

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1199 Session of  
2017

---

INTRODUCED BY ROEBUCK, FRANKEL, STURLA, O'NEILL, LONGIETTI,  
SCHLOSSBERG, RABB, FREEMAN, McNEILL, NEILSON, MILLARD,  
DeLUCA, KINSEY, McCARTER AND DONATUCCI, APRIL 17, 2017

---

REFERRED TO COMMITTEE ON EDUCATION, APRIL 17, 2017

---

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 grounds and buildings, further  
6 providing for lease of buildings or portions of buildings  
7 constructed or altered for school use; and, in reimbursements  
8 by Commonwealth and between school districts, further  
9 providing for approved reimbursable annual rental for leases  
10 of buildings or portions of buildings for charter school use.

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

13 Section 1. Section 703.1 of the act of March 10, 1949  
14 (P.L.30, No.14), known as the Public School Code of 1949, is  
15 amended to read:

16 Section 703.1. Lease of Buildings or Portions of Buildings  
17 Constructed or Altered for School Use.--(a) The board of school  
18 directors of any district is hereby vested with the power and  
19 authority to lease for an extended period of five (5) years or  
20 more, with or without provisions for acquisition of same,  
21 buildings or portions of buildings constructed for school use

1 and/or other buildings or portions of buildings altered for  
2 school use provided such buildings comply with standards and  
3 regulations established by the State Board of Education and the  
4 Department of Labor and Industry.

5 (b) A founder, a person who serves as an administrator or  
6 executive of an educational management service provider or an  
7 administrator or school director for a school entity may not  
8 receive payment for an approved reimbursable annual rental for a  
9 lease of a building or a portion of a building for school entity  
10 use under section 2574.3.

11 (c) For purposes of this section:

12 (1) "Educational management service provider" shall mean any  
13 of the following, but shall not include a charter school  
14 foundation:

15 (i) A for-profit or nonprofit educational management  
16 organization.

17 (ii) A school design provider.

18 (iii) An administrator or executive of a for-profit or  
19 nonprofit educational management organization, including the  
20 organization's chief executive officer, business manager or an  
21 entity with which a board of trustees or school director of a  
22 school entity contracts to provide educational design, business  
23 services, comprehensive management or personnel functions or to  
24 implement a school entity.

25 (2) "Founder" shall mean an individual or entity that has  
26 established a charter school under section 1717-A, including one  
27 or more teachers who will teach at a proposed charter school, a  
28 parent or guardian of a student who will attend a charter school  
29 or a nonsectarian not-for-profit corporation.

30 Section 2. Section 2574.3 of the act is amended by adding

1 subsections to read:

2 Section 2574.3. Approved Reimbursable Annual Rental for  
3 Leases of Buildings or Portions of Buildings for Charter School  
4 Use.--\* \* \*

5 (c) A school entity shall provide all of the following  
6 documentation in the school's application for funding under this  
7 section:

8 (1) A copy of the signed lease agreement for the leased  
9 building.

10 (2) A copy of the deed for the leased building.

11 (3) The names of the board of trustees, school directors and  
12 administrators of the school entity.

13 (4) If applicable, the names of the administrators or  
14 executives of the educational management service provider.

15 (5) If the owner of the leased building is a nonprofit  
16 organization or a school entity foundation, the names of the  
17 board members of the nonprofit organization or a school entity  
18 foundation.

19 (d) Charter schools may not apply for and the department may  
20 not authorize a lease reimbursement if the reimbursement is for  
21 a lease payment to any of the following:

22 (1) An administrator of the school entity or a member of the  
23 administrator's immediate family or a business with which the  
24 administrator's immediate family is associated.

25 (2) A trustee of the board of trustees of the school entity  
26 or a member of the trustee's immediate family or a business with  
27 which the trustee's immediate family is associated.

28 (3) A founder or a member of the founder's immediate family  
29 or a business with which the founder's immediate family is  
30 associated.

1 (4) An administrator or executive of the educational  
2 management service provider or a member of the administrator's  
3 or executive's immediate family or a business with which the  
4 administrator's or executive's immediate family is associated.

5 (5) Another entity that has a financial interest as defined  
6 in 65 Pa.C.S. § 1102 (relating to definitions) with the school  
7 entity, except for the lease agreement.

8 (e) The department shall seek reimbursement from a school  
9 entity for each inappropriate lease reimbursement within 60 days  
10 of the inappropriate lease reimbursement.

11 (f) Definitions.--As used in this section, the following  
12 words and phrases shall have the meanings given to them in this  
13 subsection unless the context clearly indicates otherwise:

14 (1) "Founder" shall have the meaning set forth in section  
15 703.1(c)(2).

16 (2) "School entity foundation" shall mean a nonprofit  
17 organization under section 501(c)(3) of the Internal Revenue  
18 Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)), that  
19 provides funding, resources or services to support a school  
20 entity, either directly or through an affiliated entity.

21 Section 3. This act shall take effect in 60 days.