

Parent Handbook

Empowerment Scholarship Account Program

School Year 2026-2027

July 1, 2026

ARIZONA DEPARTMENT OF EDUCATION

We are a service organization committed to raising academic outcomes and empowering parents.

Arizona Department of Education

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July 1, 2026

Dear Parents and Students,

Welcome! We are excited to have you as a part of the Empowerment Scholarship Account (ESA) program.

Arizona's ESA program was signed into law by the Governor in 2011. The Arizona Department of Education is responsible for administering the program in compliance with state law, as well as applicable administrative rules enacted by the Arizona State Board of Education. These governing laws and rules, to which the Department adheres, can be found in Appendix A and Appendix B.

The Department of Education's mission is to be a service organization that empowers parents in the education of their children. The ESA Parent Handbook is intended to help you navigate this innovative program. In addition to this handbook, we have many other resources on our website (azed.gov/esa) to help answer your questions and provide important information about the program. We also send out periodic emails with timely news and program tips. Previous emails can be found at https://www.azed.gov/esa/esa-support.

Again, welcome to the ESA program!

Sincerely,

ESA Program Team

Chapter 1
Introduction

Handbook purpose

The purpose of the ESA Parent Handbook is to provide parents information and guidance concerning the policies, procedures, and implementation of the ESA program.

What is an Empowerment Scholarship Account (ESA)?

An ESA is an account administered by the Arizona Department of Education (ADE) and funded by state tax dollars to provide options for the education of qualified students in Arizona, which includes preschool students with a disability and K-12 students eligible to enroll in an Arizona public school. ESA funds do not constitute taxable income to the parent of the qualified student.

The ESA program allows parents and guardians of qualified students to utilize state tax dollars through Empowerment Scholarships to purchase educational materials and services from educational and retail vendors, private schools, and a variety of education service providers. Eligible students receive Empowerment Scholarships that are equivalent to 90 percent of the state funding that Arizona would have spent on them had the students attended their local public schools.[1]

Pursuant to Arizona Revised Statutes (A.R.S.) §15-2402(B)(1), Empowerment Scholarship Account Holders must spend a portion of their Empowerment Scholarships to provide an education in at least the following subjects: reading, grammar, mathematics, social studies, and science.

Accepting an Empowerment Scholarship

By accepting an Empowerment Scholarship, a parent or guardian becomes an Account Holder by entering into a legal contract with ADE pursuant to A.R.S. §15-2402(B). In exchange for the Account Holder's commitment to the obligations set forth in the ESA contract and state law, ADE creates an ESA for the current school year and agrees to fund ESAs on a quarterly basis.[2]

An eligible student's Empowerment Scholarship amount depends on several factors including annual legislative budget appropriations for education, disability status, and the school district in which the student resides. Learn more at https://www.azed.gov/esa/esa-support, under the *ESA Funding* dropdown menu.

[1] This does not include any federal or local funding

[2] Empowerment scholarships are based on current-year funding factors. However, when contracts are signed by parents prior to the second quarter of each fiscal year (October 1 through December 31), the contract will reflect funding factors from the prior fiscal year since funding amounts associated with current-year funding factors are not final until after the first quarter (July 1 through September 30) has begun. Final Empowerment Scholarship amounts cannot be determined until amounts associated with current-year funding factors are finalized in Quarter 1 of each fiscal year. As a result, in Quarter 2 of each fiscal year, Account Holders may see an adjustment to their students' Empowerment Scholarship amounts. An adjustment could be either an increase or a decrease to funding. Most funding adjustments are a small percent of total award.

ESA funding dates

When your student has received his or her Empowerment Scholarship, the student's account will be funded according to the following schedule:

Quarter	Dates	Funding dates
1	July 1 – September 30	July 15 – July 31
2	October 1 – December 31	October 15 – October 31
3	January 1 – March 31	January 15 – January 31
4	April 1 – June 30	April 15 – April 30

Attention: Empowerment Scholarships are not intended to fund students who intend to be on the program only during the summer months by enrolling in the summer and then withdrawing and returning to a public school at the beginning of the new school year.

Families who apply, receive, and spend Empowerment Scholarships under this scenario will be asked to repay their scholarship funds and will be referred to the State Board of Education (SBE) for collections if they fail to repay the owed scholarship funds.

Empowerment Scholarships are stored in a digital wallet for each student

Each student`s ESA funds are stored and spent through a digital wallet. The digital wallet is on the ClassWallet financial solutions platform, with whom the state has a contract to administer the digital wallets. Each quarter, ADE funds the digital wallets and Account Holders are then able to spend their students' ESA funds.

Account behavior that can cause termination

The Department reserves the right to terminate an ESA for violations of the contract (please refer to your contract for all terms and conditions), applicable policies, rules, or laws. Examples of violations that are likely to result in termination include:

- Enrolling the student in a public district school, charter school, or public online school (including summer public school), without paying the public or charter school tuition for enrollment as an ESA student.
- Accepting any School Tuition Organization (STO) scholarship or tax credit scholarship concurrently while on an ESA contract in the same contract year.
- Failing to provide debit card transaction receipts by the quarterly deadlines.
- Failing to spend a portion of your student's ESA funds annually in at least the following subjects: reading, grammar, mathematics, social studies, and science.
- Misspending funds or committing fraud.
- Reselling items purchased with Empowerment Scholarships.

Handbook updates

Pursuant to Arizona Administrative Code (A.A.C.) R7-2-1503(1), ADE reviews this handbook under the guidance of the SBE. On or before March 1 of each year, ADE provides SBE with a handbook, developed in consultation with parents of children on the ESA program, that includes information relating to policies and processes of ESA. SBE adopts the handbook on or before May 1 of each year. SBE limits substantive changes to the handbook to once every three years. However, policies can and will be added and/or redacted in response to newly enacted legislation, court decisions, rule changes, and/or suggestions for best practices, which may occur more frequently. In these cases, ESA staff will notify Account Holders of these necessary change(s) to the handbook and their effective date(s) via the ESA website and/or through other types of communication.

How to stay updated

We encourage ESA Holders to visit ADE's ESA website, for the most up-to-date information. ADE will communicate with ESA Holders by periodically sending emails.

Parent Advisory Committee

The Arizona Department of Education developed the Parent Advisory Committee (PAC) as one of the ways it solicits parent feedback on specific ESA program processes and procedures. The PAC is a group of parents who meet at least three times per academic year with ESA staff to share challenges, give feedback, and to discuss ways to improve the program for all ESA families. Information about the committee is available on our website at https://www.azed.gov/esa/esa-parent-advisory-committee.

How to get assistance

The ESA Team is available by phone at (602) 364-1969

Monday to Friday: 8:00 AM – 5:00 PM

Email	ESACallCenter@azed.gov
ESA Support Ticket	Accessible through the ESA parent portal
Mail	1535 W. Jefferson Street, Bin #41, Phoenix, AZ 85007

Note: ESA staff are trained to provide support and offer technical assistance regarding applications, program questions, and purchases. ESA staff cannot provide guidance or recommendations to families about private schools, education service providers, or vendors.

Arizona residency requirement

In accordance with A.R.S. §15-2401(5), parent means a resident of this state who is the parent, stepparent or legal guardian of a qualified student. Additionally, A.R.S. §15-2401(7) defines a qualified student as a resident of this state. Therefore, a parent, stepparent, or legal guardian will be asked to provide proof of Arizona residency at the time of application and at any time they are enrolled in the ESA program.

Acceptable Proof of Arizona Residency documentation requirements can be found in *Chapter 2, ESA Eligibility Requirements and Application Process.*

Changes related to emails, addresses, and phone numbers

Account Holders must contact the Department and update contact information, including email address, mailing address, or phone number within 30 days of any change.[3]

Security of sensitive information

Confidentiality

Under state law, including A.R.S. §15-1045, which incorporates the protections of the Family Educational Rights and Privacy Act (FERPA), the Department is obligated to keep all student "education records" confidential and secure. While certain records collected or maintained by ADE or SBE through the ESA program may not fall within FERPA's definition of "education records," it is likely that other records that come into possession of ADE or SBE through the ESA program are "education records" for FERPA purposes.[4] The Department and ESA staff will not release personally identifiable information regarding your child, including financial information or personal details (this includes your contract information) to private schools, education service providers, vendors, or anyone who is not the Account Holder or their designated advocate.

Additionally, all ESA vendors and service providers will respect the confidential nature of an Account Holder's personal information and collect only the data required to provide services. They will not share or distribute an Account Holder's personal information except as provided in the applicable Terms of Service and the third-party vendor's privacy policy or as may be required by law.

Advocates

ESA staff also protects ESA students' personally identifiable information by only communicating with ESA Account Holders and Applicants directly. Account Holders and Applicants may have advocates, friends, or family members (collectively referred to as advocates) assist them in navigating the ESA program. This assistance may include an

[3] Arizona Administrative Code (A.A.C) R2-7-1502(D)

[4] Information Collected Under A.R.S., Title 15, Chapter 19 and Public Records Requests, Ariz. Attorney General Op. No. I20-010 (Aug. 3, 2020), https://www.azag.gov/sites/default/files/2020-08/I20-010.pdf

advocate participating in conversations or correspondence regarding an ESA account or assisting an ESA Applicant through the application process. However, ADE's expectations are that the Account Holder or ESA Applicant takes full responsibility and accountability for the ESA and its use of scholarship funds. Additionally, while ESA Applicants and Account Holders may use advocates for assistance, ADE always requires Applicants or Account Holders to be on calls or emails when communicating with ADE regarding their ESA applications or participation.

If Applicants or Account Holders want to include an advocate in their communications with ADE, then the Applicant or Account Holder must submit a written notification to ADE. Advocates may not submit documents to ADE on behalf of the Account Holder or Applicant. Account Holders or Applicants must submit their own documents but may copy their advocates on an email or invite them to be on a call.

Account Holder responsibilities to secure sensitive information

Account Holders should secure their prepaid debit cards and ClassWallet accounts just as they would secure their personal debit cards and bank accounts. The Department encourages Account Holders to use caution when providing personal information to third parties, such as social security numbers, dates of birth, ClassWallet debit card information, or ESA Application IDs, as examples. Specifically, Account Holders **MUST NEVER SHARE** ClassWallet login and password credentials with anyone, including private schools, education service providers, or vendors. To further protect your account, the Department also recommends Account Holders refrain from sharing details of their awards to third parties, including a qualified student's private school, education service providers, or vendors.

Homeschool affidavits

A.R.S. §15-2402(B)(5) requires that the parent of an ESA student not file an affidavit of intent to homeschool. This means that an ESA contract serves as the "affidavit" or proof that the student is receiving an education as required by Arizona law. If an ESA parent already has a homeschool affidavit on file, the ESA parent should contact the appropriate county superintendent's office for withdrawal instructions. Although ESA parents may use funds for home education, their ESA students are not classified as "homeschoolers" for purposes of state law.

Chapter 2
ESA Eligibility Requirements and Application Process

The ESA program ensures that Arizona parents have a broad set of education options to explore and choose when deciding the best learning options for their children. To help your student participate in the ESA program, this chapter provides important information regarding program eligibility and the application process.

Is my student eligible to participate in ESA?

Yes, if he or she is:

- A kindergarten through 12th-grade student who lives in Arizona and is eligible to attend a public school. (Universal eligibility)
- Preschool student with a disability
- Student identified as having a disability who has an Individualized Education Program (IEP), Multidisciplinary Evaluation Team (MET) Report, 504 Plan, or Independent Educational Evaluation (IEE) at time of application.
- Student is a child of a parent who is legally blind, deaf or hard of hearing.
- Student is a sibling of a current or previous ESA participant.
- Student is a ward of the juvenile court and is residing with a prospective permanent placement. Additionally, there must be a case plan indicating that the student's current placement is intended to result in adoption or permanent guardianship.
- Student is currently attending a D- or F-rated school or district at the time of application or is a kindergarten student assigned to a D- or F-rated school.
- Student of a parent/legal guardian who is a member of the Armed Forces of the United States and is on active duty.
- Student of a parent/legal guardian who was a member of the Armed Forces of the United States and was killed in the line of duty.
- Student previously participated in the Empowerment Scholarship Account program and was not removed from the program.
- Student resides within the boundaries of an Indian reservation within this state.

How do I apply and what do I need when I apply?

Before you apply, gather important documents that you will need to complete the application process.

New applications

All new applications require the following documentation:

☐ Student birth certificate (color image of entire document, showing all 4 corners)
☐ Proof of residency
☐ Driver's license or government-issued identification

Acceptable proof of Arizona residency documentation

Primary list of required documents (please submit **one** document from the list below):

- ☐ Utility bill (water, electric, gas, cable, landline phone, internet) issued within the past 60 days. The document MUST show the entire bill (not just the coupon section) and include all four corners of every page. Unopened documents that just show the mailing address through an envelope window are insufficient.
- ☐ Physical address verification letter (for rural addresses only) from a fire department or law enforcement agency issued within the past 60 days.
- ☐ Physical address verification letter (for Native American Reservation addresses only) from a tribal agency or Chapter House issued within the past 60 days.
- ☐ Temporary on-base billeting facility (for military families) issued within the past 60 days.
- ☐ Address Confidentiality Program (ACP) enrollment card.

OR

Secondary list of required documents (please submit at least **2** documents that include your address from the list below **only if** you are unable to provide a document from the primary document list):

- ☐ Social Security Administration documents issued within the past 60 days.
- ☐ Veterans Affairs Administration documents issued within the past 60 days.
- ☐ Arizona Department of Economic Security documents issued within the past 60 days.
- ☐ Arizona Department of Transportation vehicle registration issued within the past 60 days.
- ☐ Property tax bill with name issued within the past year. Must be the actual bill – a payment coupon or receipt is not sufficient.
- ☐ W-2 OR 1098 OR 1099 tax document issued within one year.

OR

Affidavit of Shared Residence

- ☐ If applicant is unable to provide documentation as proof of residency in his or her name from the primary or secondary lists provided above, he or she may submit a notarized Affidavit of Shared Residence form.

Eligibility categories requiring additional documentation

- Preschool student with a disability
- Student identified as having a disability who has an Individualized Education Program (IEP), Multidisciplinary Evaluation Team (MET) Report, 504 Plan, or Independent Educational Evaluation (IEE) at time of application.
- Student is a child of a parent who is legally blind, deaf or hard of hearing.
- Student is a sibling of a current or previous ESA participant.
- Student is a ward of the juvenile court and is residing with a prospective permanent placement. Additionally, there must be a case plan indicating that the student's current placement is intended to result in adoption or permanent guardianship.
- Student of a parent/legal guardian who is a member of the Armed Forces of the United States and is on active duty.
- Student of a parent/legal guardian who was a member of the Armed Forces of the United States and was killed in the line of duty.

If any of these eligibility categories apply to your student please visit https://www.azed.gov/esa/eligibility-requirements for specific information about what additional documents you will need to provide to complete your application.

Now that you have all required documents, it's time to apply!

Begin the application process by visiting the following website: https://esaportal.azed.gov/Account. If you are a first-time applicant, you will be prompted to set up an ADEConnect user account with your email and a secure password. Once completed, you will then be able to log in to create your new application.

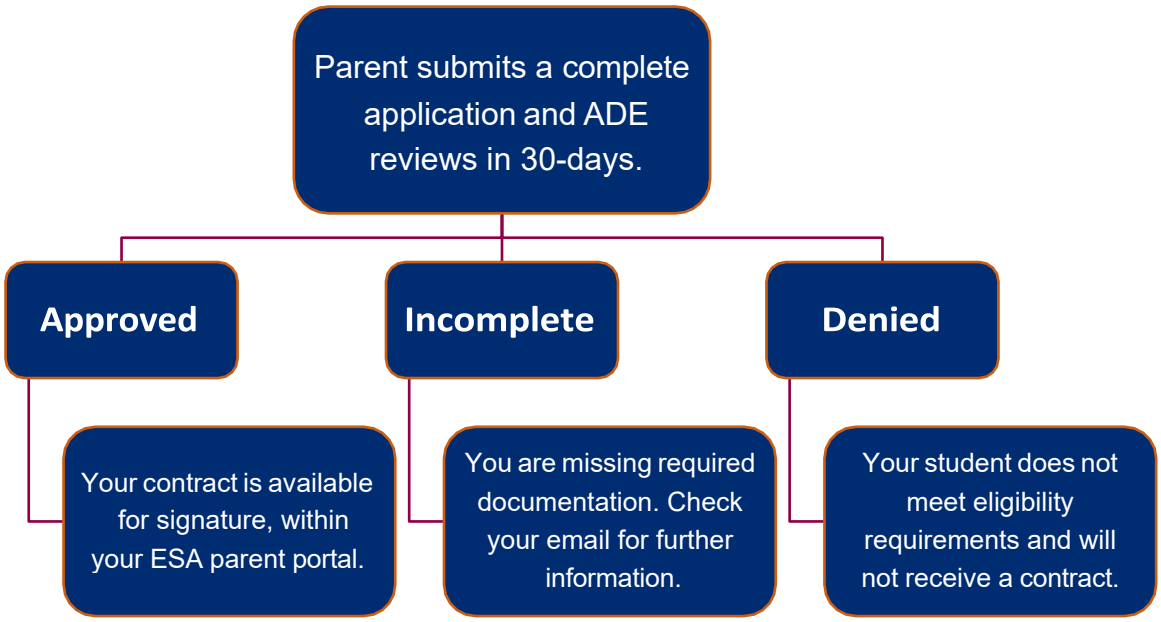
When will I know that my student's application has been approved?

