
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2281 Session of
2015

INTRODUCED BY COOK-ARTIS, BULLOCK, KINSEY AND SAVAGE,
AUGUST 15, 2016

REFERRED TO COMMITTEE ON EDUCATION, AUGUST 15, 2016

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 charter schools, further providing
6 for facilities, for school staff and for annual reports and
7 assessments and providing for authorizer fee, for charter
8 school fund balance limit and for cyber charter school fund
9 balance limit.

10 The General Assembly of the Commonwealth of Pennsylvania
11 hereby enacts as follows:

12 Section 1. Section 1722-A(a) of the act of March 10, 1949
13 (P.L.30, No.14), known as the Public School Code of 1949,
14 amended November 17, 2010 (P.L.996, No.104), is amended to read:

15 Section 1722-A. Facilities.--(a) (1) A charter school may
16 be located in an existing public school building, in a part of
17 an existing public school building, in space provided on a
18 privately owned site, in a public building or in any other
19 suitable location.

20 (2) The department shall review and approve all leases for
21 charter school facilities. A charter shall be void upon the

1 third denial of a proposed lease under this paragraph.

2 * * *

3 Section 2. Sections 1724-A(a) and 1728-A, added June 19,
4 1997 (P.L.225, No.22), are amended to read:

5 Section 1724-A. School Staff.--(a) (1) The board of
6 trustees shall determine the level of compensation and all terms
7 and conditions of employment of the staff except as may
8 otherwise be provided in this article. [At] Subject to the
9 provisions of paragraph (2), at least seventy-five per centum of
10 the professional staff members of a charter school shall hold
11 appropriate State certification.

12 (2) (i) A professional staff member of a charter school who
13 is employed on the effective date of this paragraph and does not
14 possess the appropriate State certification on the effective
15 date of this paragraph shall not be required to obtain
16 additional State certification.

17 (ii) A professional staff member of a charter school who is
18 employed after the effective date of this paragraph must hold
19 the appropriate State certification.

20 (3) Employes of a charter school may organize under the act
21 of July 23, 1970 (P.L.563, No.195), known as the "Public Employe
22 Relations Act." The board of trustees of a charter school shall
23 be considered an employer for the purposes of Article XI-A. Upon
24 formation of one or more collective bargaining units at the
25 school, the board of trustees shall bargain with the employes
26 based on the provisions of this article, Article XI-A and the
27 "Public Employe Relations Act." Collective bargaining units at a
28 charter school shall be separate from any collective bargaining
29 unit of the school district in which the charter school is
30 located and shall be separate from any other collective

1 bargaining unit. A charter school shall be considered a school
2 entity as provided for in section 1161-A for the purpose of the
3 secretary seeking an injunction requiring the charter school to
4 meet the minimum requirements for instruction as provided for in
5 this article.

6 * * *

7 Section 1728-A. Annual Reports and Assessments.--(a) (1)

8 The local board of school directors shall annually assess
9 whether each charter school is meeting the goals of its charter
10 and shall conduct a comprehensive review prior to granting a
11 five (5) year renewal of the charter. The local board of school
12 directors shall have ongoing access to the records and
13 facilities of the charter school to ensure that the charter
14 school is in compliance with its charter and this act and that
15 requirements for testing, civil rights and student health and
16 safety are being met.

17 (2) Ongoing access to a charter school's records shall
18 include access to financial reports, financial audits, aggregate
19 standardized test scores without student-identifying information
20 and teacher certification and personnel records.

21 (3) Charter schools shall comply with the requirements of
22 the Family Educational Rights and Privacy Act of 1974 (Public
23 Law 90-247, 20 U.S.C. § 1232g) and associated regulations. No
24 personally identifiable information from education records shall
25 be provided by the charter school to the school district except
26 in compliance with the Family Educational Rights and Privacy Act
27 of 1974.

28 (b) In order to facilitate the local board's review and
29 secretary's report, each charter school shall submit an annual
30 report no later than August 1 of each year to the local board of

1 school directors and the secretary in the form prescribed by the
2 secretary.

3 [(c) Five (5) years following the effective date of this
4 article, the secretary shall contract with an independent
5 professional consultant with expertise in public and private
6 education. The consultant shall receive input from members of
7 the educational community and the public on the charter school
8 program. The consultant shall submit a report to the secretary,
9 the Governor and the General Assembly and an evaluation of the
10 charter school program, which shall include a recommendation on
11 the advisability of the continuation, modification, expansion or
12 termination of the program and any recommendations for changes
13 in the structure of the program.]

