

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1730 Session of 2013

INTRODUCED BY MCCARTER, OCTOBER 11, 2013

REFERRED TO COMMITTEE ON EDUCATION, OCTOBER 11, 2013

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
 2 act relating to the public school system, including certain
 3 provisions applicable as well to private and parochial
 4 schools; amending, revising, consolidating and changing the
 5 laws relating thereto," in professional employees, further
 6 providing for rating system; in pupils and attendance,
 7 providing for transfer of records to another school entity or
 8 nonpublic school; in charter schools, further providing for
 9 definitions; providing for Charter School Entities Funding
 10 Advisory Commission and for Office of Charter School
 11 Entities; further providing for powers of charter schools,
 12 for charter school requirements and for powers of board of
 13 trustees; providing for organization of meetings of boards of
 14 trustees and for duties of administrators; further providing
 15 for establishment of charter school, for contents of
 16 application, for term and form of charter, for State Charter
 17 School Appeal Board, for facilities, for enrollment, for
 18 school staff and for funding for charter schools; providing
 19 for actual costs of educational services; further providing
 20 for transportation, for annual reports and assessments, for
 21 causes for nonrenewal or termination and for provisions
 22 applicable to charter schools; providing for charter school
 23 fund balance limit; further providing for powers and duties
 24 of department, for assessment and evaluation, for cyber
 25 charter school requirements and prohibitions, for school
 26 district and intermediate unit responsibilities, for
 27 enrollment and notification and for applicability of other
 28 provisions of this act and of other acts and regulations;
 29 providing for cyber charter school fund balance limit; in
 30 auditing of school finances, further providing for duties of
 31 controller; and making an inconsistent repeal.

32 The General Assembly of the Commonwealth of Pennsylvania
 33 hereby enacts as follows:

1 Section 1. Section 1123(e), (i), (n) and (o) (2) of the act
2 of March 10, 1949 (P.L.30, No.14), known as the Public School
3 Code of 1949, amended June 30, 2012 (P.L.684, No.82), are
4 amended to read:

5 Section 1123. Rating System.--* * *

6 (e) Notwithstanding subsections (b), (c) and (d),
7 professional employes and temporary professional employes
8 serving as classroom teachers, principals and nonteaching
9 professional employes may be evaluated through the use of a
10 rating tool developed by an individual school district,
11 intermediate unit [or], area vocational-technical school,
12 charter school or cyber charter school that the department has
13 approved as meeting or exceeding the measures of effectiveness
14 established under this section.

15 * * *

16 (i) All school districts, intermediate units [and], area
17 vocational-technical schools, charter schools and cyber charter
18 schools shall provide to the department the aggregate results of
19 all professional employe and temporary professional employe,
20 principal and nonteaching professional employe evaluations.

21 * * *

22 (n) The requirements of this section shall apply to all
23 school districts, intermediate units [and], area vocational-
24 technical schools, charter schools and cyber charter schools.

25 (o) For purposes of this section:

26 * * *

27 (2) The term "chief school administrator" shall include
28 individuals who are employed as a school district
29 superintendent, an executive director of an intermediate unit
30 [or], a chief school administrator of an area vocational-

1 technical school and a charter school or cyber charter school
2 chief executive officer.

3 * * *

4 Section 2. The act is amended by adding a 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, regional charter school, intermediate unit or
23 area vocational-technical school.

24 Section 3. 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 entity and all other employes of a charter school
29 entity who by virtue of their positions exercise management or
30 operational oversight responsibilities.

1 "Appeal board" shall mean the State Charter School Appeal
2 Board established by this article.

3 "At-risk student" shall mean a student at risk of educational
4 failure because of limited English proficiency, poverty,
5 community factors, truancy, academic difficulties or economic
6 disadvantage.

7 "Charter school" shall mean an independent public school
8 established and operated under a charter from the local [board
9 of school directors] school board and in which students are
10 enrolled or attend. A charter school must be organized as a
11 public, nonprofit corporation. Charters may not be granted to
12 any for-profit entity.

13 "Charter school entity" shall mean a charter school, regional
14 charter school or cyber charter school.

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

20 "Charter school fund balance limit" shall mean the amount
21 determined under section 1733-A.

22 "Chief [executive officer] administrator" shall mean an
23 individual appointed by the board of trustees to oversee and
24 manage the operation of the charter school entity, but who shall
25 not be deemed a professional staff member under this article.

26 "Cyber charter school" shall mean an independent public
27 school established and operated under a charter from the
28 Department of Education and in which the school uses technology
29 in order to provide a significant portion of its curriculum and
30 to deliver a significant portion of instruction to its students

1 through the Internet or other electronic means. A cyber charter
2 school must be organized as a public, nonprofit corporation. A
3 charter may not be granted to a for-profit entity.

4 "Cyber charter school fund balance limit" shall mean the
5 amount determined under section 1752-A.

6 "Department" shall mean the Department of Education of the
7 Commonwealth.

8 "Educational service provider" shall mean a for-profit
9 education management organization, nonprofit charter management
10 organization, school design provider, business manager or any
11 other partner entity with which a charter school entity intends
12 to contract or presently contracts to provide educational
13 services, operational services or management services to the
14 charter school entity. An educational service provider does not
15 include a charter school foundation.

16 "Financial relationship" shall mean any formal or informal
17 arrangement pursuant to which a charter school entity is
18 obligated to make payment or in fact does make payment to an
19 individual, group of individuals or any entity.

20 "Immediate family member" shall mean a spouse, parent,
21 brother, sister or child and any descendant of these
22 individuals, including any relationships established by
23 marriage.

24 "Local [board of school directors] school board" shall mean
25 the board of directors of a school district in which a proposed
26 or an approved charter school is located. The term shall include
27 a board of control established under Article XVII-B, a special
28 board of control established under section 692 or a school
29 reform commission established under section 696.

30 "Office" shall mean the Office of Charter School Entities

1 established within the Department of Education.

2 "Regional charter school" shall mean an independent public
3 school established and operated under a charter from more than
4 one local school board [of school directors] and in which
5 students are enrolled or attend. A regional charter school must
6 be organized as a public, nonprofit corporation. Charters may
7 not be granted to any for-profit entity.

8 "School district of residence" shall mean the school district
9 in this Commonwealth in which the parents or guardians of a
10 child reside.

11 "School entity" shall mean a school district, intermediate
12 unit, joint school or area vocational-technical school.

13 "Secretary" shall mean the Secretary of Education of the
14 Commonwealth.

15 "State board" shall mean the State Board of Education of the
16 Commonwealth.

17 Section 4. The act is amended by adding sections to read:

18 Section 1704-A. Charter School Entities Funding Advisory
19 Commission.--(a) The Governor shall immediately convene a
20 Statewide advisory commission, to be known as the Charter School
21 Entities Funding Advisory Commission, to examine the cost and
22 funding of charter school entities in the public education
23 system. The commission shall examine how charter school entities
24 finances affect opportunities for teachers, parents, pupils and
25 community members to establish and maintain schools that operate
26 independently from the existing school district structure as a
27 method to accomplish the intent of section 1702-A. The
28 commission shall also examine how the financing of charter
29 school entities affects the finances of existing school
30 districts and educational opportunities for students in existing

1 school districts. The commission shall also receive input and
2 gather information on charter school entities funding
3 reimbursements regarding eligible students. The Office of the
4 Budget and the department shall provide administrative support,
5 meeting space and any other assistance required by the
6 commission to carry out its duties under this section.

7 (b) The commission shall consist of the following members:

8 (1) One member of the Senate appointed by the Majority
9 Leader of the Senate.

10 (2) One member of the Senate appointed by the Minority
11 Leader of the Senate.

12 (3) One member of the House of Representatives appointed by
13 the Majority Leader of the House of Representatives.

14 (4) One member of the House of Representatives appointed by
15 the Minority Leader of the House of Representatives.

16 (5) The secretary or a designee.

17 (6) The chairman of the State board or a designee.

18 (7) One member who shall represent charter schools, who
19 shall be appointed by the Pennsylvania Coalition of Public
20 Charter Schools.

21 (8) One member who shall represent regional charter schools,
22 who shall be appointed by the Pennsylvania Coalition of Public
23 Charter Schools.

24 (9) One member who shall represent cyber charter schools,
25 who shall be appointed by the Pennsylvania Coalition of Public
26 Charter Schools.

27 (10) One member who shall represent teachers in a public
28 school that is not a charter school entity, who shall be
29 appointed by the American Federation of Teachers --
30 Pennsylvania.

1 (11) One member who shall represent teachers in a public
2 school that is not a charter school entity, who shall be
3 appointed by the Pennsylvania State Education Association.

4 (12) One member who shall represent school administrators,
5 who shall be appointed by the Pennsylvania Association of School
6 Administrators.

7 (13) One member who shall represent school board members,
8 who shall be appointed by the Pennsylvania School Boards
9 Association.

10 (14) One member who shall be a business manager of a school
11 district, who shall be appointed by the Pennsylvania Association
12 of School Business Officials.

13 (15) One member who shall represent an institution of higher
14 education with experience in operating a charter school entity,
15 who shall be appointed by the Pennsylvania Association of
16 Colleges and Universities.

17 (c) Members of the commission shall be appointed within
18 twenty (20) days of the effective date of this section. Any
19 vacancy on the commission shall be filled by the original
20 appointing authority. The commission shall select a chairman and
21 vice chairman from among its membership at an organizational
22 meeting. The organizational meeting shall take place not later
23 than thirty (30) days following the effective date of this
24 section.

25 (d) The commission shall hold meetings at the call of the
26 chairman. The commission may also hold public hearings on the
27 matters to be considered by the commission at locations
28 throughout this commonwealth. All meetings and public hearings
29 of the commission shall be deemed public meetings for the
30 purpose of 65 Pa.C.S. Ch. 7 (relating to open meetings). Eight

1 (8) members of the commission shall constitute a quorum at any
2 meeting. Each member of the commission may designate another
3 person to represent that member at meetings of the commission.

4 (e) Commission members shall receive no compensation for
5 their services but shall be reimbursed for all necessary travel
6 and other reasonable expenses incurred in connection with the
7 performance of their duties as members. Whenever possible, the
8 commission shall utilize the services and expertise of existing
9 personnel and staff of State government. The department may
10 utilize undistributed funds not expended, encumbered or
11 committed from appropriations for grants and subsidies made to
12 the department, not to exceed three hundred thousand dollars
13 (\$300,000), to carry out this section.

14 (f) The commission shall have the following powers and
15 duties:

16 (1) Meet with current charter school entity operators within
17 this Commonwealth, including cyber charter schools with blended
18 programs.

19 (2) Meet with public education organizations, including, but
20 not limited to, the Pennsylvania School Boards Association, the
21 Pennsylvania Association of School Business Officials, the
22 Pennsylvania State Education Association and the American
23 Federation of Teachers - Pennsylvania.

