
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1657 Session of
2011

INTRODUCED BY ROEBUCK, STURLA, LONGIETTI, MUNDY, CARROLL,
CONKLIN, HARKINS, M. O'BRIEN, K. SMITH, WAGNER, BRENNAN,
CALTAGIRONE, DALEY, FABRIZIO, GOODMAN, HALUSKA, JOSEPHS,
PASHINSKI, READSHAW, SANTONI AND THOMAS, JUNE 14, 2011

REFERRED TO COMMITTEE ON EDUCATION, JUNE 14, 2011

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," in pupils and attendance, providing
6 for transfer of records to another school entity or nonpublic
7 school; in charter schools, further providing for
8 definitions, providing for Office of Charter and Cyber
9 Charter Schools, further providing for powers of charter
10 schools, for charter school requirements, for powers of
11 boards of trustees, providing for organization of meetings of
12 boards of trustees and duties of administrators, further
13 providing for establishment of charter school; providing for
14 multiple charter school organization; further providing for
15 contents of application, for State Charter School Appeal
16 Board, for facilities, for enrollment, for school staff, for
17 funding for charter schools, for transportation, for annual
18 reports and assessments, for causes for nonrenewal or
19 termination and for provisions applicable to charter schools,
20 providing for charter school fund balance limit, further
21 providing for powers and duties of the Department of
22 Education and for assessment and evaluation, for cyber
23 charter school requirements and prohibitions, for school
24 district and intermediate unit responsibilities, for
25 enrollment and notification and for applicability of other
26 provisions of this act and of other acts and regulations and
27 providing for cyber charter school fund balance limit and for
28 cyber charter school funding; and in auditing of school
29 finances, further providing for duties of controller.

30 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
3 as the Public School Code of 1949, is amended by adding a
4 section to read:

5 Section 1313.1. Transfer of Records to Another School Entity
6 or Nonpublic School.--(a) Whenever a student transfers to
7 another school entity or nonpublic school within this
8 Commonwealth, a certified copy of the student's attendance
9 record shall be transmitted to the school entity or nonpublic
10 school to which the student has transferred. The school entity
11 or nonpublic school to which the student has transferred shall
12 request the record. The sending school entity or nonpublic
13 school shall have ten (10) days from the receipt of the request
14 to supply a certified copy of the student's attendance record.

15 (b) In the case of a student transferring during the course
16 of a school term, the student's unexcused absences shall be
17 included in the student's attendance record at the school entity
18 or nonpublic school to which the student has transferred for
19 that school term.

20 (c) For purposes of this section, the tern "school entity"
21 shall mean a public school district, charter school, cyber
22 charter school, intermediate unit or area vocational-technical
23 school.

24 Section 2. Section 1703-A of the act, amended June 29, 2002
25 (P.L.524, No.88), is amended to read:

26 Section 1703-A. Definitions.--As used in this article,
27 "Administrator" shall include the chief administrator of a
28 charter school or cyber charter school and all other employes of
29 a charter school or cyber charter school who by virtue of their
30 positions exercise management or operational oversight

1 responsibilities.

2 "Appeal board" shall mean the State Charter School Appeal
3 Board established by this article.

4 "At-risk student" shall mean a student at risk of educational
5 failure because of limited English proficiency, poverty,
6 community factors, truancy, academic difficulties or economic
7 disadvantage.

8 "Charter school" shall mean an independent public school
9 established and operated under a charter from the local [board
10 of school directors] school board and in which students are
11 enrolled or attend. A charter school must be organized as a
12 public, nonprofit corporation. Charters may not be granted to
13 any for-profit entity.

14 "Charter school foundation" shall mean a nonprofit
15 organization as defined under section 501(c)(3) of the Internal
16 Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3))
17 that provides funding or resources to a charter school or cyber
18 charter school, either directly or through an affiliated entity.

19 "Charter school fund balance limit" shall mean the amount
20 determined under section 1733-A.

21 "Chief [executive officer] administrator" shall mean an
22 individual appointed by the board of trustees to oversee and
23 manage the operation of the charter school, but who shall not be
24 deemed a professional staff member under this article.

25 "Component schools" shall mean the charter schools merging or
26 consolidating under the multiple charter school organization.

27 "Cyber charter school" shall mean an independent public
28 school established and operated under a charter from the
29 Department of Education and in which the school uses technology
30 in order to provide a significant portion of its curriculum and

1 to deliver a significant portion of instruction to its students
2 through the Internet or other electronic means. A cyber charter
3 school must be organized as a public, nonprofit corporation. A
4 charter may not be granted to a for-profit entity.

5 "Department" shall mean the Department of Education of the
6 Commonwealth.

7 "Educational service provider" shall mean a for-profit
8 education management organization, nonprofit charter management
9 organization, school design provider, business manager or any
10 other partner entity with which a charter school intends to
11 contract or presently contracts to provide educational services,
12 operational services or management services to the charter
13 school. An educational service provider does not include a
14 charter school foundation.

15 "Financial relationship" shall mean any formal or informal
16 arrangement pursuant to which a charter is obligated to make
17 payment or in fact does make payment to an individual, group of
18 individuals or any entity.

19 "Immediate family member" shall mean a spouse, parent,
20 brother, sister or child.

21 "Local [boards of school directors] school board" shall mean
22 the board of directors of a school district in which a proposed
23 or an approved charter school is located. The term shall include
24 a board of control established under Article XVII-B, a special
25 board of control established under section 692 or a school
26 reform commission established under section 696.

27 "Multiple charter school organization" shall mean two or more
28 charter schools that agree to merge or consolidate under 15
29 Pa.C.S. Pt. II Subpt. C (relating to nonprofit corporations)
30 subject to approval by the Secretary of Education.

1 "Office" shall mean the Office of Charter and Cyber Charter
2 Schools established within the Department of Education.

3 "Regional charter school" shall mean an independent public
4 school established and operated under a charter from more than
5 one local school board [of school directors] and in which
6 students are enrolled or attend. A regional charter school must
7 be organized as a public, nonprofit corporation. Charters may
8 not be granted to any for-profit entity.

9 "School district of residence" shall mean the school district
10 in this Commonwealth in which the parents or guardians of a
11 child reside.

12 "School entity" shall mean a school district, intermediate
13 unit, joint school or area vocational-technical school.

14 "Secretary" shall mean the Secretary of Education of the
15 Commonwealth.

16 "State board" shall mean the State Board of Education of the
17 Commonwealth.

18 Section 3. The act is amended by adding a section to read:

19 Section 1704-A. Office of Charter and Cyber Charter
20 Schools.--(a) The department shall establish an Office of
21 Charter and Cyber Charter Schools within one hundred twenty
22 (120) days of the effective date of this section. The office
23 shall report directly to the secretary. The office shall be
24 responsible for:

25 (1) Implementing the provisions of this article.

26 (2) Overseeing the performance and effectiveness of all
27 charter schools and cyber charter schools under subsection (b).

28 (3) Distributing funding to cyber charter schools through an
29 allocation from the basic education funding line item.

30 (4) The collection, development and dissemination of

1 information, policies, strategies and best practices for the
2 effective management and operation of charter schools and cyber
3 charter schools.

4 (5) Identifying model charter school and cyber charter
5 school applications and providing best practices.

6 (6) Organizing and providing mandatory training for members
7 of the board of trustees and chief administrators of a charter
8 school or cyber charter school. The training shall be paid for
9 exclusively by the charter school or cyber charter school. The
10 following apply:

11 (i) A person who serves as a member of a charter school or
12 cyber charter school board of trustees or as a chief
13 administrator shall be required to complete a minimum of eight
14 (8) hours of continuing education annually in course work
15 directly related to his position in a charter school or cyber
16 charter school.

17 (ii) Continuing education training shall be provided by an
18 eligible provider selected by the office. Training topics that
19 may be provided include:

20 (A) Charter school best practices.

21 (B) Overview of charter school law, including special
22 education topics.

23 (C) Role of the board of trustees and administrators.

24 (D) Audits and financing.

25 (E) 15 Pa.C.S. Pt. II Subpt. C (relating to nonprofit
26 corporations).

27 (F) 65 Pa.C.S. Ch. 7 (relating to open meetings).

28 (G) 65 Pa.C.S. Ch. 11 (relating to ethics standards and
29 financial disclosure).

30 (H) The act of July 19, 1957 (P.L.1017, No.451), known as

1 the "State Adverse Interest Act."

2 (I) The act of February 14, 2008 (P.L.6, No.3), known as the
3 "Right-to-Know Law."

4 (iii) The charter school or cyber charter school shall
5 annually certify to the office on a form developed by the office
6 for this purpose and supported by submitted documentary evidence
7 that each member of the charter school's or cyber charter
8 school's board of trustees and chief administrator have
9 completed the minimum hours of continuing education as required
10 under this section. The charter school or cyber charter school
11 shall also include this certification in its annual report and
12 publish the same on its Internet website.

13 (7) The development and issuance of standardized forms that
14 shall be used by all applicants, local school boards, charter
15 schools and cyber charter schools as required under sections
16 1717-A, 1719-A, 1728-A, 1731-A, 1747-A and 1748-A.

17 (8) Directing all charter schools and cyber charter schools
18 to submit an annual report to the office no later than September
19 1 of each year and to publish the same on the department's
20 Internet website on an annual basis.

21 (9) Providing administrative support for the State Charter
22 School Appeal Board.

23 (b) The office shall have the following powers and duties:

24 (1) To designate the office as a local education agency for
25 the purpose of receiving Federal and State funding to distribute
26 to cyber charter schools.

27 (2) To establish the minimum age of kindergarten or beginner
28 for students attending a cyber charter school.

29 (3) To conduct a special review of a local school board,
30 charter school or cyber charter school in the event of

1 persistently unsatisfactory performance of a local school
2 board's portfolio of charter schools, a pattern of well-founded
3 complaints about a local school board or its charter schools or
4 other objective circumstances, and take any appropriate action
5 authorized under this article.

6 (4) To investigate fraud, waste, mismanagement and
7 misconduct in the operations of a local school board, charter
8 school or cyber charter school, including any of the following:

9 (i) Misuse of movable and immovable property.

10 (ii) Evidence of a pattern of wasteful spending or
11 misappropriation of funds by board members, administrators or
12 staff.

13 (iii) Mismanagement of school operations.

14 (iv) Waste or abuse of things of value belonging to State or
15 local government.

16 (v) Allegations of collusion or coercion.