The Department of Education has 30 days to review a complete application from the date the complete application is submitted.[5] If your application is complete, you will receive an email informing you of the quarterly funding amount approved for your student, along with instructions on how to sign the ESA contract.

However, if you did not submit all required documentation upon our initial review, your application will be marked as incomplete. You will then receive an electronic notice indicating the specific information you must still submit. Once you have submitted information that was missing and your application is complete, the Department has

[5] Complete application means all required documents have been submitted.

another 30 days to review your application. Please note that if your application is incomplete and you have not uploaded the required documents within 30 days after being prompted, it will be closed. If you have uploaded additional documents to complete your application after being prompted, please allow an additional 30 days for review.



Note: All required documentation must be submitted at the time of application

Chapter 3
Purchase and Program Requirements

The ESA program is designed to allow Account Holders to make the educational choices that best serve their students' needs. The Department is required by law to administer the ESA program and uphold all ESA laws and rules. These laws and rules can be found in Appendix A and Appendix B.

Important things to keep in mind:

1. The ESA program does not create or maintain a list of recommended schools, vendors, or educational service providers.

2. It is at the Account Holder's discretion to choose educational service providers or vendors. It is the sole responsibility of the account holder to ensure that an educational service provider has the proper accreditation or credentials prior to receiving a service.

3. It is Account Holders' responsibility to follow the law and terms of their ESA contracts and use Empowerment Scholarships for purposes allowed under A.R.S.§15-2402(B)(4). Although ADE cannot provide legal advice, this Parent Handbook aims to provide technical assistance to help determine what purchases are allowable.

4. Account Holders and parents or guardians who are not designated account holders, cannot be paid with any funds from their students' Empowerment Scholarships. Additionally, students receiving Empowerment Scholarships cannot use their scholarships to pay themselves for any purpose whatsoever.

5. Pursuant to A.R.S. §15-2402(J), a qualified school or an educational service provider may not share, refund, or rebate any ESA funds to the Account Holder (parent, stepparent, or legal guardian) or qualified student, in any manner.

6. A.R.S. §15-2402(B)(1) requires that a portion of each student's Empowerment Scholarship must be spent on at least each of the following subjects: reading, grammar, mathematics, social studies, and science.

7. Account Holders cannot use one student's Empowerment Scholarship to pay for another ESA student's educational items or services. However, this does not preclude account holders from purchasing allowable educational items for their ESA students and then allowing those items to be used by other ESA students later, such as siblings, who may be able to use the items to meet their educational needs as well.

8. ESA students must receive allowable purchases within the same contract year (July 1-June 30) that the purchases, including tuition, are paid. An exception can be granted to account holders who pre-pay school enrollment fees.

9. Account Holders cannot spend their students' Empowerment Scholarships to pay for any purchases made prior to when their student's contract was signed or prior to the contract effective date of July 1 (for new contract holders).

Approved purchasing categories for ALL students

Approved purchasing categories listed in A.R.S. §15-2402(B)(4)	Description
Tuition or fees at a qualified school and required textbooks at a qualified school	A qualified school is defined as a nongovernmental primary or secondary school or a preschool for pupils with disabilities located in Arizona serving PK-12th grades.[6] The school must not discriminate on the basis of race, color, or national origin.
Tutoring or teaching services	All services must be provided by an individual or business currently accredited by a state, regional, or accrediting organization.[7, 8]
Curricula and supplementary material	A course of study for content areas or grade levels, including any supplemental education materials required or recommended by the curriculum, approved by the Department.[9]
Fees	Fees to manage the Empowerment Scholarship Account[10]
Tuition or fees for a nonpublic online learning program	Online learning programs or courses
Fees for nationally standardized norm-referenced achievement tests and grade level testing	Advanced Placement exams or other exams including preparation exams related to college or university admissions, such as the ACT or SAT. This also includes grade-level standardized achievement testing.

[6] A qualified student who resides within the boundaries of an Indian reservation in this state may attend a qualified school in an adjacent state that is within 2 miles of the border of the state in which the student resides.

[7] When a single individual provides tutoring or teaching services, as a private individual or a business, the tutor or teacher will need at least to provide his or her high school diploma or higher degree, which will serve as his or her accreditation from a state, regional, or national accrediting organization. In contrast, a business with more than one tutor that is billing with an invoice under its business name will need to provide an accreditation by a state, regional, or national accrediting organization OR the business can attest to the fact that all its employees providing services to ESA students are accredited, including high school diplomas or higher, by submitting an attestation of such. Pursuant to A.R.S. §1-701 the Arizona Department of Education recognizes and accepts homeschool diplomas for this purpose. Credentials of any kind cannot be expired.

[8] Degrees or transcripts issued by a foreign educational institution must be translated at the expense of the vendor into English and evaluated for U.S degree equivalence by a vendor qualified to make such evaluations.

[9] Pursuant to A.R.S. §15-2401(2), supplemental materials must be required or recommended by the curriculum. Supplemental material means relevant materials directly related to the course of study for which they are being used to introduce content and instructional strategies or that enhance, complement, enrich, extend, or support the curriculum. A.A.C. R7-2-1501(14).

[10] Any fees that may be levied by the Department to cover the costs of managing the Empowerment Scholarship Account program.

Tuition or fees at an eligible postsecondary institution and required textbooks	Community college, as defined in A.R.S. §15-1401; a university under the AZ Board of Regents, or an accredited private postsecondary institution
Services provided by a public school	Includes individual classes and extracurricular programs at a public school
Uniforms	Uniforms must be purchased from or through a qualified school or vendor that the school recommends or requires.
Insurance or surety bond payments	Insurance or surety bonds related to an individual Empowerment Scholarship Account for allowable expenses
Public transportation services	Includes a commuter pass for a qualified student, or transportation network services as defined in A.R.S. §28-9551 between the qualified student's residence and a qualified school in which the qualified student is enrolled.
Computer hardware and technological devices	Computer hardware and technological devices. Includes calculators, personal computers, laptops, tablet devices, microscopes, telescopes, and printers. Does not include entertainment and other primarily noneducational devices, including televisions, telephones, video game consoles and accessories, and home theatre and audio equipment.

Note: When making purchases and submitting them for approval or reimbursement through the ClassWallet platform, Account Holders will be required to select from the allowable categories above to categorize their expenses.

Tuition or fees and required textbooks at a qualified school

If an Account Holder submits tuition invoices to pay for tuition at a qualified school, the invoices must meet the requirements listed in *Chapter 3, Invoice Requirements*.

Failure of Account Holders to submit complete invoices will result in rejected orders. For all invoices, any amount requested for payment that is over the amount on the invoice may be rejected. ESA staff will only approve invoices up to the total allowable charges on the invoice, despite any requests submitted into the ClassWallet platform for payments above the total allowable charges on the invoice.

Approved qualified school fees

In addition to tuition, qualified schools may charge fees for the following approved purposes:

- Application fees
- Computer lab fees
- Enrollment fees
- Facility fees
- Lab fees (science labs, math labs, etc.)
- Musical instrument rental fees
- Payment processing fees
- Registration fees
- Required book or textbook fees
- Supply fees
- Transportation fees
- Tutoring fees
- Uniform fees

Tutoring or teaching services

When tutoring or teaching services are provided by an individual, the individual must submit an approved accreditation or credential. When tutoring or teaching services are provided by a business with more than one tutor, the business must submit an approved accreditation or credential for all tutors providing services to ESA students or complete the ESA program's tutor/teaching attestation form.

When Account Holders pay for tutoring or teaching services with an ESA debit card or seek reimbursement, they must submit receipts AND a copy of the tutor's credentials or the tutoring company's completed tutoring/teaching attestation form through the ClassWallet platform.[11] Please note that screenshots of websites will not be accepted as a copy of an accreditation, credential, or attestation.[12]

When submitting orders through ClassWallet's Pay Vendor option because the ESA program has already determined that those vendors meet accreditation, credential, or

[11] ESA reserves the right to request that an Account Holder resubmit accreditation or credential. Altering or manipulating any accreditation may result in termination and/or referral to the SBE, who can refer cases of fraud or misuse of funds to the Attorney General's Office. Full transcripts are recognized as a form of accreditation.

[12] A screenshot, screen capture, or screen grab is a digital image that shows the contents of a computer display.

attestation requirements prior to including them as ClassWallet vendors, no credential action is required.

Examples of allowable tutoring and teaching services include but are not limited to:

- Agriculture
- Archery
- Art
- Chess
- Civics
- Cooking lessons
- Dance
- Drama
- Driver's education
- Educational class provided by a government entity (documentation/accreditation/credential is not required)
- Foreign language
- Grammar
- Gymnastics
- Home economics
- Horseback riding lessons
- Martial arts
- Mathematics
- Music
- Personal finance
- Physical education
- Reading
- Science
- Sewing
- Social studies
- Swimming
- Woodworking

Examples of unallowable tutoring and teaching services include but are not limited to:

- Dog training
- Any course deemed inappropriately explicit by the Department

Arizona Department of Education Empowerment Scholarship Account (ESA)

Tutoring / Teaching Services Business Accreditation Attestation Form

Company Name: _____

Address: _____

Phone Number: _____

Email: _____

By signing this form, I attest to the following:

For businesses that offer academic tutoring or teaching services:

All tutors and teachers employed or contracted to provide tutoring or teaching services to ESA students have a high school diploma or higher degree from an accredited state, regional, or national accrediting organization pursuant to A.R.S. §15-2402(B)(4)(d). In accordance with A.R.S. §1-701 homeschool diplomas will be accepted.

For businesses that offer non-academic tutoring or teaching services:

All tutors and teachers employed or contracted to provide tutoring or teaching services to ESA students have a high school diploma or higher degree or a certification in the area of instruction from an accredited state, regional, or national accrediting organization pursuant to A.R.S. §15-2402(B)(4)(d). In accordance with A.R.S. §1-701 homeschool diplomas will be accepted.

Company Representative Printed Name: _____

Company Representative Signature: _____ Date:_____

Form Link:
https://www.azed.gov/sites/default/files/2025/02/ESA_Tutoring_Teaching_Services_Attestation_Fillable_Form.pdf

Curricula and supplemental material

Arizona Revised Statutes §15-2401(2) and Arizona Administrative Code (A.A.C.) R7-2-1501(3) define a curriculum as a course of study for content areas or grade levels, including any supplemental education materials required or recommended by the curriculum and approved by the Department.

In 2020, the State Board of Education, working in collaboration with the Arizona Department of Education and stakeholders, defined supplemental material as "relevant materials directly related to the course of study for which they are being used that introduce content and instructional strategies or that enhance, complement, enrich, extend or support the curriculum." See A.A.C. R7-2-1501(16).

When providing a curriculum to support the purchase of supplemental material or classes in a content area, curriculum documentation must include:[13]

- Student name
- Course of study
- Learning objectives
- Method of teaching, lesson plans, and description of activities or exercises
- Required supplemental material needed to achieve the learning objectives within the scope and sequence. These materials are supplemental items to the curriculum.

Account holders should provide any other curriculum-related documentation that they believe supports the purchase of supplemental material.

Questions about making a purchase? Reach out to our ESA staff at any time!

How to contact us

Email: ESACallCenter@azed.gov

Phone: (602) 364-1969

You may also visit https://www.azed.gov/esa/esa-support to view the most frequently asked questions.

[13] If an Account Holder enrolls an ESA student in a class that is offered through a business that is not a qualified school pursuant to A.R.S. §15-2401, the class will be an allowable purchase as a course of study if the Account Holder provides a curriculum for the class. Alternatively, the class can also be approved as a teaching service pursuant to A.R.S. §15-2402(B)(4) if an Account Holder is able to provide evidence that the business or its teachers are accredited.

Example of parent-provided curriculum

Student name: XXXXXX XXXXXXX
Student application ID#: ######

Subject: Art

Learning objective: Understand and identify warm colors and cool colors

Method of teaching/lesson plans/activities:

Lesson 1: Discovering Warm and Cool Colors
Objective: Understand and identify warm and cool colors.
Activities:

1. **Discussion**:
   - Introduce the concept of warm colors (e.g., red, orange, yellow) and cool colors (e.g., blue, green, purple).
   - Show examples of artwork using warm and cool colors.
2. **Color Exploration**:
   - Using crayons, students draw pictures using warm colors on one side of the paper and draw the same pictures using cool colors on the other.
   - Compare and contrast mood resulting from differences between warm and cool colors in the drawings.
3. **Reflection**:
   - Students share their drawings and discuss how the colors make them feel.

Lesson 2: Nature's Colors
Objective: Explore warm and cool colors in nature and create a watercolor painting.
Activities:

1. **Leaf Collection**:
   - Collect a variety of fall leaves.
2. **Observation**:
   - Analyze the leaves and categorize them into warm and cool color groups.
3. **Watercolor Painting**:
   - On the white paper, students create a background using watercolors, dividing the paper into warm and cool color zones.
   - Use the wide paint brush for broad strokes.
   - Place paintings on newspapers to dry.
4. **Leaf Rubbing**:
   - Once the watercolor background is dry, place leaves under the paper and use crayons to create leaf rubbings, focusing on capturing the colors.

Materials:

- 9 x 18 inch white paper
- Crayons
- Variety of fall leaves
- Watercolors
- Wide paint brush
- Newspaper

Link to parent-prepared curriculum fillable form:
https://www.azed.gov/sites/default/files/2025/02/Parent%C2%AD_Provided_Curriculum_Fillable_Form.pdf

The following list includes examples of common supplemental material that require curricula. Documentation for a curriculum must clearly demonstrate that the item is *recommended or required*.

Additionally, consistent with A.R.S. §15-2402, the Department will approve expenses that are reasonably related to an educational or vocational purpose, based on consideration of the following factors:

- The specific circumstances and educational needs of the qualified student
- Whether the Department has previously approved of the item or expense for the qualified student or for another qualified student in similar circumstances
- The primary purpose of the expense or item, based on ordinary and customary usage and the stated description of the expense or item
- The cost or quantity of the expense or item is not greater than what meets the student's education needs and circumstances in relation to other readily-available and reasonable alternatives

The Department may request additional information and/or documentation on a case-by-case basis to determine whether an expense is allowable.

Pursuant to A.R.S. § 15-2403 and applicable laws and rules, all expenses are subject to risk-based auditing, annual random reviews by the Department, and other legislatively-authorized administrative actions designed to protect the integrity of the ESA program.

It should be noted that all orders processed under the Department's threshold for auto-fulfilled orders are not deemed "approved" by the Department, until they are audited OR the timeframe to audit the orders has passed.

Supplemental material

- Bento box and compartmentalized trays
- Educational camps (travel, overnight accommodations and food are not an allowable expense)
- Gym and physical education facility membership (individual memberships for ESA student only, family memberships are not allowed)
- Home economic accessories such as measuring cup, spatula, whisk, etc.
- Home economic countertop appliances and related accessories, such as cooking and baking equipment and sewing machines, etc.
- Instruments
- Photography equipment
- Physical education equipment
- Playground
- Seeds/small saplings only

- Single tickets for educational events or venues such as zoos, science or art museums, plays, ballet, orchestra, musicals, etc.
- Smart Board
- Sports league or enrollment in sports camps (travel, overnight accommodations and food are not an allowable expense)
- Watches (analog or digital)
- Tools for vocational education

This list is not exhaustive, any revisions to the allowable list will be available at https://www.azed.gov/esa/esa-support.

NOTE: What parents are required to document for general education supplemental material below is currently the subject of a lawsuit pending in Arizona Superior Court. As of the date of this publication, the matter has not been resolved.

Effective July 1, 2026 – June 30, 2027:

A) If required by law or court order, all supplemental materials shall be submitted with curriculum documentation.