24 (3) Review charter school entity financing laws in operation
25 throughout the United States.

26 (4) Determine the per-pupil cost of charter school entities
27 in terms of their instructional expenditures, noninstructional
28 student services expenditures, special education expenditures
29 and administrative expenditures based on these expenditures in
30 existing charter school entities in this Commonwealth and in

1 other states and on existing research on the costs of providing
2 an adequate education to students enrolled in charter school
3 entities.

4 (5) Review the process by which charter school entities are
5 funded under section 1725-A, including review of those budget
6 expenditures of a school district that should be excluded from
7 funding that a school district shall provide to a charter school
8 entity for a student enrolling in a charter school entity.

9 (6) Evaluate and make recommendations on the following:

10 (i) Powers and duties extended to charter school entities as
11 they relate to financing.

12 (ii) Funding formulas for charter school entities, including
13 reimbursement procedures and funding under Title I of the
14 Elementary and Secondary Education Act of 1965 (Public Law 89-
15 10, 20 U.S.C. § 6301 et seq.).

16 (iii) The process by which charter school entities are
17 funded under section 1725-A, including what budget expenditures
18 of a school district should be excluded from funding that a
19 school district shall provide to a charter school entity for a
20 student enrolling in a charter school entity.

21 (iv) Student residency as it relates to funding.

22 (v) Special education funding reimbursements and other
23 special program funding.

24 (vi) Charter school entity transportation.

25 (vii) Charter school entity eligibility to receive grants
26 and funding.

27 (7) The commission shall, not later than September 30, 2013,
28 issue a report of its findings and recommendations to the
29 Governor, the President pro tempore of the Senate, the Minority
30 Leader of the Senate, the chairman and minority chairman of the

1 Appropriations Committee of the Senate, the chairman and
2 minority chairman of the Education Committee of the Senate, the
3 Speaker of the House of Representatives, the Minority Leader of
4 the House of Representatives, the chairman and minority chairman
5 of the Appropriations Committee of the House of Representatives
6 and the chairman and minority chairman of the Education
7 Committee of the House of Representatives.

8 Section 1705-A. Office of Charter School Entities.--(a) The
9 department shall establish an Office of Charter School Entities
10 within one hundred twenty (120) days of the effective date of
11 this section. The office shall report directly to the secretary.
12 The office shall be responsible for:

13 (1) Implementing the provisions of this article.

14 (2) Overseeing the performance and effectiveness of all
15 charter school entities under subsection (b).

16 (3) Collecting, developing and disseminating information,
17 policies, strategies and best practices for the effective
18 management and operation of charter school entities.

19 (4) Identifying model charter school entity applications and
20 providing best practices.

21 (5) Organizing and providing mandatory training for members
22 of the board of trustees and chief administrators of a charter
23 school entity. The training shall be paid for exclusively by the
24 charter school entity. The following apply:

25 (i) A person who serves as a member of a charter school
26 entity board of trustees or as a chief administrator shall be
27 required to complete a minimum of eight (8) hours of continuing
28 education annually in coursework directly related to his
29 position in a charter school entity.

30 (ii) Continuing education training shall be provided by an

1 eligible provider selected by the office. Training topics that
2 may be provided include:

3 (A) Charter school best practices.

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

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

7 (D) Audits and financing.

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

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

12 (G) 15 Pa.C.S. Pt. II Subpt. C (relating to nonprofit
13 corporations).

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

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

17 (iii) The charter school entity shall annually certify to
18 the office on a form developed by the office for this purpose
19 and supported by submitted documentary evidence that each member
20 of the charter school entities board of trustees and chief
21 administrator have completed the minimum hours of continuing
22 education as required under this section. The charter school
23 entity shall also include this certification in its annual
24 report and publish the same on its Internet website.

25 (6) The development and issuance of standardized forms that
26 shall be used by all applicants, local school boards, charter
27 school entities and student applicants as required under
28 sections 1717-A, 1719-A, 1723-A, 1728-A, 1731-A, 1747-A and
29 1748-A.

30 (7) Directing all charter school entities to submit an

1 annual report to the office not later than September 1 of each
2 year and to publish the same on the department's Internet
3 website on an annual basis.

4 (8) Providing administrative support for the appeal board.

5 (b) The office shall have the following powers and duties:

6 (1) To conduct a special review of a local school board or
7 charter school entity in the event of persistently
8 unsatisfactory performance of a local school board's portfolio
9 of charter schools, a pattern of well-founded complaints about a
10 local school board or its charter schools or other objective
11 circumstances, and take any appropriate action authorized under
12 this article.

13 (2) To investigate fraud, waste, mismanagement and
14 misconduct in the operation of a local school board or charter
15 school entity, including any of the following:

16 (i) Misuse of movable and immovable property.

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

20 (iii) Mismanagement of school operations.

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

23 (v) Allegations of collusion or coercion.

24 (3) To receive complaints of fraud, waste, mismanagement,
25 misconduct or persistently unsatisfactory academic performance
26 by a local school board or charter school entity.

27 (4) To receive and investigate a complaint from any parent
28 who has a student enrolled in a charter school entity regarding
29 a member of the board of trustees who refuses or neglects to
30 perform any duty imposed upon the member under this article or

1 has violated any requirement established under this article or
2 has committed misfeasance or malfeasance while in office as a
3 trustee.

4 (5) To notify the local school board or charter school
5 entity in writing if at any time the office finds that a local
6 school board or charter school entity is not in compliance with
7 an existing charter contract or the requirements of this act and
8 to allow the local school board or charter school entity to have
9 reasonable opportunity to respond and comply.

10 (6) If the local school board or charter school entity fails
11 to comply with the direction given pursuant to this subsection,
12 to notify the secretary, who shall have the authority to
13 withhold payment of all funds to the local school board or
14 charter school entity or order school districts not to make any
15 payments to the charter school entity until the secretary
16 determines that the charter school entity has complied with the
17 direction given pursuant to this subsection. If the secretary
18 withholds payment of the subsidy to a local school board based
19 on the actions of that board, the local board shall not
20 intentionally withhold payment of per pupil allocation payments
21 to a charter school entity unless directed by the secretary.

22 (7) To refer findings to the district attorney with
23 jurisdiction or to the Office of Attorney General or to any
24 other appropriate law enforcement agency for prosecution if the
25 office discovers or receives information about possible
26 violations of law by any person affiliated with or employed by a
27 local school board or charter school entity.

28 Section 5. Section 1714-A(a) introductory paragraph and (5)
29 of the act, amended July 4, 2004 (P.L.536, No.70), are amended
30 to read:

1 Section 1714-A. Powers of Charter Schools.--(a) A charter
2 school entity established under this act is a body corporate and
3 shall have all powers necessary or desirable for carrying out
4 its charter, including, but not limited to, the power to:

5 * * *

6 (5) Make contracts and leases for the procurement of
7 services, equipment and supplies[.], subject to the following:

8 (i) No contract or lease entered into by a charter school
9 entity for an amount greater than one hundred dollars (\$100) may
10 provide for a payment in excess of the fair market value of the
11 services, equipment, supplies or other property being acquired
12 or leased.

13 (ii) A charter school entity may not enter into or continue
14 operating under a contract for management, operations or
15 educational services that involve the charter school entity
16 providing a percentage of the charter school entity's revenues
17 to the educational service provider.

18 (iii) No contract entered into by a charter school entity
19 shall have a term that extends beyond the charter school
20 entity's existing charter agreement with a local school board or
21 the department.

22 * * *

23 Section 6. Section 1715-A(11) and (12) of the act, amended
24 or added June 19, 1997 (P.L.225, No.22) and July 9, 2008
25 (P.L.846, No.61), are amended to read:

26 Section 1715-A. Charter School Requirements.--Charter
27 schools shall be required to comply with the following
28 provisions:

29 * * *

30 [(11) Trustees of a charter school shall be public

1 officials.

2 (12) A person who serves as an administrator for a charter
3 school shall not receive compensation from another charter
4 school or from a company that provides management or other
5 services to another charter school. The term "administrator"
6 shall include the chief executive officer of a charter school
7 and all other employees of a charter school who by virtue of
8 their positions exercise management or operational oversight
9 responsibilities. A person who serves as an administrator for a
10 charter school shall be a public official under 65 Pa.C.S. Ch.
11 11 (relating to ethics standards and financial disclosure). A
12 violation of this clause shall constitute a violation of 65
13 Pa.C.S. § 1103(a) (relating to restricted activities), and the
14 violator shall be subject to the penalties imposed under the
15 jurisdiction of the State Ethics Commission.]

16 (11) The board of trustees of a charter school entity must
17 record in written format the minutes of each meeting of the
18 board at which any business of the charter school entity is
19 considered or transacted. All meeting minutes must be maintained
20 by a charter school entity for at least seven (7) years.

21 (12) The board minutes of the trustees of a charter school
22 entity must reflect the board's approval or disapproval of all
23 contracts, agreements and obligations in excess of one hundred
24 dollars (\$100), including how each member voted on the contract,
25 agreement or obligation.

26 (13) The board minutes of the trustees of a charter school
27 entity must reflect the board's approval of an annual budget,
28 including how each member voted on the budget.

29 (14) An individual who is a trustee of a charter school
30 entity shall not serve as a trustee at any other charter school

1 entity.

2 (15) An individual who is a trustee of a charter school
3 entity shall not serve as an employe of any other charter school
4 entity.

5 (16) An individual who is a trustee of a charter school
6 entity shall not have a financial relationship with an entity
7 with which the charter school entity transacts any business,
8 including educational service providers.

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

14 (18) Members of the board of trustees and administrators of
15 a charter school entity shall be subject to the following
16 statutory requirements:

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

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

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

29 (20) All members of the board of trustees and administrators
30 of a charter school entity shall take the oath of office as

1 required by section 321 before entering upon the duties of the
2 office.

3 (21) All payments made by a charter school entity shall be
4 cosigned by the treasurer of the board of trustees and the chief
5 administrator of the charter school entity.

6 (22) Within ten (10) days of the execution of an agreement
7 between a charter school entity and any educational service
8 provider, the board of trustees shall publish on the charter
9 school entity's publicly accessible Internet website all of the
10 following:

11 (i) a copy of the executed agreement;

12 (ii) a plain language explanation of all costs and fees
13 associated with the agreement;

14 (iii) a description of all financial relationships between
15 the charter school entity and the educational service provider
16 or any of its board members or employes;

17 (iv) the educational service provider's status as a for-
18 profit or nonprofit organization; and

19 (v) if the educational service provider is a for-profit
20 organization, a plain language explanation of how any profit
21 will be determined and distributed between the charter school
22 and the educational service provider.