17 (5) To receive complaints of fraud, waste, mismanagement,
18 misconduct or persistently unsatisfactory academic performance
19 by a local school board, charter school or cyber charter school.

20 (6) To receive and investigate a complaint from any parent
21 who has a student enrolled in a charter school or cyber charter
22 school regarding a member of the board of trustees who refuses
23 or neglects to perform any duty imposed upon the member under
24 this article or has violated any requirement established under
25 this article or has committed misfeasance or malfeasance while
26 in office as a trustee.

27 (7) To notify the local school board, charter school or
28 cyber charter school in writing if at any time the office finds
29 that a local school board, charter school or cyber charter
30 school is not in compliance with an existing charter contract or

1 the requirements of this act and to allow the local school
2 board, charter school or cyber charter school to have reasonable
3 opportunity to respond and comply.

4 (8) If the local school board, charter school or cyber
5 charter school fails to comply with the direction given pursuant
6 to this subsection, to notify the secretary, who shall have the
7 authority to withhold payment of all funds to the local school
8 board, charter school or cyber charter school or order school
9 districts not to make any payments to the charter school until
10 the secretary determines that the charter school has complied
11 with the direction given pursuant to this subsection. If the
12 secretary withholds payment of the subsidy to a local school
13 board based on the actions of that board, the local board shall
14 not intentionally withhold payment of per pupil allocation
15 payments to a charter school unless directed by the secretary.

16 (9) To refer findings to the district attorney with
17 jurisdiction or to the Office of Attorney General or to any
18 other appropriate law enforcement agency for prosecution if the
19 office discovers or receives information about possible
20 violations of law by any person affiliated with or employed by a
21 local school board, charter school or cyber charter school.

22 Section 4. Section 1714-A(5) of the act, amended July 4,
23 2004 (P.L.536, No.70), is amended to read:

24 Section 1714-A. Powers of Charter Schools.--(a) A charter
25 school established under this act is a body corporate and shall
26 have all powers necessary or desirable for carrying out its
27 charter, including, but not limited to, the power to:

28 * * *

29 (5) Make contracts and leases for the procurement of
30 services, equipment and supplies[.], subject to the following:

1 (i) No contract or lease entered into by a charter school or
2 cyber charter school for an amount greater than one hundred
3 dollars (\$100) may provide for a payment in excess of the fair
4 market value of the services, equipment, supplies or other
5 property being acquired or leased.

6 (ii) A charter school or cyber charter school may not enter
7 into or continue operating under a contract for management,
8 operations or educational services that involves the charter
9 school or cyber charter school providing a percentage of the
10 charter or cyber charter school's revenues to the contractor.

11 (iii) No contract entered into by a charter school or cyber
12 charter school shall have a term that extends beyond the charter
13 or cyber charter school's existing charter agreement with a
14 local school board or the office.

15 * * *

16 Section 5. Section 1715-A(11) and (12) of the act, amended
17 or added June 19, 1997 (P.L.225, No.22) and July 9, 2008
18 (P.L.846, No.61), are amended and the section is amended by
19 adding clauses to read:

20 Section 1715-A. Charter School Requirements.--Charter
21 schools shall be required to comply with the following
22 provisions:

23 * * *

24 [(11) Trustees of a charter school shall be public
25 officials.

26 (12) A person who serves as an administrator for a charter
27 school shall not receive compensation from another charter
28 school or from a company that provides management or other
29 services to another charter school. The term "administrator"
30 shall include the chief executive officer of a charter school

1 and all other employes of a charter school who by virtue of
2 their positions exercise management or operational oversight
3 responsibilities. A person who serves as an administrator for a
4 charter school shall be a public official under 65 Pa.C.S. Ch.
5 11 (relating to ethics standards and financial disclosure). A
6 violation of this clause shall constitute a violation of 65
7 Pa.C.S. § 1103(a) (relating to restricted activities), and the
8 violator shall be subject to the penalties imposed under the
9 jurisdiction of the State Ethics Commission.]

10 (11) The board of trustees of a charter school or cyber
11 charter school must record in written format the minutes of each
12 meeting of the board at which any business of the charter school
13 or cyber charter school is considered or transacted. All meeting
14 minutes must be maintained by a charter school or cyber charter
15 school for at least seven (7) years.

16 (12) The board minutes of the trustees of a charter school
17 or cyber charter school must reflect the board's approval or
18 disapproval of all contracts, agreements and obligations in
19 excess of one hundred dollars (\$100), including how each member
20 voted on the contract, agreement or obligation.

21 (13) The board minutes of the trustees of a charter school
22 or cyber charter school must reflect the board's approval of an
23 annual budget, including how each member voted on the budget.

24 (14) An individual who is a trustee of a charter school or
25 cyber charter school shall not serve as a trustee at any other
26 charter school or cyber charter school.

27 (15) An individual who is a trustee of a charter school or
28 cyber charter school shall not serve as an employe of any other
29 charter school or cyber charter school.

30 (16) An individual who is a trustee of a charter school or

1 cyber charter school shall not have a financial relationship
2 with an entity with which the charter school or cyber charter
3 school transacts any business.

4 (17) Members of the board of trustees and administrators of
5 a charter school or cyber charter school shall be deemed to be
6 public officials and subject to the provisions of 65 Pa.C.S.
7 Chs. 7 (relating to open meetings) and 11 (relating to ethics
8 standards and financial disclosure).

9 (18) Members of the board of trustees and administrators of
10 a charter school or cyber charter school shall be subject to the
11 following statutory requirements:

12 (i) The act of July 19, 1957 (P.L.1017, No.451), known as
13 the "State Adverse Interest Act."

14 (ii) The act of February 14, 2008 (P.L.6, No.3), known as
15 the "Right-to-Know Law."

16 (19) Notwithstanding section 322, an administrator,
17 supervisor, principal, teacher or employe of a charter school
18 shall not serve on a local school board which granted or renewed
19 its charter. This clause shall not prevent any administrator,
20 supervisor, teacher or employe of any charter school from being
21 a school director in a district other than a district that
22 granted the charter school's charter.

23 (20) All members of the board of trustees and administrators
24 of a charter school or cyber charter school shall take the oath
25 of office as required by section 321 before entering upon the
26 duties of the office.

27 (21) All payments made by a charter school or cyber charter
28 school shall be cosigned by the treasurer of the board of
29 trustees and the chief administrator of the charter school or
30 cyber charter school.

1 (22) Within ten (10) days of the execution of an agreement
2 between a charter school or cyber charter school and any
3 education service provider, the board of trustees shall publish
4 on the charter or cyber charter school school's publicly
5 available Internet website all of the following:

6 (i) a copy of the executed agreement;

7 (ii) a plain language explanation of all costs and fees
8 associated with the agreement;

9 (iii) a description of all financial relationships between
10 the charter school or cyber charter school and the education
11 service provider or any of its board members or employes;

12 (iv) the education service provider's status as a for-profit
13 or nonprofit organization; and

14 (v) if the education service provider is a for-profit
15 organization, a plain language explanation of how any profit
16 will be determined and distributed between the charter school
17 and the education service provider.

18 Section 6. Section 1716-A of the act, added June 19, 1997
19 (P.L.225, No.22), is amended to read:

20 Section 1716-A. [Powers of] Board of Trustees.--(a) The
21 board of trustees of a charter school or cyber charter school
22 shall have the authority to decide matters related to the
23 operation of the school, including, but not limited to,
24 budgeting, curriculum and operating procedures, subject to the
25 school's charter. [The board]

26 (a.1) The board of trustees shall have the authority to
27 employ, discharge and contract with necessary professional and
28 nonprofessional employes subject to the school's charter and the
29 provisions of this [article] act. The board of trustees, only
30 with written permission of the department, may contract with

1 educators who are not employes of the charter school or cyber
2 charter school to serve as teaching staff in specialized
3 subjects, provided that such arrangements shall constitute no
4 more than five percentum of the teaching staff of the charter
5 school or cyber charter school.

6 (a.2) The board of trustees of a charter school or cyber
7 charter school shall have a minimum of five (5) voting members.
8 If a charter school or cyber charter school has fewer than five
9 (5) voting members serving on its board as of the effective date
10 of this subsection, the charter school or cyber charter school
11 shall have sixty (60) days to appoint additional members to the
12 board to meet the minimum requirements of this section.

13 (b) The following shall apply to all members of the board of
14 trustees of a charter school or cyber charter school:

15 (1) No member of a local school board [of school directors]
16 of a school entity shall serve on the board of trustees of a
17 charter school that is located in the member's district.

18 (2) No administrator or member of a local school board which
19 granted or renewed a charter shall serve on the board of
20 trustees of a charter school that is the subject of the granted
21 or renewed charter.

22 (3) No member of the board of trustees shall be employed in
23 any capacity or have any financial relationship with the local
24 school board from which the charter school received its charter.
25 No member of the board of trustees of a cyber charter school
26 shall be employed in any capacity or have any financial
27 relationship with the office.

28 (4) No member of the board of trustees or a member of the
29 immediate family of the member of the board of trustees shall be
30 employed by the charter school or cyber charter school or have a

1 financial relationship with the charter school or cyber charter
2 school, nor be employed by any entity that has a financial
3 relationship with the charter school or cyber charter school or
4 any related or associated foundation unless the charter school
5 or cyber charter school complies with the requirements of 65
6 Pa.C.S. § 1103(f) (relating to restricted activities).

7 (5) No member of the board of trustees or a member of the
8 immediate family of the member of the board of trustees shall be
9 employed by or have a financial relationship with an educational
10 service provider which is under contract with the charter school
11 or cyber charter school or any related or associated foundation.

12 (6) A member of the board of trustees shall disqualify
13 himself and abstain from voting in a proceeding which
14 constitutes a conflict of interest or where the objectivity,
15 impartiality, integrity or independence of judgment of the
16 member may be reasonably questioned.

17 (7) A member of the board of trustees shall be automatically
18 disqualified from serving on the board upon conviction for an
19 offense graded as a felony, an infamous crime, any offense
20 pertaining to the member's official capacity as a board member
21 or any crime involving moral turpitude.

22 (8) No member of the board of trustees, employe or
23 administrator of a charter school or cyber charter school shall
24 convert to his own use or use by way of investment or contract
25 any portion of the charter school or cyber charter school funds
26 or school property or deposit any of the funds of the charter
27 school or cyber charter school in any other name.

