

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 980 Session of 2013

INTRODUCED BY FLECK, BAKER, CAUSER, COHEN, EVERETT, FABRIZIO, HALUSKA, HESS, KORTZ, LONGIETTI, MILNE, MOUL, MUNDY, MURT, O'BRIEN, O'NEILL, PEIFER, ROZZI, SANTARSIERO, SCHLOSSBERG, STERN AND SWANGER, MARCH 12, 2013

REFERRED TO COMMITTEE ON EDUCATION, MARCH 12, 2013

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," providing for fund balance limits and
6 for moratorium on establishment of new cyber charter schools.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The act of March 10, 1949 (P.L.30, No.14), known
10 as the Public School Code of 1949, is amended by adding sections
11 to read:

12 Section 1731.1-A. Fund balance limits.

13 (a) General rule.--Fund balance limits shall be as follows:

14 (1) For the 2013-2014 school year and each school year
15 thereafter, a charter school entity shall not accumulate an
16 unassigned fund balance greater than the charter school
17 entity unassigned fund balance limit, which will be
18 determined as follows:

19 Charter School Entity Maximum Unassigned Fund

<u>1</u>	<u>Total Budgeted Expenditures</u>	<u>Balance as Percentage of</u>
<u>2</u>		<u>Total Budgeted</u>
<u>3</u>		<u>Expenditures</u>
<u>4</u>	<u>Less than or equal to \$11,999,999</u>	<u>12%</u>
<u>5</u>	<u>Between \$12,000,000 and \$12,999,999</u>	<u>11.5%</u>
<u>6</u>	<u>Between \$13,000,000 and \$13,999,999</u>	<u>11%</u>
<u>7</u>	<u>Between \$14,000,000 and \$14,999,999</u>	<u>10.5%</u>
<u>8</u>	<u>Between \$15,000,000 and \$15,999,999</u>	<u>10%</u>
<u>9</u>	<u>Between \$16,000,000 and \$16,999,999</u>	<u>9.5%</u>
<u>10</u>	<u>Between \$17,000,000 and \$17,999,999</u>	<u>9%</u>
<u>11</u>	<u>Between \$18,000,000 and \$18,999,999</u>	<u>8.5%</u>
<u>12</u>	<u>Greater than or equal to \$19,000,000</u>	<u>8%</u>

13 (2) Any unassigned fund balance in place on June 30,
14 2013, that exceeds the charter school entity unassigned fund
15 balance limit shall be refunded on a pro rata basis within
16 ninety (90) days to all school districts that paid tuition to
17 the charter school entity on behalf of students enrolled in
18 the 2011-2012 and 2012-2013 school years. The funds in excess
19 of the unassigned fund balance limit may not be used to pay
20 bonuses to any administrator, board of trustees member,
21 employee, staff member or contractor and may not be
22 transferred to a charter school foundation. If a charter
23 school entity uses funds in excess of the unassigned fund
24 balance limit to pay bonuses to any administrator, board of
25 trustees member, employee, staff member or contractor or
26 transfers such funds to a charter school foundation, the
27 charter school entity shall pay the department a penalty
28 equal to 1% of its unassigned fund balance.

29 (3) For the 2013-2014 school year and each school year
30 thereafter, any unassigned fund balance in excess of the

1 charter school entity unassigned fund balance limit shall be
2 refunded on a pro rata basis to all school districts that
3 paid tuition to the charter school entity in the prior school
4 year.

5 (4) By August 15, 2013, and by August 15 of each year
6 thereafter, each charter school entity shall provide the
7 department and all school districts that paid tuition to the
8 charter school entity in the prior school year with
9 information certifying compliance with this section. The
10 information shall be provided in a form and manner prescribed
11 by the department and shall include information on the
12 charter school entity's estimated ending unassigned fund
13 balance expressed as a dollar amount and as a percentage of
14 the charter school entity's total budgeted expenditures for
15 that school year.

16 (b) Definitions.--As used in this section, the following
17 words and phrases shall have the meanings given to them in this
18 subsection unless the context clearly indicates otherwise:

19 "Charter school entity." A charter school, a regional
20 charter school or a cyber charter school.

21 "Charter school foundation." A nonprofit organization, as
22 defined under section 501(c)(3) of the Internal Revenue Code of
23 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)), that provides
24 funding, resources or otherwise serves to support a charter
25 school entity, either directly or through an affiliated entity.

26 "Unassigned fund balance." That portion of the fund balance
27 of a charter school entity or of a charter school foundation
28 that provides funding, resources or otherwise serves to support
29 the charter school entity, directly or through an affiliated
30 entity, that is:

1 (1) available for expenditure or not legally or
2 otherwise segregated for a specific or tentative future use;
3 and

4 (2) held in the General Fund accounts of the charter
5 school entity or the charter school foundation.

6 Section 1748.1-A. Moratorium on establishment of new cyber
7 charter schools.

8 (a) General rule.--Notwithstanding the provisions of section
9 1741-A, 1745-A(e) and (g) or any other provision of this act,
10 beginning on July 1, 2013, and continuing until and including
11 June 30, 2016, there shall be a moratorium on the processes
12 pursuant to sections 1741-A and 1745-A(e) and (g), through which
13 cyber charter school applications are received, reviewed and
14 acted upon by the department. During the moratorium the
15 department shall not receive or act on new cyber charter school
16 applications. This moratorium shall not apply to cyber charter
17 school applications that are received by the department prior to
18 July 1, 2013.

19 (b) Appeals.--Notwithstanding the provisions of section
20 1745-A(h), 1746-A or any other provision of this act, beginning
21 on July 1, 2013, and continuing until and including June 30,
22 2016, there shall be a moratorium on the processes pursuant to
23 sections 1745-A(h) and 1746-A through which the appeal board
24 reviews department actions related to applications to establish
25 new cyber charter schools. During the moratorium the appeal
26 board shall not receive new appeals related to applications to
27 establish new cyber charter schools that were received by the
28 department after June 30, 2013, or act upon appeals related to
29 applications to establish new cyber charter schools that were
30 received by the department after June 30, 2013. This moratorium

1 shall not apply to appeals related to applications to establish
2 new cyber charter schools that were received by the department
3 prior to July 1, 2013.

4 Section 2. This act shall take effect immediately.