23 Section 7. Section 1716-A of the act, added June 19, 1997
24 (P.L.225, No.22), is amended to read:

25 Section 1716-A. [Powers of] Board of Trustees.--(a) The
26 board of trustees of a charter school entity shall have the
27 authority to decide matters related to the operation of the
28 school, including, but not limited to, budgeting, curriculum and
29 operating procedures, subject to the school's charter. [The
30 board]

1 (a.1) The board of trustees shall have the authority to
2 employ, discharge and contract with necessary professional and
3 nonprofessional employes subject to the school's charter and the
4 provisions of this [article.] act. The board of trustees, only
5 with written permission of the department, may contract with
6 educators who are not employes of the charter school entity to
7 serve as teaching staff, provided that no more than five per
8 centum of the teaching staff of a charter school entity shall be
9 contracted out, except that a charter school entity may, upon
10 written permission of the department, contract for teaching
11 staff in specialized subjects above the five per centum limit.

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

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

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

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

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

1 No member of the board of trustees of a cyber charter school
2 shall be employed in any capacity or have any financial
3 relationship with the department.

4 (4) No member of the board of trustees or a member of the
5 immediate family of the member of the board of trustees shall be
6 employed by the charter school entity or have a financial
7 relationship with the charter school entity, nor be employed by
8 any entity that has a financial relationship with the charter
9 school entity or any related or associated foundation unless the
10 charter school or cyber charter school complies with the
11 requirements of 65 Pa.C.S. § 1103(f) (relating to restricted
12 activities).

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

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

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

28 (8) No member of the board of trustees, employe or
29 administrator of a charter school entity shall convert to his
30 own use or use by way of investment or contract any portion of

1 the charter school entity's funds or school property or deposit
2 any of the funds of the charter school entity in any other name.

3 (9) No business entity, including for-profit and nonprofit
4 entities with which a member of the board of trustees, an
5 administrator or a member of the immediate family of the member
6 of the board of trustees or administrator is associated shall
7 contract with the charter school entity unless the charter
8 school complies with the requirements of 65 Pa.C.S. § 1103(f).

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

13 (11) No member of the board of trustees shall commingle or
14 allow the commingling of any portion of the charter school
15 entity's funds or property or deposit any of the funds of the
16 charter school entity in accounts unrelated to the charter
17 school entity.

18 (12) No member of the board of trustees of a charter school
19 entity shall be employed by a charter school entity foundation
20 or any entity affiliated with a charter school entity
21 foundation. No immediate family member of a member of the board
22 of trustees shall serve on, receive compensation from or be
23 employed by a charter school entity foundation or any entity
24 affiliated with a charter school entity foundation.

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

28 (14) Any member of the board of trustees, elected officials,
29 administrators or their immediate families or staff determined
30 to have engaged in any conduct in contravention of any aspect of

1 this subsection shall be immediately barred and prohibited from
2 the handling or receipt of funds, directly or indirectly, for a
3 period of five (5) consecutive years from the date of receipt,
4 expenditure, oversight or handling in any fashion, directly or
5 indirectly, of the funds of any school board, charter school
6 entity, charter school entity foundation or appropriated by the
7 Commonwealth, including, but not limited to, awards of contracts
8 to third parties, hiring or retention of employes or consultants
9 and the purchase or acquisition of goods or services.

10 [(c) The board of trustees shall comply with the act of July
11 3, 1986 (P.L.388, No.84), known as the "Sunshine Act."]

12 (c.1) At least one member of the board of trustees of a
13 charter school entity shall be a parent of a child attending
14 that charter school entity.

15 (d) The following shall apply:

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

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

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

1 (4) Any person removed as a member of the board of trustees
2 of a charter school entity under this subsection shall not be
3 eligible again to serve as a board member or administrator for
4 the period of five (5) years from the date of removal.

5 Section 8. The act is amended by adding sections to read:

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

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

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

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

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

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

27 (4) Notwithstanding other provisions of this act and other
28 laws, to serve as custodian of all records, offices and property
29 of the charter school entity.

30 (5) To receive all funds and make payments out of the same

1 on proper orders approved by the board of trustees.

2 (6) To deposit funds and at the end of each month make a
3 report to the school controller of the amount of funds received
4 and the amount dispersed during the month.

5 (7) To perform other duties pertaining to the business of
6 the charter school entity as required under this act.

7 (b) The following restrictions and requirements shall apply:

8 (1) No administrator shall receive compensation from another
9 charter school entity or from a company that provides management
10 or other services to another charter school entity.

11 (2) No administrator shall be employed by or have a
12 financial relationship with the local school boards from which
13 the charter school received its charter.

14 (2.1) No administrator of a cyber charter school shall be
15 employed or have a financial relationship with the department.

16 (3) No immediate family member of an administrator shall be
17 employed by or have any financial relationship with the charter
18 school entity unless the charter school entity complies with the
19 requirements of 65 Pa.C.S. § 1103(f) (relating to restricted
20 activities).

21 (4) No administrator shall be employed by or have a
22 financial relationship with an educational service provider.

23 (5) No immediate family member of an administrator shall be
24 employed by or have a financial relationship with an educational
25 service provider which is under contract with the charter school
26 entity.

27 (6) An administrator shall be dismissed upon conviction for
28 an offense graded as a felony, an infamous crime or any crime
29 involving moral turpitude.

30 (7) No business with which an administrator, or a member of

1 the immediate family of the administrator, is associated shall
2 contract with the charter school entity unless the charter
3 school or cyber charter school complies with the requirements of
4 65 Pa.C.S. § 1103(f).

5 (8) No administrator shall commingle or convert to his own
6 use or use by way of investment any portion of the school funds
7 or school property or deposit any of the funds of the school in
8 accounts unrelated to the charter school entity.

9 (9) No administrator shall act as an agent for any vendor
10 for school supplies, program materials or related educational
11 services with the local school board.

12 (10) No administrator shall receive compensation from or be
13 employed by a charter school entity foundation or any entity
14 affiliated with a charter school entity foundation. No immediate
15 family member of an administrator shall serve on or be employed
16 by a charter school entity foundation or any entity affiliated
17 with a charter school entity foundation.

18 Section 9. Sections 1717-A(e) and 1719-A of the act, added
19 June 19, 1997 (P.L.225, No.22), are amended to read:

20 Section 1717-A. Establishment of Charter School.--* * *

21 (e) (1) Not later than seventy-five (75) days after the
22 first public hearing on the application, the local [board of
23 school directors] school board shall grant or deny the
24 application. For a charter school beginning in the 1997-1998
25 school year, the local board of school directors shall grant or
26 deny the application no later than sixty (60) days after the
27 first public hearing.

28 (2) A charter school application submitted under this
29 article shall be evaluated by the local [board of school
30 directors] school board based on criteria, including, but not

1 limited to, the following:

2 (i) The demonstrated, sustainable support for the charter
3 school plan by teachers, parents, other community members and
4 students, including comments received at the public hearing held
5 under subsection (d).

6 (ii) The capability of the charter school applicant, in
7 terms of support and planning, to provide comprehensive learning
8 experiences to students pursuant to the adopted charter.

9 (iii) The extent to which the application considers the
10 information requested in section 1719-A and conforms to the
11 legislative intent outlined in section 1702-A.

12 (iv) The extent to which the charter school may serve as a
13 model for other public schools.

14 (v) The student performance baselines and objectives for
15 future student performance that will be used to evaluate the
16 charter school.

17 (3) The local [board of school directors] school board, in
18 the case of an existing school being converted to a charter
19 school, shall establish the alternative arrangements for current
20 students who choose not to attend the charter school.

21 (4) A charter application shall be deemed approved by the
22 local [board of school directors] school board of a school
23 district upon affirmative vote by a majority of all the
24 directors. Formal action approving or denying the application
25 shall be taken by the local [board of school directors] school
26 board at a public meeting, with notice or consideration of the
27 application given by the board, under the "Sunshine Act."

28 (5) Written notice of the board's action shall be sent to
29 the applicant, the department and the appeal board. If the
30 application is denied, the reasons for the denial, including a

1 description of deficiencies in the application, shall be clearly
2 stated in the notice sent by the local [board of school
3 directors] school board to the charter school applicant.

4 * * *

5 Section 1719-A. Contents of Application.--[An] (a) The
6 office shall develop and issue a standard application form that
7 shall be used by all applicants to establish a charter school or
8 cyber charter school. The application to establish a charter
9 school entity shall include all of the following information:

10 (1) The identification of the charter school entity
11 applicant.

12 (2) The name of the proposed charter school entity.

13 (3) The grade or age levels served by the school.

14 (4) [The proposed governance structure of the charter
15 school, including a description and method for the appointment
16 or election of members of the board of trustees.] An
17 organization chart clearly presenting the proposed governance
18 structure of the charter school entity, including lines of
19 authority and reporting among the board of trustees,
20 administrators, staff and any educational service provider that
21 will play a role in providing management services to the charter
22 school entity.

23 (4.1) A clear description of the roles and responsibilities
24 for the board of trustees, administrators and any other
25 entities, including a charter school entity foundation, shown in
26 the organization chart.

27 (4.2) A clear description and method for the appointment or
28 election of members of the board of trustees.

29 (4.3) Standards for board performance and stewardship,
30 including compliance with all applicable laws, regulations and

1 terms of the charter.

2 (4.4) If the charter school entity intends to contract with
3 an educational service provider for services, the charter or
4 cyber charter school applicant shall:

5 (i) Provide evidence of the educational service provider's
6 record in serving student populations, including demonstrated
7 academic achievement and demonstrated management of nonacademic
8 school functions, including proficiency with public school-based
9 accounting, if applicable.

10 (ii) Provide a copy of the finalized management agreement,
11 which shall include all of the following:

12 (A) The proposed duration of the service contract.

13 (B) Roles and responsibilities of the governing board, the
14 school staff and the educational service provider.

15 (C) The scope of services and resources to be provided by
16 the educational service provider.

17 (D) Performance evaluation measures and timelines.

18 (E) The compensation structure, including clear
19 identification of all fees to be paid to the educational service
20 provider.

21 (F) Methods of contract oversight and enforcement.

22 (G) Investment disclosure or the advance of moneys by the
23 educational service provider on behalf of the charter school
24 entity.

25 (H) Conditions for renewal and termination of the contract.

26 (iii) Disclose and explain any existing or potential
27 conflicts of interest between the board of trustees and proposed
28 educational service provider and any affiliated business
29 entities, including a charter school entity foundation.

30 (5) The mission and education goals of the charter school

1 entity, the curriculum to be offered and the methods of
2 assessing whether students are meeting educational 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 entity based
13 on the projected range of the number of students enrolled in the
14 school during each year of the proposed charter period and the
15 provisions which will be made for auditing the school under
16 section 437, including the role of any charter school entity
17 foundation.

18 (10) Procedures which shall be established to review
19 complaints of parents regarding the operation of the charter
20 school entity.