28 (9) No business entity, including for-profit and nonprofit
29 entities with which a member of the board of trustees, an
30 administrator or a member of the immediate family of the member

1 of the board of trustees or administrator is associated shall
2 contract with the charter school or cyber charter school unless
3 the charter school complies with the requirements of 65 Pa.C.S.
4 § 1103(f).

5 (10) No member of the board of trustees or a member of the
6 immediate family of the member of the board of trustees shall
7 act as an agent for any vendor or subvendor for goods or
8 services with the local school board or charter school or cyber
9 charter school.

10 (11) No member of the board of trustees shall commingle or
11 allow the commingling of any portion of the charter school or
12 cyber charter school funds or property or deposit any of the
13 funds of the charter school or cyber charter school in accounts
14 unrelated to the charter school or cyber charter school.

15 (12) No member of the board of trustees of a charter school
16 or cyber charter school shall be employed by a charter school or
17 cyber charter school foundation or any entity affiliated with a
18 charter school or cyber charter school foundation. No immediate
19 family member of a member of the board of trustees shall serve
20 on, receive compensation from or be employed by a charter school
21 or cyber charter school foundation or any entity affiliated with
22 a charter school or cyber charter school foundation.

23 (13) No member of the board of trustees of a charter school
24 or cyber charter school shall be employed in any capacity or
25 have a financial relationship with the department.

26 (14) Any member of the board of trustees, elected officials,
27 administrators or their immediate families or staff determined
28 to have engaged in any conduct in contravention of any aspect of
29 this subsection shall be immediately barred and prohibited from
30 the handling or receipt of funds, directly or indirectly, for a

1 period of five (5) consecutive years from the date of receipt,
2 expenditure, oversight or handling in any fashion, directly or
3 indirectly, of the funds of any school board, charter school,
4 cyber charter school, charter school or cyber charter school
5 foundation or appropriated by the Commonwealth, including, but
6 not limited to, awards of contracts to third parties, hiring or
7 retention of employes or consultants and the purchase or
8 acquisition of goods or services.

9 [(c) The board of trustees shall comply with the act of July
10 3, 1986 (P.L.388, No.84), known as the "Sunshine Act."]

11 (c.1) At least one member of the board of trustees of a
12 charter school or cyber charter school shall be a parent of a
13 child attending that charter school or cyber charter school.

14 (d) The following shall apply:

15 (1) The secretary, upon a petition filled by department
16 staff, may remove a member of a board of trustees if the
17 secretary determines the member has refused or neglected to
18 perform any duty imposed under this article or has violated any
19 requirement established under this article or has committed
20 misfeasance or malfeasance while in office as a trustee.

21 (2) Before a trustee is removed, that trustee shall be
22 provided with a written statement of the reasons for removal and
23 an opportunity to be heard in accordance with 2 Pa.C.S. Chs. 5
24 Subch. A (relating to practice and procedure of Commonwealth
25 agencies) and 7 Subch. A (relating to judicial review of
26 Commonwealth agency action).

27 (3) When in the judgment of the secretary the immediate
28 removal of a board member is reasonably necessary, the removal
29 process described under this subsection may be expedited.

30 (4) Any person removed as a member of the board of trustees

1 of a charter school or cyber charter school under this
2 subsection shall not be eligible again to serve as a board
3 member or administrator for the period of five (5) years from
4 the date of removal.

5 Section 7. The act is amended by adding sections to read:

6 Section 1716.1-A. Organization of Meetings of Boards of
7 Trustees.--(a) A majority of the members of the board of
8 trustees shall constitute a quorum. If less than a majority is
9 present at any meeting, no business shall be transacted at the
10 meeting.

11 (b) The affirmative vote of a majority of all the members of
12 the board of trustees, duly recorded, shall be required in order
13 to take action on the subjects enumerated under section 508.

14 Section 1716.2-A. Duties of Administrators.--(a) The chief
15 administrator shall have the duty of the general supervision of
16 all business affairs of the charter school or cyber charter
17 school, subject to the direction of the board of trustees, and
18 the following duties subject to the direction of the board of
19 trustees:

20 (1) Upon action by the board as described in this article,
21 to approve any bill or account for payment of money and to
22 prepare and sign an order for the payment of money.

23 (2) To attest in writing the executing of all deeds,
24 contracts, reports and other instruments that are are to be
25 executed by the board.

26 (3) To furnish when requested to do so all reports as
27 required under this act.

28 (4) Notwithstanding other provisions of this act and other
29 laws, to serve as custodian of all records, offices and property
30 of the charter school or cyber charter school.

1 (5) To receive all funds and make payments out of the same
2 on proper orders approved by the board of trustees.

3 (6) To deposit funds and at the end of each month make a
4 report to the school controller of the amount of funds received
5 and the amount dispersed during the month.

6 (7) To perform other duties pertaining to the business of
7 the charter school or cyber charter school as required under
8 this act.

9 (b) The following restrictions and requirements shall apply:

10 (1) No administrator shall receive compensation from another
11 charter school, cyber charter school or from a company that
12 provides management or other services to another charter school
13 or cyber charter school.

14 (2) No administrator shall be employed by or have a
15 financial relationship with the local school boards from which
16 the charter school received its charter.

17 (2.1) No administrator of a cyber charter school shall be
18 employed or have a financial relationship with the department.

19 (3) No immediate family member of an administrator shall be
20 employed by or have any financial relationship with the charter
21 school or cyber charter school unless the charter school or
22 cyber charter school complies with the requirements of 65
23 Pa.C.S. § 1103(f) (relating to restricted activities).

24 (4) No administrator shall be employed by or have a
25 financial relationship with an educational service provider
26 without the approval of the board of trustees.

27 (5) No immediate family member of an administrator shall be
28 employed by or have a financial relationship with an educational
29 service provider which is under contract with the charter school
30 or cyber charter school.

1 (6) An administrator shall be dismissed upon conviction for
2 an offense graded as a felony, an infamous crime or any crime
3 involving moral turpitude.

4 (7) No business with which an administrator, or a member of
5 the immediate family of the administrator, is associated shall
6 contract with the charter school or cyber charter school unless
7 the charter school or cyber charter school complies with the
8 requirements of 65 Pa.C.S. § 1103(f).

9 (8) No administrator shall commingle or convert to his own
10 use or use by way of investment any portion of the school funds
11 or school property or deposit any of the funds of the school in
12 accounts unrelated to the charter school or cyber charter
13 school.

14 (9) No administrator shall act as an agent for any vendor
15 for school supplies, program materials or related educational
16 services with the local school board.

17 (10) No administrator shall receive compensation from or be
18 employed by a charter school or cyber charter school foundation
19 or any entity affiliated with a charter school or cyber charter
20 school foundation. No immediate family member of an
21 administrator shall serve on or be employed by a charter school
22 or cyber charter school foundation or any entity affiliated with
23 a charter school or cyber charter school foundation.

24 Section 8. Section 1717-A(e) of the act, added June 19, 1997
25 (P.L.225, No.22), is amended to read:

26 Section 1717-A. Establishment of Charter School.--* * *

27 (e) (1) Not later than seventy-five (75) days after the
28 first public hearing on the application, the local [board of
29 school directors] school board shall grant or deny the
30 application. For a charter school beginning in the 1997-1998

1 school year, the local board of school directors shall grant or
2 deny the application no later than sixty (60) days after the
3 first public hearing.

4 (2) A charter school application submitted under this
5 article shall be evaluated by the local [board of school
6 directors] school board based on criteria, including, but not
7 limited to, the following:

8 (i) The demonstrated, sustainable support for the charter
9 school plan by teachers, parents, other community members and
10 students, including comments received at the public hearing held
11 under subsection (d).

12 (ii) The capability of the charter school applicant, in
13 terms of support and planning, to provide comprehensive learning
14 experiences to students pursuant to the adopted charter.

15 (iii) The extent to which the application considers the
16 information requested in section 1719-A and conforms to the
17 legislative intent outlined in section 1702-A.

18 (iv) The extent to which the charter school may serve as a
19 model for other public schools.

20 (v) The student performance baselines and objectives for
21 future student performance that will be used to evaluate the
22 charter school.

23 (3) The local [board of school directors,] school board in
24 the case of an existing school being converted to a charter
25 school, shall establish the alternative arrangements for current
26 students who choose not to attend the charter school.

27 (4) A charter application shall be deemed approved by the
28 local [board of] school [directors] board of a school district
29 upon affirmative vote by a majority of all the directors. Formal
30 action approving or denying the application shall be taken by

1 the local [board of] school [directors] board at a public
2 meeting, with notice or consideration of the application given
3 by the board, under the "Sunshine Act."

4 (5) Written notice of the board's action shall be sent to
5 the applicant, the department and the appeal board. If the
6 application is denied, the reasons for the denial, including a
7 description of deficiencies in the application, shall be clearly
8 stated in the notice sent by the local [board of] school
9 [directors] board to the charter school applicant.

10 * * *

11 Section 9. The act is amended by adding a section to read:

12 Section 1718.1-A. Multiple Charter School Organization.--(a)
13 Two or more charter schools may merge or consolidate under 15
14 Pa.C.S. Pt.II Subpt. C (relating to nonprofit corporations) into
15 a multiple charter school organization. The multiple charter
16 school organization shall be granted a single charter to operate
17 two or more individual charter schools under the oversight of a
18 single board of trustees and a chief administrator who shall
19 oversee and manage the operation of the individual charter
20 schools under its organization. The multiple charter school
21 organization shall be considered a charter school as defined
22 under this article and shall be subject to all of the
23 requirements of this article unless otherwise provided for under
24 this section. Nothing in this section shall be construed to
25 affect or change the terms or conditions of any individual
26 charter previously granted that is consolidated under this
27 section.

28 (b) The office shall develop and issue a standard
29 application form for multiple charter school organization
30 applicants, which shall contain the following information:

1 (1) The identification of the multiple charter school
2 organization.

3 (2) The names of the charter schools seeking merger or
4 consolidation under subsection (a).

5 (3) A copy of the approved charters of each charter
6 school agreeing to merge or consolidate administrative
7 functions with the office under subsection (a).

8 (4) An organization chart clearly presenting the
9 proposed governance structure of the multiple charter school
10 organization, including lines or authority and reporting
11 among the board of trustees, chief administrator,
12 administrators, staff and any educational management service
13 provider that will play a role in providing management
14 services to the charter schools under its jurisdiction.

15 (5) A clear description of the roles and
16 responsibilities for the board of trustees, chief
17 administrator, administrators and any other entities,
18 including a charter school foundation, shown in the
19 organization chart.

