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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 120 Session of  
2015

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INTRODUCED BY DINNIMAN, TEPLITZ, FONTANA, BREWSTER, COSTA,  
SCHWANK, YUDICHAK AND BOSCOLA, JUNE 12, 2015

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REFERRED TO EDUCATION, JUNE 12, 2015

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in charter schools, further providing  
6 for school staff and for funding for charter schools;  
7 providing for refund of excess revenue to school districts;  
8 further providing for applicability of other provisions of  
9 this act and of other acts and regulations; in reimbursements  
10 by Commonwealth and between school districts, providing for  
11 basic education funding for 2014-2015 school year and for  
12 basic education accountability for 2014-2015 school year;  
13 and, in reimbursements by Commonwealth and between school  
14 districts, further providing for payments to intermediate  
15 units and for special education payments to school districts  
16 and providing for further limitation on new applications for  
17 Department of Education approval of public school building  
18 projects and for safe schools advocate.

19 The General Assembly of the Commonwealth of Pennsylvania  
20 hereby enacts as follows:

21 Section 1. Section 1724-A(c) of the act of March 10, 1949  
22 (P.L.30, No.14), known as the Public School Code of 1949,  
23 amended June 30, 2011 (P.L.112, No.24), is amended to read:

24 Section 1724-A. School Staff.--\* \* \*

25 (c) All employes of a charter school shall be enrolled in  
26 the Public School Employees' Retirement System in the same

1 manner as set forth in 24 Pa.C.S. § 8301(a) (relating to  
2 mandatory and optional membership) unless at the time of the  
3 application for the charter school the sponsoring district or  
4 the board of trustees of the charter school has a retirement  
5 program which covers the employes or the employe is currently  
6 enrolled in another retirement program. [The Commonwealth shall  
7 make contributions on behalf of charter school employes enrolled  
8 in the Public School Employees' Retirement System.] The charter  
9 school shall be considered a public school [district] as defined  
10 in 24 Pa.C.S. § 8102 (relating to definitions) and shall make  
11 quarterly payments by employers to the Public School Employees'  
12 Retirement System and monthly payments on account of Social  
13 Security as established under 24 Pa.C.S. Pt. IV (relating to  
14 retirement for school employees). [The market value/income aid  
15 ratio used in calculating payments as prescribed in this  
16 subsection shall be the market value/income aid ratio for the  
17 school district in which the charter school is located or, in  
18 the case of a regional charter school, shall be a composite  
19 market value/income aid ratio for the participating school  
20 districts as determined by the department.] Except as otherwise  
21 provided, employes of a charter school shall make regular member  
22 contributions as required for active members under 24 Pa.C.S.  
23 Pt. IV. If the employes of the charter school participate in  
24 another retirement plan, then those employes shall have no  
25 concurrent claim on the benefits provided to public school  
26 employes under 24 Pa.C.S. Pt. IV. [For purposes of this  
27 subsection, a charter school shall be deemed to be a "public  
28 school" as defined in 24 Pa.C.S. § 8102 (relating to  
29 definitions).] Notwithstanding any other provision of law to the  
30 contrary, nothing in this article shall be construed to require

1 the Commonwealth to make payments to charter schools or  
2 contributions on behalf of charter school employes from  
3 appropriated funds, as provided in 24 Pa.C.S. §§ 8326 (relating  
4 to contributions by the Commonwealth) and 8535 (relating to  
5 payments to school entities by Commonwealth) on account of  
6 charter school employes enrolled in the Public School Employees'  
7 Retirement System and 24 Pa.C.S. § 8329(a) (relating to payments  
8 on account of social security deductions from appropriations) on  
9 account of Social Security payments made by a charter school.

10 \* \* \*

11 Section 2. Section 1725-A(a)(2) and (3) of the act, amended  
12 June 29, 2002 (P.L.524, No.88), are amended to read:

13 Section 1725-A. Funding for Charter Schools.--(a) Funding  
14 for a charter school shall be provided in the following manner:

15 \* \* \*

16 (2) For non-special education students[, the]:

17 (i) A charter school shall receive for each student enrolled  
18 no less than the budgeted total expenditure per average daily  
19 membership of the prior school year, as defined in section  
20 2501(20), minus the budgeted expenditures of the district of  
21 residence for nonpublic school programs; adult education  
22 programs; community/junior college programs; student  
23 transportation services; for special education programs;  
24 facilities acquisition, construction and improvement services;  
25 and other financing uses, including debt service and fund  
26 transfers as provided in the Manual of Accounting and Related  
27 Financial Procedures for Pennsylvania School Systems established  
28 by the department. This amount shall be paid by the district of  
29 residence of each student.