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 entity, including the length of the school day
26 and school year consistent with the provisions of section 1502.

27 (13) The proposed faculty and a professional development
28 plan for the faculty and staff of a charter school entity.

29 (14) Whether any agreements have been entered into or plans
30 developed with the local school district regarding participation

1 of the charter school students in extracurricular activities
2 within the school district. Notwithstanding any provision to the
3 contrary, no school district of residence shall prohibit a
4 student of a charter school from participating in any
5 extracurricular activity of that school district of residence:
6 Provided, That the student is able to fulfill all of the
7 requirements of participation in such activity and the charter
8 school does not provide the same extracurricular activity.

9 (15) A report of criminal history record, pursuant to
10 section 111, for all individuals who shall have direct contact
11 with students.

12 (16) An official clearance statement regarding child injury
13 or abuse from the Department of Public Welfare as required by 23
14 Pa.C.S. Ch. 63 Subch. C.2 (relating to background checks for
15 employment in schools) for all individuals who shall have direct
16 contact with students.

17 (17) How the charter school entity will provide adequate
18 liability and other appropriate insurance for the charter school
19 entity, its employes and the board of trustees of the charter
20 school entity.

21 (18) The proposed manner in which the charter school entity
22 will assess student performance, including the manner in which
23 the State assessment set forth in 22 Pa. Code Ch. 4 (relating to
24 academic standards and assessment) will be utilized.

25 (b) A local school board may not impose additional terms or
26 require additional information outside the standard application
27 required under subsection (a).

28 Section 10. Section 1720-A of the act, amended July 9, 2008
29 (P.L.846, No.61), is amended to read:

30 Section 1720-A. Term and Form of Charter.--(a) Upon

1 approval of a charter application under section 1717-A, a
2 written charter shall be developed which shall contain the
3 provisions of the standardized charter application under section
4 1719-A and which shall be signed by the local board of school
5 directors of a school district, by the local boards of school
6 directors of a school district in the case of a regional charter
7 school or by the chairman of the appeal board pursuant to
8 section 1717-A(i) (5) and the board of trustees of the charter
9 school or regional charter school. This written charter, when
10 duly signed by the local board of school directors of a school
11 district, or by the local boards of school directors of a school
12 district in the case of a regional charter school, and the
13 charter school's or regional charter school's board of trustees,
14 shall act as legal authorization for the establishment of a
15 charter school or regional charter school. This written charter
16 shall be legally binding on both the local board of school
17 directors of a school district and the charter school's and
18 regional charter school's board of trustees. [Except as
19 otherwise provided in subsection (b), the] If the charter school
20 or regional charter school contracts with an educational service
21 provider, an executed contract shall be signed once the charter
22 is approved. The charter shall be for a period of no less than
23 three (3) nor more than five (5) years and may be renewed for
24 five (5) year periods upon reauthorization by the local board of
25 school directors of a school district or the appeal board. A
26 charter will be granted only for a school organized as a public,
27 nonprofit corporation.

28 (b) (1) Notwithstanding subsection (a), a governing board
29 of a school district of the first class may renew a charter for
30 a period of one (1) year if the board of school directors

1 determines that there is insufficient data concerning the
2 charter school's academic performance to adequately assess that
3 performance and determines that an additional year of
4 performance data would yield sufficient data to assist the
5 governing board in its decision whether to renew the charter for
6 a period of five (5) years.

7 (2) A one-year renewal pursuant to paragraph (1) shall not
8 be considered an adjudication and may not be appealed to the
9 State Charter School Appeal Board.

10 (3) A governing board of a school district of the first
11 class does not have the authority to renew a charter for
12 successive one (1) year periods.

13 (c) (1) A charter school or regional charter school shall
14 request an amendment to its approved written charter if at any
15 time after the approval or renewal of its written charter the
16 charter school or regional charter school seeks to contract out
17 services of the charter school or regional charter school with
18 an educational service provider or contract with another
19 educational service provider not disclosed in the charter school
20 or regional charter school's application under section 1719-A.

21 (2) The charter school or regional charter school shall file
22 a written document describing the requested amendment with the
23 local board of school directors and include the following:

24 (i) Provide evidence of the educational service provider's
25 record in serving student populations, including demonstrated
26 academic achievement and demonstrated management of nonacademic
27 school functions, including proficiency with public school-based
28 accounting, if applicable.

29 (ii) Provide a copy of the finalized management agreement,
30 which shall include all of the following:

1 (A) The proposed duration of the service contract.

2 (B) Roles and responsibilities of the governing board, the
3 school staff and the educational service provider.

4 (C) The scope of services and resources to be provided by
5 the educational service provider.

6 (D) Performance evaluation measures and timelines.

7 (E) The compensation structure, including clear
8 identification of all fees to be paid to the educational service
9 provider.

10 (F) Methods of contract oversight and enforcement.

11 (G) Investment disclosure or the advance of moneys by the
12 educational service provider on behalf of the charter school or
13 regional charter school.

14 (H) Conditions for renewal and termination of the contract.

15 (iii) Disclose and explain any existing or potential
16 conflicts of interest between the board of trustees and proposed
17 educational service provider and any affiliated business
18 entities, including a charter school entity.

19 (3) Within twenty (20) days of its receipt of the request
20 for an amendment, the local board of school directors shall hold
21 a public hearing on the requested amendment under 65 Pa.C.S. Ch.
22 7 (relating to open meetings).

23 (4) Within twenty (20) days after the hearing, the local
24 board of school directors shall grant or deny the requested
25 amendment. Failure by the local board of school directors to
26 hold a public hearing and to grant or deny the amendment within
27 the time period specified in this subsection shall be deemed an
28 approval.

29 (5) An applicant for an amendment shall have the right to
30 appeal the denial of the requested amendment to the appeal board

1 provided for under section 1721-A.

2 Section 11. Section 1721-A(e) of the act, added June 19,
3 1997 (P.L.225, No.22), is amended to read:

4 Section 1721-A. State Charter School Appeal Board.--* * *

5 (e) Meetings of the appeal board shall be conducted under
6 [the act of July 3, 1986 (P.L.388, No.84), known as the
7 "Sunshine Act."] 65 Pa.C.S. Ch. 7 (relating to open meetings).
8 Documents of the appeal board shall be subject to the act of
9 [June 21, 1957 (P.L.390, No.212), referred to as the Right-to-
10 Know Law.] February 14, 2008 (P.L.6, No.3), known as the "Right-
11 to-Know Law."

12 Section 12. Section 1722-A of the act is amended by adding
13 subsections to read:

14 Section 1722-A. Facilities.--* * *

15 (b.1) (1) Alcoholic beverages shall not be available for
16 consumption, purchase or sale in any charter school facility.

17 (2) If the secretary reasonably believes that alcoholic
18 beverages have been made available for consumption, purchase or
19 sale in any charter school facility, the department shall order
20 the following forfeitures against the charter school:

21 (i) One thousand dollars (\$1,000) for a first violation.

22 (ii) Five thousand dollars (\$5,000) for a second or
23 subsequent violation.

24 The department shall deduct the amount of the forfeiture from
25 any and all State payments made to the charter school or order
26 school districts to redirect payments to the department that the
27 school district would have made to the charter school until the
28 department determines that the amount of the forfeiture has been
29 paid.

30 (3) The charter school may appeal the order of the secretary

1 pursuant to 2 Pa.C.S. Chs. 5 (relating to practice and
2 procedure) and 7 (relating to judicial review).

3 (b.2) A charter school facility shall not be located in a
4 building that is within three hundred (300) feet of a place that
5 has a liquor license. This subsection shall not apply to a
6 charter school facility in existence and operating on the
7 effective date of this subsection.

8 * * *

9 Section 13. Section 1723-A(d) of the act, added July 9, 2008
10 (P.L.846, No.61), is amended and the section is amended by
11 adding a subsection to read:

12 Section 1723-A. Enrollment.--* * *

13 (d) (1) Enrollment of students in a charter school or cyber
14 charter school shall not be subject to a cap or otherwise
15 limited by any past or future action of a [board of school
16 directors] local school board, a board of control established
17 under Article XVII-B, a special board of control established
18 under section 692 or any other governing authority, unless
19 agreed to by the charter school or cyber charter school as part
20 of a written charter pursuant to section 1720-A. A charter
21 school entity or applicant for a charter school entity and the
22 governing authority shall negotiate maximum reasonable
23 enrollment levels in good faith.

24 (2) The provisions of this subsection shall apply to a
25 charter school [or cyber charter school] entity regardless of
26 whether the charter was approved prior to or is approved
27 subsequent to the effective date of this subsection.

28 (e) The department, through the office established under
29 section 1705-A, shall develop a standard application form that
30 shall be used by all charter school entities for admission.

1 Section 14. Section 1724-A(g) and (i) of the act, added June
2 19, 1997 (P.L.225, No.22), are amended to read:

3 Section 1724-A. School Staff.--* * *

4 (g) [Professional] Except as provided under section 1743-A,
5 professional employes who hold a first level teaching or
6 administrative certificate may, at their option, have the time
7 completed in satisfactory service in a charter school applied to
8 the length of service requirements for the next level of
9 certification.

10 * * *

11 (i) All individuals who shall have direct contact with
12 students or contact through electronic means via the Internet or
13 e-mail with students shall be required to submit a report of
14 criminal history record information as provided for in section
15 111 prior to accepting a position with the charter school
16 entity. This subsection shall also apply to any individual who
17 volunteers to work on a full-time or part-time basis at the
18 charter school entity.

19 * * *

20 Section 15. Section 1725-A(a) of the act, amended June 29,
21 2002 (P.L.524, No.88), is amended and the section is amended by
22 adding a subsection to read:

23 Section 1725-A. Funding for Charter [Schools] School
24 Entities--(a) Funding for a charter school entity shall be
25 provided in the following manner and shall not be in violation
26 of any applicable Federal or State law, regulation or agreement:

27 (1) There shall be no tuition charge for a resident or
28 nonresident student attending a charter school entity.

29 (2) For non-special education students, the charter school
30 entity shall receive for each student enrolled no less than the

1 [budgeted] actual total expenditure per average daily membership
2 of the prior school year, as defined in section 2501(20), minus
3 the [budgeted] actual expenditures at the end of the most recent
4 fiscal year of the district of residence for nonpublic school
5 programs; adult education programs; community/junior college
6 programs and services; student transportation services; for
7 special education programs; facilities acquisition, construction
8 and improvement services; athletic funds and school-sponsored
9 extracurricular activities set up in accordance with section
10 511; the full employer's share of retirement contributions paid
11 to the Public School Employees' Retirement System; tuition to
12 Pennsylvania charter schools for educational services provided
13 to students attending the charter school; for programs and
14 services to the extent they are funded from Federal funds; for
15 programs and services to the extent they are funded from the
16 proceeds of competitive grants from private or public sources or
17 from contributions or donations from private sources; and other
18 financing uses, including debt service and fund transfers as
19 provided in the Manual of Accounting and Related Financial
20 Procedures for Pennsylvania School Systems established by the
21 department. This amount shall be paid by the district of
22 residence of each student[.] or, upon written request of the
23 charter school entity, by the department to the charter school
24 entity in which a Pennsylvania resident student is enrolled from
25 any allocation for basic education funding to which the school
26 district in which the student resides is entitled. The
27 department shall establish payment guidelines and notify the
28 school district of receipt of a request for direct payment by
29 the department. Beginning in the 2013-2014 school year, the
30 charter school entity shall receive for each student enrolled in

1 a cyber charter school not less than the amount calculated under
2 this clause minus a cyber program deduction; a district pupil
3 services deduction; and an extracurricular activities deduction.