B) If not required by law or court order, curriculum documentation is not required for supplementary material generally known to be educational, including the following:

General education supplemental material

- Art supplies (paint, watercolors, paint brushes, canvas, drawing paper, clay, glue, colored pencils, pens, markers, crayons)
- Audio/Visual players
- Basic sport items such as bats, balls, gloves, racquets, and protective equipment
- Board games/strategy games/puzzles
- Bookcase (not to exceed 40 sq. ft.)
- Books (including audio, digital, players)/coloring books/magazines
- Compass/protractors/rulers
- Desk (which can accommodate up to two people) and chair for ESA student
- Desk organizer/small file drawer
- Dry erase boards and easels
- Educational DVDs and CDs
- Educational flash cards/prompt cue cards
- Educational kits
- Educational software & apps
- Educational periodical subscriptions
- Educational toys
- Educational workbooks/planners/calendars
- Instrument accessories and maintenance

- Manipulatives such as math cubes, Legos, dominoes, blocks, shapes, etc. that help with counting, time, measurement, shapes, addition, etc.
- Periodic table
- Personal-sized laminators and laminating supplies
- Print and binding services for an ESA student's educational material
- School mat/rug (not to exceed 35 sq. ft.)
- School supplies (paper, index cards, poster boards, paper, folders, binders, notebooks, staplers, scissors, tap, glue, eraser, white out, sharpener, educational poster, small desk/reading lamps, pencil grips, bookmarks, envelopes, rubber bands, dividers, hole punch)
- Small activity table (not to exceed size that fits more than 2 chairs on one side)
- Small home paper shredder
- Timers or clocks
- Trash cans (no larger than 5 gallons)
- Writing utensils (pens, markers, pencils, highlighters, crayons, chalk)

This list is not exhaustive, any revisions to the allowable list will be available at www.azed.gov/esa/esa-support.

Tuition or fees for a non-public online learning program

ESA approves tuition, fees, and required textbooks for non-public online schools or online learning programs. However, Empowerment Scholarships:

- Cannot be used to pay for online subscriptions or memberships that provide access to more than a single user, such as family subscription or memberships, unless you provide an itemized receipt that reflects each individual student's subscription or membership.[14]

- Can only be used for online learning programs or subscriptions for the contract year.

Helpful Hint: When paying for an online learning program, Account Holders can make themselves or their ESA students the online program subscriber and set the billing to the parent's name OR the parent and student's names.

EXAMPLE:

Subscriber name: Billy Doe (student) / Billing name: John Doe (parent)

OR

Billing name: John Doe – for Billy Doe access to online learning program(s)

[14] When purchasing multiple tickets or memberships on the same receipt, please ensure the receipt is itemized or shows the count of items purchased. Otherwise, ESA program staff cannot determine the allowable portion of the order to review and it must be rejected.

Services provided by a public school

Empowerment Scholarships may be used to pay for individual classes and extracurricular programs provided by public district schools, public charter schools, public career technical education districts (CTEDs). Examples of these classes and extra-curricular programs are drama club, band, cheerleading, sports, art classes, vocational education classes, music classes, speech and debate, etc. Account Holders cannot use Empowerment Scholarships to purchase uniforms for these classes or programs unless specifically required by the class or program. If they are required, they will be categorized as *supplemental material*.

Please keep in mind that public schools have discretion on whether to accept ESA students for such classes or extra-curricular programs.

To avoid ESA suspension, if your ESA student enrolls in a public school class or program, please ensure that:

- The student is not enrolled in the public school as "Payer Code 1" (public schools understand this terminology).
- The public school must enter your student in its student information system as a tuition-paying student under "Tuition Payer Code 2". Enrolling in a public school as Payer Code 1 while in the ESA program violates state law and your ESA contract. Improper enrollment may result in your student's termination from the ESA program and require a repayment of Empowerment Scholarship funds.
- The public school provides you an itemized and complete tuition invoice or receipt for all classes and programs sold to your ESA student.

For any questions about paying for classes or programs at a public school, please contact the appropriate school or district office.

Fees for achievement tests, placement tests, and college entry exams

Pursuant to A.R.S. §15-2402(4)(g), Account Holders can utilize Empowerment Scholarships to pay for their students to participate in nationally standardized norm-referenced achievement tests. These tests can help determine students' ability to show mastery of appropriate grade level material. Funds can also be used for advanced placement exams, or any exams related to college or university admission. Prep courses for these exams are also allowed.

Tuition or fees and required textbooks at an eligible postsecondary school

In accordance with A.R.S. §15-2401(4), Empowerment Scholarships can also be used for an eligible post-secondary institution such as:

- An Arizona community college, as defined in A.R.S. §15-1401
- A state university that is under the jurisdiction of the AZ Board of Regents
- An accredited private in-state or online postsecondary institution

Restricting the use of Empowerment Scholarships to in-state educational institutions has been upheld by the State Board of Education and an Administrative Law Judge.

Empowerment Scholarships may be used for textbooks, tuition, and fees required by the university or college classes. They cannot be used for room and board, meals, meal plans, food, or transportation.

Dual enrollment

Empowerment Scholarships may be used to pay for university or college enrollment when a high school student is taking college courses while still enrolled in a secondary school. This is referred to as dual enrollment.

Dual Enrollment programs allow students to take college classes while enrolled in high school. These classes count for both high school and college credit. High school students who complete dual enrollment may need to take fewer classes in college due to earning transferable college credits.

Public transportation services

In accordance with A.R.S. §15-2402(4), Empowerment Scholarships can be used for public transportation within the state of Arizona for ESA students between their residences and their qualified school where they are enrolled.

Public transportation services include:

- Commuter pass
- Transportation network company, such as taxis and ride sharing
- Public bus
- Taxi
- Vanpool service

Computer hardware and technological devices

In accordance with A.R.S. §15-2402(4), ESA funds can be used for computer hardware and technological devices such as:

- Calculators
- Personal computers
- Laptops
- Tablet devices

- Microscopes
- Telescopes
- Printers

You cannot use Empowerment Scholarships for devices that are primarily for entertainment. Additionally, other devices whose primary use is noneducational are also not allowable, such as:

- Televisions
- Telephones
- Video game consoles and accessories
- Home theater and audio equipment

However, audio equipment primarily used for education, such as headphones or earbuds, are an allowable expense and must be categorized as *supplemental material*.

Approved purchase categories for students with a disability

Pursuant to A.R.S. §15-2403, a student with a disability is a qualified student who:

- Qualifies as a child with a disability through a special educational evaluation from an Arizona public school district or charter school resulting in a determination of eligibility under the Individuals with Disabilities Education Act (IDEA) (A.A.C. R7-2-401(E)) or
- Has received an Individualized Education Program (IEP), Multidisciplinary Evaluation Team Report (MET), or 504 Plan from a previous public school enrollment, or
- Qualifies through an independent educational evaluation obtained for ESA purposes from a qualified examiner and can spend their Empowerment Scholarships for items and services that are not allowable for ESA students who do not have a disability. Table below has additional purchasing categories.[15]

Approved purchasing categories for students with a disability A.R.S. §15-2402(B)(4)[16]	Description
Associated goods/services and assistive technology	Associated goods and services, as well as assistive technology, must support the student's educational needs.
Educational therapy services	Educational therapy services must be provided by a licensed or accredited practitioner.
Paraprofessional and educational aide	Paraprofessionals and educational aides must be licensed.
Educational and psychological evaluations	These evaluations must be obtained from a public school or a qualified examiner. [15]
Vocational and life skills	These programs include, among others, those offered at Career Technical Education Districts (CTEDs) and trade schools.

When making and submitting purchases through the ClassWallet platform, Account Holders will be required to select from the allowable categories above or from *Approved Purchasing Categories for ALL Students* to categorize their purchases.

[15] "Qualified examiner" means a licensed physician (MD or DO), psychiatrist, or psychologist, pursuant to A.R.S. §15-2403(J)(2)

[16] Student must be identified as a student with a disability pursuant to A.R.S. §15-2401(7)(a)(i)(ii)(iii) or A.R.S. §15-2403(J) to spend ESA funds in these categories.

Account Holders with a student who qualified for the ESA program under a section other than "child with a disability," but who believe their student may have a disability should seek a special educational evaluation from their local school district to determine eligibility for special education under the IDEA or seek an independent education evaluation obtained for ESA purposes, pursuant to A.R.S. §15-2403. When updating your student's ESA to a disability eligibility, you must provide:

- **A complete copy of the special educational evaluation (IEP, MET, 504 plan) from a public school**

  Special Education evaluations must include the signature page of the evaluation with at least one member's signature who is not the parent of the student.

OR

- **An independent educational evaluation (IEE) from a qualified examiner**

  IEEs must include a copy of the qualified examiner's license showing that the license was current at the time of the evaluation. This can be obtained from the State Board of Examiners website showing the qualified examiner's license number and expiration date.

Associated goods and assistive technology

In accordance with A.R.S. §15-2402(B)(4)(c)(iv), qualified students with a disability who have all supporting documentation on file may be able to use their Empowerment Scholarships to purchase goods and services associated with their disabilities ("associated goods"). These associated goods include sensory items, when applicable, along with educational and psychological evaluations, assistive technology rentals, and braille-translated goods and services approved by the Department.

A.A.C. R7-2-1505(B) states that associated goods may include computer hardware or technological devices that assist in accessing educational materials or services that are associated with the qualified student's needs.

Account Holders who are seeking to use Empowerment Scholarships for associated goods and assistive technology or services must provide the Department with 1 of the following:

- Documentation of the ESA student being enrolled in a course of study that supports the child's disability or other educational need with which the good or service is associated, or

- The most current IEP, MET Report, or 504 plan from a public school, or independent educational evaluation obtained for ESA purposes, which indicates the need for the good or service, or

- A letter from a qualified examiner, qualified service provider, or certified special education teacher indicating the need for the good or service. [17]

If the purchase of an "associated good or service" has been rejected because the Account Holder provided insufficient documentation under A.A.C. R7-2-1505(B)(4), an Account Holder may resubmit the purchase with sufficient documentation to have it approved.

When submitting any documentation, please highlight, mark the area(s), or use any other method that indicates that the requested items are associated with or needed for the educational need(s) of the student.

You may request a pre-approval for sensory items, associated goods, or assistive technology by creating an *ESA Support Ticket*; however, it is not required.

Educational therapies and services

In accordance with A.R.S. §15-2402(B)(4)(c)(i), both in-person and virtual educational therapies from a licensed or accredited practitioner or provider are approved ESA program expenses.

However, to receive purchase approval for educational therapies, Account Holders must provide a copy of the valid license or accreditation of the individual providing the therapy or therapeutic service.

No screenshots from the accrediting organization will be accepted. The copy must be:

- Legible
- Not expired
- Issued by an accredited board

Examples of approved therapies

This is not an exhaustive list. For questions about therapies that are not listed, please *contact the ESA office*.

Therapy	Accreditation
Applied Behavior Analysis (ABA) and Verbal Behavior Analysis Cognitive Behavioral Therapy and Play Therapy	BCBA (Board Certified Behavioral Analyst) BCBA-D (Board Certified Behavioral Analyst – Doctorate) BCaBA (Board Certified Assistant Behavioral Analyst) Licensed psychologist Licensed counselor

[17] The letter must include the qualified examiner's or qualified service provider's license number and signature. In the case of a certified special education teacher, the letter must include the special education teacher's Educator ID number included on the current teaching certificate.

Aquatic Therapy	Aquatic Physical Therapy license Occupational Therapy license Physical Therapy license
Art Therapy	American Art Therapy Association (AATA) Occupational Therapy license Physical Therapy license
Equine Therapy; Hippotherapy; Therapeutic Riding	Equine Assisted Growth and Learning Association (Eagala) National Association of Certified Professionals of Equine (NACPET) North American Riding for the Handicapped Association (NARHA) Occupational Therapy license or OT Assistant license Physical Therapy license or PT Assistant license Professional Association of Therapeutic Horsemanship International (PATH) Recreational Therapy Certificate
Hand Therapy	Occupational Therapy license or related therapy credential Physical Therapy license PT assistant OT assistant
Music Therapy	American Music Therapy Association (AMTA) Certification Board for Music Therapists (CBMT)
Occupational Therapy (OT)	Occupational Therapy license (OT Assistants are approved)
Orientation and Mobility Specialist (COMS)	ACVREP Certified Orientation and Mobility Specialist
Physical Therapy (PT)	Physical Therapy license (PT assistants are approved)
Recreational Therapy	American Therapeutic Recreation Association (ATRA) National Council for Therapeutic Recreation Certification (NCTRC) Recreational Therapy license
Relationship Development Intervention (RDI) Therapy	BCBA (Board Certified Behavioral Analyst or Doctorate) BCaBA (Board Certified Assistant Behavioral Analyst) Licensed psychologist Licensed counselor RDI certificate Registered Behavior Technician (RBT)
Social Group Therapy	Certification in Cognitive-Behavioral Therapy (CBT) Licensed counselor Psychologist license School counselor or special education teacher (certified)

	Social Work Counselor Certificate Speech Therapy or Occupational Therapy license
Speech Therapy	Speech Language Pathologist Therapy (SLP) license (SLP Assistants are approved)
Vision Therapy	Optometrist (pediatric, behavioral, or developmental)

Note: Fees for late, cancelled, or missed appointments are not an allowable ESA expense.

Pursuant to A.R.S. §15-2402(B)(4)(c), a student who is not identified as a student with a disability is not authorized to use his or her Empowerment Scholarship for therapies. A student must have a MET Report, IEP, or 504 plan issued by an Arizona public school or an independent educational evaluation obtained for ESA purposes from a qualified examiner pursuant to A.R.S. §15-2403(J) on file with the ESA program prior to paying for these services with Empowerment Scholarship funds.

Account Holders may request, through an ESA Support Ticket, Department approval to use a provider whose credential is not listed in the previous table.

Medical insurance

Pursuant to A.R.S. §15-2402(B)(4)(c)(i), Empowerment Scholarships can be utilized along with private medical insurance to pay for educational therapies for qualified students with a disability. Documentation must include a statement or invoice indicating the amount not covered by insurance.

Paraprofessionals or educational aides

Pursuant to A.R.S. §15-2402(B)(4)(c)(ii), licensed or accredited paraprofessionals and educational aides are an approved expense for students with disabilities. Paraprofessionals are not the same as tutors or teachers; these individuals assist the tutor, teacher, or parent with the education of the student. Credential requirements are below:

Approved paraprofessional or educational aide credentials

Credential	Documentation
Associate degree or higher	Copy of degree or complete and full transcripts must be submitted
60 or more college credit hours from an accredited school	Copy of complete and full transcripts must be submitted

Pass 1 of the 3 paraprofessional tests	Official scores on: ACT WorkKeys ParaEducator Praxis ParaPro

Educational and psychological evaluations

A psycho-educational evaluation or assessment is the process through which psychologists or similarly licensed professionals observe and evaluate students.

In accordance with A.R.S. §15-2402(B)(4)(c)(iv), ESA students with a disability, who were identified at a public school through a special educational evaluation obtained for the purposes of determining eligibility under the IDEA, may use their Empowerment Scholarships to obtain a private psycho-educational evaluation.

The Department also accepts independent educational evaluations, obtained for ESA purposes, for updating a child's disability classification. See *Change in Disability Classification* to learn how to update a student's disability classification.

Vocational and life skills education for ESA students with a disability

Pursuant to A.R.S. §15-2402(B)(4)(c)(iii), a qualified student with a disability can utilize his or her Empowerment Scholarship for vocational and life skills education, approved by the Department. Empowerment Scholarships can be spent on tuition for vocational and life skills at colleges, vocational schools, and districts, including Career and Technical Education Districts (CTEDs), and trade schools.

Vocational education programs prepare students to work in numerous trade jobs or crafts. Vocational education can also be referred to as "career education" or "technical education" provided by a vocational or trade school.

A life skills education program is the building block that allows students to apply knowledge they acquire to real problems and situations. It is a form of education that encourages students with disabilities to effectively transition into adulthood by helping them to develop sound judgment and good habits for long-term stability, wellness, and success.

Combined, both vocational and life skills education programs are designed to help a student develop skills or interest in technical, trade, or craft-like careers while learning necessary skills such as self-reflection, critical thinking, problem solving, and interpersonal skills. This allows a student with a disability to live and work independently.

Additional information for parent of a student with a disability

It is important to understand, a child with a disability who participates in the ESA program does not have an individual right to receive some or all the special education and related services that the child would receive if enrolled in a public school (34 C.F.R. §300.137(a)). Nevertheless, children with disabilities who participate in the ESA program may still receive certain special education services from their district of residence, as described below.

Child Find

In Arizona, public districts are responsible for identifying all children with disabilities within their geographic boundaries, including children with disabilities who are attending private schools and those who are homeschooled (A.A.C. R7-2-401(D)(1)).[18] This is known as "Child Find" pursuant to 20 U.S.C. §1412(a)(3); 34 C.F.R. §300.111(a). When Account Holders enter into an ESA contract with ADE, they agree to release their public school districts or public charter schools from most obligations to educate and provide services for their ESA students. However, under IDEA, a public district retains its responsibility to either:

- Evaluate a student for special education, or
- Provide the student's parents with a prior written notice indicating that it refuses to conduct the parents' requested evaluation (A.A.C. R7-2- 401(E)(4))

If parents or guardians of an ESA student believe their child needs to be evaluated, they may refer to the table below to determine which public school district is responsible for conducting the evaluation to determine if the child is eligible for special education under the IDEA.

Additionally, ESA students who qualified for the ESA program as a student with a disability under A.R.S. §15-2401(7)(a)(i)-(iii), may also use Empowerment Scholarships to pay for a private independent evaluation if they believe an updated evaluation is necessary. See A.R.S. §15-2402(B)(4)(c)(iv).