20 (6) A clear description and method for the appointment
21 or election of members of the board of trustees.

22 (7) Standards for board performance, including
23 compliance with all applicable laws, regulations and terms of
24 the charter.

25 (8) Enrollment procedures for each individual charter
26 school included in its charter.

27 (9) Any other information as deemed necessary by the
28 office.

29 (c) The office shall serve as the legal authorizer of a
30 multiple charter school organization.

1 (d) A multiple charter school organization may:

2 (1) Participate in the assessment systems in the same
3 manner in which a school district participates, and its
4 component schools shall participate in such assessment
5 systems in the same manner as individual schools in school
6 districts. All data gathered for purposes of evaluation shall
7 be gathered in a like manner.

8 (2) Add new charter schools to its organization.

9 (3) Add existing charter schools to its organization or
10 amend the individual charters of each charter school under
11 its organization.

12 (4) Allow students enrolled in an individual charter
13 school to matriculate to another individual charter school
14 under its oversight so as to complete a course of instruction
15 in an educational institution from kindergarten through grade
16 12.

17 (e) An annual report shall be provided by the board of
18 trustees and chief administrator of the multiple charter school
19 organization and shall include all information required to
20 provide a basis for evaluation for renewal of each individual
21 charter school under the organization's oversight.

22 (f) A multiple charter school organization shall be regarded
23 as the holder of the charter of each individual charter school
24 under its oversight, and each such previously or subsequently
25 awarded charter shall be subject to nonrenewal or revocation in
26 accordance with this act. The nonrenewal or revocation shall not
27 affect the status of a charter awarded for any other individual
28 charter school under its oversight.

29 Section 10. Sections 1719-A and 1721-A(e) of the act, added
30 June 19, 1997 (P.L.225, No.22), are amended to read:

1 Section 1719-A. Contents of Application.--[An] (a) The
2 department shall develop and issue a standard application form
3 that shall be used by all applicants to establish a charter
4 school or cyber charter school. The application to establish a
5 charter school or cyber charter school shall include all of the
6 following information:

7 (1) The identification of the charter or cyber charter
8 school applicant.

9 (2) The name of the proposed charter school or cyber charter
10 school.

11 (3) The grade or age levels served by the school.

12 (4) [The proposed governance structure of the charter
13 school, including a description and method for the appointment
14 or election of members of the board of trustees.] An
15 organization chart clearly presenting the proposed governance
16 structure of the charter school or cyber charter school,
17 including lines of authority and reporting among the board of
18 trustees, administrators, staff and any educational service
19 provider that will play a role in providing management services
20 to the charter school or cyber charter school.

21 (4.1) A clear description of the roles and responsibilities
22 for the board of trustees, administrators and any other
23 entities, including a charter school or cyber charter school
24 foundation, shown in the organization chart.

25 (4.2) A clear description and method for the appointment or
26 election of members of the board of trustees.

27 (4.3) Standards for board performance and stewardship,
28 including compliance with all applicable laws, regulations and
29 terms of the charter.

30 (4.4) If the charter school or cyber charter school intends

1 to contract with an educational service provider for services,
2 the charter or cyber charter school applicant shall:

3 (i) Provide evidence of the education service provider's
4 record in serving student populations, including demonstrated
5 academic achievement and demonstrated management of nonacademic
6 school functions, including proficiency with public school-based
7 accounting, if applicable.

8 (ii) Provide a copy of the finalized management agreement,
9 which shall include all of the following:

10 (A) The proposed duration of the service contract.

11 (B) Roles and responsibilities of the governing board, the
12 school staff and the educational management service provider.

13 (C) The scope of services and resources to be provided by
14 the educational management service provider.

15 (D) Performance evaluation measures and timelines.

16 (E) The compensation structure, including clear
17 identification of all fees to be paid to the educational
18 management service provider.

19 (F) Methods of contract oversight and enforcement.

20 (G) Investment disclosure or the advance of monies by the
21 educational management service provider on behalf of the charter
22 school or cyber charter school.

23 (H) Conditions for renewal and termination of the contract.

24 (iii) Disclose and explain any existing or potential
25 conflicts of interest between the board of trustees and proposed
26 educational service provider and any affiliated business
27 entities, including a charter school or cyber charter school
28 foundation.

29 (5) The mission and education goals of the charter school or
30 cyber charter school, the curriculum to be offered and the

1 methods of assessing whether students are meeting educational
2 goals.

3 (6) The admission policy and criteria for evaluating the
4 admission of students which shall comply with the requirements
5 of section 1723-A, including the maximum number of students the
6 school will enroll during each year of its charter.

7 (7) Procedures which will be used regarding the suspension
8 or expulsion of pupils. Said procedures shall comply with
9 section 1318.

10 (8) Information on the manner in which community groups will
11 be involved in the charter school planning process.

12 (9) The financial plan for the charter school or cyber
13 charter school based on the projected range of the number of
14 students enrolled in the school during each year of the proposed
15 charter period and the provisions which will be made for
16 auditing the school under section 437, including the role of any
17 charter school or cyber charter school foundation.

18 (10) Procedures which shall be established to review
19 complaints of parents regarding the operation of the charter
20 school or cyber charter school.

21 (11) A description of and address of the physical facility
22 in which the charter school will be located and the ownership
23 thereof and any lease arrangements.

24 (12) Information on the proposed school calendar for the
25 charter school or cyber charter school, including the length of
26 the school day and school year consistent with the provisions of
27 section 1502.

28 (13) The proposed faculty and a professional development
29 plan for the faculty and staff of a charter school or cyber
30 charter school.

1 (14) Whether any agreements have been entered into or plans
2 developed with the local school district regarding participation
3 of the charter school students in extracurricular activities
4 within the school district. Notwithstanding any provision to the
5 contrary, no school district of residence shall prohibit a
6 student of a charter school from participating in any
7 extracurricular activity of that school district of residence:
8 Provided, That the student is able to fulfill all of the
9 requirements of participation in such activity and the charter
10 school does not provide the same extracurricular activity.

11 (15) A report of criminal history record, pursuant to
12 section 111, for all individuals who shall have direct contact
13 with students.

14 (16) An official clearance statement regarding child injury
15 or abuse from the Department of Public Welfare as required by 23
16 Pa.C.S. Ch. 63 Subch. C.2 (relating to background checks for
17 employment in schools) for all individuals who shall have direct
18 contact with students.

19 (17) How the charter school or cyber charter school will
20 provide adequate liability and other appropriate insurance for
21 the charter school or cyber charter school, its employes and the
22 board of trustees of the charter school or cyber charter school.

23 (18) The proposed manner in which the charter school or
24 cyber charter school will assess student performance, including
25 the manner in which the State assessment set forth in 22 Pa.
26 Code Ch. 4 (relating to academic standards and assessment) will
27 be utilized.

28 (b) A local school board may not impose additional terms or
29 require additional information outside the standard application
30 required under subsection (a).

1 Section 1721-A. State Charter School Appeal Board.--* * *

2 (e) Meetings of the appeal board shall be conducted under
3 [the act of July 3, 1986 (P.L.388, No.84), known as the
4 "Sunshine Act."] 65 Pa.C.S. Ch. 7 (relating to open meetings).
5 Documents of the appeal board shall be subject to the act of
6 [June 21, 1957 (P.L.390, No.212), referred to as the Right-to-
7 Know Law.] February 14, 2008 (P.L.6, No.3), known as the "Right-
8 to-Know Law."

9 Section 11. Section 1722-A is amended by adding subsections
10 to read:

11 Section 1722-A. Facilities.--* * *

12 (b.1) (1) Alcoholic beverages shall not be available for
13 consumption, purchase or sale in any charter school facility.

14 (2) If the secretary reasonably believes that alcoholic
15 beverages have been made available for consumption, purchase or
16 sale in any charter school facility, the department shall order
17 the following forfeitures against the charter school:

18 (i) One thousand dollars (\$1,000) for a first violation.

19 (ii) Five thousand dollars (\$5,000) for a second or
20 subsequent violation.

21 The department shall deduct the amount of the forfeiture from
22 any and all State payments made to the charter school or order
23 school districts to redirect payments to the department that the
24 school district would have made to the charter school until the
25 department determines that the amount of the forfeiture has been
26 paid.

27 (3) The charter school may appeal the order of the secretary
28 pursuant to 2 Pa.C.S. Chs. 5 (relating to practice and
29 procedure) and 7 (relating to judicial review).

30 (b.2) A charter school facility shall not be located in a

1 building that is within three hundred (300) feet of a place that
2 has a liquor license. This subsection shall not apply to a
3 charter school facility in existence and operating on the
4 effective date of this subsection.

5 Section 12. Section 1723-A(d) of the act, added July 9, 2008
6 (P.L.846, No.61), is amended to read:

7 Section 1723-A. Enrollment.--* * *

8 (d) (1) Enrollment of students in a charter school or cyber
9 charter school shall not be subject to a cap or otherwise
10 limited by any past or future action of a [board of school
11 directors] local school board, a board of control established
12 under Article XVII-B, a special board of control established
13 under section 692 or any other governing authority, unless
14 agreed to by the charter school or cyber charter school as part
15 of a written charter pursuant to section 1720-A. A charter
16 school, cyber charter school or applicant for a charter school
17 or cyber charter school and the governing authority shall
18 negotiate maximum reasonable enrollment levels in good faith.

19 (2) The provisions of this subsection shall apply to a
20 charter school or cyber charter school regardless of whether the
21 charter was approved prior to or is approved subsequent to the
22 effective date of this subsection.

23 Section 13. Section 1724-A(g) and (i) of the act, added June
24 19, 1997 (P.L.225, No.22), are amended to read:

25 Section 1724-A. School Staff.--* * *

26 (g) [Professional] Except as provided under section 1743-A,
27 professional employes who hold a first level teaching or
28 administrative certificate may, at their option, have the time
29 completed in satisfactory service in a charter school applied to
30 the length of service requirements for the next level of

1 certification.

2 * * *

3 (i) All individuals who shall have direct contact with
4 students or contact through electronic means via the Internet or
5 e-mail with students shall be required to submit a report of
6 criminal history record information as provided for in section
7 111 prior to accepting a position with the charter school or
8 cyber charter school. This subsection shall also apply to any
9 individual who volunteers to work on a full-time or part-time
10 basis at the charter school or cyber charter school.