4 (3) The following shall apply to special education:

5 (i) For special education students, the charter school
6 entity shall receive for each student enrolled the same funding
7 as for each non-special education student as provided in clause
8 (2), plus an additional amount determined by dividing the
9 district of residence's total special education expenditure by
10 the product of multiplying the combined percentage of section
11 2509.5(k) times the district of residence's total average daily
12 membership for the prior school year. This amount shall be paid
13 by the district of residence of each student[.], but shall not
14 exceed the actual cost of the educational services provided for
15 each special education student. Upon written request of the
16 charter school, this amount shall be paid by the department to
17 the charter school entity in which a Pennsylvania resident
18 student is enrolled from any allocation for basic education
19 funding to which the school district where the student resides
20 is entitled. The department shall establish payment guidelines
21 and notify the school district of the receipt of a request for
22 direct payment by the department.

23 (ii) If a non-special education student is identified by the
24 charter school entity in which the student is enrolled as a
25 student with a disability in need of special education services,
26 the district of residence shall have the power to administer and
27 deliver the educational services required to address the
28 specific needs of the exceptional student in lieu of payments by
29 the district of residence for such student.

30 (iii) A resident school district may not pay out to charter

1 schools or cyber charter schools an amount greater than it
2 receives for special education in a school year.

3 (iv) Beginning in the 2013-2014 school year, the charter
4 school entity shall receive for each student enrolled in a cyber
5 charter school, no less than the amount calculated under this
6 clause minus a cyber program deduction; a district pupil
7 services deduction; and an extracurricular activities deduction.

8 (4) A charter school [may] entity shall request the
9 intermediate unit in which the charter school entity is located
10 to provide services to assist the charter school entity to
11 address the specific needs of exceptional students. The
12 intermediate unit shall assist the charter school entity and
13 bill the charter school entity for the services. The
14 intermediate unit may not charge the charter school entity more
15 for any service than it charges the constituent districts of the
16 intermediate unit. If the service is provided by the
17 intermediate unit or school district, the charter school entity
18 shall provide a copy of the contract and invoice for the
19 services to the student's school district of residence.

20 (5) Payments shall be made to the charter school entity in
21 twelve (12) equal monthly payments, by the fifth day of each
22 month, within the operating school year, unless the charter
23 school entity receives direct payment from the department. A
24 student enrolled in a charter school entity shall be included in
25 the average daily membership of the student's district of
26 residence for the purpose of providing basic education funding
27 payments and special education funding pursuant to Article XXV.
28 If a school district fails to make a payment to a charter school
29 entity as prescribed in this clause, the secretary shall deduct
30 the estimated amount, as documented by the charter school

1 entity, from any and all State payments made to the district
2 after receipt of documentation from the charter school entity.

3 (6) Within thirty (30) days after the secretary makes the
4 deduction described in clause (5) or if the charter school
5 entity receives direct payment from the department, a school
6 district [may notify] shall file a notice of dispute with the
7 secretary if the school district determines that the deduction
8 made from State payments to the district under this subsection
9 is inaccurate. The secretary shall hold a hearing within thirty
10 (30) days of the notice to provide the school district with an
11 opportunity to be heard concerning whether the charter school
12 entity accurately documented that its students were enrolled in
13 the charter school entity, the period of time during which each
14 student was enrolled, the school district of residence of each
15 student and whether the amounts deducted from the school
16 district were accurate. The secretary shall, within thirty (30)
17 days of the school district's hearing, make a determination of
18 the accuracy of the deduction.

19 * * *

20 (f) As used in this section,

21 "Cyber charter school" shall mean a charter school as defined
22 in section 1703-A which uses technology in order to provide a
23 significant portion of its curriculum and delivers a significant
24 portion of its instruction to students through the Internet or
25 other electronic means.

26 "Cyber program deduction" shall mean an amount equal to fifty
27 per centum of the expenditure per average daily membership for a
28 cyber education program offered by the district of residence,
29 including a cyber education program offered in conjunction with
30 an intermediate unit.

1 "District pupil services deduction" shall mean an amount
2 equal to one hundred per centum of the expenditure per average
3 daily membership for student health services, food services and
4 library services offered by the district of residence.

5 "Extracurricular activities deduction" shall mean an amount
6 equal to fifty per centum of the expenditure per average daily
7 membership for extracurricular activities offered by the
8 district of residence.

9 Section 16. The act is amended by adding a section to read:

10 Section 1725.1-A. Actual Costs of Educational Services.--(a)
11 Within one hundred eighty (180) days of the effective date of
12 this section, the department shall promulgate audit standards
13 under this article which shall be used in determining the year-
14 end actual costs of educational services per non-special
15 education student and special education student provided by a
16 charter school entity to any child who is a resident of a school
17 district, which are subject to payment in accordance with
18 section 1725-A. The department shall follow the procedures
19 provided in the act of July 31, 1968 (P.L.769, No.240), referred
20 to as the Commonwealth Documents Law, and the act of June 25,
21 1982 (P.L.633, No.181), known as the "Regulatory Review Act,"
22 for promulgation and review of final-omitted regulations.
23 Subsequent audit standards promulgated under this section or
24 amendments to the initial audit standards may not be in final-
25 omitted form. The audit standards shall take effect at the
26 beginning of the first school year after which such audit
27 standards have been promulgated.

28 (b) In order for the year-end actual costs of educational
29 services per non-special education student and special education
30 student to be thoroughly and properly determined, the audit

1 standards promulgated by the department shall:

2 (1) Specify reasonable costs associated with the operation
3 of the educational program offered by a charter school entity.

4 The following may not be considered reasonable costs associated
5 with the operation of the educational program offered by a
6 charter school entity:

7 (i) Any paid media advertisement, including television,
8 radio, movie theater, billboard, bus poster, newspaper,
9 magazine, the Internet or any other commercial method that may
10 promote enrollment of a charter school entity.

11 (ii) Any bonuses or additional compensation beyond the
12 annual or termed contractual compensation for all faculty,
13 administration and staff, including salary, benefits and any
14 additional compensation not specifically enumerated in the
15 contract.

16 (2) Allow a closely related business entity to charge up to
17 one hundred seven per centum of the actual educational costs.

18 (3) Require information as necessary for a full-scope review
19 of a finalized management agreement entered into between a
20 charter school entity and a closely related business entity,
21 including:

22 (i) All payments received from school districts of
23 residence.

24 (ii) Expenditures of the closely related business entity
25 related to the delivery of educational and administrative
26 services pursuant to the management agreement.

27 (4) List and show all receipts and expenditures for an
28 educational service provider that provides any service to a
29 charter school or cyber charter school.

30 (5) Provide reasonable penalties for failure to comply.

1 (c) The following shall apply:

2 (1) The department shall effectuate an annual year-end final
3 reconciliation process of tuition payments against actual costs
4 of educational services per non-special education student and
5 special education student providing any necessary procedures for
6 the transfer of funds from the charter school entity to the
7 school district of residence. The final reconciliation process
8 shall include one of the following:

9 (i) Allowing a school district of residence to withhold its
10 last monthly payment from a charter school entity to account for
11 any overpayments as identified by the year-end audit. If the
12 school district of residence has sent overpayments, the district
13 may adjust its last monthly payment accordingly.

14 (ii) Requiring a charter school entity at the end of each
15 school year to return any overpayments to a school district of
16 residence owed a refund. A charter school entity may not return
17 any overpayments on a pro rata basis.

18 (2) Procedures for the transfer of funds may not permit the
19 department to deduct from a school district of residence's basic
20 education subsidy any amount in excess of the selected
21 expenditure per average daily membership amount calculated in
22 accordance with section 1725-A.

23 (d) Charter school entities, educational service providers
24 and closely related business entities shall provide to the
25 department, unless already retained by the department, any
26 information necessary to carry out the provisions of this
27 section.

28 (e) Except as provided under subsection (c), nothing
29 contained under this section shall permit a school district of
30 residence to provide funding for charter school entities in a

1 manner other than that which is specified in section 1725-A.

2 (f) As used in this section,

3 "Closely related business entity" shall mean any organization
4 with a management or operational relationship with a charter
5 school involving either shared or overlapping aspects of
6 corporate identity such as ownership, board of directors or
7 trustees membership, capital or profits.

8 "Educational and administrative services" shall mean any
9 direct expenditure for any instruction and the administration of
10 the instructional program. The term shall not include any
11 expenditures not pertaining directly to the instruction and the
12 administration of the instructional program.

13 "Educational service provider" shall mean a for-profit
14 education management organization, nonprofit charter management
15 organization, school design provider, business manager or any
16 other partner entity with which a charter school or cyber
17 charter school intends to contract or presently contracts to
18 provide educational services, operational services or management
19 services to the charter school. The term shall not include a
20 charter school or cyber charter school foundation.

21 "Management agreement" shall mean any contract establishing a
22 management or operational relationship between a charter school
23 or cyber charter school and closely related business entity for
24 the provision of professional or nonprofessional services to the
25 charter school or cyber charter school.

26 Section 17. Section 1726-A(a) of the act, amended July 9,
27 2008 (P.L.846, No.61), is amended to read:

28 Section 1726-A. Transportation.--(a) (1) Students who
29 attend a charter school located in their school district of
30 residence, a regional charter school of which the school

1 district is a part or a charter school located outside district
2 boundaries at a distance not exceeding ten (10) miles by the
3 nearest public highway shall be provided free transportation to
4 the charter school by their school district of residence on such
5 dates and periods that the charter school is in regular session
6 [whether or not transportation is provided on such dates and
7 periods to students attending schools of the district].

8 (2) Transportation is not required for elementary students,
9 including kindergarten students, residing within one and one-
10 half (1.5) miles or for secondary students residing within two
11 (2) miles of the nearest public highway from the charter school
12 in which the students are enrolled unless the road or traffic
13 conditions are such that walking constitutes a hazard to the
14 safety of the students when so certified by the Department of
15 Transportation, except that if the school district provides
16 transportation to the public schools of the school district for
17 elementary students, including kindergarten students, residing
18 within one and one-half (1.5) miles or for secondary students
19 residing within two (2) miles of the nearest public highway
20 under nonhazardous conditions, transportation shall also be
21 provided to charter schools under the same conditions.