Please note: Pursuant to A.R.S. §15-2401(7)(a)(ii), ESA students without a disability, such as Universal ESA students, cannot use their Empowerment Scholarships to pay for an independent educational evaluation to determine whether they qualify for ESA eligibility as a child with a disability.

[18] A charter school is responsible for child identification activities for students enrolled in its charter school. A.A.C. 47-2-401(D)(4)(a). Charter schools are not, however, responsible for outreach under the Child Find regulations because they have no specific geographic boundaries.

Child's current placement	Responsible public school
Homeschooled student(s)	The public school district in which the parent resides. *A.A.C. R7-2-401(D)(4)(b), A.R.S. §15-763(C).*
Non-profit private school	The public school district in which the non-profit private school is located. *A.A.C. R7-2-401(D)(4)(b).*
For-profit private school	The public school district in which the parent resides. *Letter to Chapman, 49 IDELR 163 (OSEP 2007).*

Equitable services

Children with disabilities who attend non-profit private schools, whether or not they participate in the ESA program, are considered parentally-placed private school children with disabilities. These children and home-schooled children with disabilities do not have an individual right to receive some or all the special education and related services that they would receive if enrolled in their public schools.[19] However, they might still be eligible to receive some special education services provided by their school districts under the IDEA's equitable services provisions.

Note that ESA students with disabilities who attend for-profit private schools are not eligible for equitable services pursuant to federal regulations.[20]

For information on IDEA equitable services, please visit the Arizona Department of Education's Exceptional Student Services website. Parents may choose to decline offers of equitable services offered from a local school district but should be aware that these services may be available. Accepting or rejecting these services has no bearing on your ESA contract or eligibility.

Change in disability classification

Account Holders' ESA contracts are renewed on an annual basis. Therefore, if a student without a previously identified disability obtains an independent evaluation stating that the student is a child with a disability, Account Holders' can update their student's ESA program eligibility category to a disability eligibility. ADE will not require a special education evaluation (MET, IEP, 504 plan) under the IDEA to update the students disability eligibility.

[19] 34 C.F.R. §300.137(a)

[20] Federal law does not allow public school districts and charter schools to consider parentally-placed private school children with disabilities who attend private schools through a state-funded voucher or scholarship program (such as Arizona's ESA program) differently from other parentally-placed private school children with disabilities for the purpose of providing equitable services. 34 C.F.R. §300.132(a).

For students already identified as having a disability, Account Holders can have their students' special education eligibility re-evaluated due to new information that would result in identifying a suspected disability not previously identified. Account Holders must make a written request to the appropriate public school district, or they can seek an independent educational evaluation for ESA purposes.

Keep in mind:

a. If a student attends a non-profit private school, the public school district, in which the private school is located, is responsible for the evaluation process.

b. If a student attends a for-profit private school or is home schooled, the public school district in which the parent resides is responsible for the evaluation.

c. For any questions about which public school district may be responsible for the evaluation of a student, please contact ADE's Exceptional Student Services (ESS) at 602-542-4013.

Other ways you can obtain an evaluation to determine or change your student's ESA program eligibility category are:

- Contact the Arizona Department of Education's ESA Program for its contracted third- party evaluator.

- If ADE's ESA Program has no contracted third-party evaluators, then you can contact your county's school superintendent's office for its list of approved independent third-party evaluators.

- If your county superintendent's office does not have a list of approved independent third-party evaluators, then you can hire a qualified examiner to conduct an independent educational evaluation. Qualified examiners are licensed physicians, licensed psychiatrists, and licensed psychologists.

Once an ESA student has obtained an updated evaluation:

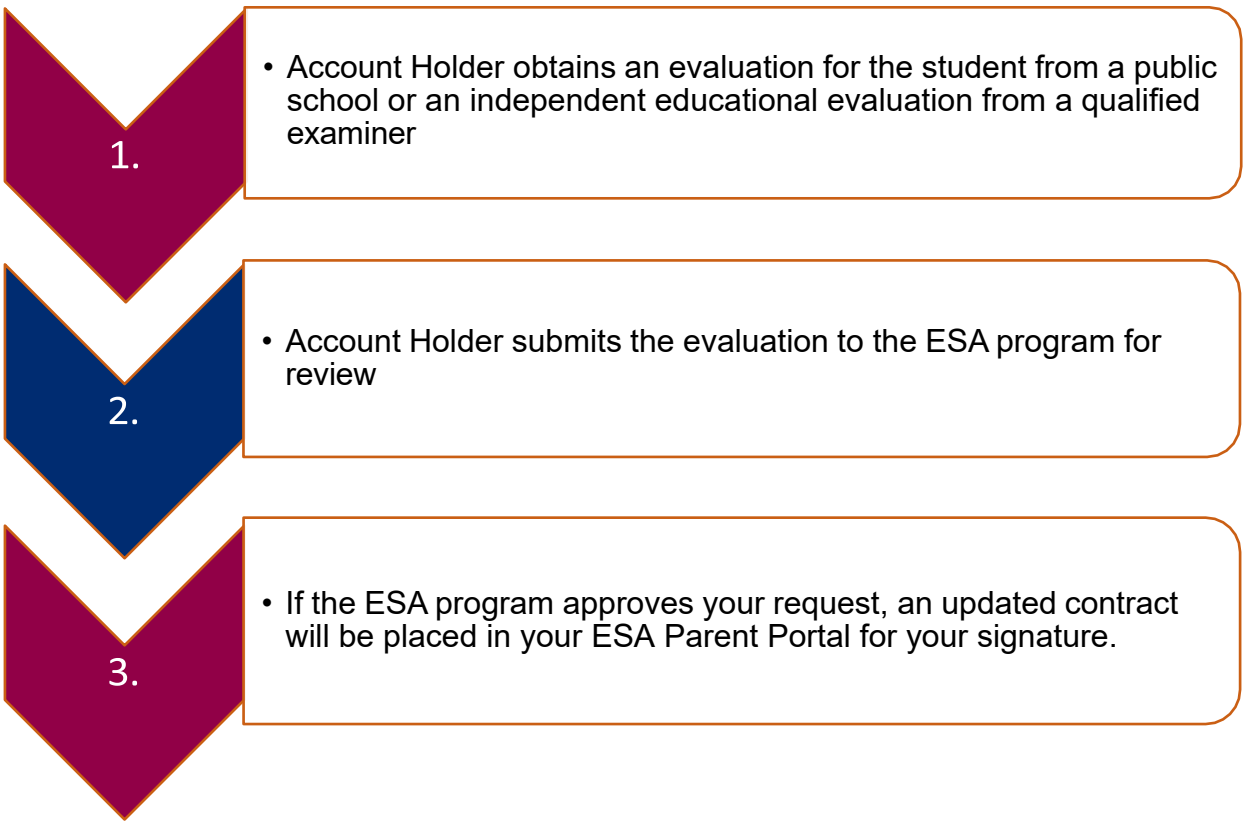
- Submit an *ESA Support Ticket*, located within your ESA portal, along with the updated evaluation, and request that your account or application be updated.

- ESA staff will process the request and issue a new contract. Please be aware, not all reevaluations will increase your ESA student's scholarship award amount. In some cases, based on the new eligibility category, the amount may be reduced.

- The new contract needs to be signed immediately to prevent funding delays.

As a reminder, only a child who is identified with a disability by a public school through an evaluation or who qualifies through an independent educational evaluation obtained for ESA purposes pursuant to A.R.S. §15-2403 are entitled to spend ESA funds on educational therapies, paraprofessional services, tuition for vocational and life skills education, educational and psychological evaluations, assistive technology rentals, braille translation, or associated goods. See the "*Associated Goods & Assistive Technology*" section for more information.

Changing your student's eligibility to a disability eligibility – Flowchart



Visit https://www.azed.gov/esa/esa-support for instructions on how to change or update a student's disability classification, under '*Evaluations*'.

Preschool Severe Delay funding

"Severe delay" is a disability **only** assigned to pre-kindergarten students. Students in grades K-12 cannot be evaluated with this disability. As a result, students with a disability in the ESA program under the *Preschool Severe Delay* classification need to be re-evaluated for any other disabilities they may have that qualify them for additional funding in grades K-12. Without a re-evaluation indicating a disability applicable to

students in grades K-12, a student's account will not indicate the student has any disability.

A re-evaluation is not required for a preschool student with severe delay to continue in the ESA program; however, from kindergarten on, an evaluation indicating a disability applicable to students in grades K-12 is needed, if the student is to continue to be eligible as a student with a disability. Account Holders can also contact the ESA Support Line at 602-364-1969 or submit an *ESA Support Ticket* to learn if a specific account will be affected.

Developmental Delay funding

Pursuant to A.R.S. §15-2401(7)(a)(ii) and A.R.S. §15-761(3), the *Developmental Delay* disability classification is only applicable to students from the ages of 3 through 9 years old. If a parent believes that his or her student qualifies for another disability classification at age 10 or beyond, the parent must have the student re-evaluated to determine whether the student has another disability that allows him or her to participate in the ESA program as a student with a disability.

A parent is not required to have his or her student re-evaluated for another disability to remain in the ESA program. However, without an evaluation that the student has another disability which allows the student to remain in the program as a student with a disability, he or she will not receive an Empowerment Scholarship award that reflects a disability classification. Account Holders can also contact the ESA Support Line at 602-364-1969 or submit a Support Ticket to learn if a specific account will be affected.

Students with a disability (*After 12th-grade cohort year*)

Pursuant to A.R.S. §15-2402(4)(n), students with a disability who are not ready to graduate high school or have not earned their GED (General Education Development) diploma are eligible to receive Empowerment Scholarships until the age of 22.

When a student is identified as being a student with a disability in the ESA program and is in the spring of his or her 12th-grade cohort year, ESA will notify the Account Holder that action is required if the Account Holder plans to keep his or her student in the ESA program beyond the ESA student's 12th-grade cohort year.

Expenses for students with a disability

- Purchases only approvable for students with disabilities will be reviewed when Account Holders submit proper documentation supporting the purchases. Such support will include documentation such as evaluations, programs, and recommendations from qualified examiners, licensed therapists, or qualified service providers.

- When submitting purchases only approvable for students with a disability, Account Holders may provide additional explanation as to how their purchase will assist the student's educational needs. Account Holders can add information in the "Comments" section of the ClassWallet platform where purchases are submitted.

ESA unallowable purchases

- Entertainment
- Home theater and audio equipment
- Primarily noneducational devices
- Telephones
- Televisions
- Video game consoles and accessories

The Department of Education has made the decision not to allow the following items:

In accordance with A.R.S. §15-2402, the following categories are prohibited.

- Amazon Prime fees (or similar fees)
- Amusement park, theme park, and waterpark tickets
- Assembly or installation fees
- Backpacks, lunch boxes, and water bottles
- BBQ grills, smokers, and fixed fire pits
- Bedding
- Bounce houses or water slides
- Cancellation fees
- Children's car seats
- Clothing (separate from uniform requirements)
- Commercial/industrial/professional-grade items and appliances including freeze-dryers, espresso machines, dehydrators, etc.
- Consultation fees
- Day care fees
- Dining
- Dog training
- Food (including animal feed/food)
- Footwear
- Fuel, oil, and chemicals (except chemicals required by educational curricula, such as science curricula)
- Fundraising fees
- Gift cards of any kind
- Greenhouse with footprint larger than 100 sq. ft.
- Home furnishings and fixtures (i.e. wall art, floor lamps, garage storage, lockers, cabinets, nightstands, vanity desk, door mats, etc.)
- Home improvement items (wood, piping, irrigation, water filtration, concrete, water pumps, etc.)
- Hotel and lodging
- Household cleaning supplies

- Inappropriate explicit material
- Jewelry and precious metals
- Land/real property
- Large appliances (such as stoves, refrigerators, freezers, microwaves, ice machines, and similar appliances)
- Large chicken coops and runs (anything above 12 chickens would not be allowed)
- Late payment fees
- Lawn and landscaping equipment
- Live animals (except for life-cycle vouchers for educational purposes)
- Medical services, devices, and supplies (except those supplies required by educational curricula)
- Medications, vitamins, and supplements
- Motorized go-karts, motorized scooters, multi-person kayaks
- Motorized vehicles
- Non-educational fees charged by schools and service providers for parking passes, yearbooks, picture day packages, caps and gowns, spirit day participation, school fundraising requirements, parent teacher association participation, and other similar fees
- Outdoor shade structures
- Parent training courses (unless required for a student with special needs – must be a documented need by the training/course)
- Pizza ovens
- Primarily noneducational items, devices, materials, and supplies
- Ready-to-eat subscription boxes
- Returned payment fees
- Smartwatches with cellular service
- Solar panels or systems
- Swimming pools, saunas, and ponds
- Trailers (of any kind)
- Trampolines greater than 10 ft in diameter
- Travel costs for teacher or tutors
- Weapons and ammunition, including BB guns, airsoft guns, and paintball guns. (Archery bows with a draw weight less than 35 lbs. are allowable as part of archery instruction)

Non-approved therapies and services

- Acupressure
- Acupuncture
- Blood work (labs)
- Chiropractors
- Craniosacral therapy
- Health exams
- Hyperbaric Oxygen Therapy
- Massage therapy
- Medical equipment, devices, or services
- Nutritionists

- Dental exams or services
- Eye exams
- Physical exams
- Reiki

Any revisions to the lists above will be available at https://www.azed.gov/esa/esa-support.

Documenting ESA purchases

Account Holders are required to upload purchase documentation into the ClassWallet platform. When uploading purchase documentation, please follow the guidance below.

Invoice requirements

If submitting an invoice to the ESA program to pay a qualified school, program, vendor, facility, or therapist (paying a therapist is only allowed for qualified students with disabilities), please ensure it includes key information.

Invoices must include

- Name, address, and contact information of qualified school, program, or service provider
- Invoice date
- Invoice number
- Student name
- Student grade level (applies to preschool and kindergarten students at qualified schools ONLY)
- Itemized description of services provided and associated charges, including dates of service
- Total amount of charges
- If you are paying a therapist or qualified examiner for services, his or her license number must be included on invoice.
- If you are seeking reimbursement, proof of payment is required.

For reimbursements, if an Account Holder is submitting an itemized invoice in order to document items purchased or services rendered, it must be accompanied by a payment receipt. An invoice alone is not sufficient for a reimbursement request; proof of payment must be submitted, or the request will be denied.

Receipt requirements

Receipts must be generated by a vendor from its point-of-sale system or its numerically-controlled receipt book or system.

Receipts must include

- Vendor name, address, and contact information (phone or email)
- Receipt date
- Receipt number (or transaction number, order number, reference number, authorization number, etc.)
- Itemized and total amount charged
- Itemized list and description of items or services purchased

Debit card and reimbursement receipt submission deadlines

Debit Card documentation, including purchase receipts, invoices marked paid, service provider's accreditation or credential, curriculum, etc., must be uploaded into the ClassWallet platform by the end of the month after the end of each quarter. Please refer to *Deadline for Debit Card Transactions.*

Only allowable educational purchases made after the Account Holder has signed his or her contract may be reimbursed.

Account Holders have the entire contract year to submit their purchase receipts for reimbursement. Final reimbursements for the contract year must be uploaded into the ClassWallet platform by the end of the month after the end of the contract year.

Chapter 4
ClassWallet Accounts

About ClassWallet

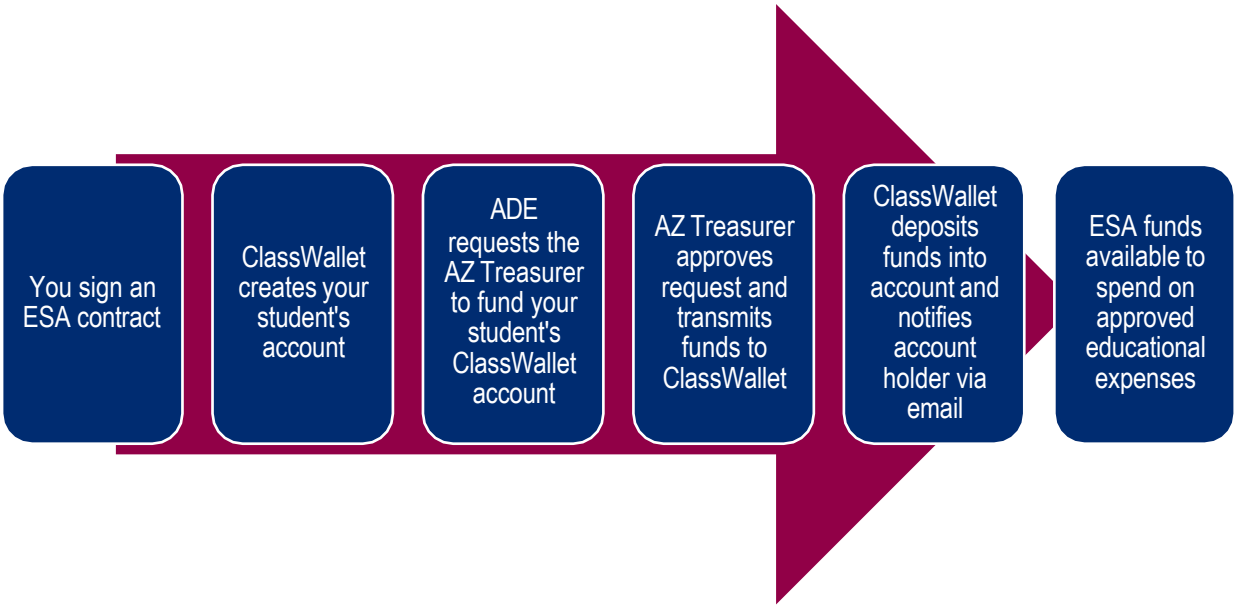
ClassWallet is a third-party vendor that provides Account Holders with a platform to spend their Empowerment Scholarships through a digital wallet.

