TO COLLEGE OR UNIVERSITY ADMISSIONS AND THAT ASSESSES BOTH READING AND MATHEMATICS.

5. DEVELOP AND MAINTAIN A LIST OF APPROVED CURRICULA AND SUPPLEMENTARY MATERIALS, SUBJECT TO THE FOLLOWING REQUIREMENTS:

(a) THE DEPARTMENT SHALL SOLICIT AND CONSIDER FEEDBACK FROM PARENTS, QUALIFIED STUDENTS, QUALIFIED SCHOOLS AND CURRICULUM VENDORS WHILE CREATING AND UPDATING THE LIST.

(b) THE LIST MUST INCLUDE A BROAD RANGE OF CURRICULA AND SUPPLEMENTARY MATERIALS, INCLUDING FAITH-BASED CURRICULA AND CURRICULA FROM DIVERSE PEDAGOGICAL APPROACHES. THE DEPARTMENT MAY NOT EXCLUDE ANY CURRICULUM OR SUPPLEMENTARY MATERIALS FROM THE LIST SOLELY BECAUSE THE CURRICULUM OR SUPPLEMENTARY MATERIALS INCLUDE RELIGIOUS CONTENT OR ARE PRODUCED BY A RELIGIOUSLY AFFILIATED ORGANIZATION.

(c) THE DEPARTMENT SHALL ALLOW PARENTS AND CURRICULUM VENDORS TO REQUEST THAT THE DEPARTMENT ADD A CURRICULUM OR VERIFIED VENDOR TO THE LIST AND SHALL RESPOND TO EACH REQUEST NOT LATER THAN NINETY DAYS AFTER RECEIVING THE REQUEST. IF THE DEPARTMENT DENIES A REQUEST PURSUANT TO THIS SUBDIVISION, THE DEPARTMENT SHALL EXPLAIN IN WRITING THE REASON FOR THE DENIAL.

(d) THE DEPARTMENT SHALL REVIEW AND UPDATE THE LIST AT LEAST ONCE DURING EACH SCHOOL YEAR.

6. DEVELOP A PROCESS FOR COLLECTING AND REPORTING AGGREGATE TEST RESULTS FOR QUALIFIED STUDENTS, INCLUDING THE PERFORMANCE OF QUALIFIED STUDENTS COMPARED TO NATIONAL NORMS. THE DEPARTMENT AND ANY THIRD PARTY WITH A CONTRACT TO IMPLEMENT THIS SECTION SHALL COMPLY WITH THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974 (P.L. 93 380; 88 STAT. 571; 20 UNITED STATES CODE SECTION 1232g) AND ENSURE THAT ANY REPORT ISSUED PURSUANT TO THIS PARAGRAPH PROTECTS THE PRIVACY OF EACH QUALIFIED STUDENT.

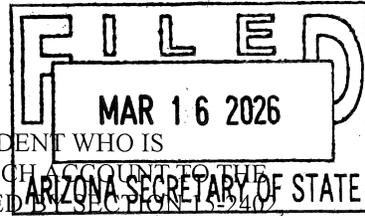
7. ADMINISTER AN ANNUAL PARENTAL SATISFACTION SURVEY THAT SHALL ASK PARENTS OF STUDENTS RECEIVING EDUCATION SAVINGS ACCOUNTS TO EXPRESS:

(a) THEIR SATISFACTION WITH THE PROGRAM; AND

(b) THEIR OPINIONS ON OTHER TOPICS, ITEMS, OR ISSUES THE DEPARTMENT FINDS WOULD ELICIT INFORMATION ABOUT THE EFFECTIVENESS OF THE EDUCATION SAVINGS ACCOUNT PROGRAM AND THE NUMBER OF YEARS THEIR CHILD HAS PARTICIPATED IN THE PROGRAM.

M. Except for cases in which the attorney general determines that a parent or account holder has committed fraud, any expenditure from an Arizona empowerment scholarship account for a purchase that the department determines is not an allowable expense pursuant to section 15-2402 and that is subsequently repaid by the parent or account holder shall be credited back to the Arizona empowerment scholarship account balance within thirty days after the receipt of payment.