22 (3) Notwithstanding any other provision of this article, a
23 school district that does not transport resident school district
24 students on a daily basis shall not be required to transport
25 students who attend a charter school or regional charter school.

26 (4) Districts providing transportation to a charter school
27 outside the district and, for the 2007-2008 school year and each
28 school year thereafter, districts providing transportation to a
29 charter school within the district shall be eligible for
30 payments under section 2509.3 for each public school student

1 transported.

2 * * *

3 Section 18. Section 1728-A of the act, added June 19, 1997
4 (P.L.225, No.22), is amended to read:

5 Section 1728-A. Annual Reports and Assessments.--(a) The
6 local [board of school directors] school board shall annually
7 assess on a standard form developed by the office whether each
8 charter school is meeting the goals of its charter and shall
9 conduct a comprehensive review prior to granting a five (5) year
10 renewal of the charter. The local [board of school directors]
11 school board shall have ongoing access to the records and
12 facilities of the charter school and any educational service
13 provider of the charter school that provides management,
14 operations or educational services to the charter school to
15 ensure that the charter school is in compliance with its charter
16 and this act and that requirements for testing, civil rights and
17 student health and safety are being met. Ongoing reasonable
18 access to a charter school's or educational service provider's
19 records shall mean that the local school board shall have access
20 to records such as financial reports, financial audits and
21 aggregate standardized test scores without student identifying
22 information and teacher certification and personnel records.
23 Charter schools and local school boards shall comply fully with
24 the requirements of the Family Educational Rights and Privacy
25 Act of 1974 (Public Law 90-247, 20 U.S.C. § 1232g) and its
26 implementing regulations, and no personally identifiable
27 information from education records shall be provided by the
28 charter school to the local school board which authorized it
29 except in compliance with the Family Educational Rights and
30 Privacy Act of 1974 and subsequent regulations.

1 (b) In order to facilitate the local board's review and
2 secretary's report, each charter school shall submit an annual
3 report no later than August 1 of each year to the local [board
4 of school directors] school board and the [secretary] office in
5 the form prescribed by the [secretary.] office. Within ten (10)
6 days of receipt of the charter school's annual report, the local
7 school board and the secretary shall each certify to the charter
8 school that the annual report has been received with an
9 indication of the date of receipt. Within thirty (30) days of
10 the date of receipt, the local school board and the secretary
11 shall each certify to the charter school that the annual report
12 has been reviewed and is complete or, alternatively, has been
13 reviewed and is missing specific information referenced in the
14 certification. This review does not constitute a review for the
15 accuracy of the contents of the charter school's annual report.

16 (c) Five (5) years following the effective date of this
17 article, the secretary shall contract with an independent
18 professional consultant with expertise in public and private
19 education. The consultant shall receive input from members of
20 the educational community and the public on the charter school
21 program. The consultant shall submit a report to the secretary,
22 the Governor and the General Assembly and an evaluation of the
23 charter school program, which shall include a recommendation on
24 the advisability of the continuation, modification, expansion or
25 termination of the program and any recommendations for changes
26 in the structure of the program.

27 (c.1) Each charter school entity shall form an independent
28 audit committee of its board members which shall review at the
29 close of each fiscal year a complete certified audit of the
30 operations of the charter school entity. The audit shall be

1 conducted by a qualified independent certified public accountant
2 as selected from a list of approved providers established by the
3 office. The audit shall be conducted under generally accepted
4 audit standards of the Governmental Accounting Standards Board
5 and shall include, but not be limited to, the following tests:

6 (1) An enrollment test to verify the accuracy of student
7 enrollment and reporting to the Commonwealth.

8 (2) Full review of expense reimbursements for board members
9 and administrators, including sampling of all reimbursements.

10 (3) Review of internal controls, including review of
11 receipts and disbursements.

12 (4) Review of annual Federal and State tax filings,
13 including the Internal Revenue Service Code Form 990, Return of
14 Organization Exempt from Income Tax, and all related schedules
15 and appendices for the charter school entity and charter school
16 entity foundation, if applicable, including any educational
17 service providers of the charter school entity.

18 (5) Review of the financials of any charter school entity
19 foundation, including any educational service providers of the
20 charter school entity.

21 (6) Review of all contracts over five thousand dollars
22 (\$5,000) regarding the selection and acceptance process.

23 (7) Review of potential conflicts of interest among board
24 members and senior level administrators with employes of
25 educational service providers of the charter school entity.

26 (8) Review of employe files for compliance purposes but in
27 accordance with Federal and State regulations governing
28 confidentiality protection for employes.

29 (9) Any other test the office deems appropriate.

30 (c.2) The certified audit as required by subsection (c.1) is

1 a public document and shall be made available on the
2 department's Internet website and the charter school entity's
3 Internet website, if applicable.

4 (d) Charter school entities may be subject to an annual
5 audit by the office, the department, its local school board or
6 the Auditor General, in addition to any other audits required by
7 Federal law or this act. Charter school entities located within
8 a school district of the first class may be subject to an annual
9 audit by the controller of the city of the first class.

10 (e) The department shall publish an annual report that does
11 all of the following:

12 (1) Identifies charter schools whose students are
13 academically outperforming comparable students enrolled in the
14 chartering school district.

15 (2) Describes best practices used in the charter school
16 entities identified under clause (1) that should be disseminated
17 to all school districts and charter school entities.

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

21 (f) Charter school entities shall annually provide a copy of
22 the annual budget for the operation of the school that
23 identifies the following:

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

26 (2) Where funding is provided by a charter school entity
27 foundation, including any educational service providers of the
28 charter school entity, the amount of funds and a description of
29 the use of such funds.

30 (3) The salaries of all administrators of the charter school

1 entity.

2 (g) Notwithstanding any other provisions of law, the charter
3 school entity, any affiliated charter school entity foundation
4 and educational service providers of the charter school entity,
5 shall make copies of annual Federal and State tax filings
6 available upon request and on the foundation's Internet website,
7 including Internal Revenue Service Code Form 990, Return of
8 Organization Exempt from Income Tax, and all related schedules
9 and appendices. The charter school entity foundation, including
10 any educational service providers of the charter school entity,
11 shall also make copies of its annual budget available upon
12 request and on the foundation's, educational service provider's
13 or the charter school entity's Internet website within thirty
14 (30) days of the close of the foundation's or educational
15 service provider's fiscal year. The annual budget must include
16 the salaries of all employes of the charter school entity
17 foundation or educational service provider of the charter school
18 entity.

19 (h) All operations of an educational service provider for a
20 charter school entity pursuant to a contract or agreement with
21 the charter school entity which relate to the charter school
22 entity shall be subject to public audit requirements under
23 section 2553. In addition, funds provided by a charter school
24 entity to an educational service provider for a charter school
25 entity pursuant to a contract or agreement with the charter
26 school entity and the use of such funds by such educational
27 service provider shall be subject to the audit provisions of
28 section 403 of the act of April 9, 1929 (P.L.343, No.176), known
29 as "The Fiscal Code."

30 (i) The charter school entity records produced, obtained or

1 maintained by an educational service provider for a charter
2 school entity pursuant to a contract or agreement with the
3 charter school entity shall be subject to disclosure under the
4 act of February 14, 2008 (P.L.6, No.3), known as the "Right-to-
5 Know Law."

6 Section 19. Section 1729-A of the act, amended or added June
7 19, 1997 (P.L.225, No.22), July 4, 2004 (P.L.536, No.70) and
8 July 9, 2008 (P.L.846, No.61), is amended to read:

9 Section 1729-A. Charter Renewal, Causes for Nonrenewal or
10 Termination.--(a) Charter schools seeking renewal shall send a
11 renewal application in a form prescribed by the office to the
12 local school board not later than October 1 of the final school
13 year of the charter school's current charter. During the term of
14 the charter or at the end of the term of the charter, the local
15 [board of school directors] school board may choose to revoke or
16 not to renew the charter based on any of the following:

17 (1) One or more material violations of any of the
18 conditions, standards or procedures contained in the written
19 charter signed pursuant to section 1720-A.

20 (2) Failure to meet the requirements for student performance
21 [set forth in 22 Pa. Code Ch. 5 (relating to curriculum) or
22 subsequent regulations promulgated to replace 22 Pa. Code Ch. 5
23 or], failure to meet any performance standard set forth in the
24 written charter signed pursuant to section [1716-A.] 1720-A or
25 failure to make adequate yearly progress for at least three (3)
26 consecutive years under the Pennsylvania accountability
27 standards that apply the requirements set forth in the
28 Elementary and Secondary Education Act of 1965 (Public Law 89-
29 10, 20 U.S.C. § 6301 et seq.).

30 (3) Failure to meet generally accepted standards of fiscal

1 management or audit requirements.

2 (3.1) Failure to maintain the financial ability to continue
3 as a going concern according to generally accepted accounting
4 principles.

5 (4) Violation of provisions of this article.

6 (5) Violation of any provision of law from which the charter
7 school has not been exempted, including Federal laws and
8 regulations governing children with disabilities.

9 (6) [The charter school has been convicted of fraud.]
10 Administrators or board members have been convicted of offenses
11 pertaining to fraud, theft or mismanagement of public funds or
12 any crime committed in the course of their official duties.

13 (7) Failure to obtain and submit a certified independent
14 audit to the department for any year of the school's operation
15 by November 15 after the close of the school year.

16 (8) Except as permitted pursuant to section 1716-A(a.1),
17 failure of the charter school to be the employer of all teaching
18 staff in the school.

19 (9) Demonstration by the charter-granting entity that a
20 material misrepresentation of fact was contained in the charter
21 school's application or in its annual charter school report that
22 was submitted to the chartering entity under section 1728-A(a)
23 or 1743-A(f).

24 (10) Failure to correct within thirty (30) days of receiving
25 notice from the department any conflict of interest by a member
26 of its board of trustees or administrators pursuant to sections
27 1716-A(b) and 1716.2-A.

28 (a.1) [When a charter school located in a school district of
29 the first class is in corrective action status and seeks renewal
30 of its charter, if the governing body of the school district of

1 the first class renews the charter, it may place specific
2 conditions in the charter that require the charter school to
3 meet specific student performance targets within stated periods
4 of time subject to the following:

5 (i) The performance targets and the periods of time in which
6 the performance targets must be met shall be reasonable.