ClassWallet's platform is designed to streamline and automate Account Holders' spending and tracking of their qualified students' Empowerment Scholarships, including managing Account Holders' payments to private schools, education service providers, and vendors.

Establishing a ClassWallet account

After Account Holders sign their ESA contracts, it takes approximately 3-5 weeks for all parties (ADE, ClassWallet, AZ Treasurer) to create and fund their ClassWallet accounts. Once their ClassWallet accounts are created, ADE will request the Arizona Treasurer's Office to fund their accounts for the current quarter. ADE will continue to request the Treasurer's Office to fund their accounts on a quarterly basis for the remainder of the time that their qualified students are on the ESA program.

When the Treasurer's Office approves ADE's requests to fund accounts, the Treasurer's Office will then disburse Empowerment Scholarship funds to ClassWallet to deposit into accounts. ClassWallet will then send emails to Account Holders letting them know their accounts have been funded and their Empowerment Scholarships are available to spend. [21]



[21] Creating and funding accounts may take longer during holidays. Additionally, unforeseen disruptive events such as a pandemic or natural disaster could also cause delays in creating and funding accounts.

Accessing a ClassWallet account

Account Holders can access their students' ClassWallet accounts through the ESA Portal. Once logged in to the ESA Portal, Account Holders should click the blue button labeled "Go to ClassWallet Account". The button will take Account Holders directly to ClassWallet's platform.

If Account Holders have multiple students in the ESA program and on the ClassWallet platform, they can log in once and toggle between their students' ClassWallet accounts using the drop-down menu at the top right of the homepage, where it reads "Welcome".

Information on navigating the platform and helpful tutorials is available from ClassWallet at https://classwallet.my.site.com/classwallet/s/.

Contacting ClassWallet

You can contact ClassWallet by telephone at 1-877-969-5536, Monday through Friday from 8am to 8pm EST, Saturday from 10am to 4pm EST, or by email anytime at help@classwallet.com.

Four ways to spend your Empowerment Scholarships in ClassWallet

ClassWallet offers four ways for Account Holders to make purchases or payments on its platform: Marketplace, Pay Vendor, Debit Card, and Reimbursement.

Please visit ClassWallet at https://classwallet.my.site.com/classwallet/s/article/Ways-to-use-ESA-Funds and https://classwallet.my.site.com/classwallet/s/ for more information on each option.

ClassWallet vendors are listed in the Marketplace and Pay Vendor at https://app.classwallet.com/r/#/shop and https://app.classwallet.com/#/direct_pay/pay.

Marketplace: Account Holders can place orders with various online vendors within the ClassWallet Marketplace. Upon approval, all orders are shipped directly to the address on record.

Pay vendor: If private schools and educational service providers, such as tutors, are registered with ClassWallet, Account Holders can pay them directly through the *Pay Vendor* section on the ClassWallet homepage.

Account Holders must upload complete invoices (see *Invoice Requirements*) for Pay Vendor orders. Once orders are submitted by Account Holders and approved by ESA staff, ClassWallet will release payment for the approved orders to the private schools and educational service providers. Private schools and educational service providers typically receive payment within 2-10 business days. They also receive a list of the

students for whom they received payment, along with the date and amount of payment for each student.

Please note that Account Holders are not required to provide any accreditation or credential documentation for tutors and other educational service providers in *Pay Vendor*, as the tutors and providers are already registered in ClassWallet, and their supporting documentation has already been submitted by them and reviewed by the ESA program.

Debit card: The ClassWallet-issued debit card draws funds from the Account Holder's account balance in ClassWallet.

ESA cards can be used in the following ways:

- Point of Sale (swiping the card or manually inputting card number)
- PayPal
- Square / VENMO

Merchant Category Code (MCC) Restrictions—As part of the contract between ClassWallet and the Arizona State Treasurer, the debit card has certain MCC restrictions to minimize the risk of debit cards being used to make unallowable purchases. MCC restrictions include code 8211 (Schools, Elementary and Secondary), as payments to private schools should be made through Pay Vendor in the ClassWallet portal. If the debit card does not work at a specific business or vendor because of a restricted MCC, an allowable item will need to be purchased another way, such as out of pocket, which the Account Holder can then submit for reimbursement.

All MCC exceptions that are granted by the Department will be extended to all Account Holders. The Department will notify all Account Holders of the inclusion of these new MCCs by email. A complete list of approved MCCs is available on the ADE website and will be updated if a new code is added.

For MCC questions or concerns, or to request that a restricted code be allowable, please visit https://www.azed.gov/esa/esa-support.

Submitting invoices and receipts—For all debit card transactions, Account Holders must submit a complete paid invoice or receipt in the ClassWallet platform. Additionally, when paying a tutor or other applicable educational service provider with a debit card, Account Holders must also submit a copy of the tutor's or educational service provider's accreditation or credential for each applicable transaction. **Paid invoices, receipts, and any accreditation or credential documentation must be submitted by the deadline set forth in A.A.C. R7-2-1508(D)** *(see Deadline for Debit Card Transactions table below)*. Failure by Account Holders to submit required documents by established deadlines will result in Account Holders being required to repay an amount equal to purchases for which documentation was not submitted.

Deadline for debit card transactions

Quarter	Purchasing dates	Deadline for receipts and documentation
1	July 1-September 30	October 31
2	October 1-December 31	January 31
3	January 1-March 31	April 30
4	April 1-June 30	July 31

If an Account Holder fails to submit the outstanding debit card receipts following the quarterly deadline, the Department is required to notify the Account Holder. The Account Holder will then have a grace-period of 15 days to submit any outstanding receipts. If the Account Holder fails to submit the receipt, the Department will suspend the debit card and may close the account.

Additionally, Account Holders must submit supporting documentation for debit card purchases after every 20 transactions, even if it results in them submitting prior to established deadlines. Failure to submit all supporting documentation after the 20-transactions ceiling will result in the Account Holder's ClassWallet debit card being deactivated.

Improper use of debit cards and suspension—Cash withdrawals, cash advances, or purchase of cashier's checks are prohibited with your ClassWallet debit card. Any Account Holder attempting to make a cash withdrawal will have their debit card automatically suspended and the Account Holder will need to notify ClassWallet directly for reactivation. The Department will issue a 15-day suspension letter via email to the Account Holder stating the reason for the suspension. The Account Holder will then have 15 days in which to respond or take action. Failure to contact the Department by the date stated on the letter may result in termination of the ESA.

Note: Private schools and vendors are never allowed to keep debit cards on behalf of Account Holders. The ClassWallet debit card must always be in the Account Holder's possession.

Additionally, the functionality of a debit card at point of sale does not validate the allowability of a purchase.

Reimbursement: If Account Holders cannot make a purchase or pay using one of the three ways listed above, they may make purchases using their personal money or credit card. They must then submit itemized receipts or payment receipts accompanied by an itemized invoice to the ESA program for reimbursement from their accounts.

To receive reimbursement, Account Holders must link their bank accounts to their ClassWallet accounts, and ClassWallet must verify the bank account's authenticity.

If an Account Holder has multiple children in the program, the bank account only needs to be linked once.

When submitting purchases for reimbursement, Account Holders MUST submit:

- Receipts only for transactions made after the date they signed their ESA contracts.
- Complete itemized receipts or payment receipts accompanied by itemized invoices.
- All other necessary documentation such as curricula, therapist letters recommending supplemental material, educational service provider's credentials, business accreditation, etc.

Invoice requirements are available under the *Invoice Requirements* section. Receipt requirements can be found under the *Receipt Requirements* section.

Vendor registration in ClassWallet

If an Account Holder has a preferred vendor that is not on the ClassWallet platform, private schools, educational service providers, and vendors can register to become a ClassWallet vendor by visiting the "Vendor" section of the ESA Support page of ADE's website at https://www.azed.gov/esa/esa-support. They can also contact ClassWallet at help@classwallet.com or 1-877-969-5536.

ClassWallet charges a 2% processing fee to vendors and not directly to the ESA Account Holder. However, the vendor has discretion to charge Account Holders a processing fee to offset this expense.



Chapter 5
Auditing and Compliance for ESA Purchases

Auditing purchases

Pursuant to A.R.S. §15-2403(B) and A.A.C. R7-2-1508(A), the Department may perform audits to ensure compliance with ESA rules pertaining to purchases. Such audits conform to the record retention requirements that were in place at the time the expense was made. The Department may only audit account activity from the last two fiscal years, including the current fiscal year.

Pursuant to A.A.C. R7-2-1508(B), the Department must provide an annual notice to each parent of when and how the Department will conduct reviews of expenses and audits. If the Department chooses to adopt risk-based auditing, the Department must provide formal notice to the State Board of Education (SBE) at one of its meetings.

In 2020, the State Board of Education, working in collaboration with the Arizona Department of Education and stakeholders, established the rule A.A.C. R7-2-1507(C): The Department shall not request repayment for an expense it has approved for a specific ESA.[22] The Department shall treat similar expenditures by similarly situated account holders in the same manner. This section does not create authorization for an account holder to expend funds in a manner not permitted by statute.

Comparison of ESA students and allowable items

Situation	Student 1	Student 2	Item allowability comparison
Similarly Situated	Student with Disability-ASD (autism spectrum disorder)	Student with Disability-ASD	*Weighted blanket* approved for all students with an ASD classification as a good associated with ASD.
Not Similarly Situated	Student with Disability-ASD	Student with Disability-SLI (speech language impairment)	*Weighted blanket* approved for Student 1 but not Student 2, since weighted blankets are not a good associated with an SLI disability.
Not Similarly Situated	Student with Disability-ASD	Universal-eligibility student	*Weighted blanket* approved for Student 1 but not Student 2, since weighted blankets are not a good associated with regular education students.

[22] The Department may ask for repayment of any items approved in error, if items are improper or unallowable under your ESA contract, state law, administrative rule, program policies, or this ESA Parent Handbook.

Unallowable purchases that may result in account suspension or termination

To protect the ESA program and public monies, the Department pursues all unallowable purchases made using Empowerment Scholarships that it finds. If ESA staff identify unallowable purchases during purchase reviews or audits, they will suspend the applicable accounts and notify Account Holders of suspension and possible termination, along with appeal rights or other possible due process remedies. If after due process is completed, improper spending is not repaid to the ESA program, the Department will refer these cases to the State Board of Education to approve a referral to the Attorney General's Office for collections. Additionally, the Department has a zero-tolerance policy on substantial misuse of Empowerment Scholarships with the intent to defraud. In these circumstances, the Department refers cases directly to the Attorney General's Office.

The Department may suspend Account Holders' ESAs and require them to repay any spending that is unallowable under their ESA contracts, state law, administrative rule, program policies, or the ESA Parent Handbook.

Below are examples that may result in account suspension or termination:

- Purchases made with Empowerment Scholarships while enrolled in a public-school district, charter school, or public online school, including summer school at any of these types of public schools (A.R.S. §15-2402(B)(2)).
- Purchases made with Empowerment Scholarships while concurrently accepting School Tuition Organization (STO) Scholarships OR tax credit scholarships in the same year as an Account Holder signs an ESA contract.[23] (A.R.S. §15-2402(B)(3))
- Purchases made with Empowerment Scholarships for unallowable items or services
- Failing to spend a portion of the Empowerment Scholarship on each of the following subjects: reading, grammar, mathematics, social studies, and science
- Failing to submit receipts for debit card transactions by the *quarterly deadlines*
- Committing fraudulent activity within the ESA Program, including providing false information or falsifying documents
- Re-selling items purchased with Empowerment Scholarships
- Account Holders and parents or guardians who are not designated account holders, cannot be paid with any funds from their students' Empowerment Scholarships. Additionally, students receiving an Empowerment Scholarship

[23] If after signing an ESA contract, an Account Holder concurrently accepts an STO scholarship for an ESA student, the Account Holder must withdraw his or her student from the ESA program and the ESA will be closed. Conversely, if a student is receiving an STO scholarship and the student's parents or guardian decides to switch to an ESA, the parents or guardian must repay the STO the scholarship amount before signing an ESA contract. Please contact your qualified school to make sure you are not receiving an STO or tax credit scholarship. If you believe you may have received an STO or tax credit scholarship, please contact ESA staff immediately.

cannot use their scholarships to pay themselves for any purpose whatsoever.

Suspension of ESAs

Pursuant to A.A.C. R7-2-1509, when the Department suspends an account, it will notify the Account Holder of the suspension by email. The notification will specify the reason for the suspension and details of the unallowable purchase that resulted in the suspension. The Department will allow Account Holders 15 business days to provide the ESA program with documentation that shows their purchase was allowable or that they were victims of identity theft or fraud. Otherwise, Account Holders must submit repayment for the unallowable purchase or file an appeal to the SBE. Additional information on the ESA Appeals Process, as well as how to file an appeal is available at: https://azsbe.az.gov/empowerment-scholarship-account-esa-program.

Termination of ESAs

If, within 15 business days of notification of account suspension, the Account Holder has taken no action, the Department will send the Account Holder a termination letter by email and first class or certified mail, which will also include a right to appeal.

The termination letter allows the Account Holder 30 calendar days to resolve the termination or appeal the Department's decision. If no appeal is made in writing to SBE, the ESA is closed, and unused funds will be deposited back into the State's general fund. Any outstanding amounts spent on unallowable purchases or on debit card purchases for which supporting documentation has not been submitted will be referred to the SBE who may refer the case to the Attorney General's Office for Collections, as well as fraud investigation, if applicable. Pursuant to A.A.C. R7-2-1509(J), if a case is referred to the Attorney General's Office, the Department shall withhold all funds in the account and close it. Additionally, if an account is terminated, the Department shall conduct a full audit of the account and request repayment of any funds that were spent in violation of the ESA contract. Pursuant to A.A.C. R7-2-1510(B), the Department may remove a parent from the ESA program for failing to correct a violation, this includes termination of all ESAs for whom the parent is the account holder.

However, if the Account Holder provides documentation showing that the purchases in question are allowable, that the Account Holder was victim to identity theft or fraud, or that the Account Holder has made repayment for the unallowable purchases, the account will be reactivated.

Repayment plans

Pursuant to A.A.C. R7-2-1509(C), if during an account suspension, the Department determines that the Account Holder's documentation fails to demonstrate that the purchase is allowable or that the Account Holder was victim to identity theft or fraud, the Department shall provide notification to the Account Holder that the amount must be repaid.

Pursuant to A.A.C. R7-2-1509(C), if Empowerment Scholarship funds need to be repaid on an active account, the Department may agree to a repayment schedule at the request of the parent.

Once an Account Holder agrees to a repayment schedule or repays an amount pursuant to A.A.C. R7-2-1509(A)(2)(b) or A.A.C. R7-2-1509(C), the Department shall lift the suspension, reinstate the account, and make any disbursements that were withheld during the suspension. Pursuant to A.A.C. R7-2-1509(G), if an Account Holder fails to make a scheduled payment when on a repayment plan, the remaining unpaid balance will be referred to the SBE, who may refer the case to the Attorney General's Office for collections.

However, if an Account Holder's ESA has been closed or terminated and the SBE has referred the account to the Attorney General's Office for collections, the Account Holder must work through any procedures established by the Attorney General's Office in these matters.

Except in cases which the Attorney General determines that an Account Holder has committed fraud, any expenditure from an Arizona Empowerment Scholarship Account for a purchase that is unallowable pursuant to A.R.S. §15-2402 and that is subsequently repaid by the Account Holder shall be credited back to the Arizona Empowerment Scholarship Account.

Repayment instructions

Please make payments out to the Arizona Department of Education. Please include the student's name, application ID number, and a brief explanation to assist us in processing.