14 (d) A charter school entity shall form an independent audit
15 committee of its board of trustees members and an educational
16 management organization which shall review at the close of each
17 fiscal year a complete certified audit of the operations of the
18 charter school entity. The audit shall be conducted by a
19 qualified independent certified public accountant under
20 generally accepted audit standards of the Governmental
21 Accounting Standards Board and shall include the following:

22 (1) An enrollment test to verify the accuracy of student
23 enrollment and reporting to the State.

24 (2) Complete review of expense reimbursements for members of
25 the board of trustees and administrators, including sampling of
26 all reimbursements.

27 (3) Review of internal controls, including review of
28 receipts and disbursements.

29 (4) Review of annual Federal and State tax filings,
30 including the Internal Revenue Service Form 990, Return of

1 Organization Exempt from Income Tax and all related schedules
2 and appendices for the charter school entity and charter school
3 foundation, if applicable. The information required under this
4 paragraph shall be consolidated and broken out by campus and
5 affiliates.

6 (5) Review of the financial statements of any charter school
7 foundation, which shall be consolidated and broken out by
8 affiliates.

9 (6) Review of the selection and acceptance process of all
10 contracts publicly bid pursuant to section 751.

11 (7) Review of all board policies and procedures with regard
12 to internal controls, code of ethics, conflicts of interest,
13 whistleblower protections, complaints from parents or the
14 public, compliance with 65 Pa.C.S. Ch. 7 (relating to open
15 meetings) and the act of February 14, 2008 (P.L.6, No.3), known
16 as the "Right-to-Know Law," finances, budgeting, audits, public
17 bidding and bonding.

18 (e) The certified audit under subsection (d) and the annual
19 budget under subsection (g) are public documents and shall be
20 made available on the charter school entity's publicly
21 accessible Internet website, if available, and, in the case of a
22 charter school, on the school district's publicly accessible
23 Internet website.

24 (f) A charter school entity may be subject to an annual
25 audit by the Auditor General, in addition to any other audits
26 required by Federal law or this article.

27 (g) A charter school entity shall annually provide the
28 department and, in the case of a charter school, shall annually
29 provide the school district, with a copy of the annual budget
30 for the operation of the charter school entity that identifies

1 the following:

2 (1) The source of funding for all expenditures.

3 (2) Where funding is provided by a charter school

4 foundation, the amount of funds and a description of the use of
5 the funds.

6 (3) The salaries of all administrators of the charter school
7 entity.

8 (4) All expenditures to an educational management service
9 provider.

10 (h) (1) Notwithstanding any other provision of law, a
11 charter school entity and any affiliated charter school
12 foundation shall make copies of its annual Federal and State tax
13 filings available upon request and on the charter school
14 entity's or foundation's publicly accessible Internet website,
15 if available, including Internal Revenue Service Form 990,
16 Return of Organization Exempt from Income Tax and all related
17 schedules and appendices.

18 (2) The charter school foundation shall make copies of its
19 annual budget available upon request and on the foundation's or
20 the charter school entity's publicly accessible Internet website
21 within thirty (30) days of the close of the foundation's fiscal
22 year.

23 (3) The annual budget shall include the salaries of all
24 employees of the charter school foundation.

25 Section 3. The act is amended by adding sections to read:

26 Section 1733-A. Authorizer Fee.--(a) An authorizer may
27 charge each school to which they have granted a charter an
28 administrative fee of one-half of one per centum of the annual
29 budget of the school to cover the cost of any administrative
30 responsibilities related to the authorizer's functions. Each

1 charter school shall pay an authorizer fee no later than
2 November 15 of each year.

3 (b) For the purposes of this section, "authorizer" shall
4 mean a school district or other entity who has the authority to
5 authorize a charter school.