7 (ii)] If a charter school entity has failed to make adequate
8 yearly progress for one (1) or two (2) years under the
9 Pennsylvania accountability standards that apply the
10 requirements set forth in the Elementary and Secondary Education
11 Act of 1965 and is seeking renewal of its charter and the
12 charter-granting entity renews the charter, it may do so for a
13 time period less than five (5) years and may require the charter
14 school entity to meet specific performance targets within
15 defined periods of time, subject to the following:

16 (1) The performance targets and the periods of time in which
17 the performance targets must be met shall be reasonable. For
18 purposes of this section, the standards defined as adequate
19 yearly progress under the Elementary and Secondary Education Act
20 of 1965 shall be deemed reasonable.

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

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

27 (a.2) A school district shall revoke the charter of a
28 charter school that has failed to make adequate yearly progress
29 for at least five (5) consecutive years under the Pennsylvania
30 accountability standards that apply the requirements set forth

1 in the Elementary and Secondary Education Act of 1965. Any
2 revocation pursuant to this subsection shall not be subject to
3 the automatic stay provided for in subsection (f).

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

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

14 (c) Any notice of revocation or nonrenewal of a charter
15 given by the local [board of school directors] school board of a
16 school district shall state the grounds for such action with
17 reasonable specificity and give reasonable notice to the
18 governing board of the charter school of the date on which a
19 public hearing concerning the revocation or nonrenewal will be
20 held. The local [board of school directors] school board shall
21 conduct such hearing, present evidence in support of the grounds
22 for revocation or nonrenewal stated in its notice and give the
23 charter school reasonable opportunity to offer testimony before
24 taking final action. Formal action revoking or not renewing a
25 charter shall be taken by the local [board of school directors]
26 school board at a public meeting pursuant to [the act of July 3,
27 1986 (P.L.388, No.84), known as the "Sunshine Act,"] 65 Pa.C.S.
28 Ch. 7 (relating to open meetings) after the public has had
29 thirty (30) days to provide comments to the board. All
30 proceedings of the local board pursuant to this subsection shall

1 be subject to 2 Pa.C.S. Ch. 5 Subch. B (relating to practice and
2 procedure of local agencies). Except as provided in subsection
3 (d), the decision of the local board shall not be subject to 2
4 Pa.C.S. Ch. 7 Subch. B (relating to judicial review of local
5 agency action).

6 (d) [Following the appointment and confirmation of the
7 appeal board, but not before July 1, 1999, the] The charter
8 school may appeal the decision of the local [board of school
9 directors] school board to revoke or not renew the charter to
10 the appeal board. The appeal board shall have the exclusive
11 review of a decision not to renew or revoke a charter. The
12 appeal board shall review the record and shall have the
13 discretion to supplement the record if the supplemental
14 information was previously unavailable. The appeal board may
15 consider the charter school plan, annual reports, student
16 performance and employe and community support for the charter
17 school in addition to the record. The appeal board shall give
18 due consideration to the findings of the local [board of
19 directors] school board and specifically articulate its reasons
20 for agreeing or disagreeing with those findings in its written
21 decision.

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

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

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

1 revoke a charter.

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

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

14 (j) When a charter is revoked or is not renewed, a student
15 who attended the charter school shall apply to another public
16 school in the student's school district of residence. Normal
17 application deadlines will be disregarded under these
18 circumstances. All student records maintained by the charter
19 school shall be forwarded to the student's district of residence
20 within ten (10) days of the revocation or nonrenewal of the
21 charter.

22 Section 20. Section 1732-A(a) of the act, amended June 29,
23 2002 (P.L.524, No.88), is amended to read:

24 Section 1732-A. Provisions Applicable to Charter Schools.--

25 (a) Charter schools shall be subject to the following:

26 Sections 108, 110, 111, 321, 325, 326, 327, 431, 436, 443,
27 510, 518, 527, 708, 736, 737, 738, 739, 740, 741, 752, 753,
28 [755,] 771, 776, 777, 808, 809, 810, 1109, 1111, 1112(a), 1123,
29 1301, 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1330, 1332, 1333,
30 1303-A, 1513, 1517, 1518, 1521, 1523, 1531, 1547, 2014-A,

1 Article XIII-A and Article XIV.

2 Act of July 17, 1961 (P.L.776, No.341), known as the
3 "Pennsylvania Fair Educational Opportunities Act."

4 Act of July 19, 1965 (P.L.215, No.116), entitled "An act
5 providing for the use of eye protective devices by persons
6 engaged in hazardous activities or exposed to known dangers in
7 schools, colleges and universities."

8 Section 4 of the act of January 25, 1966 (1965 P.L.1546,
9 No.541), entitled "An act providing scholarships and providing
10 funds to secure Federal funds for qualified students of the
11 Commonwealth of Pennsylvania who need financial assistance to
12 attend postsecondary institutions of higher learning, making an
13 appropriation, and providing for the administration of this
14 act."

15 Act of July 12, 1972 (P.L.765, No.181), entitled "An act
16 relating to drugs and alcohol and their abuse, providing for
17 projects and programs and grants to educational agencies, other
18 public or private agencies, institutions or organizations."

19 Act of December 15, 1986 (P.L.1595, No.175), known as the
20 "Antihazing Law."

21 65 Pa.C.S. Ch. 7 (relating to open meetings).

22 65 Pa.C.S. §§ 1102 (relating to definitions) and 1103(f)
23 (relating to restricted activities).

24 * * *

25 Section 21. The act is amended by adding a section to read:

26 Section 1733-A. Charter School Fund Balance Limit.--(a) For
27 the 2014-2015 school year and each school year thereafter, a
28 charter school that is not a cyber charter school shall not
29 accumulate an unassigned fund balance greater than the charter
30 school fund balance limit, which will be determined as follows:

<u>Charter School Total</u>	<u>Maximum Unassigned</u>
<u>Budgeted Expenditures</u>	<u>Fund Balance as</u>
	<u>Percentage of Total</u>
	<u>Budgeted Expenditures</u>
<u>Less than or equal to \$11,999,999</u>	<u>12%</u>
<u>More than \$12,000,000 and less than \$12,999,999</u>	<u>11.5%</u>
<u>More than \$13,000,000 and less than \$13,999,999</u>	<u>11%</u>
<u>More than \$14,000,000 and less than \$14,999,999</u>	<u>10.5%</u>
<u>More than \$15,000,000 and less than \$15,999,999</u>	<u>10%</u>
<u>More than \$16,000,000 and less than \$16,999,999</u>	<u>9.5%</u>
<u>More than \$17,000,000 and less than \$17,999,999</u>	<u>9%</u>
<u>More than \$18,000,000 and less than \$18,999,999</u>	<u>8.5%</u>
<u>More than or equal to \$19,000,000</u>	<u>8%</u>

(b) Any unassigned fund balance in place on June 30, 2015, that exceeds the charter school fund balance limit shall be refunded on a per student pro rata basis within ninety (90) days of the effective date of this subsection to all school districts that made payments under section 1725-A in the 2013-2014 and 2014-2015 school years. The funds may not be used to pay bonuses to any administrator, board of trustee member, employe, staff or contractor or be transferred to a charter school foundation.

(c) For the 2015-2016 school year and each school year thereafter, any unassigned fund balance in excess of the charter school fund balance limit shall be refunded on a per student pro rata basis to all school districts that made payments under section 1725-A in the prior school year.

(d) By August 15, 2015, and August 15 of each year thereafter, each charter school shall provide the department with information certifying compliance with this section. The information shall be provided in a form and manner prescribed by

1 the department and shall include information on the charter
2 school's estimated ending unassigned fund balance expressed as a
3 dollar amount and as a percentage of the charter school's total
4 budgeted expenditures for that school year.

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

9 Section 22. Section 1741-A(c) of the act, added June 29,
10 2002 (P.L.524, No.88), is amended and subsection (a) is amended
11 by adding a paragraph to read:

12 Section 1741-A. Powers and duties of department.

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

14 * * *

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

19 (i) The minimum number of hours that students must
20 be online and offline engaged in educational activities
21 in order to meet the attendance requirements of 22 Pa.
22 Code Ch. 11 (relating to student attendance).

23 (ii) The requirements that each cyber charter school
24 must meet to be able to demonstrate in its annual report
25 to the department due by September 1 of each year under
26 section 1743-A(f) that the minimum number of online and
27 offline hours has been attained by each student.

28 * * *

29 (c) Documents.--Documents of the appeal board shall be
30 subject to the act of [June 21, 1957 (P.L.390, No.212), referred

1 to as the Right-to-Know Law] February 14, 2008 (P.L.6, No.3),
2 known as the Right-to-Know Law.

3 Section 23. Section 1742-A of the act, added June 29, 2002
4 (P.L.524, No.88), is amended to read:

5 Section 1742-A. Assessment and evaluation.

6 The department shall:

7 (1) Annually assess on a standard form developed by the
8 office whether each cyber charter school is meeting the goals
9 of its charter and is in compliance with the provisions of
10 the charter and conduct a comprehensive review prior to
11 granting a five-year renewal of the charter.

12 (2) Annually review each cyber charter school's
13 performance on the Pennsylvania System of School Assessment
14 test, standardized tests and other performance indicators to
15 ensure compliance with 22 Pa. Code Ch. 4 (relating to
16 academic standards and assessment) or subsequent regulations
17 promulgated to replace 22 Pa. Code Ch. 4.

18 (3) Have ongoing access to all records, instructional
19 materials and student and staff records of each cyber charter
20 school [and], to every cyber charter school facility and to
21 any educational service provider of the cyber charter school
22 that provides management, operations or educational services
23 to the cyber charter school to ensure the cyber charter
24 school is in compliance with its charter and this
25 subdivision. Ongoing reasonable access to a cyber charter
26 school's records shall mean that the department shall have
27 access to records, including, but not limited to, financial
28 records, financial audits, standardized test scores, teacher
29 certification and personnel records. Cyber charter schools
30 and the department shall comply fully with the requirements

1 of the Family Educational Rights and Privacy Act of 1974
2 (Public Law 90-247, 20 U.S.C. § 1232g) and its implementing
3 regulations.

4 (3.1) Every cyber charter school shall also comply with
5 the requirements of section 1728-A(c.1), (c.2), (d), (e),
6 (f), (g) and (h).

7 (4) Under section 1743-A(f) and within ten days of
8 receipt of the cyber charter school's annual report, the
9 secretary shall certify to the cyber charter school that the
10 annual report has been received with an indication of the
11 date of receipt. Within 45 days of the date of receipt, the
12 secretary shall certify to the cyber charter school that the
13 annual report has been reviewed and is complete or,
14 alternatively, has been reviewed and is missing specific
15 information referenced in the certification. This review does
16 not constitute a review for the accuracy of the contents of
17 the cyber charter school's annual report.

18 Section 24. Section 1743-A(a)(1), (e) and (f) of the act,
19 added June 29, 2002 (P.L.524, No.88), are amended and the
20 section is amended by adding subsections to read:

21 Section 1743-A. Cyber charter school requirements and
22 prohibitions.

23 (a) Special financial requirements prohibited.--A cyber
24 charter school shall not:

25 [(1) provide discounts to a school district or waive
26 payments under section 1725-A for any student;]

27 * * *

28 (a.1) Truancy.--In order to enroll a student, the school
29 district in which the student is a resident must certify to the
30 office whether the student is in compliance with section 1327.