Accepted Methods of Payment:

- Personal check
- Cashier's check
- Money order

Address:

Arizona Department of Education
Attn: ESA Program
1535 W. Jefferson Street, Bin #41
Phoenix, AZ 85007

Chapter 6
Renewing ESA Contracts

Eligibility requirements to renew your annual ESA contract

To be eligible to renew an ESA contract, Account Holders must have:

1. Spent a portion of their students' Empowerment Scholarships on reading, grammar, mathematics, social studies, and science during the contract year (July 1-June 30)
2. An active contract, meaning their contracts must not be currently suspended or have been terminated for contract violations such as:

    - Failure to submit debit card receipts in a timely manner. See *Deadline for Debit Card Transactions*
    - Making improper or unallowable purchases
    - Using Empowerment Scholarships in any way that is fraudulent
    - Enrolling your student in public school at the same time he or she is participating in the ESA program
    - Receiving a School Tuition Organization (STO) or tax credit scholarship in the same fiscal year (July 1-June 30) as an ESA
    - Using their student's ESA to pay themselves
    - Reselling items purchased with ESA funds

Renewal contracts

Existing ESA students are considered "renewing students" and do not need to reapply annually, while they remain eligible to participate in the program. Their Account Holders only need to sign their ESA renewal contracts that the Department sends in the spring.

Any funds remaining in students' ESAs at the end of the fiscal year will roll over into the next fiscal year. Eligible students on "Exited" contracts (see *"Exited" Contract*) must also renew their contracts.

Each year, around May, renewal contracts will be sent by email with an electronic signing option. Once the ESA program receives signed renewal contracts and any required documents, ESA staff will send email confirmations to Account Holders.

Chapter 7
Leaving the ESA Program

A student leaves the ESA program 1 of 4 ways:

1. **Withdrawal:** Account Holder requests that his or her student's ESA contract be closed and the student withdraws from the ESA program.
2. **Non-renewal:** Account Holder chooses not to sign his or her student's renewal contract.
3. **"Exited" contract:** Student exits the program upon high school graduation or earning a general education diploma (GED).[24]
4. **Termination:** ADE terminates an Account Holder's contract for failure to abide by program rules or policies, ESA Parent Handbook, or state law.

Withdrawal

Account Holders can withdraw their students from the ESA program at any time. To close a student's account, an Account Holder can do so within the ESA Portal. Account Holders can also submit an *ESA Support Ticket* requesting ESA staff to close their account. The Account Holder will receive email confirmation when the ESA has been closed.

ESA staff will review closed ESAs to determine if there are any outstanding debit card receipts or paid invoices that are missing, and that Account Holders must still submit. Once an account is closed and has been reviewed by ESA staff, any Empowerment Scholarship funds remaining in the account will be returned to the State's general fund.

Pursuant to A.A.C. R7-2-1509, if an account is closed and ESA staff determine that it is not in good standing due to missing debit card receipts, the Department will refer the account to the State Board of Education (SBE). The SBE may refer the case to the Attorney General's office for collections.

Non-renewal

Renewal contracts are sent to current Account Holders near the end of each school year. Pursuant to A.R.S. §15-2402(H), if an Account Holder does not sign a renewal contract, the ESA program will automatically close the account. Any Empowerment Scholarship funds that remain in ESAs that have been closed for non-renewal will be held for 3 fiscal years. If an ESA remains closed for 3 fiscal years, the Department will send a notice to Account Holders stating that the Empowerment Scholarship funds will be swept within 60 days. If there is no response within 60 days of this notice, any remaining Empowerment Scholarship funds will be returned to the State, pursuant to A.R.S. §15-2402(H).

[24] ESA students with a disability may be eligible to continue in the ESA program until age 22. See *Students with a Disability (*After 12th-grade cohort year*)*

“Exited” contract

An Account Holder will receive an “Exited” contract for his or her student, if the student meets 2 criteria:

- The student no longer qualifies for a K-12 education because he or she has graduated high school or earned a GED
- The student’s ESA still has a positive fund balance.

Please note that students on Exited contracts do not receive any new ESA funding, but the students are eligible to spend their current ESA balance for proper and allowable expenses.[25]

Once a student is on an Exited contract, the student can spend his or her ESA balance for up to 4 years or until graduation from a postsecondary institution.[26] All policies and laws regarding the ESA program must still be followed.

If your student graduates high school or earns a GED, please notify the ESA program as soon as possible so that an Exited contract can be sent.

Account Holders whose students are on Exited contracts are still contractually obligated to upload debit card receipts, if applicable, on a quarterly basis. An Account Holder’s failure to do so can result in ADE suspending and subsequently terminating the ESA.

Termination

The Department may terminate an Account Holder’s ESA contract and remove a student from the ESA program for a variety of reasons, as discussed in *Chapter 5*. Upon the Department terminating an ESA contract, the Account Holder may appeal the Department’s decision. However, if an Account Holder is removed due to committing fraud, the Account Holder and the student may not reapply for the ESA program in the future.

[25] See A.R.S. §15-2402

[26] See A.R.S. §15-2402(K)

Chapter 8
ESA Support

Seeking ESA support?

If you are seeking information or support from the ESA program, please visit https://www.azed.gov/esa/esa-support. You will be able to find information on how to request pre-approvals, submit documents, ask questions and more!

ESA support ticket system

Account Holders can submit ESA Support Tickets through their ESA parent portal. There is a one-time set up and registration the first time Account Holders use the ESA Support Ticket system, which must be done through a desktop or laptop, since the ticket system is not compatible with mobile devices.

During initial set up:

- After you click on *Submit a Support Ticket* for the first time, an email invitation will be sent to you within a couple of minutes. *Please check Spam or Junk folders if you do not receive the email within a few minutes.*
- The email invitation to join the Arizona Department of Education (ADE) Organization is sent from the vendor's platform known as Zoho. This invitation will be sent to the same email address that you used when logging into the ESA Applicant Portal.
- You must accept the email invitation within 7 days or the link to "Join Organization" will expire. If you attempt to click on the Submit a Support Ticket feature when you have not yet accepted the email invitation to join the ADE organization, you will receive a "User Does Not Exist" error message.
- If the link expires, complete the following steps:
    - Send an email to the ESA Call Center Inbox (ESACallCenter@azed.gov)
    - In the subject line type "ESA Support Ticket Error and [*ESA Application ID Number*]".
    - Attach a screenshot of the error

ESA Staff will escalate your request for a new link to be re-sent.

How to submit an ESA Support Ticket

1. After logging into the ESA Portal, create a Support request by clicking on the link located on the upper right-hand corner labeled Submit *a Support Ticket*.
2. Click on *Request a Service* link shown at the top right. To go back to the previous screen (landing page), click on the "X" icon at the top right of the window. DO NOT click the browser back button.
3. There are several ADE program areas in the system. To contact ESA, click on the *ESA-Empowerment Scholarship Account* option.
4. In the "Template" drop-down field, select one of the following 3 options:

- *ESA Purchase Review*—if the request is about an existing order or pre-approval
- *ESA Enrollment*—if the request is about an application, ESA contract, program withdrawal, or personal information update.
- *ESA Call Center*—for technical support.

To change the Category selection you have made, you must select a new template by choosing the new category from the *Switch Template* drop-down menu at the top. All the required fields with an asterisk "*" next to the field name must be completed.

5. Next, select the appropriate "Sub Category" and "Item" in the drop-down menu.

Documents can be attached within the ESA Support Ticket. Click on the *Requests* menu to view all tickets and the status.

Updating an existing ESA support ticket

1. Click on the *Conversations* tab to view all the email conversations or notes. Add comments or notes by clicking the "Reply" button.
2. The ticket cannot be edited once it has been submitted, but you will be able to add to the conversation.
3. Once the initial request is satisfied, the team will resolve the ticket. **If there is an additional request, please submit a new** ESA Support Ticket**.**

Getting an error message trying to access ESA's Support Ticketing system

Common error messages:

- *You are not authorized to access URL*
- *User doesn't exist*
- *User not found*
- *Zoho error*

Note: If you receive one of these error messages or experience any other issue when using the ESA Support Ticket system, please send us an email with a screenshot of your error message or contact our ESA Support Team at 602-364-1969. We are happy to help!

Key handbook highlights

- **Only spend on allowable purchases—**It is the Account Holder's responsibility to follow the law and the terms of their ESA contracts and use Empowerment Scholarships only for items allowed under A.R.S. §15-2402(B)(4).
  - Vendors stating that they accept ESA funds does not mean that the goods or services they sell are allowable program goods or services. The ESA program has no involvement on vendors' marketing or statements. Account Holders are responsible for ensuring that all their purchases are allowable.
  - ESA staff can audit ESA purchases from the last 2 fiscal years, including the current fiscal year, and take all appropriate steps to address any unallowable purchases made by Account Holders.
  - Empowerment Scholarship Accounts can be suspended or terminated for unallowable or improper purchases or fraudulent activity.
  - When seeking assistance from ADE, the ESA program staff can only provide technical assistance and not legal advice.
- **Charter schools are public schools—**ESA students cannot be enrolled in a public school, which includes in-person or online charter schools.
- **Purchase preapprovals—**For preapprovals or questions about purchasing specific items, submit an ESA Support Ticket. However, preapproval is not required.
- **The Department does not regulate or oversee private schools or vendors**, even if they are in the ClassWallet platform. Our team cannot recommend schools or providers. Please research private schools and education service providers and consider all factors that are important to you when contracting with them.
- **Protect your ESA!—**Do not provide login access to your Empowerment Scholarship Account to anyone else, including private schools or education service providers.
- **Do not pay yourself with Empowerment Scholarships—**ESA Holders cannot be paid with any funds from their students' Empowerment Scholarships. Similarly, students receiving an Empowerment Scholarship cannot use their scholarships to pay themselves for any purpose.
- **No ESA and STO at same time—**ESA students cannot accept Empowerment Scholarships and school tuition organization (STO) scholarships concurrently in the same fiscal year.
- **Reselling items purchased with Empowerment Scholarships is prohibited.**
- **Sign your contract annually to remain in the program—**Account Holders must sign renewal contracts sent to them by the ESA program annually if they wish to remain in the program for the next fiscal year.

Acronyms

Acronym	Meaning
504	Section 504 of the Rehabilitation Act
A.A.C.	Arizona Administrative Code or Rules
ADE	Arizona Department of Education
A.R.S.	Arizona Revised Statutes
ESA	Empowerment Scholarship Account
ESS	Exceptional Student Services
IDEA	Individuals with Disabilities Education Act
IEE	Independent Educational Evaluation
IEP	Individualized Educational Program
MET	Multidisciplinary Evaluation Team
OT	Occupational Therapy
SBE	Arizona State Board of Education
STO	School Tuition Organization

Appendix A

ESA Statutes

A.R.S. §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, 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 and should be referred for eligibility determination.
2. "Curriculum" 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.
3. "Department" means the department of education.
4. "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.
5. "Parent" means a resident of this state who is the parent, stepparent or legal guardian of a qualified student.
6. "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. "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.

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

Statute link: https://www.azleg.gov/ars/15/02401.htm

A.R.S. §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.

Statute link: https://www.azleg.gov/ars/15/02401-01.htm

A.R.S. §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 requires all teaching staff and personnel who have unsupervised contact with students to be fingerprinted.

(b) Textbooks required by a qualified school.

(c) If the qualified student meets any of the criteria specified in section 15-2401, paragraph 7, 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. The department shall ensure any individual who provides tutoring or teaching services to one or more qualified students pursuant to this subdivision is not subject to disciplinary action by the state board of education. The department shall also remove any individual 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.

(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, 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. 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, 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 academic years, 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 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 sixty calendar days, the department shall close the account and any remaining monies shall be returned to the 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.

Statute link: https://www.azleg.gov/ars/15/02402.htm

A.R.S. §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 or knowingly misuses monies or knowingly fails to comply with the terms of the contract with intent to defraud and shall notify the treasurer. The department shall notify the treasurer to suspend the account of a 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 remove the parent or qualified student pursuant to this subsection.

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. 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.

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.

Statute link: https://www.azleg.gov/ars/15/02403.htm

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

C. 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 empowerment scholarship account pursuant to this chapter in order to participate as a qualified school.

D. 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.

Statute link: https://www.azleg.gov/ars/15/02404.htm

A.R.S. §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, subdivision (a), item (i), (ii) or (iii) as determined by an independent third party pursuant to section 15-2403, subsection I.

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.

Statute link: https://www.azleg.gov/ars/15/02405.htm

A.R.S. §15-2406 – Arizona empowerment scholarship accounts; quarterly reports

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 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.

Statute link: https://www.azleg.gov/ars/15/02406.htm

Appendix B

ESA Administrative Rules

R7-2-1501 – Definitions

In this Article, unless the context otherwise specifies:

1. "Administratively complete" means an ESA application that contains all components required by statute or this Article.
2. "Board" means the State Board of Education.
3. "Curriculum" 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.
4. "Department" means the Arizona Department of Education.
5. "Eligible postsecondary institution" means a community college as defined in A.R.S. § 15- 1401, a university under the jurisdiction of the Arizona Board of Regents, or an accredited private postsecondary institution.
6. "Empowerment scholarship account" or "ESA" means an account administered by the Department and funded by the state to provide options for the education of qualified students pursuant to A.R.S. § 15-2401 et seq.
7. "Hearing Officer" means a non-partial representative with either at least three years of verified experience in the practice of law or at least one year of verified experience in conducting hearings, who oversees hearings pursuant to this Article.
8. "Informal Settlement Conference" means a meeting between the Department and the Parent in an attempt to settle the appeal prior to an appeal hearing. The Board and the Hearing Officer do not attend.
9. "Misuse of funds" means the use of ESA funds on goods or services not permitted by

   A.R.S. § 15-2402, this Article or the Department pursuant to R7-2-1507.
10. "Parent" means a resident of this state who is the parent, stepparent, legal guardian, or account holder of a qualified student.
11. "Program" means the Empowerment Scholarship Account Program.
12. "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, and 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.
13. "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 U.S.C. 794);

ii. Identified by a school district or by an independent third party pursuant to A.R.S. § 15-2403(J) as a child with a disability as defined in A.R.S. § 15-731 or § 15-761;

iii. A child with a disability who is eligible to receive services from a school district under A.R.S. § 15-763

iv. Attending a school or school district that was assigned a letter grade of D or F pursuant to A.R.S. § 15-241 for the most recent year in which letter grades were assigned or is currently eligible to attend kindergarten and who resides within the attendance boundary of a school that was assigned a letter grade of D or F pursuant to A.R.S. § 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 U.S.C. 1751 through 1793) is not subject to R7-2- 1501(12)(b);

v. A previous recipient of a scholarship issued pursuant to A.R.S. § 15-891 or this Section, unless the qualified student's parent has been removed from eligibility in the Program for failure to comply pursuant to A.R.S. § 15-2403(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 subsection is not subject to R7-2-1501(12)(b);

vii. A child who is a ward of the juvenile court and who is residing with a prospective permanent placement pursuant to A.R.S. § 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 ESA recipient or of an eligible qualified student who accepts the terms of and enrolls in an ESA;

x. A child who resides within the boundaries of an Indian reservation in this state as determined by the Department or a tribal government; or

xi. A child of a parent who is legally blind or deaf or hard of hearing as

defined in A.R.S. § 36-1941.

b. And, except as provided in R7-2-1501(12)(a)(iv) and R7-2-1501(12)(a)(vi), who meets any of the following requirements:

i. Attended a governmental primary or secondary school as a full-time student as defined in A.R.S. § 15-901 for at least 45 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 ESA. Kindergarten students who are enrolled in Arizona online instruction must receive 100 hours of logged instruction to be eligible pursuant to this subsection. First, second and third grade students who are enrolled in Arizona online instruction must receive 200 hours of logged instruction to be eligible pursuant to this subsection. Fourth, fifth and sixth grade students who are enrolled in Arizona online instruction must receive 250 hours of logged instruction to be eligible pursuant to this subsection. Seventh and eighth grade students who are enrolled in Arizona online instruction must receive 275 hours of logged instruction to be eligible pursuant to this subsection. High school students who are enrolled in Arizona online instruction must receive 250 hours of logged instruction to be eligible pursuant to this subsection. For the purposes of this subsection, students may accumulate days of enrollment and hours of instruction in the current or prior fiscal year, or a combination thereof;

ii. Previously participated in an ESA;

iii. Received a scholarship under A.R.S. § 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 A.R.S. § 15-901 for at least 90 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 A.R.S. § 43-1505 or received an Arizona scholarship for pupils with disabilities but did not receive monies from a school tuition organization pursuant to A.R.S. § 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 A.R.S. § 15-901 for at least 90 days of the prior fiscal year or one full semester prior to 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 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, and has not already completed a kindergarten program and is not enrolled in grade one of a private or governmental school in the current year; or

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.

14. "Stay" means a Parent may have access to a terminated ESA account pending the resolution of their appeal.

15. "Substantively complete" means an ESA application that meets all substantive criteria required by statute or this Article.

16. "Supplemental materials" referenced in A.R.S. § 15-2401(2), means relevant materials directly related to the course of study for which they are being used that introduce content and instructional strategies or that enhance, complement, enrich, extend or support the curriculum.

17. "Treasurer" means the Office of the State Treasurer.

18. Unless otherwise specifically defined herein, all defined terms shall have the same meaning as those ascribed to them in the A.R.S., Title 41.

R7-2-1501.01 – Expanded qualified student definition

Notwithstanding A.R.S. § 15-2401 and R7-2-1501, beginning in the 2022-2023 school year, 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, or

c. Any of grades 1 through 12.

