



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 355

PRINTERS NO. 2110

PRIME SPONSOR: Reese

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	\$0	See Fiscal Impact

SUMMARY:

House Bill 355 amends the Public School Code primarily concerning ethics requirements and transparency requirements for charter schools. Effective dates vary by provision.

ANALYSIS:

This legislation makes several revisions and additions to provisions relating to charter schools found throughout the Public School Code. Below is a list of the sections of the School Code added or significantly amended by this legislation.

Section 128 Advertising - This new section prohibits any paid media advertisements by a public school entity from referring to tuition or transportation as free and instead requires such ads to state that the costs are paid by taxpayer dollars.

Section 1703-A Definitions - Definitions are added or changed for the following terms: Administrator, Assessment, Charter school entity, Charter school foundation, Chief administrator, Community college, Cyber charter school, Educational management service provider, Family member, Local board of school directors, Nonrelated, School district of residence, and State System institution. The term, "Chief executive officer" is deleted.

Section 1715-A Charter School Entity Requirements - Several changes are made in this section concerning requirements placed on charter school entities and their administrators. It places tight limitations on when charter school administrators can perform work for another entity, includes detailed prohibitions against nepotism relating to charter school entities, and adds rules concerning conflicts of interest for charter school entity trustees and employees, and the dismissal of charter school administrators. In addition, cyber charter schools are required to electronically distribute on a semi-annual basis to administrators, trustees, employees, staff and parents and guardians of their students, a single-page document provided by the Office of State Inspector General that describes how to report waste, fraud, and abuse. It must also describe how those who report are protected from retaliation for making honest, good faith reports.

Section 1716-A Powers of Board of Trustees – Changes to this section include prohibiting compensation for charter school board members for their duties as board members and the placing of additional controls on charter school entity auditing, governance, and oversight.

Section 1731.1-A Fund Balance Limits – This new section places limits on the unassigned fund balances and reserves of charter school entities, similar to those placed on school districts. Any excess over the established limit must be returned to those school districts that paid tuition to the charter school entity

FISCAL IMPACT:

Enactment of this legislation will have no adverse impact on Commonwealth funds.

Some of the additional responsibilities from this legislation placed on charter schools could have a fiscal impact on those entities. However, the extent of this impact will vary greatly based on the individual circumstances of each charter school.

Charter school compliance with the fund balance limits in Section 1731.1-A could result in charter school funds being returned to school districts.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 12, 2019

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.