1 * * *

2 (e) Students.--For each student enrolled, a cyber charter
3 school shall:

4 (1) provide all instructional materials;

5 (2) provide all equipment, including, but not limited
6 to, a computer, computer monitor and printer; and

7 (3) provide or reimburse for all technology and services
8 necessary for the on-line delivery of the curriculum and
9 instruction.

10 The Commonwealth shall not be liable for any reimbursement owed
11 to students, parents or guardians by a cyber charter school
12 under paragraph (3). All computers, software and Internet
13 connections purchased by the cyber charter school shall be the
14 property of the cyber charter school. If a student discontinues
15 enrollment in a cyber charter school, the student must return
16 the school's property in usable condition or pay a civil penalty
17 in the form of fair market value for the property.

18 (f) Annual report.--A cyber charter school shall submit an
19 annual report no later than [August] September 1 of each year to
20 the department in the form prescribed by the department.

21 * * *

22 (j) Out-of-State students.--A cyber charter school may not
23 expend any funds, including funds provided by the Commonwealth,
24 on the education of any student who is not a resident of a
25 Pennsylvania school district.

26 Section 25. Section 1744-A of the act, added June 29, 2002
27 (P.L.524, No.88), is amended to read:

28 Section 1744-A. School district and intermediate unit
29 responsibilities.

30 An intermediate unit or a school district in which a student

1 enrolled in a cyber charter school resides shall do all of the
2 following:

3 (1) Provide the cyber charter school within ten days of
4 receipt of the notice of the admission of the student under
5 section 1748-A(a) with all records relating to the student,
6 including transcripts, test scores and a copy of any
7 individualized education program for that student.

8 (2) Provide the cyber charter school with reasonable
9 access to its facilities for the administration of
10 standardized tests required under this subdivision.

11 (3) [Upon request, provide] Provide assistance to the
12 cyber charter school in the delivery of services to a student
13 with disabilities. The school district or intermediate unit
14 shall not charge the cyber charter school more for a service
15 than it charges a school district.

16 [(4) Make payments to the cyber charter school under
17 section 1725-A.]

18 Section 26. Section 1748-A(a) of the act, added June 19,
19 2002 (P.L.524, No.88), is amended and the section is amended by
20 adding a subsection to read:

21 Section 1748-A. Enrollment and notification.

22 (a) Notice to school district.--

23 (1) Within [15] ten days of the enrollment of a student
24 to a cyber charter school, the parent or guardian and the
25 cyber charter school shall notify the student's school
26 district of residence of the enrollment through the use of
27 the notification form under subsection (b).

28 (2) If a school district which has received notice under
29 paragraph (1) determines that a student is not a resident of
30 the school district, the following apply:

1 (i) Within [seven] 20 days of receipt of the notice
2 under paragraph (1), the school district shall notify the
3 cyber charter school and the department that the student
4 is not a resident of the school district. Notification of
5 nonresidence shall include the basis for the
6 determination.

7 (ii) Within seven days of notification under
8 subparagraph (i), the cyber charter school shall review
9 the notification of nonresidence, respond to the school
10 district and provide a copy of the response to the
11 department. If the cyber charter school agrees that a
12 student is not a resident of the school district, it
13 shall determine the proper district of residence of the
14 student [before requesting funds from another school
15 district].

16 (iii) Within seven days of receipt of the response
17 under subparagraph (ii), the school district shall notify
18 the cyber charter school that it agrees with the cyber
19 charter school's determination or does not agree with the
20 cyber charter school's determination.

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

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

28 [(vi) A school district shall continue to make
29 payments to a cyber charter school under section 1725-A
30 during the time in which the school district of residence

1 of a student is in dispute.

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

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

11 * * *

12 (d) Truancy.--

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

19 (2) Upon receipt of notice from the resident school
20 district of a student's truancy at the school district
21 school, the cyber charter school must provide to the
22 student's resident school district evidence during the first
23 three months that the student is enrolled in the cyber
24 charter school and that the student is receiving educational
25 instruction and completing assignments as required by the
26 cyber charter school. This evidence shall be provided by the
27 cyber charter school monthly, as determined by the office.

28 (3) If the cyber charter school fails to comply with the
29 requirements of this subsection, the student's resident
30 school district shall notify the office.

1 (4) If any student enrolled in the cyber charter school
2 accrues three or more days of unlawful absences, the cyber
3 charter school has the authority to, and shall be responsible
4 for, instituting truancy proceedings as set forth in section
5 1333.

6 (5) Truancy proceedings shall be held in the
7 jurisdiction wherein the truant student resides.

8 Section 27. Section 1749-A(a) of the act, added June 29,
9 2002 (P.L.524, No.88), is amended and the section is amended by
10 adding a subsection to read:

11 Section 1749-A. Applicability of other provisions of this act
12 and of other acts and regulations.

13 (a) General requirements.--Cyber charter schools shall be
14 subject to the following:

15 (1) Sections 108, 110, 111, 321, 325, 326, 327, 431,
16 436, 443, 510, 518, 527, 609, 687(a), (b), (c), (d), (h) and
17 (j), 708, 752, 753, [755,] 771, 776, 777, 807.1, 808, 809,
18 810, 1109, 1111, 1112(a), 1123, 1205.1, 1205.2, 1301, 1302,
19 1310, 1317.2, 1318, 1330, 1332, 1333, 1354, 1355, 1303-A,
20 1518, 1521, 1523, 1531, 1547, 1702-A, 1703-A, 1704-A, 1714-A,
21 1715-A, 1716-A, 1716.1-A, 1716.2-A, 1719-A, 1721-A, 1722-A,
22 1723-A(a) and (b), 1724-A, 1725-A, 1727-A, 1729-A, 1730-A,
23 1731-A(a) (1) and (b) and 2014-A and Articles [XII-A,] XIII-A
24 and XIV.

25 (2) The act of July 17, 1961 (P.L.776, No.341), known as
26 the Pennsylvania Fair Educational Opportunities Act.

27 (3) The act of July 19, 1965 (P.L.215, No.116), entitled
28 "An act providing for the use of eye protective devices by
29 persons engaged in hazardous activities or exposed to known
30 dangers in schools, colleges and universities."

1 (4) Section 4 of the act of January 25, 1966 (1965
2 P.L.1546, No.541), entitled "An act providing scholarships
3 and providing funds to secure Federal funds for qualified
4 students of the Commonwealth of Pennsylvania who need
5 financial assistance to attend postsecondary institutions of
6 higher learning, making an appropriation, and providing for
7 the administration of this act."

8 (5) The act of July 12, 1972 (P.L.765, No.181) entitled
9 "An act relating to drugs and alcohol and their abuse,
10 providing for projects and programs and grants to educational
11 agencies, other public or private agencies, institutions or
12 organizations."

13 (6) The act of December 15, 1986 (P.L.1595, No.175),
14 known as the Antihazing Law.

15 (7) The act of February 18, 2008 (P.L.6, No.3), known as
16 the Right-to-Know Law.

17 (8) 65 Pa.C.S. Ch. 7 (relating to open meetings).

18 (9) 65 Pa.C.S. §§ 1102 (relating to definitions) and
19 1103(f) (relating to restricted activities).

20 (a.1) Funding and adequate yearly progress.--The following
21 shall apply:

22 (1) All cyber charter schools in this Commonwealth shall
23 receive funding by the Commonwealth under Article XXV and
24 shall be considered one school district for the purpose of
25 receiving funding by the Commonwealth under Article XXV.

26 (2) Each cyber charter school shall be required to meet
27 adequate yearly progress pursuant to 22 Pa. Code § 403.3
28 (relating to single accountability system).

29 * * *

30 Section 28. The act is amended by adding a section to read:

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

2 (a) Limit.--For the 2014-2015 school year and each school
3 year thereafter, no cyber charter school shall accumulate an
4 unassigned fund balance greater than the cyber charter school
5 fund balance limit, which shall be determined as follows:

<u>Cyber Charter School Total</u>	<u>Maximum Unassigned</u>
<u>Budgeted Expenditures</u>	<u>Fund Balance as</u>
	<u>Percentage of Total</u>
	<u>Budgeted Expenditures</u>
<u>Less than or equal to \$11,999,999</u>	<u>12%</u>
<u>More than \$12,000,000 and less than \$12,999,999</u>	<u>11.5%</u>
<u>More than \$13,000,000 and less than \$13,999,999</u>	<u>11%</u>
<u>More than \$14,000,000 and less than \$14,999,999</u>	<u>10.5%</u>
<u>More than \$15,000,000 and less than \$15,999,999</u>	<u>10%</u>
<u>More than \$16,000,000 and less than \$16,999,999</u>	<u>9.5%</u>
<u>More than \$17,000,000 and less than \$17,999,999</u>	<u>9%</u>
<u>More than \$18,000,000 and less than \$18,999,999</u>	<u>8.5%</u>
<u>More than or equal to \$19,000,000</u>	<u>8%</u>

19 (b) Distribution.--Any unassigned fund balance in place on
20 June 30, 2015, that exceeds the cyber charter school fund
21 balance limit shall be distributed by the cyber charter school
22 on a per student pro rata basis within 90 days of the effective
23 date of this subsection to all school districts that made
24 payments under section 1725-A to the cyber charter school in the
25 2013-2014 and 2014-2015 school years. The funds may not be used
26 to pay bonuses to any administrator, board of trustee member,
27 employee, staff or contractor or be transferred to a cyber
28 charter school foundation.

29 (c) Refunds.--For the 2015-2016 school year and each school
30 year thereafter, any unassigned fund balance in excess of the

1 cyber charter school fund balance limit shall be refunded on a
2 per student pro rata basis to all school districts that made
3 payments to the cyber charter school under section 1725-A in the
4 prior school year.

5 (d) Certification of compliance.--By August 15, 2015, and
6 August 15 of each year thereafter, each cyber charter school
7 shall provide the department with information certifying
8 compliance with this section. The information shall be provided
9 in a form and manner prescribed by the department and shall
10 include information on the cyber charter school's estimated
11 ending unassigned fund balance expressed as a dollar amount and
12 as a percentage of the cyber charter school's total budgeted
13 expenditures for that school year.

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

18 Section 29. 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 entity,
27 including, but not limited to, those funds provided by a charter
28 school entity to an educational service provider contractor or
29 subcontractor that provides management, operations or
30 educational services to the charter school entity.

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 30. All acts and parts of acts are repealed insofar
6 as they are inconsistent with the addition of section 1749-
7 A(a.1) of the act.

8 Section 31. This act shall take effect in 120 days.