2. Does not otherwise qualify for an Arizona Empowerment Scholarship Account pursuant to this Article.

R7-2-1502 – General provisions

A. This Section is adopted pursuant to A.R.S. § 15-2403.

B. The Department and the Treasurer shall administer and provide general supervision and oversight of the Program pursuant to A.R.S. § 15-2401 et seq and this Article.

C. The Department and the Board shall include intermediate Saturday, Sundays, and legal holidays when computing days under this Article. If the final day of a deadline established pursuant to this Article falls on a Saturday, Sunday or legal holiday, the next business day is the final day of the deadline.

D. Unless otherwise specified, the Department shall serve a notice or decision that removes a parent from the Program, through personal delivery, first class mail, or certified mail to the parent's last address with the Department, and also by any other method or methods that are reasonably determined to give actual notice to the parent, including electronic mail, text message, phone call, or through an online portal. Each parent shall provide the Department with the parent's mailing address, home address, phone number and email and shall inform the Department of any change of mailing address, home address, phone number or email within 30 days of the change. For all other communications that do not contain notice of removal from the Program, the Board and the Department may communicate through any method or methods, including first class mail, certified mail, electronic mail, text message, phone call or through an online portal.

E. A document is filed with the Board or the Department on the date it is received by the Board or the Department, as established by the Board's or the Department's date stamp on the face of the document. A notice or decision containing an appealable action issued by the Board or the Department pursuant to this Article is served on a party as follows:

1. On the date it is personally served,
2. Five days after it is mailed by first class mail, or
3. On the date of the return receipt if it is mailed by certified mail.

R7-2-1503 – Department responsibilities

The Department shall:

1. On or before March 1 of each year, provide the Board with a handbook, developed in consultation with parents of children on the Program, that includes information relating to policies and processes of ESAs and complies with A.R.S. § 15-2401 et seq and this Article. The Board shall adopt the handbook on or before May 1 of each year. The Board shall limit substantive changes to the handbook to once every three years. The Board may approve changes to the handbook more frequently than every three years to conform and comply with changes to statute or this Article or at the Board's discretion. The handbook shall be posted on the Department's website and distributed to parents and shall clearly identify changes from the prior version, and

include the date and time the new handbook was changed;

   a. the yearly handbook, when adopted, shall become effective July 1st of each fiscal year.

   b. If the yearly handbook is adopted after July 1st, the newly adopted handbook would become effective immediately following adoption.

2. Establish a dedicated call center for exclusive use for the ESA Program that works in conjunction with the Exceptional Student Services division of the Department or its successor division. Subject to review and approval by the Board, the Department may contract with a third party to operate the call center;

3. Implement customer service performance management policies, procedures, and metrics;

4. Provide training to parents who use the private financial management firm contracted to assist with financial management of the program;

5. Provide a quarterly report to the Board on the ESA Program, including:

   a. The number of students in the program disaggregated by eligibility, grade level and the school district or charter school associated with each student;

      i. The total number of special needs students by grade level,

      ii. The number of special needs students by disability category, and

   b. The annual award amount associated with each student;

   c. The number of ESA applications received, approved and denied in the preceding quarter, including the justification for the denied applications;

   d. The number of applications processed within 30 days of receipt and the number of administratively incomplete applications. Provide the reasons the administratively incomplete applications were not approved

   e. A summary of any parent input or feedback collected pursuant to R7-2-1503(6) and how the Department is responding to concerns submitted as part of the process;

   f. Information on the private financial management firm contracted to assist with financial management of the Program, including:

      i. The number and eligibility type of accounts utilizing the firm,

      ii. The number of providers and vendors on the firm's platform,

      iii. Communications and training provided to parents,

      iv. Concerns from parents submitted to the Department, the Treasurer and the private financial management firm and how the Department, Treasurer and private financial management firm are addressing the

concerns, and

g. Information regarding appeals filed with the Board that were resolved prior to a hearing;

h. Information related to the audits completed, including:

- **i.** scope of the audit(s),
- **ii.** data and narratives on audit findings from the Quarter,
- **iii.** data and narratives of finding outcomes from the Quarter, and

i. Summary of all outages within the Department, private financial management firm, Department of Treasury, GAO, ADOA, etc. that cause a delay of the ESA program s

j. Information related to MCC Codes, including:

- **i.** Cumulative list of all MCC code expansions requested and specific reason for each denial,
- **ii.** Cumulative list of all MCC code expansions and exceptions granted by the Department, and

k. Data related reimbursement submissions, including:

- **i.** The average number of days it takes a reimbursement submission to be assigned to a Department staffer,
- **ii.** The average number of days it takes a reimbursement submission to be reviewed by a Department staffer,
- **iii.** The average number of days it takes a reimbursements submission to be approved by a Department staffer, and

l. Provide data related to Help Desk Tickets, including:

- **i.** The quantity of help desk tickets not responded to within three business days,
- **ii.** The quantity of help desk tickets prematurely closed and reopened, and

m. Provide data related to the escalation of Help Desk Tickets, including:

- **i.** The quantity of escalated helpdesk tickets by category type,
- **ii.** The average number of days to resolution,
- **iii.** A summary of resolutions, and

n. Provide updates on the bidding process for all eligible Department contracts, including

i. A.R.S. §15-2403(A): The treasurer may contract with private financial management firms to manage Arizona empowerment scholarship accounts,

ii. A.R.S. §15-2403(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,

iii. A.R.S. §15-2403(B): 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,

iv. A.R.S. §15-2403(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),

v. R7-2-1503(2): Subject to review and approval by the Board, the Department may contract with a third party to operate the call center,

vi. Any other eligible Department contracts, and

o. The date of the most recent update to the online database of approved expenses and disallowed expenses. A summarization of the changes made;

p. An approximation of the most common award amount. Provide the method(s) and formula(s) utilized to calculate award amounts; and

q. Any other information the Board requests.

6. Establish and provide to the Board a process to collect parent input and feedback regarding the Program.

R7-2-1504 – Application and account activation

A. The Department shall accept applications to participate in the Program between July 1 and June 30 of each year.

B. The Department shall provide information for prospective applicants on eligibility.

C. The Department shall enroll and issue an award letter to eligible applicants within 30 days after receipt of a completed application and all required documentation. The award letter shall include information on how to activate the account and the amount of ESA funding the student will receive.

D. Within 30 days of issuing the award letter, the Department shall issue the contract to eligible applicants.

E. Prior to issuing a notice of a denied application, the Department shall provide notice describing the administrative or substantive incompleteness of the application and provide the applicant 30 days to provide the missing documentation or information. The Department shall include the justification for the denial and, if the application was substantively incomplete, the Department shall include the applicant's right to appeal.

F. Pursuant to R7-2-1511, a person who has had an application denied due to being substantively incomplete may file a written request for a hearing within 30 days after being served the notice of denial. Administratively incomplete applications are not appealable.

G. If the Board finds in favor of a parent who appealed a denied application, the Department shall expedite the contract and funding to the parent to the extent possible.

R7-2-1505 – Contract between parent and department

A. To enroll a qualified student in an ESA, a parent of the qualified student shall sign a contract with the Department. The parent:

1. Shall use a portion of the ESA 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 ESA is allocated monies according to a transfer schedule other than quarterly transfers pursuant to A.R.S. § 15-2403(F). This subsection does not require a parent to spend a portion of ESA monies on each subject every quarter;

2. Shall not enroll the qualified student in a school district or charter school, and shall release the school district from all obligations to educate the qualified student. This subsection 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 A.R.S. § 15-766, or

b. Require a qualified student to withdraw from a school district or charter school before enrolling for an ESA if the qualified student withdraws from the school district or charter school before receiving any monies in the qualified student's ESA.

c. Prevent a qualified student from applying in advance for an ESA to be funded beginning the following school year.

3. Shall not accept a scholarship from a school tuition organization pursuant to A.R.S., Title 43 concurrently with an ESA for the qualified student in the same year a parent signs the contract pursuant to this Section;

4. Shall use the monies deposited in the qualified student's ESA only for the expenses listed in A.R.S. § 15-2402(B)(4);

5. Shall not file an affidavit of intent to homeschool pursuant to A.R.S. § 15-802(B)(2) or (3);

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

    a. Computer hardware or other technological devices, except as provided in R7-2- 1505(B) and § 15-2402(B)(4)(p); or

    b. Transportation of the pupil, except for transportation services described A.R.S. § 15- 2402(B)(4)(o).

7. Shall submit expenses and documentation as required in R7-2-1508

B. If a qualified student meets any of the criteria specified in A.R.S. § 15-2401(7)(a)(i), (ii), or (iii), as determined by a school district or by an independent third party under A.R.S. § 15- 2403(J), the qualified student may use the following additional services:

1. 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 students,

2. A licensed or accredited paraprofessional or educational aide,

3. Tuition for vocational and life skills education approved by the department, and

4. Associated goods and services that include, but are not limited to, educational and psychological evaluations, assistive technology rentals and braille translation goods and services approved by the Department. Associated goods as described in this subsection may include computer hardware or technological devices that assist in accessing educational materials or services and that are associated with the qualified student's needs. Parents that are seeking to use Program funds for an associated good or service pursuant to this subsection shall provide to the Department the special education course of study, service or educational need that the good or service is associated with or may provide the Department with the most current individualized education program, evaluation, or a letter from a qualified service provider. Parents are not advised to contact their districts seeking to update or change their students' individualized education programs or request special education reevaluations in order to make ESA purchases.

5. Pursuant to A.R.S. §15-2403(J)(2), the Department shall accept independent educational evaluations that are obtained by the parent of a student and performed by a qualified examiner. A "qualified examiner" is defined in A.R.S. §15-2403(J)(2). A "parent" is defined in R7-2-1501. Such evaluations shall not

be denied based solely on the age of the evaluation.

R7-2-1506 – Contract renewal

A. A parent is eligible to renew an ESA if:

1. Pursuant to R7-2-1508, the parent submitted expenses and documentation or submitted quarterly attestations;
2. If required, the Department approved expenses pursuant to R7-2-1508;
3. The parent spent monies to provide an education in at least reading, grammar, mathematics, social studies, and science for the contract year pursuant to R7-2-1505(A)(1); and
4. The parent does not owe the Department monies for disallowed expenses. A parent remains eligible to renew an ESA if the parent has an unresolved appeal regarding a disallowed expense.

B. A student with a disability as defined in A.R.S. § 15-2401(7)(a)(i), (ii), or (iii), as determined by a school district or by an independent third party under A.R.S. § 15-2403(J), may continue on the Program until the end of the school year in which the student reaches the age of 22, if the student or the parent provides documentation to the Department that demonstrates the student has not finished high school.

C. A parent shall renew ESAs on an annual basis as follows:

1. The Department shall provide renewal contracts on or before May 1 to each parent who meets R7-2-1506(A) of this Section;
2. Each parent shall submit the renewal contract to the Department on or before June 30; and
3. Within 30 days of receipt, the Department shall notify each parent of the renewal of the contract. The Department may provide notification through an online portal.

D. If a parent does not submit a renewal contract pursuant to R7-2-1506(C), the Department shall temporarily close the account and cease funding to the ESA until the parent submits the appropriate signed renewal contract. During the temporary closure, funding shall remain in the account until the parent signs the appropriate renewal contract in a format provided by the Department or the Department closes the ESA pursuant to R7-2-1506(E).

E. After an ESA has been temporarily closed for non-renewal pursuant to R7-2-1506(D), a parent may submit the appropriate signed renewal contract in a format provided by the Department to reactivate the ESA. If a parent does not submit a renewal contract for a period of three academic years, the Department shall provide notice through

certified mail, email and telephone, if applicable, that the ESA will be closed. To renew the ESA, the parent shall submit a renewal contract within 60 days of receipt of the notification. If the parent does not submit a renewal contract within 60 days, the Department shall close the ESA and return any remaining monies in the ESA to the state general fund. Notwithstanding R7-2-1506(C)(1) and (2), a parent may submit the appropriate signed renewal contract between July 1 and June 30 for the purposes of this subsection.

F. Notwithstanding R7-2-1506(E), 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 eligible 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 general fund.

G. Pursuant to R7-2-1511, a parent whose contract was not renewed by the Department may file a written request for a hearing within 30 days after being served the notice of the non-renewal.

H. At the written request of a parent, the Department shall extend the renewal contract timeframe for up to 30 days from the deadline prescribed in this Section if the parent demonstrates hardship, including an act of God or similar circumstance that prevented the parent from responding by the deadline.

R7-2-1507 – Use of funds

A. The Department shall establish and maintain a database of approved expenses and disallowed expenses for the current and upcoming fiscal years pursuant to A.R.S. § 15-2401 et seq, and this Article. The Department shall make the database available to parents online and disaggregate the approved expenses by eligibility category.

B. The Department shall establish a process to review an expense before making an administrative decision to deny the expense. The Department shall provide a copy of the process to the Board and include the process in the handbook adopted pursuant to R7-2-1503.

C. The Department shall not request repayment for an expense it has approved for a specific ESA. The Department shall treat similar expenditures by similarly situated account holders in the same manner. This Section does not create authorization for an account holder to expend funds in a manner not permitted by statute.

D. The Department shall consider all account holder requests for MCC Code expansions. Any MCC code exceptions granted to one parent, shall be extended to all parents within 5 business days.

E. Pursuant to R7-2-1511, a parent who has had an expense disallowed by the Department may file a written request for a hearing within 30 days after being served the notice of the disallowed expense.

R7-2-1508 – Review of expenses

A. The Department may conduct or contract for random or annual audits as needed to ensure monies are used only for expenses that were approved or allowed at the time the expense was made. The Department shall use record retention requirements that were in place at the time the expense was made to determine compliance. The Department may only audit account activity from the last two fiscal years, including the current fiscal year.

B. The Department shall provide annual notice to each parent of when and how the Department will conduct reviews of expenses and audits. The notice may be provided in the handbook adopted pursuant to R7-2-1503. Notwithstanding any other Section, the Department may review expenses less frequently using a risk-based approach, if the Department provides notice to parents and the Board pursuant to this Section.

C. Parents shall submit expenses that shall include, but are not limited to, the following:

1. Invoices for each vendor, individual or product;
2. Invoices for private schools, which shall include the following:
    - **a.** The name of the qualified student,
    - **b.** The name of the private school,
    - **c.** The transaction date,
    - **d.** Tuition or fee amounts, and
    - **e.** Total charged to the card, and for reimbursements, proof of method of payment;
3. Invoices for tutors, paraprofessionals, service type or therapists which shall include:
    - **a.** Name of the qualified student,
    - **b.** The name of one of the following: the vendor, facility, therapist or tutor,
    - **c.** A description of the services,
    - **d.** The transaction date,
    - **e.** The rate amounts,
    - **f.** Any processing fees, and

g. Total charged to the card, and for reimbursements, proof of method of payment.

D. For debit card transactions, a parent shall submit all debit card transaction expense receipts to the Department as follows:

1. On or before October 31 for quarter one,

2. On or before January 31 for quarter two,

3. On or before April 30 for quarter three, and

4. On or before July 31 for quarter four.

E. The Department shall review and approve expenses and make its next quarterly disbursement of funds within 30 days of the deadlines prescribed in R7-2-1508(D).

F. On receipt and approval of debit card transaction expense receipts or reimbursements, the Department shall notify the parent through electronic mail or through an online portal. The Department shall not withhold funds for a subsequent quarter if it fails to review expenses, debit card transaction expense receipts or reimbursements within 30 days of the deadline. A parent may submit corrected debit card transaction expense receipts any time prior to the quarterly submission deadline.

G. If a parent fails to submit debit card transaction expense receipts, if required, by the deadlines prescribed in R7-2-1508(D) or submits incomplete debit card transaction expense receipts or reimbursements, the Department shall:

1. Serve notice to the parent of the deficiencies,

2. Provide the parent 15 days from the date of receipt of the notice to submit complete debit card transaction expense receipts or reimbursements, and

3. Review debit card transaction expense receipts or reimbursements submitted pursuant to this subsection within five days of receipt from the parent.

H. Following the 15 day period provided in R7-2-1508(G)(2), the Department may remove a parent from the Program for failing to submit required debit card transaction expense receipts or failing to correct the deficiencies of a debit card transaction expense receipt.

I. Pursuant to R7-2-1511, a parent that has been removed from the Program may file a written request for a hearing within 30 days after being served the notice of removal. Except in cases in which the Board has found misuse of funds or fraud pursuant to R7-2-1509, the Department shall not withhold funding to one qualified student's ESA due to deficiencies in the expense reporting of a sibling's account.

J. At the written request of a parent, the Department shall extend the deadlines prescribed in R7- 2-1508(D) for up to 30 days from the deadlines prescribed in

this Section if the parent demonstrates hardship, including an act of God or similar circumstance that prevented the parent from responding by the deadline.

K. If a parent does not make any expenses in a quarter, the parent shall submit attest to that fact in a format provided by the Department.