11 * * *

12 Section 14. Section 1725-A(a) of the act, amended June 29,
13 2002 (P.L.524, No.88), is amended to read:

14 Section 1725-A. Funding for Charter Schools.--(a) Funding
15 for a charter school shall be provided in the following manner,
16 except as provided under section 1753-A of this act for funding
17 for a cyber charter school:

18 (1) There shall be no tuition charge for a resident or
19 nonresident student attending a charter school. A local school
20 district is not required to provide per pupil funding for a
21 resident or nonresident student attending a cyber charter
22 school.

23 (2) For non-special education students enrolled in a charter
24 school that is not a cyber charter school, the charter school
25 shall receive for each student enrolled no less than the
26 budgeted total expenditure per average daily membership of the
27 prior school year, as defined in section 2501(20), minus the
28 budgeted expenditures of the district of residence for nonpublic
29 school programs; adult education programs; community/junior
30 college programs; student transportation services; for special

1 education programs; facilities acquisition, construction and
2 improvement services; and other financing uses, including debt
3 service and fund transfers as provided in the Manual of
4 Accounting and Related Financial Procedures for Pennsylvania
5 School Systems established by the department. This amount shall
6 be paid by the district of residence of each student or, upon
7 written request of the charter school, by the department to the
8 charter school in which a Pennsylvania resident student is
9 enrolled from any allocation for basic education funding to
10 which the school district in which the student resides is
11 entitled. The department shall establish payment guidelines and
12 notify the school district of receipt of a request for direct
13 payment by the department.

14 (3) For special education students enrolled in a charter
15 school that is not a cyber charter school, the charter school
16 shall receive for each student enrolled the same funding as for
17 each non-special education student as provided in clause (2),
18 plus an additional amount determined by dividing the district of
19 residence's total special education expenditure by the product
20 of multiplying the combined percentage of section 2509.5(k)
21 times the district of residence's total average daily membership
22 for the prior school year, except that for students identified
23 as speech or language impaired, the charter school shall receive
24 for each student twenty per centum of the additional amount
25 calculated under this subsection. This amount shall be paid by
26 the district of residence of each student or, upon written
27 request of the charter school, by the department to the charter
28 school in which a Pennsylvania resident student is enrolled from
29 any allocation for basic education funding to which the school
30 district in which the student resides is entitled. The

1 department shall establish payment guidelines and notify the
2 school district of the receipt of a request for direct payment
3 by the department.

4 (4) A charter school may request the intermediate unit in
5 which the charter school is located to provide services to
6 assist the charter school to address the specific needs of
7 exceptional students. The intermediate unit shall assist the
8 charter school and bill the charter school for the services. The
9 intermediate unit may not charge the charter school more for any
10 service than it charges the constituent districts of the
11 intermediate unit.

12 (5) Payments shall be made to the charter school in twelve
13 (12) equal monthly payments, by the fifth day of each month,
14 within the operating school year, unless the charter school
15 receives direct payment from the department. A student enrolled
16 in a charter school shall be included in the average daily
17 membership of the student's district of residence for the
18 purpose of providing basic education funding payments and
19 special education funding pursuant to Article XXV, except that a
20 student enrolled in a cyber charter school shall not be included
21 in the average daily membership of the student's district of
22 residence. If a school district fails to make a payment to a
23 charter school as prescribed in this clause, the secretary shall
24 deduct the estimated amount, as documented by the charter
25 school, from any and all State payments made to the district
26 after receipt of documentation from the charter school.

27 (6) Within thirty (30) days after the secretary makes the
28 deduction described in clause (5) or if the charter school
29 receives direct payment from the department, a school district
30 may notify the secretary that the deduction made from State

1 payments to the district under this subsection is inaccurate.
2 The secretary shall provide the school district with an
3 opportunity to be heard concerning whether the charter school
4 documented that its students were enrolled in the charter
5 school, the period of time during which each student was
6 enrolled; the school district of residence of each student and
7 whether the amounts deducted from the school district were
8 accurate.

9 * * *

10 Section 15. Section 1726-A(a) of the act, amended July 9,
11 2008 (P.L.846, No.61), is amended to read:

12 Section 1726-A. Transportation.--(a) (1) Students who
13 attend a charter school located in their school district of
14 residence, a regional charter school of which the school
15 district is a part or a charter school located outside district
16 boundaries at a distance not exceeding ten (10) miles by the
17 nearest public highway shall be provided free transportation to
18 the charter school by their school district of residence on such
19 dates and periods that the charter school is in regular session
20 whether or not transportation is provided on such dates and
21 periods to students attending schools of the district.

22 (2) Transportation is not required for elementary students,
23 including kindergarten students, residing within one and one-
24 half (1.5) miles or for secondary students residing within two
25 (2) miles of the nearest public highway from the charter school
26 in which the students are enrolled unless the road or traffic
27 conditions are such that walking constitutes a hazard to the
28 safety of the students when so certified by the Department of
29 Transportation, except that if the school district provides
30 transportation to the public schools of the school district for

1 elementary students, including kindergarten students, residing
2 within one and one-half (1.5) miles or for secondary students
3 residing within two (2) miles of the nearest public highway
4 under nonhazardous conditions, transportation shall also be
5 provided to charter schools under the same conditions.

6 (3) Notwithstanding any other provision of this article, a
7 school district that does not transport resident school district
8 students on a daily basis shall not be required to transport
9 students who attend a charter school or regional charter school.

10 (4) Districts providing transportation to a charter school
11 outside the district and, for the 2007-2008 school year and each
12 school year thereafter, districts providing transportation to a
13 charter school within the district shall be eligible for
14 payments under section 2509.3 for each public school student
15 transported.

16 * * *

17 Section 16. Section 1728-A of the act, added June 19, 1997
18 (P.L.225, No.22), is amended to read:

19 Section 1728-A. Annual Reports and Assessments.--(a) The
20 local school board [of school directors] shall annually assess
21 on a standard form developed by the office whether each charter
22 school is meeting the goals of its charter and shall conduct a
23 comprehensive review prior to granting a five (5) year renewal
24 of the charter. The local school board [of school directors]
25 shall have ongoing access to the records and facilities of the
26 charter school and any contractors of the charter school that
27 provide management, operations or educational services to the
28 charter school to ensure that the charter school is in
29 compliance with its charter and this act and that requirements
30 for testing, civil rights and student health and safety are

1 being met. Ongoing reasonable access to a charter school's
2 records shall mean that the local school board shall have access
3 to records such as financial reports, financial audits,
4 aggregate standardized test scores without student identifying
5 information and teacher certification and personnel records.
6 Charter schools and local school boards shall comply fully with
7 the requirements of the Family Educational Rights and Privacy
8 Act of 1974 (Public Law 90-247, 20 U.S.C. § 1232g) and its
9 implementing regulations, and no personally identifiable
10 information from education records shall be provided by the
11 charter school to the local school board which authorized it
12 except in compliance with the Family Educational Rights and
13 Privacy Act of 1974 and subsequent regulations.

14 (b) In order to facilitate the local board's review and
15 secretary's report, each charter school shall submit an annual
16 report no later than August 1 of each year to the local school
17 board [of school directors] and the [secretary] office in the
18 form prescribed by the [secretary] office. Within ten (10) days
19 of receipt of the charter school's annual report, the local
20 school board and the secretary shall each certify to the charter
21 school that the annual report has been received with an
22 indication of the date of receipt. Within thirty (30) days of
23 the date of receipt, the local school board and the secretary
24 shall each certify to the charter school that the annual report
25 has been reviewed and is complete, or alternatively, has been
26 reviewed and is missing specific information referenced in the
27 certification. This review does not constitute a review for the
28 accuracy of the contents of the charter school's annual report.

29 (c) Five (5) years following the effective date of this
30 article, the secretary shall contract with an independent

1 professional consultant with expertise in public and private
2 education. The consultant shall receive input from members of
3 the educational community and the public on the charter school
4 program. The consultant shall submit a report to the secretary,
5 the Governor and the General Assembly and an evaluation of the
6 charter school program, which shall include a recommendation on
7 the advisability of the continuation, modification, expansion or
8 termination of the program and any recommendations for changes
9 in the structure of the program.

10 (c.1) Each charter school or cyber charter school shall form
11 an independent audit committee of its board members which shall
12 review at the close of each fiscal year a complete certified
13 audit of the operations of the charter school or cyber charter
14 school. The audit shall be conducted by a qualified independent
15 certified public accountant as selected from a list of approved
16 providers established by the office. The audit shall be
17 conducted under generally accepted audit standards of the
18 Governmental Accounting Standards Board (GASB) and shall
19 include, but not be limited to, the following tests:

20 (1) An enrollment test to verify the accuracy of student
21 enrollment and reporting to the Commonwealth.

22 (2) Full review of expense reimbursements for board members
23 and administrators, including sampling of all reimbursements.

24 (3) Review of internal controls, including review of
25 receipts and disbursements.

26 (4) Review of annual Federal and State tax filings,
27 including the Internal Revenue Service Code Form 990, Return of
28 Organization Exempt from Income Tax and all related schedules
29 and appendices for the charter school or cyber charter school
30 and charter school or cyber charter school foundation, if

1 applicable.

2 (5) Review of the financials of any charter school or cyber
3 charter school foundation.

4 (6) Review of all contracts over five thousand dollars
5 (\$5,000) regarding the selection and acceptance process.

6 (7) Review of potential conflicts of interest among board
7 members and senior level administrators with employes or
8 contractors.

9 (8) Review of employe files for compliance purposes but in
10 accordance with Federal and State regulations governing
11 confidentiality protection for employes.

12 (9) Any other test the office deems appropriate.

13 (c.2) The certified audit as required by subsection (c.1) is
14 a public document and shall be made available on the
15 department's Internet website and the charter school or cyber
16 charter school's Internet website, if applicable.

17 (d) Charter schools and cyber charter schools may be subject
18 to an annual audit by the office, the department, its local
19 school board or the Auditor General, in addition to any other
20 audits required by Federal law or this act. Charter schools and
21 cyber charter schools located within a school district of the
22 first class may be subject to an annual audit by the controller
23 of the city of the first class.

24 (e) The department shall publish an annual report that does
25 all of the following:

26 (1) Identifies charter schools whose students are
27 academically out-performing comparable students enrolled in the
28 chartering school district.

29 (2) Describes best practices used in the charter schools
30 identified under clause (1) that should be disseminated to all

1 school districts and charter schools.

