



Senate Education Committee

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HOUSE BILL 530-REPRESENTATIVE REESE

SYNOPSIS:

Provides extensive revisions and changes to the charter provisions of the School Code.

SUMMARY:

Amends the Public School Code to establish a Charter Funding Advisory Commission to explore funding and other issues related to charter school entities and make recommendations to the General Assembly and the Governor within one year of enactment. Requires the Chairman of the State Board of Education to immediately convene a twenty (20) member statewide commission. Sets the commission membership as follows:

- 4 members appointed from the Senate (2 from the majority; 2 from the minority)
- 4 members of the House (2 from the majority and 2 from the minority)
- The Secretary or designee
- The Chairman of the State Board of Education or designee
- To represent the interests of charter school entities, the following members appointed by the State Board, subject to approval of the State Board
 - 1 member representing charter schools
 - 1 member representing regional charter schools
 - 1 member representing cyber charter schools
 - 1 member who is a charter school teacher
 - 1 member who is a parent of a charter school student
- To represent the interests of school districts, the following members appointed by the Chairman of the State Board, subject to approval of the State Board
 - 1 member who is a teacher in a public school that is not a charter school entity
 - 1 member representing school administrators
 - 1 member representing school board members
 - 1 member who is a business manager of a school district.

Requires the commission to review charter school entity financing laws throughout the United States, explore the actual cost of educating a child in cyber charter school, the process by which charter schools are funded, appropriate funding for charter school facilities, a process by which the performance matrix may compare each charter school entity with the academic performance of the school district of residence of each student enrolled in the charter school entity and issue a report of its findings.

Modifies the formula for determining a school district's per-student cyber charter school payment. For cyber charter schools only, permits a school district to deduct budgeted expenditures for food services and payments

to cyber charter schools. Makes the food service deduction permanent and expires the cyber charter school payment deduction after 2 years.

Requires direct payment of charter school invoices by PDE so that payments shall flow directly to the charter school entity rather than to the school district of residence of the student. Requires immediate payment by the Secretary of PDE and requires documentation of residence and enrollment.

Improves the processes related to payment calculation and dispute resolution of a school district's per-student payment calculation.

Requires the trustees of a charter school entity to supply its authorizer with an annual list of school building debt or other bonds coming due during the fiscal year and the amount paid on each item of indebtedness. Requires each charter school entity that issues debt to hold in escrow an amount sufficient to pay the annual amount due. Where a charter school entity fails to provide payment of principal or interest due, the bank or bond trustee must notify the board of trustees of its obligation. Requires the Secretary to withhold any payment due to the charter school entity in an amount necessary to pay the indebtedness due and requires pay over of the amount to the bank or trustee acting as a sinking fund depository.

Places limits on a charter school entity's fund balance, similar to the limits placed on school districts, with any excess over the established limit being returned to the school districts that paid tuition to the charter school entity. Prohibits excess funds from being used to pay bonuses to any administrator, trustee, employee, staff member or contractor or from being transferred to a charter school foundation, subject to a penalty which shall be returned to school districts.

Permits the Secretary to withhold funds from future operating years of the school district if the bond intercept priority would prevent timely payment of funds to a charter school entity.

States that the Ethics Act applies to all charter school entity trustees, administrators and employees and requires annual filings with the State Ethics Commission and the charter school entity's authorizer. Requires all trustees to take the oath of office prior to taking office.

Prohibits charter school entity administrators from receiving compensation from another charter school entity or from an education management service provider unless the administrator has a sworn statement to the board of trustees detailing hours of the work and number of hours from the other entity and receives agreement by resolution from the board of trustees. Requires a copy of this information to be provided to the local school district or PDE if the entity is a cyber-charter school.

Prohibits nepotism. Prohibits conflicts of interest by charter school entity administrators, board of trustees and their immediate family members. Requires the board of trustees to have a minimum of five nonrelated voting members, requires dismissal for any felony or conviction dealing with immorality, and requires annual ethics filings. Within one year of the effective date, requires at least one member of the board of trustees to be a parent of a child currently attending the charter school entity. Prohibits compensation of the members of the board of trustees for their duties as trustees.

Requires charter school entities to form an independent audit committee to review annually a complete, certified independent audit of charter school entity's operations and make available for public disclosure, online, all audits and annual budgets. Requires charter schools and regional charter schools to provide their local boards of school directors with access to records such as financial reports, financial audits, aggregate standardized test scores with student-identifying information and teacher certification and personnel records.

Requires the State Board, in consultation with an advisory committee, to create a performance matrix to measure and assess the academic performance of charter school entities, through regulations promulgated under IRRC. The matrix may assess performance by using objective criteria including, but not limited to,

student assessments, value-added assessment system data, attendance, attrition rates, graduation rates, other standardized test scores, school safety, parent satisfaction, and accreditation and other measures of school quality, including measures for teacher effectiveness. Requires the State Board when developing the matrix to determine an academic quality benchmark which will qualify a charter school entity for longer charter terms. The matrix is the only matrix that may be used for evaluating a charter school entity. Requires PDE to distribute the matrix to local school boards and publish it on the department's website.