R7-2-1509 – Misuse of funds

A. Based on a finding that a parent knowingly misuses funds, the Department shall temporarily suspend the account and provide notice to the parent. The notice shall:

1. Include the reason for the temporary suspension and a detailed description of the disallowed expense; and
2. Provide the parent 15 days, not including weekends, to either:
    a. Present documentation that demonstrates the expense is allowable or that the parent was victim to identity theft or fraud; or
    b. Agree to repay the amount.

B. The Department shall review the documentation submitted pursuant to R7-2-1509(A)(2)(a) within five days of receipt to determine if the expense is allowable or if the parent was victim to identity theft or fraud. If the Department determines the expense is allowable or that the parent was victim to identity theft or fraud, the Department shall lift the temporary suspension, reinstate the account and make any disbursements that were withheld during the suspension.

C. If the Department determines the documentation fails to demonstrate the expense is allowable or that the parent was victim to identity theft or fraud, the Department shall provide notification to the parent that the amount must be repaid. The Department shall withhold the disbursement of any additional ESA funds until repayment is made. The Department may agree to a gradual repayment plans at the request of the parent and shall reinstate additional ESA funding once repayment has begun. The Department may remove a parent from the Program that fails to repay an amount or agree to a repayment plan.

D. Once a parent agrees to a gradual repayment plan or repays an amount pursuant to R7-2- 1509(A)(2)(b) or R7-2-1509(C), the Department shall lift the temporary suspension, reinstate the account and make any disbursements that were withheld during the suspension as follows:

1. Within one day, if the repayment is made by cashier's check or money order; or
2. Within seven days, if repayment is made by personal check.

E. Except in cases 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 is deemed ineligible pursuant to A.R.S. § 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 30 days after the receipt of payment.

F. Pursuant to R7-2-1511, a parent who has been removed from the Program pursuant to this Section may file a written request for a hearing within 30 days after being served the notice of removal.

G. The Department shall refer a case to the Board if a parent does not file an appeal pursuant to R7-2-1511 and either:

1. Fails to repay the amount of a disallowed expense, or
2. Fails to make a payment on a gradual repayment plan.

H. On a finding of misuse of monies, the Board may refer the case to the Attorney General who may bring an action to recover the monies. Upon obtaining evidence of fraudulent use of an account, the Board may refer the case to the Attorney General for the purpose of a criminal investigation.

I. A parent or qualified student is not eligible to enroll a qualified student in the ESA Program if that parent was an account holder on an account that was referred to the Attorney General for misuse of monies unless the parent's expense was subsequently found to be allowable or the parent was the victim of identity theft or fraud.

J. If a parent commits fraud, the Department shall withhold funds from all accounts in the parent's name and close the accounts.

R7-2-1510 – Corrective action

A. Except for misuse of funds or failing to submit debit card transaction expense receipts pursuant to R7-2-1508, if the Department finds that a parent violated A.R.S. § 15-2401 et seq, this Article or the terms and conditions set forth by the Department in the contract signed by the parent, the Department shall:

1. Temporarily suspend the account;
2. Provide notice to the parent of the violation, including an explanation of the violation; and
3. Provide the parent 15 days to correct the violation.

B. The Department may remove a parent or qualified student from the Program for failing to correct a violation pursuant to this Section.

C. Pursuant to R7-2-1511, a parent or qualified student who has been removed from the

Program pursuant to this Section may file a written request for a hearing within 30 days after being served the notice of removal.

R7-2-1511 – Appeals

A. A parent may appeal to the Board any administrative decision the Department makes pursuant to A.R.S. Title 15, Chapter 19, Article 1, including determinations of allowable expenses, removal from the Program or enrollment eligibility.

B. Stay

1. Pending the resolution of an appeal during which an account is suspended, a parent may request a stay on the account suspension.

a. Included in the request for a hearing filed pursuant to R7-2-1511(F), a parent may file a request to the Board to stay an account suspension. Such request shall be in writing and shall address the matters stated in the Department's notice in R7-2-1511(E).

b. The Department may file a response to the parent's request to stay the suspension of the account. Such response shall be filed with the Board within five business days of receipt of the parent's request to stay the suspension. Such response shall be in writing and shall address the matters stated in the parent's request.

c. Within 10 business days after receipt of the Department's response, the executive director of the Board or the executive director's designee shall make a written determination to either:

i. Proceed with suspension of the account, or

ii. Stay all or part of the suspension of the account if there is a reasonable probability that the appeal will be upheld or that the stay is in the best interest of the State. If a stay is issued, the Department may not withhold funding or contract renewal for the account holder on account of the appealed administrative decision during the stay unless directed by the Board to do so.

d. The executive director or the executive director's designee shall provide the parent and the Department with a written copy of the stay determination including the basis for the determination.

C. Notwithstanding any other Section, the Department may, with the agreement of the account holder on the resolution, informally resolve a disputed administrative action at any time without a formal appeal pursuant to this Article.

D. The Department, on its website and in the parent handbook, shall provide information on the Board's appeals process.

E. The Department shall provide parents with written notice of an appealable action taken by the Department. Such written notice shall inform the parents of his/her right to request a hearing on the action and shall include the following:

1. The statute or rule that is alleged to have been violated or on which the action is based;
2. Identify, with reasonable particularity, the nature of any alleged violation or action;
3. Include a description of the parent's right to request a hearing on the appealable agency action; and
4. Include a description of the parent's right to request an informal settlement conference.

F. Within 30 days after being served with notice of an appealable action, a parent may file a request for a hearing. The notice must be in writing and shall state the following:

1. The identity of the party requesting the hearing,
2. The mailing address of the party requesting the hearing,
3. The agency that rendered the decision related to the appealable action,
4. Identification of the action being appealed,
5. A concise statement of the reasons for the request for hearing,
6. A copy of the administrative decision issued by the Department, and
7. Any other information or documentation requested by the Board applicable to the appeal process.

G. If good cause is submitted, the Board may accept a request for a hearing that is not filed in a timely manner. Such request must be made in writing and state the basis for not filing the request on time.

H. If a parent requests a hearing pursuant to R7-2-1511(F) and includes all of the items listed in R7-2-1511(F)(1) through (7), the Board shall schedule a hearing.

I. The Board shall provide all parties with a written notice at least 20 days prior to the date set for the hearing. The notice shall include:

1. A statement of the time, place and nature of the hearing;
2. A statement of the legal authority and jurisdiction under which the hearing is to be held;
3. A reference to the particular sections of the statutes and rules involved; and
4. A short and plain statement of the matters asserted. If a party is unable to

state the matters in detail at the time the notice is served, the initial notice may be limited to a statement of the issues involved. Thereafter upon application a more definite and detailed statement shall be furnished.

J. All notices shall be served via personal delivery or certified mail, return receipt requested or by any other method reasonably calculated to effect actual notice on the agency and all parties to the action at each party's last address of record.

K. A hearing on the appealable action shall be held after a complete appeal is filed and may be advanced or delayed on the agreement of the parties or on a showing of good cause.

L. Informal Settlement Conference

1. A parent may request an informal settlement conference be held with the Department. The request shall be in writing and shall be filed with the Department, and a copy provided to the Board, no later than 10 days after the Board provides notice that the appeal is complete. The Department shall hold an informal settlement conference within seven days after receiving the request. The Department shall notify the Board of the result of the informal settlement conference within five days of the conclusion of the informal settlement conference or prior to the hearing date, whichever is first. The request for an informal settlement conference does not alter the date the hearing is to be held.

2. If an informal settlement conference is held, a person with the authority to act on behalf of the Department must represent the Department at the conference. The Department representative shall notify the parent in writing that statements, either written or oral, made at the conference, including a written document, created or expressed solely for the purpose of settlement negotiations are inadmissible in any subsequent administrative hearing.

M. Informal disposition may be made by stipulation, agreed settlement, consent order or default.

N. Hearing Process

1. All hearings shall be conducted before a hearing officer pursuant to this Section.

2. The parties to the appealable agency action have the right to be represented by legal counsel or to proceed without counsel, to submit evidence and to cross-examine witnesses.

a. Pursuant to A.R.S. § 15-2403(E), a parent may designate a representative, not necessarily an attorney, before any 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 such a hearing.

b. 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.

3. The Board shall schedule a prehearing conference on request of any party. A prehearing conference may be held for the following purposes:

a. Clarify or limit procedural, legal or factual issues;

b. Consider amendments to any pleading;

c. Identify and exchange lists of witnesses and exhibits intended to be introduced at the hearing;

d. Obtain stipulations or rulings regarding testimony, exhibits, facts or law;

e. Schedule deadlines, hearing dates and locations if not previously set; or

f. Allow the parties opportunity to discuss settlement.

4. The record in a contested case shall include:

a. All pleadings, motions and interlocutory rulings.

b. Evidence received or considered.

c. A statement of matters officially noticed.

d. Objections and offers of proof and rulings thereon.

e. Proposed findings of fact and conclusions of law and exceptions thereto.

f. Any decision, opinion, recommendation or report of the hearing officer.

g. All staff memoranda, other than privileged communications, or data submitted to the hearing officer in connection with its consideration of the case.

5. Findings of fact shall be based exclusively on the evidence and on matters officially noticed.

6. A participant of record shall not communicate, either directly or indirectly, with the Hearing Officer about any substantive issue in a pending matter unless:

a. All participants of record are present;

b. Communication is during a scheduled proceeding, where an absent

participant of record fails to appeal after proper notice; or

c. Communication is by written motion with copies to all participants of record.

7. The Hearing Officer may postpone, continue, or cancel a hearing for good cause upon the written request of either party. The participant of record must establish good cause for the written request.

8. For good cause shown, the hearing officer may grant continuances and extensions of time for filing notices or other documents.

9. The Hearing Officer may direct a party to submit additional memorandum or information within a reasonable period of time. The Hearing Officer shall grant the opposing party a reasonable period of time to respond to the additional memorandum or information.

10. Upon written request, any party may request an opportunity to compare a document copy with the original. The Hearing Officer may grant the request if the record establishes good cause.

B. Conduct of Hearing

1. All hearings shall be recorded. The Board shall secure either a court reporter or an electronic means of producing a clear and accurate record of the proceeding.

2. A hearing may be conducted in an informal manner and without adherence to the rules of evidence required in judicial proceedings. Neither the manner of conducting the hearing nor the failure to adhere to the rules of evidence required in judicial proceedings shall be grounds for reversing any administrative decision or order if the evidence supporting the decision or order is substantial, reliable and probative.

3. The parties may submit proposed findings of fact and conclusions of law prior to the hearing. The hearing officer may require that the parties submit proposed findings of fact and conclusions of law prior to the hearing or at the close of evidence.

4. All interested parties shall be ready and present with all witnesses and documents at the time and place specified in the notice of hearing and shall be prepared at such time to dispose of all issues and questions involved in the appeal. An interested party shall arrange for the presence of that party's witnesses at a hearing.

5. If a party fails to appear at a hearing, the hearing body may proceed with the presentation of the evidence of the appearing party.

6. The Hearing Officer conducting the hearing may close the hearing to other

than interested parties to the extent necessary to protect the interests and rights of the interested parties, within the requirements of A.R.S. §§ 38-431.01, and 38-431.03.

7. The Hearing Officer may conduct all or part of the hearing by telephone other electronic means, as long as each party has an opportunity to participate in the entire proceeding as it takes place.

8. Conduct at any hearing that is disruptive or shows contempt for the proceeding shall be grounds for exclusion from further participation.

C. Evidence

1. All witnesses shall testify under oath or affirmation. The hearing officer shall administer oaths and affirmations.

2. The hearing officer shall afford interested parties an opportunity either to present oral or documentary evidence, or both, and to conduct such cross-examination as may be required for a full and fair disclosure of the facts. The hearing officer may limit the time of oral argument.

3. The hearing officer may choose to admit evidence, a witness' deposition, or a witness' affidavit and determine evidentiary weight of all submitted evidence. The party taking a witness' deposition or affidavit shall bear all deposition-related or affidavit-related costs. The hearing officer shall make rulings necessary to prevent argumentative, repetitive, or irrelevant questioning, to exclude evidence the hearing officer determines to be irrelevant, immaterial or unduly repetitious, and to expedite the examination to the extent consistent with the disclosure of all relevant testimony and information.

D. Stipulations. Parties to any contested case may stipulate, in writing, agreement upon any matter involved in the proceeding. If approved by the hearing officer, agreement on matters of procedure shall be binding upon the parties to the stipulation. No substantive matter agreed to by the parties shall be binding upon the Board unless incorporated into the decision of the Board.

E. Final Administrative Decision

1. The hearing officer shall issue a written recommendation within 20 days after the hearing is concluded. The written recommendation shall contain a concise explanation of the reasons supporting the recommendation, including the findings of fact and conclusions of law.

2. The hearing officer shall serve a copy of the recommendation on the Board. On request of the Board, the hearing officer shall also transmit to the Board the record of the hearing as described in A.R.S. § 12-904.

3. At one of the following two regularly scheduled meetings of the Board after

the hearing officer sends a copy of the recommendation to the Board, the Board may review the recommendation and accept, reject or modify it.

a. If the Board declines to review the hearing officer's recommendation, the Board shall serve a copy of the recommendation on all parties.

b. If the Board rejects or modifies the recommendation, the Board shall serve on all parties, a copy of the hearing officer's recommendation with the rejection or modification and a written justification setting forth the reasons for the rejection or modification of each finding of fact or conclusion of law.

4. The Board shall provide all parties with at least 20 days written notice of the date, time and location of the public meeting at which the Board will consider the hearing officer's recommendation.

F. Rehearing and review of decisions

1. A party may file a motion for rehearing or review within 10 days after service of the final administrative decision. The motion shall be in writing and state the basis upon which the rehearing or review is requested. The motion shall be filed with the Board and a copy provided to the opposing party. When a motion of rehearing is based on new evidence, the new evidence shall be served to the Board with the written motion.

2. The opposing party may file a response to the motion for rehearing within 15 days after the date the motion for rehearing is filed. The response shall be in writing and address the basis upon which the rehearing or review is requested. The motion shall be filed with the Board and a copy provide to the moving party.

3. A rehearing of a final administrative decision by the Board may be granted for any of the following causes materially affecting the moving party's rights:

a. Except as provided for in R7-2-1511(O)(2), irregularity in the administrative proceedings of the hearing, or abuse of discretion, whereby the moving party was deprived of a fair hearing;

b. Misconduct of the hearing officer; or

c. Newly discovered materials which could not with reasonable diligence have been discovered and produced at the hearing.

4. The filed motion shall be considered at one of the following two regularly scheduled meetings of the Board.

5. Service is complete on personal service or five days after the date the final administrative decision is mailed to the party's last known address.

6. After a hearing has been held and a final administrative decision has been entered a party is not required to file a motion for rehearing or review of the

decision in order to exhaust the party's administrative remedies.

Arizona Administrative Code – ESA: https://azsbe.az.gov/sites/default/files/2023-08/01-23-2023%2520ESA%2520RULES_1.pdf

Agency Roles

Arizona Department of Education 1535 W. Jefferson Street, Bin #41 Phoenix, AZ 85007 (602) 364-1969 www.azed.gov/esa	• Administers and manages the daily operations of the ESA program: determining eligibility, determining allowed and unallowable purchases, and determination of ESA termination. Issues administrative decisions related to these decisions. • Processes applications and issues contracts. • Answers questions from stakeholders about the ESA program. Troubleshoots roadblocks that account holders experience when applying for the program, accessing the program, or leaving the program. • Establishes standardized program protocols and processes that are consistent with Arizona State Statute (law) and Arizona Administrative Code (Rule). Seeks clarification from ADE legal counsel regarding any instances regarding potentially problematic Statutes and Rules that are considered contradictory, inconsistent, etc. • Seeks and applies allowable program feedback from stakeholders to updates and changes in Statute, Rule, Handbook, and parties with which the program contracts, etc. • Submits to the Board: quarterly reports, updates on the program, and accounts being referred to the Auditor General Collections and/ or Fraud Department. • Submits a quarterly report 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.
Office of the Arizona State Treasurer https://www.aztreasury.gov/	• As Arizona's banker, completes requests from the Department to fund and unload each individual ESA. • Collaborates with the Department regarding third-party contracts with vendors that service the ESA program.
Arizona State Board of Education 1700 W. Washington Street Executive Tower, Suite 300 Phoenix, AZ 85007 (602) 542-5057 https://azsbe.az.gov/ esafeedback@azsbe.az.gov	• Receives and processes ESA Appeals of Department administrative decisions. • Approves, writes, and updates the ESA Rules by collaborating with the Department and stakeholders as changes to ESA laws are passed by the state Legislature, to include adoption of updates made to the ESA Parent Handbook due to Rule and Law changes. • Provides the Department with clarifications regarding any Rule intent inquiries. • Evaluates ESA holder referrals made by the Department and sends referrals to the Attorney General's Office of Collections and/or Fraud.



Empowerment Scholarship Account Program

2026 – 2027 Parent Handbook

www.azed.gov/esa