30 (ii) For the 2015-2016 school year, a cyber charter school

1 shall receive five thousand nine hundred fifty dollars (\$5,950)  
2 for each non-special education student enrolled. For the 2016-  
3 2017 school year and each school year thereafter, the amount per  
4 non-special education student shall be adjusted by the index  
5 calculated under section 2501(28).

6 (3) For special education students[, the]:

7 (i) A charter school shall receive for each student enrolled  
8 the same funding as for each non-special education student as  
9 provided in clause (2)(i), plus an additional amount determined  
10 by dividing the district of residence's total special education  
11 expenditure by the product of multiplying the combined  
12 percentage of section 2509.5(k) times the district of  
13 residence's total average daily membership for the prior school  
14 year. This amount shall be paid by the district of residence of  
15 each student.

16 (ii) For the 2015-2016 school year and each school year  
17 thereafter, a cyber charter school shall receive for each  
18 special education student enrolled the same amount as for each  
19 non-special education student as under clause (2)(ii), plus an  
20 additional amount to be paid by the district of residence of  
21 each student calculated as follows:

22 (A) For each special education student enrolled in the cyber  
23 charter school for which the annual expenditure is less than  
24 twenty-five thousand dollars (\$25,000), which shall be known as  
25 Category 1, multiply the same funding as for each non-special  
26 education student by fifty-one hundredths (.51).

27 (B) For each special education student enrolled in the cyber  
28 charter school for which the annual expenditure is equal to or  
29 greater than twenty-five thousand dollars (\$25,000) and less  
30 than fifty thousand dollars (\$50,000), which shall be known as

1 Category 2, multiply the same funding as for each non-special  
2 education student by two and seventy-seven hundredths (2.77).

3 (C) For each special education student enrolled in the cyber  
4 charter school for which the annual expenditure is equal to or  
5 greater than fifty thousand dollars (\$50,000), which shall be  
6 known as Category 3, multiply the same funding as for each non-  
7 special education student by six and forty-six hundredths  
8 (6.46).

9 \* \* \*

10 Section 3. The act is amended by adding a section to read:

11 Section 1733-A. Annual Reconciliation Based on Audited  
12 Charter School Expenditures.--(a) For the 2014-2015 school year  
13 and each school year thereafter, a charter school shall refund  
14 any revenue in excess of its audited total expenditures as  
15 reported on the annual financial report within thirty (30) days  
16 of the submission deadline under section 218. Each school  
17 district that paid tuition to the charter school shall receive a  
18 refund calculated as follows:

19 (1) Subtract audited total expenditures from total revenues.

20 (2) Multiply the difference in clause (1) by the amount of  
21 tuition revenue received from the school district.

22 (3) Divide the product in clause (2) by the total tuition  
23 revenue received from all school districts.

24 (b) By November 30 of each year, each charter school shall  
25 provide the department and all school districts that paid  
26 tuition to the charter school in the prior school year with  
27 information certifying compliance with this section. The  
28 certification shall be provided in a form and manner prescribed  
29 by the department.

30 (c) Nothing shall prohibit a charter school from returning a

1 portion of or all of an unassigned fund balance to school  
2 districts that paid tuition.

3 Section 4. Section 1749-A(a) (1) of the act, added June 29,  
4 2002 (P.L.524, No.88), is amended to read:

5 Section 1749-A. Applicability of other provisions of this act  
6 and of other acts and regulations.

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

9 (1) Sections 108, 110, 111, 321, 325, 326, 327, 431,  
10 436, 443, 510, 518, 527, 708, 752, 753, 755, 771, 776, 777,  
11 808, 809, 810, 1109, 1111, 1112(a), 1205.1, 1205.2, 1301,  
12 1302, 1310, 1317.2, 1318, 1330, 1332, 1303-A, 1518, 1521,  
13 1523, 1531, 1547, 1702-A, 1703-A, 1714-A, 1715-A, 1716-A,  
14 1719-A, 1721-A, 1722-A, 1723-A(a) and (b), 1724-A, 1725-A,  
15 1727-A, 1729-A, 1730-A, 1731-A(a) (1) and (b), 1733-A and  
16 2014-A and Articles XII-A, XIII-A and XIV.