Requires all initial and renewal charter school applicants to include a teacher evaluation system that includes at least 4 rating categories of educator performance and multiple measures of student performance. Clarifies that the teacher evaluator system applies to professional educators certified as teachers and noncertified staff who teach in a charter school entity.

Establishes a standardized application that must be used by all initial and charter renewal applicants, school boards, and, in the case of cyber charter schools, PDE. Where a charter school entity contracts with an educational management service provider, the application shall include evidence of the educational management service provider's record of service and a draft contract.

Creates a process for charter school entities to apply for amendments to their charters. Expands the current appeal board membership from 7 to 9 members, including an administrator of a charter school entity and a trustee of a charter school entity. Clarifies that the parent member of the appeal board shall be a parent of a charter school student.

Permits initial terms of a charter school for 5 years followed by a 10-year renewal for those charter school entities that satisfy an academic performance benchmark. Current law only permits 3- to 5-year terms.

Permits contracts with educational management service providers to be signed once the charter is approved.

Permits charter school entity students to participate in a dual enrollment program with an institution of higher education.

Allows two or more high-performing charter schools to consolidate into an organization that is managed by a single board of trustees and a single administrator. Requires the approval of PDE and each school district that granted the initial charter of any charter school included in the proposed consolidation, with decisions by PDE and school districts to deny a proposed consolidation subject to appeal to the Appeal Board. This does not affect the terms or conditions of individual charters and the ability of local school districts to approve or deny individual charters. Maintains each charter school under the oversight of its initial authorizing board of school directors. Requires that at least one charter school involved in the proposed consolidation must have satisfied the requirements of the performance matrix established for the most recent two school years. However, this requirement does not apply until the performance matrix is established. Prior to the establishment of the performance matrix, one school in the consolidation must have an SPP score of at least 80. Requires the development of a standardized application. Permits the "multiple charter organization" to add new charter schools through the application process or add existing charter schools to its organization with the approval of PDE and the local school district that granted the initial charter. It would also permit students in one charter to matriculate another in the organization. Requires the multiple charter organization to provide all required information for the evaluation of each individual charter school.

Clarifies that a cyber-charter school student's violation of the compulsory attendance law will subject the student to truancy penalties currently in the School Code.

Prohibits alcoholic beverages from being sold, consumed or available in any charter school facility. Establishes penalties.

Permits a charter facility to use a sectarian facility if it provides a discrete and separate entrance to the building for school purposes only. Covers all religious symbols within the portion of the facility used by the charter school and permits religious symbols in the unused portions.

Clarifies that all resident children who submit a completed enrollment form qualify for charter school admission and that students must be admitted on a random basis. Permits enrollment preferences for children of a parent who has actively participated in the development of the school, for siblings of current students and for siblings of students selected in a lottery, with first preference given to students who reside in the district. Requires assignment to a waiting list on a random basis. Where a charter school or regional charter school and an authorizing school district have voluntarily capped enrollment from the district or the district attempts to do so involuntarily and the charter school has reached that cap, allows the charter school to enroll students who live outside the district. Permits a charter school to limit its academic focus to a particular grade level, a targeted population group composed of at-risk students or a specialized area or accelerated program of study such as math or the arts. Clarifies that unless a contract between a school district and a charter entity provides otherwise, a school district is not obligated to fund a four-year-old kindergarten program if the district does not offer such a program in its own schools.

Clarifies that charter school entity enrollment, including a charter school entity's expansion into additional grade levels, may not be capped or otherwise limited by any past or future action of the governing authority of the school district.

Prohibits a charter school entity from providing discounts to a school district or waiving required payments, except in the case of a school district identified in financial recovery.

Gives a charter school entity the right of first refusal to purchase or lease, for educational purposes only, a public school building or part of a public school building which is no longer in active use by the school entity holding title. Requires the last best offer above fair market value received in the 90 days before the charter school's offer or fair market value if there was no offer.

Requires school districts, intermediate units, community colleges and PASSHE institutions to provide cyber charter schools with reasonable access to facilities for the administration of standardized testing.

Permits parents with more than one student in charter Cyber School to elect not to receive separate computers for each child.

Permits a charter school entity to request that the intermediate unit provide services to the charter school entity and to pay for such services.

Requires a current charter school entity to amend its current charter within 1 year as needed to reflect any new requirements.

Does not preclude school districts and IUs from offering online instruction that is not recognized as a cyber-charter school.

Clarifies that a cyber-charter school may use electronic or digital books to provide instruction to students.

Makes a number of technical amendments.

Effective dates: The following sections are effective immediately: Charter School Funding Advisory Commission, cyber charter school funding changes, fund balance limits, performance matrix, provisions applicable to charter schools and regional charter schools, applicability of other provisions applicable to charter schools and regional charter schools.

The direct pay provisions are effective in 90 days.

The remainder of the bill is effective in 60 days.

HISTORY: Passed House 3/4/15 (118-78)