N. If, in response to an appeal of an administrative decision made by the department, the state board of education issues a stay of an Arizona empowerment scholarship account suspension pursuant to rules adopted by the board, the department may not withhold funding or contract renewal for the account holder because of the appealed administrative decision during the stay unless directed by the board to do so. IF A PARENT OR QUALIFIED STUDENT WHO IS REMOVED PURSUANT TO SUBSECTION C OF THIS SECTION DOES NOT APPEAL THE DEPARTMENT'S DECISION OR IF THE REMOVAL IS NOT REVERSED ON APPEAL BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT SHALL INSTRUCT THE STATE TREASURER TO



CLOSE THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT FOR EACH QUALIFIED STUDENT WHO IS REMOVED AND TO TRANSFER ANY UNEXPENDED AND UNENCUMBERED MONIES FROM EACH ACCOUNT TO THE DEPARTMENT OF EDUCATION EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED BY SECTION 15-2407, SUBSECTION D.

O. THE DEPARTMENT MAY CONTRACT WITH A THIRD PARTY TO PROVIDE THE ONLINE MARKETPLACE PAYMENT SYSTEM REQUIRED BY SUBSECTION L OF THIS SECTION.

Sec. 7. Section 15-2404, Arizona Revised Statutes, is amended to read:

15-2404. State control over nonpublic schools; prohibition; application

~~A. This chapter does not permit any government agency to exercise control or supervision over any nonpublic school or homeschool.~~

B. A. A qualified school that accepts a payment from a parent pursuant to this chapter is not an agent of the state or federal government.

A. B. A qualified school shall not be required to alter its creed, practices, admissions policy or curriculum in order to accept students whose parents pay tuition or fees from an ARIZONA empowerment scholarship account pursuant to this chapter in order to participate as a qualified school.

B. C. In any legal proceeding challenging the application of this chapter to a qualified school, the state bears the burden of establishing that the law is necessary and does not impose any undue burden on qualified schools.

D. THIS CHAPTER DOES NOT PERMIT ANY GOVERNMENT AGENCY TO EXERCISE CONTROL OR SUPERVISION OVER ANY QUALIFIED SCHOOL, QUALIFIED TUTOR, OR QUALIFIED TUTORING SERVICE PROVIDER BEYOND THE REQUIREMENTS EXPRESSLY STATED IN THIS CHAPTER. THE CREATION OR MODIFICATION OF THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PROGRAM DOES NOT EXPAND THE REGULATORY AUTHORITY OF THE STATE, ITS OFFICERS, OR ANY SCHOOL DISTRICT TO IMPOSE ANY ADDITIONAL REGULATION OF QUALIFIED SCHOOLS, QUALIFIED TUTORS, OR QUALIFIED TUTORING SERVICE PROVIDERS BEYOND THOSE NECESSARY TO ENFORCE THE SPECIFIC REQUIREMENTS OF THIS CHAPTER.

E. A QUALIFIED SCHOOL'S ADMINISTRATION OF AN APPROVED EXAMINATION PURSUANT TO THIS CHAPTER DOES NOT SUBJECT THE QUALIFIED SCHOOL TO ANY TESTING, CURRICULUM, OR INSTRUCTIONAL REQUIREMENTS THAT APPLY TO PUBLIC SCHOOLS IN THIS STATE.

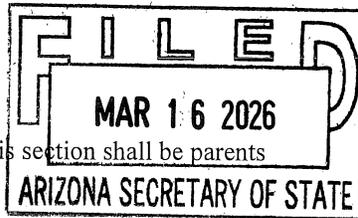
F. QUALIFIED SCHOOLS, QUALIFIED TUTORS, AND QUALIFIED TUTORING SERVICE PROVIDERS SHALL BE GIVEN THE MAXIMUM FREEDOM TO PROVIDE FOR THE EDUCATIONAL NEEDS OF THEIR STUDENTS WITHOUT GOVERNMENTAL CONTROL BEYOND THE SPECIFIC REQUIREMENTS OF THIS CHAPTER.

Sec. 8. Section 15-2405, Arizona Revised Statutes, is amended to read:

15-2405. Arizona empowerment scholarship accounts parent oversight committee; membership; duties

A. The Arizona empowerment scholarship accounts parent oversight committee is established consisting of six members who are parents of qualified students who receive Arizona empowerment scholarship account monies under this chapter. The members shall be appointed as follows:

1. One member who is appointed by the president of the senate.
2. One member who is appointed by the speaker of the house of representatives.
3. One member who is appointed by the minority leader of the senate.
4. One member who is appointed by the minority leader of the house of representatives.
5. Two members who are appointed by the governor.



B. At a minimum, the members appointed pursuant to subsection A, paragraphs 1, 2, 3 and 4 of this section shall be parents of qualified students who both:

1. Meet any of the criteria specified in section 15-2401, paragraph 7-10, subdivision (a), item (i), (ii) or (iii) as determined by an independent third party pursuant to section 15-2403, subsection F-J.