17 \* \* \*

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

19 Section 2502.53. Basic Education Funding for 2014-2015

20 School Year.--(a) For the 2014-2015 school year, the  
21 Commonwealth shall pay to each school district a basic education  
22 funding allocation which shall consist of the following:

23 (1) An amount equal to its basic education funding  
24 allocation for the 2013-2014 school year, under section 1722-  
25 J(16) of the act of April 9, 1929 (P.L.343, No.176), known as  
26 "The Fiscal Code."

27 (2) An amount equal to its basic education formula  
28 enhancement allocation paid in the 2014-2015 school year.

29 (3) An amount equal to its allocation under section 1722-  
30 J(21) of "The Fiscal Code."

1 (4) An amount equal to its original accountability block  
2 grant allocation in 2010-2011 under section 2599.2 minus its  
3 allocation under section 1722-J(21)(i) of "The Fiscal Code."

4 (5) An amount equal to its original educational assistance  
5 program funding allocation in 2010-2011 under section 1722-L(a)  
6 (9) of "The Fiscal Code."

7 (6) An amount on account of tuition costs for resident  
8 students enrolled in a charter school approved under section  
9 1717-A or 1718-A or a cyber charter school approved under  
10 section 1741-A calculated as follows:

11 (i) Multiply the tuition to Pennsylvania charter schools and  
12 cyber charter schools as reported on the school district's 2013-  
13 2014 annual financial report by one hundred fifty million  
14 dollars (\$150,000,000).

15 (ii) Divide the product in paragraph (i) by the sum of  
16 products in paragraph (i) for all school districts.

17 (7) An amount to further restore basic education funding  
18 calculated as follows:

19 (i) Subtract its basic education funding allocation for the  
20 2009-2010 school year under section 1722-L(a)(14) of "The Fiscal  
21 Code" from its basic education allocation for the 2012-2013  
22 school year under section 1722-J(16) of "The Fiscal Code."

23 (ii) If the difference in paragraph (i) is less than zero  
24 (\$0), multiply the difference in paragraph (i) by fifty-three  
25 million, eight hundred seventy-nine thousand dollars  
26 (\$53,879,000).

27 (iii) Divide the product in paragraph (ii) by the sum of the  
28 differences in paragraph (i) for all school districts where the  
29 difference is less than zero (\$0).

30 (b) For the 2014-2015 school year and each school year

1 thereafter, the Commonwealth shall pay to each school entity  
2 that received educational assistance funding in 2010-2011 under  
3 section 1722-L(a) (9) of "The Fiscal Code" and that did not  
4 receive an allocation under subsection (a) an amount equal to  
5 its educational assistance funding received in 2009-2010 under  
6 section 1722-L(a) (9) of "The Fiscal Code."

7 Section 2502.54. Basic Education Accountability for 2014-  
8 2015 School Year.--(a) Each school district shall develop and  
9 make available to the public before approval by the board of  
10 school directors an accountability plan for the use of the  
11 increase in basic education funding allocated for the 2014-2015  
12 school year, describing:

13 (1) the intended investment; and

14 (2) how the funds will increase opportunities for student  
15 success, including specific performance targets.

16 (b) The accountability plan shall describe the school  
17 district's intended investment in the following eligible uses  
18 for the portion of the percentage increase that exceeds the  
19 index:

20 (1) High-quality early childhood programs, including  
21 prekindergarten and full-day kindergarten.

22 (2) Additional instructional time for students through  
23 extension of the school day and year.

24 (3) Summer learning programs.

25 (4) Professional development, curriculum, classroom  
26 materials and other strategies necessary to successfully  
27 implement high academic standards for all students and prepare  
28 students for college and careers.

29 (5) Reduced class size in prekindergarten through third  
30 grade.