6 Section 1734-A. Charter School Fund Balance Limit.--(a) For
7 the 2015-2016 school year and each school year thereafter, a
8 charter school that is not a cyber charter school may not
9 accumulate an unassigned fund balance greater than the charter
10 school fund balance limit, which shall be as follows:

11 <u>Charter School Entity</u>	12 <u>Maximum Unassigned Fund Balance as</u>
13 <u>Expenses</u>	14 <u>Expenditures:</u>
15 <u>Less Than or Equal to \$11,999,999</u>	16 <u>12%</u>
17 <u>Between \$12,000,000 and \$12,999,999</u>	18 <u>11.5%</u>
19 <u>Between \$13,000,000 and \$13,999,999</u>	20 <u>11%</u>
21 <u>Between \$14,000,000 and \$14,999,999</u>	22 <u>10.5%</u>
23 <u>Between \$15,000,000 and \$15,999,999</u>	24 <u>10%</u>
25 <u>Between \$16,000,000 and \$16,999,999</u>	26 <u>9.5%</u>
27 <u>Between \$17,000,000 and \$17,999,999</u>	28 <u>9%</u>
29 <u>Between \$18,000,000 and \$18,999,999</u>	30 <u>8.5%</u>
31 <u>Greater Than or Equal to \$19,000,000</u>	32 <u>8%</u>

33 (b) Any unassigned fund balance that exists on June 30,
34 2016, that exceeds the charter school fund balance limit under
35 subsection (a) shall be refunded on a per student pro rata basis
36 within ninety (90) days to all school districts that made
37 payments under section 1725-A in the 2014-2015 and 2015-2016
38 school years. The funds may not be used to pay a bonus to any
39 administrator, board of trustees member, employe, staff or
40 contractor or be transferred to a charter school foundation.

1 (c) For the 2016-2017 school year and each school year
2 thereafter, any unassigned fund balance in excess of the charter
3 school fund balance limit shall be refunded on a per student pro
4 rata basis to all school districts that made payments under
5 section 1725-A in the prior school year.

6 (d) By August 15, 2016, and by August 15 of each year
7 thereafter, each charter school shall provide the department
8 with information certifying compliance with this section. The
9 information shall be provided in a form and manner prescribed by
10 the department and shall include information on the charter
11 school's estimated ending unassigned fund balance expressed as a
12 dollar amount and as a percentage of the charter school's total
13 budgeted expenditures for that school year.

14 (e) As used in this section, "unassigned fund balance" shall
15 mean that portion of the fund balance which represents the part
16 of the spendable fund balance that has not been categorized as
17 restricted, committed or assigned.

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

19 (a) Limit.--For the 2015-2016 school year and each school
20 year thereafter, no cyber charter school shall accumulate an
21 unassigned fund balance greater than the cyber charter school
22 fund balance limit, which shall be as follows:

<u>Charter School Entity</u>	<u>Maximum Unassigned Fund Balance as</u>
<u>Total Budgeted</u>	<u>Percentage of Total Budgeted</u>
<u>Expenses</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>

1	<u>Between \$16,000,000 and \$16,999,999</u>	<u>9.5%</u>
2	<u>Between \$17,000,000 and \$17,999,999</u>	<u>9%</u>
3	<u>Between \$18,000,000 and \$18,999,999</u>	<u>8.5%</u>
4	<u>Greater Than or Equal to \$19,000,000</u>	<u>8%</u>

5 (b) Distribution.--Any unassigned fund balance in place on
6 June 30, 2016, that exceeds the cyber charter school fund
7 balance limit under subsection (a) shall be distributed by the
8 cyber charter school on a per student pro rata basis within 90
9 days to all school districts that made payments under section
10 1725-A to the cyber charter school in the 2014-2015 and 2015-
11 2016 school years. The funds may not be used to pay bonuses to
12 any administrator, board of trustees member, employee, staff or
13 contractor or be transferred to a charter school foundation.

14 (c) Refunds.--For the 2016-2017 school year and each school
15 year thereafter, any unassigned fund balance in excess of the
16 charter school fund balance limit shall be refunded on a per
17 student pro rata basis to all school districts that made
18 payments under section 1725-A in the prior school year.

19 (d) Certification of compliance.--By August 15, 2016, and by
20 August 15 of each year thereafter, each cyber charter school
21 shall provide the department with information certifying
22 compliance with this section. The information shall be provided
23 in a form and manner prescribed by the department and shall
24 include information on the cyber charter school's estimated
25 ending unassigned fund balance expressed as a dollar amount and
26 as a percentage of the cyber charter school's total budgeted
27 expenditures for that school year.

28 (e) Definition.--As used in this section, "unassigned fund
29 balance" shall mean that portion of the fund balance which
30 represents the part of the spendable fund balance that has not

1 been categorized as restricted, committed or assigned.

2 Section 4. This act shall take effect as follows:

3 (1) The following provisions shall take effect
4 immediately:

5 (i) The addition of sections 1733-A, 1734-A and
6 1752-A of the act.

7 (ii) This section.

8 (2) The remainder of this act shall take effect in 60
9 days.