2 (3) Makes any necessary recommendations to the General
3 Assembly to further the dissemination and implementation of the
4 best practices identified under clause (2).

5 (f) Charter schools and cyber charter schools shall annually
6 provide a copy of the annual budget for the operation of the
7 school that identifies the following:

8 (1) The source of funding for all expenditures as part of
9 its reporting under subsection (a).

10 (2) Where funding is provided by a charter school
11 foundation, the amount of funds and a description of the use of
12 such funds.

13 (3) The salaries of all administrators of the charter or
14 cyber charter school.

15 (g) Notwithstanding any other provisions of law, the charter
16 school, cyber charter school and any affiliated charter school
17 foundation shall make copies of annual Federal and State tax
18 filings available upon request and on the foundation's Internet
19 website, including Internal Revenue Service Code Form 990,
20 Return of Organization Exempt from Income Tax and all related
21 schedules and appendices. The charter school or cyber charter
22 school foundation shall also make copies of its annual budget
23 available upon request and on the foundation's or the charter
24 school's Internet website within thirty (30) days of the close
25 of the foundation's fiscal year. The annual budget must include
26 the salaries of all employes of the charter school foundation.

27 (h) All operations of a contractor that performs management,
28 operations or educational services for a charter school or a
29 cyber charter school pursuant to a contract or agreement with
30 the charter school or cyber charter school which relate to the

1 charter school or cyber charter school shall be subject to
2 public audit requirements under section 2553. In addition, funds
3 provided by a charter school or a cyber charter school to a
4 contractor that performs management, operations or educational
5 services for a charter school or cyber charter school pursuant
6 to a contract or agreement with the charter school or cyber
7 charter school and the use of such funds by such contractor
8 shall be subject to the audit provisions of section 403 of the
9 act of April 9, 1929 (P.L.343, No.176), known as "The Fiscal
10 Code."

11 (i) The charter school or cyber charter school records
12 produced, obtained or maintained by a contractor that performs
13 management, operations or educational services for a charter
14 school or cyber charter school pursuant to a contract or
15 agreement with the charter school or the cyber charter school
16 shall be subject to disclosure under the act of February 14,
17 2008 (P.L.6, No.3), known as the "Right-to-Know Law."

18 Section 17. Section 1729-A of the act, amended or added June
19 19, 1997 (P.L.225, No.22), July 4, 2004 (P.L.536, No.70) and
20 July 9, 2008 (P.L.846, No.61), is amended to read:

21 Section 1729-A. Charter Renewal, Causes for Nonrenewal or
22 Termination.--(a) Charter schools seeking renewal shall send a
23 renewal application in a form prescribed by the office to the
24 local school board no later than October 1 of the final school
25 year of the charter's school current charter. During the term of
26 the charter or at the end of the term of the charter, the local
27 school board [of school directors] may choose to revoke or not
28 to renew the charter based on any of the following:

29 (1) One or more material violations of any of the
30 conditions, standards or procedures contained in the written

1 charter signed pursuant to section 1720-A.

2 (2) Failure to meet the requirements for student performance
3 [set forth in 22 Pa. Code Ch. 5 (relating to curriculum) or
4 subsequent regulations promulgated to replace 22 Pa. Code Ch. 5
5 or], failure to meet any performance standard set forth in the
6 written charter signed pursuant to section [1716-A] 1720-A or
7 failure to make adequate yearly progress for at least three (3)
8 consecutive years under the Pennsylvania accountability
9 standards that apply the requirements set forth in the
10 Elementary and Secondary Education Act of 1965 (Public Law
11 89-10, 20 U.S.C. § 6301 et seq.).

12 (3) Failure to meet generally accepted standards of fiscal
13 management or audit requirements.

14 (3.1) Failure to maintain the financial ability to continue
15 as a going concern according to generally accepted accounting
16 principles.

17 (4) Violation of provisions of this article.

18 (5) Violation of any provision of law from which the charter
19 school has not been exempted, including Federal laws and
20 regulations governing children with disabilities.

21 (6) [The charter school has been convicted of fraud.]
22 Administrators or board members have been convicted of offenses
23 pertaining to fraud, theft or mismanagement of public funds or
24 any crime committed in the course of their official duties.

25 (7) Failure to obtain and submit a certified independent
26 audit to the department for any year of the school's operation
27 by November 15 after the close of the school year.

28 (8) Except as permitted pursuant to section 1716-A(a.1),
29 failure of the charter school to be the employer of all teaching
30 staff in the school.

1 (9) Demonstration by the charter-granting entity that a
2 material misrepresentation of fact was contained in the charter
3 school's application or in its annual charter school report that
4 was submitted to the chartering entity under section 1728-A(a)
5 or 1743-A(f).

6 (10) Failure to correct within thirty (30) days of receiving
7 notice from the department any conflict of interest by a member
8 of its board of trustees or administrators pursuant to sections
9 1716-A(b) and 1716.2-A.

10 (a.1) [When a charter school located in a school district of
11 the first class is in corrective action status and seeks renewal
12 of its charter, if the governing body of the school district of
13 the first class renews the charter, it may place specific
14 conditions in the charter that require the charter school to
15 meet specific student performance targets within stated periods
16 of time subject to the following:

17 (i) The performance targets and the periods of time in which
18 the performance targets must be met shall be reasonable.

19 (ii) If a charter school has failed to make adequate yearly
20 progress for one (1) or two (2) years under the Pennsylvania
21 accountability standards that apply the requirements set forth
22 in the Elementary and Secondary Education Act of 1965 and is
23 seeking renewal of its charter and the charter-granting entity
24 renews the charter, it may do so for a time period less than
25 five (5) years and may require the charter school to meet
26 specific performance targets within defined periods of time,
27 subject to the following:

28 (1) The performance targets and the periods of time in which
29 the performance targets must be met shall be reasonable. For
30 purposes of this section, the standards defined as adequate

1 yearly progress under the Elementary and Secondary Education Act
2 of 1965 shall be deemed reasonable.

3 (2) The placement of conditions in a charter as specified in
4 this subsection shall not be considered an adjudication and may
5 not be appealed to the State Charter School Appeal Board.

6 ~~[(iii)]~~ (3) If the charter school fails to meet the
7 performance targets within the stated period of time, such
8 failure shall be sufficient cause for revocation of the charter.

9 (a.2) A school district shall revoke the charter of a
10 charter school that has failed to make adequate yearly progress
11 for at least five (5) consecutive years under the Pennsylvania
12 accountability standards that apply the requirements set forth
13 in the Elementary and Secondary Education Act of 1965. Any
14 revocation pursuant to this subsection shall not be subject to
15 the automatic stay provided for in subsection (f).

16 (a.3) If, after a hearing under this section, a local school
17 board proves by a preponderance of the evidence that certain
18 administrators or board members have violated this act or the
19 terms and conditions of the charter, the local school board
20 shall have the authority to require the charter school to
21 replace those administrators and board members in order to
22 obtain renewal of the charter.

23 (b) A member of the board of trustees who is convicted of a
24 felony or any crime involving moral turpitude shall be
25 immediately disqualified from serving on the board of trustees.

26 (c) Any notice of revocation or nonrenewal of a charter
27 given by the local school board [of school directors] of a
28 school district shall state the grounds for such action with
29 reasonable specificity and give reasonable notice to the
30 governing board of the charter school of the date on which a

1 public hearing concerning the revocation or nonrenewal will be
2 held. The local school board [of school directors] shall conduct
3 such hearing, present evidence in support of the grounds for
4 revocation or nonrenewal stated in its notice and give the
5 charter school reasonable opportunity to offer testimony before
6 taking final action. Formal action revoking or not renewing a
7 charter shall be taken by the local school board [of school
8 directors] at a public meeting pursuant to [the act of July 3,
9 1986 (P.L.388, No.84), known as the "Sunshine Act,"] 65 Pa.C.S.
10 Ch. 7 (relating to open meetings) after the public has had
11 thirty (30) days to provide comments to the board. All
12 proceedings of the local board pursuant to this subsection shall
13 be subject to 2 Pa.C.S. Ch. 5 Subch. B (relating to practice and
14 procedure of local agencies). Except as provided in subsection
15 (d), the decision of the local board shall not be subject to 2
16 Pa.C.S. Ch. 7 Subch. B (relating to judicial review of local
17 agency action).

18 (d) [Following the appointment and confirmation of the
19 appeal board, but not before July 1, 1999, the] The charter
20 school may appeal the decision of the local school board [of
21 school directors] to revoke or not renew the charter to the
22 appeal board. The appeal board shall have the exclusive review
23 of a decision not to renew or revoke a charter. The appeal board
24 shall review the record and shall have the discretion to
25 supplement the record if the supplemental information was
26 previously unavailable. The appeal board may consider the
27 charter school plan, annual reports, student performance and
28 employe and community support for the charter school in addition
29 to the record. The appeal board shall give due consideration to
30 the findings of the local school board [of directors] and

1 specifically articulate its reasons for agreeing or disagreeing
2 with those findings in its written decision.

3 (e) If the appeal board determines that the charter should
4 not be revoked or should be renewed, the appeal board shall
5 order the local school board [of directors] to rescind its
6 revocation or nonrenewal decision.

7 (f) Except as provided in subsection (g), the charter shall
8 remain in effect until final disposition by the appeal board.

9 (g) In cases where the health or safety of the school's
10 pupils, staff or both is at serious risk, the local school board
11 [of school directors] may take immediate action to revoke a
12 charter.

13 (h) All decisions of the charter school appeal board shall
14 be subject to appellate review by the Commonwealth Court.

15 (i) When a charter is revoked, not renewed, forfeited,
16 surrendered or otherwise ceases to operate, the charter school
17 shall be dissolved. After the disposition of any liabilities and
18 obligations of the charter school, any remaining assets of the
19 charter school, both real and personal, shall be distributed on
20 a proportional basis to the school entities with students
21 enrolled in the charter school for the last full or partial
22 school year of the charter school. In no event shall such school
23 entities or the Commonwealth be liable for any outstanding
24 liabilities or obligations of the charter school.

25 (j) When a charter is revoked or is not renewed, a student
26 who attended the charter school shall apply to another public
27 school in the student's school district of residence. Normal
28 application deadlines will be disregarded under these
29 circumstances. All student records maintained by the charter
30 school shall be forwarded to the student's district of residence

1 within ten (10) days of the revocation or nonrenewal of the
2 charter.

