

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 term "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 employees 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

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

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

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

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

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

(A) Charter school best practices.

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

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

(D) Audits and financing.

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

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

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

(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

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

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

(i) Misuse of movable and immovable property.

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

(iii) Mismanagement of school operations.

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

(v) Allegations of collusion or coercion.

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

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

(7) To notify the local school board, charter school or cyber charter school in writing if at any time the office finds that a local school board, charter school or cyber charter 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 employees 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 employee of any other  
29 charter school or cyber charter school.

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

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

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

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

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

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

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

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

(21) All payments made by a charter school or cyber charter school shall be cosigned by the treasurer of the board of trustees and the chief administrator of the charter school or 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 employees;

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 employees 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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

(d) The following shall apply:

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

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

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

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

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

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

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

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

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

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

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

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

(4) Notwithstanding other provisions of this act and other  
laws, to serve as custodian of all records, offices and property  
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 of 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 employees 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 employees 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

school districts and charter schools.

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

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

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

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

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

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

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

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

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

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

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

(1) One or more material violations of any of the 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

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

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

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

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

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

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

(c) Any notice of revocation or nonrenewal of a charter given by the local school board [of school directors] of a school district shall state the grounds for such action with reasonable specificity and give reasonable notice to the 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

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

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

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

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

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

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

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

13 <u>Charter School Total</u>	<u>Maximum Unreserved,</u>
14 <u>Budgeted Expenditures</u>	<u>Undesignated Fund</u>
15	<u>Balance as Percentage</u>
16	<u>of Total Budgeted</u>
17	<u>Expenditures</u>

18 <u>Less Than or Equal to \$11,999,999</u>	<u>12%</u>
--	------------

19 <u>Between \$12,000,000 and \$12,999,999</u>	<u>11.5%</u>
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20 <u>Between \$13,000,000 and \$13,999,999</u>	<u>11%</u>
---	------------

21 <u>Between \$14,000,000 and \$14,999,999</u>	<u>10.5%</u>
---	--------------

22 <u>Between \$15,000,000 and \$15,999,999</u>	<u>10%</u>
---	------------

23 <u>Between \$16,000,000 and \$16,999,999</u>	<u>9.5%</u>
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24 <u>Between \$17,000,000 and \$17,999,999</u>	<u>9%</u>
---	-----------

25 <u>Between \$18,000,000 and \$18,999,999</u>	<u>8.5%</u>
---	-------------

26 <u>Greater Than or Equal to \$19,000,000</u>	<u>8%</u>
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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

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

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

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

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

Section 1741-A. Powers and duties of department.

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

\* \* \*

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

(i) The minimum number of hours that students must  
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

cyber charter school's determination.

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

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

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

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

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

\* \* \*

(d) Truancy.--

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

(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 \* \* \*



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

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

(a) Limit.--For the 2011-2012 school year and each school year thereafter, no cyber charter school shall accumulate an unreserved, undesignated fund balance greater than the cyber charter school fund balance limit, which shall be determined as 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>
<u>Less Than or Equal to \$11,999,999</u>	<u>12%</u>
<u>Between \$12,000,000 and \$12,999,999</u>	<u>11.5%</u>
<u>Between \$13,000,000 and \$13,999,999</u>	<u>11%</u>
<u>Between \$14,000,000 and \$14,999,999</u>	<u>10.5%</u>
<u>Between \$15,000,000 and \$15,999,999</u>	<u>10%</u>
<u>Between \$16,000,000 and \$16,999,999</u>	<u>9.5%</u>
<u>Between \$17,000,000 and \$17,999,999</u>	<u>9%</u>
<u>Between \$18,000,000 and \$18,999,999</u>	<u>8.5%</u>
<u>Greater Than or Equal to \$19,000,000</u>	<u>8%</u>

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