- 1 (6) Academic and other enrichment programs and courses, such  
2 as music, arts, world languages and library services.
- 3 (7) Community partnerships and wraparound programs that  
4 provide health and human services to students and their  
5 families, which may include trauma-informed education and  
6 positive behavioral support.
- 7 (8) Offering or partnering with an institution of higher  
8 education to make available advanced courses, including dual  
9 enrollment, that prepare students for college.
- 10 (9) Personalized help and interventions for struggling  
11 students.
- 12 (10) College and career counseling in middle and high  
13 schools.
- 14 (11) Secondary career and technical education aligned with  
15 employer needs in science, technology, engineering and  
16 mathematics and other high-demand and emerging occupations.
- 17 (12) Alternative school settings and programs.
- 18 (13) Hybrid and innovative learning options.
- 19 (14) Restoration of other cuts to programs and personnel  
20 which were the result of reductions in State or other funding.  
21 Personnel covered under Article X are not eligible.
- 22 (c) The accountability plan shall establish quantitative  
23 goals for student performance linked to the increased  
24 investment, which may include:
- 25 (1) Percent of additional students proficient or advanced in  
26 reading by the end of third grade.
- 27 (2) Percent of additional students who graduate from high  
28 school on track for success in college and careers.
- 29 (3) Improvements in high school graduation and dropout  
30 rates.

1 (4) Improvements in student attendance and truancy rates.

2 (5) Reductions in achievement gaps.

3 (6) Successful program completion for English language  
4 learners.

5 (7) Rates of matriculation for students in college, job  
6 training and/or apprenticeship programs.

7 (8) Rates of retention and successful completion for  
8 students in college, job training and/or apprenticeship  
9 programs.

10 (9) Employment rates and wages for graduates.

11 (d) After approval by the school board, the school district  
12 shall submit its accountability plan to the Department of  
13 Education for review and approval. By June 1, 2015, or within  
14 fifteen (15) days of receipt of an accountability plan,  
15 whichever is later, the Department of Education shall approve  
16 the plan as submitted, approve the plan with amendments  
17 requiring further action by the school district or reject for  
18 noncompliance the submitted plan. Plans requiring further action  
19 and plans rejected for noncompliance shall be revised and  
20 resubmitted within 15 days of notification by the Department of  
21 Education. The department shall publish guidelines on its  
22 publicly accessible Internet website detailing the criteria by  
23 which a plan will be reviewed and approved.

24 Section 6. Section 2509.1 of the act is amended by adding a  
25 subsection to read:

26 Section 2509.1. Payments to Intermediate Units.--\* \* \*

27 (c.2) (1) For the 2015-2016 school year, five and two-  
28 tenths percent (5.2%) of the State special education  
29 appropriation shall be paid to intermediate units on account of  
30 special education services.

1 (2) Thirty-five percent (35%) of the amount under paragraph  
2 (1) shall be distributed equally among all intermediate units.

3 (3) Sixty-five percent (65%) of the amount under paragraph  
4 (1) shall be distributed to each intermediate unit in proportion  
5 to the number of average daily membership of the component  
6 school districts of each intermediate unit as compared to the  
7 Statewide total average daily membership.

8 \* \* \*

9 Section 7. Section 2509.5(aaa) of the act, amended July 9,  
10 2013 (P.L.408, No.59), is amended and the section is amended by  
11 adding a subsection to read:

12 Section 2509.5. Special Education Payments to School  
13 Districts.--\* \* \*

14 (aaa) During the 2009-2010 [through the 2013-2014 school  
15 years] school year and each school year thereafter, each school  
16 district shall be paid the amount it received during the 2008-  
17 2009 school year under subsection (zz). If insufficient funds  
18 are appropriated, the payments shall be made on a pro rata  
19 basis.

20 (bbb) (1) During the 2014-2015 school year and each school  
21 year thereafter, a student-based allocation equal to the  
22 difference between the total amount allocated for special  
23 education payments for school districts and the total amounts  
24 paid under subsection (aaa) shall be used to provide additional  
25 funding to school districts. Each school district shall receive  
26 a student-based allocation calculated as follows:

27 (i) Multiply the sum of the school district's weighted  
28 special education student headcount and its sparsity/size  
29 adjustment calculated under paragraph (2)(v) by its market  
30 value/income aid ratio and its equalized millage multiplier

1 calculated under paragraph (2)(vi).

2 (ii) Multiply the product under subparagraph (i) by the  
3 total amount available for the student-based allocation.

4 (iii) Divide the product under subparagraph (ii) by the sum  
5 of the products under subparagraph (i) for all school districts.

6 (2) For the purposes of paragraph (1)(i):

7 (i) The weighted special education student headcount shall  
8 be calculated for each school district as follows:

9 (A) Multiply the number of special education students who  
10 reside in the school district for which the annual expenditure  
11 is less than twenty-five thousand dollars (\$25,000), which shall  
12 be known as Category 1, by one and fifty-one hundredths (1.51).