3 Section 18. Section 1732-A(a) of the act, amended June 29,
4 2002 (P.L.524, No.88), is amended to read:

5 Section 1732-A. Provisions Applicable to Charter Schools.--

6 (a) Charter schools shall be subject to the following:

7 Sections 108, 110, 111, 321, 325, 326, 327, 431, 436, 443,
8 510, 518, 527, 708, 736, 737, 738, 739, 740, 741, 752, 753,
9 [755,] 771, 776, 777, 808, 809, 810, 1109, 1111, 1112(a), 1301,
10 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1330, 1332, 1303-A,
11 1513, 1517, 1518, 1521, 1523, 1531, 1547, 2014-A, Article XIII-A
12 and Article XIV.

13 Act of July 17, 1961 (P.L.776, No.341), known as the
14 "Pennsylvania Fair Educational Opportunities Act."

15 Act of July 19, 1965 (P.L.215, No.116), entitled "An act
16 providing for the use of eye protective devices by persons
17 engaged in hazardous activities or exposed to known dangers in
18 schools, colleges and universities."

19 Section 4 of the act of January 25, 1966 (1965 P.L.1546,
20 No.541), entitled "An act providing scholarships and providing
21 funds to secure Federal funds for qualified students of the
22 Commonwealth of Pennsylvania who need financial assistance to
23 attend postsecondary institutions of higher learning, making an
24 appropriation, and providing for the administration of this
25 act."

26 Act of July 12, 1972 (P.L.765, No.181), entitled "An act
27 relating to drugs and alcohol and their abuse, providing for
28 projects and programs and grants to educational agencies, other
29 public or private agencies, institutions or organizations."

30 Act of December 15, 1986 (P.L.1595, No.175), known as the

1 "Antihazing Law."

2 65 Pa.C.S. Ch. 7 (relating to open meetings).

3 65 Pa.C.S. §§ 1102 (relating to definitions) and 1103(f)
4 (relating to restricted activities).

5 * * *

6 Section 19. The act is amended by adding a section to read:

7 Section 1733-A. Charter School Fund Balance Limit.--(a) For

8 the 2011-2012 school year and each school year thereafter, a

9 charter school that is not a cyber charter school shall not

10 accumulate an unreserved, undesignated fund balance greater than

11 the charter school fund balance limit, which will be determined

12 as follows:

<u>Charter School Total</u>	<u>Maximum Unreserved,</u>
<u>Budgeted Expenditures</u>	<u>Undesignated Fund</u>
	<u>Balance as Percentage</u>
	<u>of Total Budgeted</u>
	<u>Expenditures</u>

18 Less Than or Equal to \$11,999,999 12%

19 Between \$12,000,000 and \$12,999,999 11.5%

20 Between \$13,000,000 and \$13,999,999 11%

21 Between \$14,000,000 and \$14,999,999 10.5%

22 Between \$15,000,000 and \$15,999,999 10%

23 Between \$16,000,000 and \$16,999,999 9.5%

24 Between \$17,000,000 and \$17,999,999 9%

25 Between \$18,000,000 and \$18,999,999 8.5%

26 Greater Than or Equal to \$19,000,000 8%

27 (b) Any unreserved, undesignated fund balance in place on

28 June 30, 2011, that exceeds the charter school fund balance

29 limit shall be refunded on a pro rata basis within ninety (90)

30 days to all school districts that paid tuition to the charter

1 school on behalf of students enrolled in the 2009-2010 and
2 2010-2011 school years. The funds may not be used to pay bonuses
3 to any administrator, board of trustee member, employe, staff,
4 contractor or be transferred to a cyber charter school
5 foundation.

6 (c) For the 2011-2012 school year and each school year
7 thereafter, any unreserved, undesignated fund balance in excess
8 of the charter school fund balance limit shall be refunded on a
9 pro rata basis to all school districts that paid tuition to the
10 charter school in the prior school year.

11 (d) By August 15, 2011, and August 15 of each year
12 thereafter, each charter school shall provide the office with
13 information certifying compliance with this section. The
14 information shall be provided in a form and manner prescribed by
15 the office and shall include information on the charter school's
16 estimated ending unreserved, undesignated fund balance expressed
17 as a dollar amount and as a percentage of the charter school's
18 total budgeted expenditures for that school year.

19 Section 20. Section 1741-A(c) of the act, added June 29,
20 2002 (P.L.524, No.88), is amended and subsection (a) is amended
21 by adding a paragraph to read:

22 Section 1741-A. Powers and duties of department.

23 (a) Powers and duties.--The department shall:

24 * * *

25 (6) Promulgate regulations in accordance with the act of
26 June 25, 1982 (P.L.633, No.181), known as the Regulatory
27 Review Act, that provide all of the following with regard to
28 cyber charter schools:

29 (i) The minimum number of hours that students must
30 be online and offline engaged in educational activities

1 in order to meet the attendance requirements of 22 Pa.
2 Code Ch. 11 (relating to student attendance).

3 (ii) The requirements that each cyber charter school
4 must meet to be able to demonstrate in its annual report
5 to the department due by September 1 of each year under
6 section 1743-A(f) that the minimum number of online and
7 offline hours have been attained by each student.

8 * * *

9 (c) Documents.--Documents of the appeal board shall be
10 subject to the act of [June 21, 1957 (P.L.390, No.212), referred
11 to as the Right-to-Know Law]. February 14, 2008 (P.L.6, No.3),
12 known as the Right-to-Know Law.

13 Section 21. Section 1742-A of the act, added June 29, 2002
14 (P.L.524, No.88), is amended to read:

15 Section 1742-A. Assessment and evaluation.

16 The department shall:

17 (1) Annually assess on a standard form developed by the
18 office whether each cyber charter school is meeting the goals
19 of its charter and is in compliance with the provisions of
20 the charter and conduct a comprehensive review prior to
21 granting a five-year renewal of the charter.

22 (2) Annually review each cyber charter school's
23 performance on the Pennsylvania System of School Assessment
24 test, standardized tests and other performance indicators to
25 ensure compliance with 22 Pa. Code Ch. 4 (relating to
26 academic standards and assessment) or subsequent regulations
27 promulgated to replace 22 Pa. Code Ch. 4.

28 (3) Have ongoing access to all records, instructional
29 materials and student and staff records of each cyber charter
30 school [and], to every cyber charter school facility and to

1 any contractors of the cyber charter school that provide
2 management, operations or educational services to the cyber
3 charter school to ensure the cyber charter school is in
4 compliance with its charter and this subdivision. Ongoing
5 reasonable access to a cyber charter school's records shall
6 mean that the department shall have access to records,
7 including, but not limited to, financial records, financial
8 audits, standardized test scores, teacher certification and
9 personnel records. Cyber charter schools and the department
10 shall comply fully with the requirements of the Family
11 Education Rights and Privacy Act of 1974 (Public Law 90-247,
12 20 U.S.C. § 1232g) and its implementing regulations.

13 (3.1) Every cyber charter school shall also comply with
14 the requirements of section 1728-A(c.1), (c.2), (d), (e),
15 (f), (g) and (h).

16 (4) Under section 1743-A(f) and within ten days of
17 receipt of the cyber charter school's annual report, the
18 secretary shall certify to the cyber charter school that the
19 annual report has been received with an indication of the
20 date of receipt. Within 30 days of the date of receipt, the
21 secretary shall certify to the cyber charter school that the
22 annual report has been reviewed and is complete or,
23 alternatively, has been reviewed and is missing specific
24 information referenced in the certification. This review does
25 not constitute a review for the accuracy of the contents of
26 the cyber charter school's annual report.

27 Section 22. Section 1743-A(a)(1), (e) and (f) of the act,
28 added June 29, 2002 (P.L.524, No.88), are amended and the
29 section is amended by adding subsections to read:
30 Section 1743-A. Cyber charter school requirements and

1 prohibitions.

2 (a) Special financial requirements prohibited.--A cyber
3 charter school shall not:

4 (1) [provide discounts to a school district or waive
5 payments under section 1725-A for any student;]

6 * * *

7 (a.1) Truancy.--In order to enroll a student, the school
8 district in which the student is a resident must certify to the
9 office whether the student is in compliance with section 1327.

10 * * *

11 (e) Students.--For each student enrolled, a cyber charter
12 school shall:

13 (1) provide all instructional materials;

14 (2) provide all equipment, including, but not limited
15 to, a computer, computer monitor and printer; and

16 (3) provide or reimburse for all technology and services
17 necessary for the on-line delivery of the curriculum and
18 instruction.

19 The Commonwealth shall not be liable for any reimbursement owed
20 to students, parents or guardians by a cyber charter school
21 under paragraph (3). All computers, software and Internet
22 connections purchased by the cyber charter school shall be the
23 property of the cyber charter school. If a student discontinues
24 enrollment in a cyber charter school, the student must return
25 the school's property in usable condition or pay a civil penalty
26 in the form of fair market value for the property.

27 (f) Annual report.--A cyber charter school shall submit an
28 annual report no later than [August] September 1 of each year to
29 the department in the form prescribed by the department.

30 * * *

1 (j) Out-of-State students.--A cyber charter school may not
2 expend any funds, including funds provided by the Commonwealth,
3 on the education of any student who is not a resident of a
4 Pennsylvania school district.

5 Section 23. Section 1744-A of the act, added June 29, 2002
6 (P.L.524, No.88), is amended to read:

7 Section 1744-A. School district and intermediate unit
8 responsibilities.

9 An intermediate unit or a school district in which a student
10 enrolled in a cyber charter school resides shall do all of the
11 following:

12 (1) Provide the cyber charter school within ten days of
13 receipt of the notice of the admission of the student under
14 section 1748-A(a) with all records relating to the student,
15 including transcripts, test scores and a copy of any
16 individualized education program for that student.

17 (2) Provide the cyber charter school with reasonable
18 access to its facilities for the administration of
19 standardized tests required under this subdivision.

20 (3) Upon request and subject to agreement between a
21 cyber charter school and an intermediate unit or school
22 district, provide assistance to the cyber charter school in
23 the delivery of services to a student with disabilities. The
24 school district or intermediate unit shall not charge the
25 cyber charter school more for a service than it charges a
26 school district.

27 [(4) Make payments to the cyber charter school under
28 section 1725-A.]