2. Use monies deposited in the qualified student's Arizona empowerment scholarship account for expenses as prescribed in section 15 2402, subsection B, paragraph 4, subdivision (c).

C. The members of the committee shall annually elect a chairperson from among its members.

D. The committee shall meet at least once each calendar quarter. A majority of the membership constitutes a quorum for the transaction of business.

E. The committee shall collaborate and interact with the department, the state board of education, the attorney general and, as appropriate, the auditor general to review all of the following:

1. The implementation of policies and procedures relating to the Arizona empowerment scholarship account program under this chapter and the program's effectiveness.

2. The concerns of parents of qualified students who receive Arizona empowerment scholarship account monies under this chapter.

3. The work of the ombudsman citizens aide on complaints associated with administering the Arizona empowerment scholarship account program.

F. A parent may not serve on the committee if any of the following applies:

1. The parent is an employee or the relative of an employee of the department.

2. The parent receives monies or compensation from or is otherwise associated in any manner with a lobbyist organization, a school choice advocacy group or a private financial management firm that manages Arizona empowerment scholarship accounts pursuant to section 15-2403, subsection A.

3. The parent provides goods or services to qualified students that are purchased pursuant to section 15-2402, subsection B, paragraph 4.

**Sec. 9.** Section 15-2406, Arizona Revised Statutes, is amended to read:

15-2406. Arizona empowerment scholarship accounts: reporting requirements

A. Within sixty days after the last day of each calendar quarter, the department shall submit a report, consistent with federal law, to the governor, the president of the senate, the speaker of the house of representatives, the director of the joint legislative budget committee and the director of the governor's office of strategic planning and budgeting. The report must include all of the following:

1. The number of qualified students disaggregated by:

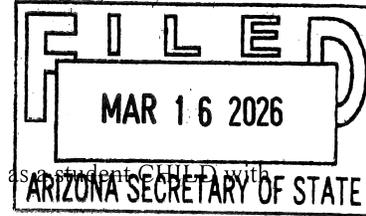
(a) Eligibility category.

(b) For qualified students who are eligible pursuant to section 15-2401.01, the number of qualified students who attended a public school in this state in the school year immediately preceding the first year of each qualified student's enrollment in the Arizona empowerment scholarship account program.

(c) Grade level.

(d) The school district or charter school that each qualified student attended in the school year immediately preceding the first year of each qualified student's enrollment in the Arizona empowerment scholarship account program, if applicable.

(e) English language learners.



(f) Qualified students who are enrolled in the Arizona empowerment scholarship account program as a student CHILD with a disability.

(g) The zip code of each qualified student's permanent residence.

2. The annual award amount associated with each Arizona empowerment scholarship account.

3. The amount of approved expenses disaggregated by type of expense as described in section 15-2402, subsection B, paragraph 4.

B. BEGINNING OCTOBER 1, 2028 AND EVERY THREE MONTHS THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE ATTORNEY GENERAL AND POST THE REPORT ON THE DEPARTMENT'S WEBSITE, CONSISTENT WITH FEDERAL LAW, THAT INCLUDES THE FOLLOWING INFORMATION FOR THE IMMEDIATELY PRECEDING CALENDAR QUARTER:

1. THE TOTAL AMOUNT OF MONIES THAT WERE PAID THROUGH THE ONLINE MARKETPLACE PAYMENT SYSTEM TO EACH QUALIFIED SCHOOL, QUALIFIED TUTORING SERVICE PROVIDER AND QUALIFIED TUTOR PURSUANT TO THIS CHAPTER.

2. THE NUMBER OF QUALIFIED STUDENTS WHO PAID EACH QUALIFIED SCHOOL, QUALIFIED TUTORING SERVICE PROVIDER OR QUALIFIED TUTOR FROM AN ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNT PURSUANT TO THIS CHAPTER.

3. THE TOTAL NUMBER OF QUALIFIED STUDENTS AND PARENTS WHO WERE DISQUALIFIED FROM THE ARIZONA EMPOWERMENT SCHOLARSHIP ACCOUNTS PROGRAM.

4. THE TOTAL AMOUNT OF MONIES THAT THE STATE TREASURER TRANSFERRED FROM ACCOUNTS THAT ARE CLOSED PURSUANT TO SECTION 15-2403, SUBSECTION N TO THE DEPARTMENT OF EDUCATION EMPOWERMENT SCHOLARSHIP ACCOUNT FUND ESTABLISHED BY SECTION 15-2402, SUBSECTION D.

**Sec. 10. Severability**

If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision of application, and to this end the provisions of this act are severable.