13 (B) Multiply the number of special education students who  
14 reside in the school district for which the annual expenditure  
15 is equal to or greater than twenty-five thousand dollars  
16 (\$25,000), but less than fifty thousand dollars (\$50,000), which  
17 shall be known as Category 2, by three and seventy-seven  
18 hundredths (3.77).

19 (C) Multiply the number of special education students who  
20 reside in the school district for which the annual expenditure  
21 is equal to or greater than fifty thousand dollars (\$50,000),  
22 which shall be known as Category 3, by seven and forty-six  
23 hundredths (7.46).

24 (D) Add the products under clauses (A), (B) and (C).

25 (ii) The sparsity ratio shall be calculated for each school  
26 district as follows:

27 (A) Divide the school district's average daily membership  
28 per square mile by the Commonwealth's average daily membership  
29 per square mile.

30 (B) Multiply the quotient under clause (A) by one-half

1 (0.5).

2 (C) Subtract the product under clause (B) from one (1).

3 (iii) The size ratio for each school district shall be  
4 calculated as follows:

5 (A) Divide the school district's average daily membership by  
6 the average of the average daily membership of all school  
7 districts.

8 (B) Multiply the quotient under clause (A) by one-half  
9 (0.5).

10 (C) Subtract the product under clause (B) from one (1).

11 (iv) The sparsity/size ratio for each school district shall  
12 be calculated by adding forty percent (40%) of the sparsity  
13 ratio and sixty percent (60%) of the size ratio.

14 (v) The sparsity/size adjustment for each school district  
15 shall be calculated as follows:

16 (A) For a school district with a sparsity/size ratio less  
17 than or equal to the sparsity/size ratio that represents the  
18 seventieth percentile of the sparsity/size ratio of all school  
19 districts, the school district's sparsity/size adjustment shall  
20 be zero (0).

21 (B) For a school district with a sparsity/size ratio greater  
22 than the sparsity/size ratio that represents the seventieth  
23 percentile of the sparsity/size ratio of all school districts,  
24 the school district's sparsity/size adjustment shall be  
25 calculated as follows:

26 (I) Divide the school district's sparsity/size ratio by the  
27 sparsity/size ratio that represents the seventieth percentile of  
28 the sparsity/size ratio of all school districts.

29 (II) Subtract one (1) from the quotient under subclause (I).

30 (III) Multiply the remainder under subclause (II) by one-

1 half (0.5).

2 (IV) Multiply the product under subclause (III) by the  
3 school district's weighted special education student headcount.

4 (vi) The equalized millage multiplier for each school  
5 district shall be calculated as follows:

6 (A) For a school district with an equalized millage rate  
7 greater than or equal to the equalized millage rate that  
8 represents the seventieth percentile of the equalized millage  
9 rate of all school districts, the school district's equalized  
10 millage multiplier shall be one (1).

11 (B) For a school district with an equalized millage rate  
12 less than the equalized millage rate that represents the  
13 seventieth percentile of the equalized millage rate of all  
14 school districts, the school district's equalized millage  
15 multiplier shall be calculated by dividing the school district's  
16 equalized millage rate by the equalized millage rate that  
17 represents the seventieth percentile of the equalized millage  
18 rate of all school districts.

19 (vii) The dollar ranges for the annual expenditure amounts  
20 designated as Category 1, Category 2 and Category 3 under  
21 subparagraph (i) shall be based on the information reported to  
22 the department under section 1372(8).

23 (viii) The data used to calculate the weighted special  
24 education student headcount under subparagraph (i) shall be  
25 based on information from the most recent year for which data is  
26 available as determined by the Department of Education. The data  
27 used to calculate the provisions under subparagraphs (ii),  
28 (iii), (iv), (v) and (vi) shall be averaged for the three most  
29 recent years for which data is available as determined by the  
30 Department of Education.

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

2 Section 2574.4. Further Limitation on New Applications for  
3 Department of Education Approval of Public School Building  
4 Projects.--For the 2015-2016 fiscal year, the Department of  
5 Education may not accept or approve new school building  
6 construction or reconstruction project applications. Completed  
7 school building construction or reconstruction project  
8 applications received by the Department of Education before July  
9 1, 2015, are not subject to this provision.

10 Section 2599.6. Safe Schools Advocate.--Beginning July 1,  
11 2015, the safe school advocate for each school district of the  
12 first class will be transferred to the Department of Education  
13 and the advocate shall maintain an office within the school  
14 district.

15 Section 9. This act shall take effect immediately.