29 Section 24. Section 1748-A(a) of the act, added June 29,
30 2002 (P.L.524, No.88), is amended and the section is amended by

1 adding a subsection to read:

2 Section 1748-A. Enrollment and notification.

3 (a) Notice to school district.--

4 (1) Within [15] ten days of the enrollment of a student
5 to a cyber charter school, the parent or guardian and the
6 cyber charter school shall notify the student's school
7 district of residence of the enrollment through the use of
8 the notification form under subsection (b).

9 (2) If a school district which has received notice under
10 paragraph (1) determines that a student is not a resident of
11 the school district, the following apply:

12 (i) Within [seven] 20 days of receipt of the notice
13 under paragraph (1), the school district shall notify the
14 cyber charter school and the department that the student
15 is not a resident of the school district. Notification of
16 nonresidence shall include the basis for the
17 determination.

18 (ii) Within seven days of notification under
19 subparagraph (i), the cyber charter school shall review
20 the notification of nonresidence, respond to the school
21 district and provide a copy of the response to the
22 department. If the cyber charter school agrees that a
23 student is not a resident of the school district, it
24 shall determine the proper district of residence of the
25 student [before requesting funds from another school
26 district].

27 (iii) Within seven days of receipt of the response
28 under subparagraph (ii), the school district shall notify
29 the cyber charter school that it agrees with the cyber
30 charter school's determination or does not agree with the

1 cyber charter school's determination.

2 (iv) A school district that has notified the cyber
3 charter school that it does not agree with the cyber
4 charter school's determination under subparagraph (iii)
5 shall appeal to the department for a final determination.

6 (v) All decisions of the department regarding the
7 school district of residence of a student shall be
8 subject to review by the Commonwealth Court.

9 [(vi) A school district shall continue to make
10 payments to a cyber charter school under section 1725-A
11 during the time in which the school district of residence
12 of a student is in dispute.

13 (vii) If a final determination is made that a
14 student is not a resident of an appealing school
15 district, the cyber charter school shall return all funds
16 provided on behalf of that student to the school district
17 within 30 days.]

18 (3) When a school district has received notice under
19 paragraph (1), the school district shall certify to the cyber
20 charter school whether the student is in compliance with
21 section 1327.

22 * * *

23 (d) Truancy.--

24 (1) When a school district receives a notification form,
25 as required by subsection (a)(1), that a resident student who
26 is truant from the school district schools has enrolled in a
27 cyber charter school, the school district shall notify the
28 cyber charter school and the office in writing about the
29 student's truancy.

30 (2) Upon receipt of notice from the resident school

1 district of a student's truancy at the school district
2 schools, the cyber charter school must provide to the
3 student's resident school district evidence during the first
4 three months that the student is enrolled in the cyber
5 charter school and that the student is receiving educational
6 instruction and completing assignments as required by the
7 cyber charter school. This evidence shall be provided by the
8 cyber charter school monthly, as determined by the office.

9 (3) If the cyber charter school fails to comply with the
10 requirements of this subsection, the student's resident
11 school district shall notify the office.

12 (4) If any student enrolled in the cyber charter school
13 accrues three or more days of unlawful absences, the cyber
14 charter school has the authority to, and shall be responsible
15 for, instituting truancy proceedings as set forth in section
16 1333.

17 (5) Truancy proceedings shall be held in the
18 jurisdiction wherein the truant student resides.

19 Section 25. Section 1749-A(a) of the act, added June 29,
20 2002 (P.L.524, No.88), is amended to read:

21 Section 1749-A. Applicability of other provisions of this act
22 and of other acts and regulations.

23 (a) General requirements.--Cyber charter schools shall be
24 subject to the following:

25 (1) Sections 108, 110, 111, 321, 325, 326, 327, 431,
26 436, 443, 510, 518, 527, 609, 687(a), (b), (c), (d), (h) and
27 (j), 708, 752, 753, [755,] 771, 776, 777, 807.1, 808, 809,
28 810, 1109, 1111, 1112(a), 1205.1, 1205.2, 1301, 1302, 1310,
29 1317.2, 1318, 1330, 1332, 1333, 1354, 1355, 1303-A, 1518,
30 1521, 1523, 1531, 1547, 1702-A, 1703-A, 1704-A, 1714-A, 1715-

1 A, 1716-A, 1716.1-A, 1716.2-A, 1719-A, 1721-A, 1722-A, 1723-
2 A(a) and (b), 1724-A, 1725-A, 1727-A, 1729-A, 1730-A, 1731-
3 A(a) (1) and (b) and 2014-A and Articles [XII-A,] XIII-A and
4 XIV.

5 (2) The act of July 17, 1961 (P.L.776, No.341), known as
6 the Pennsylvania Fair Educational Opportunities Act.

7 (3) The act of July 19, 1965 (P.L.215, No.116), entitled
8 "An act providing for the use of eye protective devices by
9 persons engaged in hazardous activities or exposed to known
10 dangers in schools, colleges and universities."

11 (4) Section 4 of the act of January 25, 1966 (1965
12 P.L.1546, No.541), entitled "An act providing scholarships
13 and providing funds to secure Federal funds for qualified
14 students of the Commonwealth of Pennsylvania who need
15 financial assistance to attend postsecondary institutions of
16 higher learning, making an appropriation, and providing for
17 the administration of this act."

18 (5) The act of July 12, 1972 (P.L.765, No.181) entitled
19 "An act relating to drugs and alcohol and their abuse,
20 providing for projects and programs and grants to educational
21 agencies, other public or private agencies, institutions or
22 organizations."

23 (6) The act of December 15, 1986 (P.L.1595, No.175),
24 known as the Antihazing Law.

25 (7) The act of February 14, 2008 (P.L.6, No.3), known as
26 the Right-to-Know Law.

27 (8) 65 Pa.C.S. Ch. 7 (relating to open meetings).

28 (9) 65 Pa.C.S. §§ 1102 (relating to definitions) and
29 1103(f) (relating to restricted activities).

30 * * *

1 Section 26. The act is amended by adding sections to read:

2 Section 1752-A. Cyber charter school fund balance limit.

3 (a) Limit.--For the 2011-2012 school year and each school
4 year thereafter, no cyber charter school shall accumulate an
5 unreserved, undesignated fund balance greater than the cyber
6 charter school fund balance limit, which shall be determined as
7 follows:

<u>Cyber Charter School Total</u>	<u>Maximum Unreserved,</u>
<u>Budgeted Expenditures</u>	<u>Undesignated Fund</u>
	<u>Balance as Percentage</u>
	<u>of Total Budgeted</u>
	<u>Expenditures</u>
13 <u>Less Than or Equal to \$11,999,999</u>	<u>12%</u>
14 <u>Between \$12,000,000 and \$12,999,999</u>	<u>11.5%</u>
15 <u>Between \$13,000,000 and \$13,999,999</u>	<u>11%</u>
16 <u>Between \$14,000,000 and \$14,999,999</u>	<u>10.5%</u>
17 <u>Between \$15,000,000 and \$15,999,999</u>	<u>10%</u>
18 <u>Between \$16,000,000 and \$16,999,999</u>	<u>9.5%</u>
19 <u>Between \$17,000,000 and \$17,999,999</u>	<u>9%</u>
20 <u>Between \$18,000,000 and \$18,999,999</u>	<u>8.5%</u>
21 <u>Greater Than or Equal to \$19,000,000</u>	<u>8%</u>

22 (b) Distribution.--Any unreserved, undesignated fund balance
23 in place on June 30, 2011, that exceeds the cyber charter school
24 fund balance limit shall be distributed by the cyber charter
25 school on a pro rata basis within 90 days to all school
26 districts that paid tuition to the cyber charter school on
27 behalf of students enrolled in the 2009-2010 and 2010-2011
28 school years. The funds may not be used to pay bonuses to any
29 administrator, board of trustee member, employee, staff or
30 contractor or be transferred to a cyber charter school

1 foundation.

2 (c) Refunds.--For the 2011-2012 school year and each school
3 year thereafter, any unreserved, undesignated fund balance in
4 excess of the cyber charter school fund balance limit shall be
5 refunded to the office.

6 (d) Certification of compliance.--By August 15, 2011, and
7 August 15 of each year thereafter, each cyber charter school
8 shall provide the department with information certifying
9 compliance with this section. The information shall be provided
10 in a form and manner prescribed by the department and shall
11 include information on the cyber charter school's estimated
12 ending unreserved, undesignated fund balance expressed as a
13 dollar amount and as a percentage of the cyber charter school's
14 total budgeted expenditures for that school year.

15 Section 1753-A. Cyber charter school funding.

16 Funding for cyber charter schools shall be provided in the
17 following manner:

18 (1) There shall be no tuition charge for a resident or
19 nonresident student attending a cyber charter school.

20 (2) The office shall receive an allocation from the
21 basic education funding line item under Article XXV for
22 distribution to schools it has chartered.

23 (3) The allocation shall be determined on an annual
24 basis under section 2502.48.

25 (4) For the 2011-2012 school year, the 2010-2011 base
26 amount for the office shall equal the total expenditures for
27 cyber charter schools in 2009-2010. For the 2011-2012 school
28 year and each year thereafter, the aid ratio for the office's
29 allocation shall be 1.0000.

30 (5) The office shall not be required to provide funding

1 to a cyber charter school for a student who does not meet the
2 minimum requirement for the age of kindergarten or beginner
3 as established by the office.

4 (6) For the 2011-2012 school year, no cyber charter
5 school shall receive more under paragraph (4) than it
6 received in the previous school year.

7 (7) The office shall determine the funding level for
8 each cyber charter school it has chartered. In determining
9 each school's funding level the office shall include, at a
10 minimum, the following criteria:

11 (i) Concentration of English language learner
12 students.

13 (ii) Concentration of poverty.

14 (iii) Economies of scale.

15 (iv) Special education population.

16 (v) Any other criteria that will maximize student
17 achievement.

18 Section 27. Section 2421 of the act is amended to read:

19 Section 2421. Duties of Controller.--The school controller,
20 herein provided in each school district of the first class,
21 shall properly audit the finances of the school district,
22 including the accounts of the receiver of school taxes, school
23 treasurer, or other proper authority collecting school taxes,
24 school depositories, and all other funds under the control of
25 the board of public education and all funds provided by the
26 school district of the first class to a charter school,
27 including, but not limited to, those funds provided by a charter
28 school to a contractor or subcontractor that provides
29 management, operations or education services to the charter
30 school.

1 The school controller shall, at the end of each school year,
2 certify to the board of public education that he has audited the
3 several accounts above stated, and shall report to it the result
4 of such audit.

5 Section 28. This act shall take effect in 120 days.