

PARSS Members: Below is information about the Comprehensive Cyber Charter Reform Bill. Although it is not a perfect bill, it is a good step forward toward correcting the current broken cyber charter funding system. Contact your state senators and ask them to support this bill!



PARSS Legislative Update June 6, 2025

Comprehensive Cyber Charter Reform Bill Gets House Approval

Yesterday, the House passed [House Bill 1500](#) which makes changes to cyber charter school financing by school districts, most notably imposing a statewide tuition rate of \$8,000 effective for the 2025-26 school year. Implementation of the statewide cyber charter tuition rate is estimated to save school districts 50% of the current cyber charter tuition expense.

The legislation also makes significant changes to current law on cyber charter operations, reporting, and transparency. The bill passed the House with support from all Democrats and two Republicans. On its way to passage in the House, the bill also received party-line approval in the House Education Committee and the House Appropriations Committee.

What happens next? Passage of the bill in the House sets up a state budget confrontation with the Senate which will continue to advocate for expansion of voucher programs. The process of getting to an agreement will be difficult and lengthy.

A summary of many of the major provisions of the 30-page bill appears below. You can also [read more details on HB 1500 here.](#)

Financial Provisions

- Effective for the 2025-2026 school year, statewide cyber charter school tuition rate for non-special education students is \$8,000. The statewide tuition rate will be adjusted by the lesser of the Act 1 Index and the average annual percentage change in school district real estate tax collection for the most recent year.
- The statewide cyber charter tuition rate for special education students will use the statewide non-special education flat rate times the weights assigned to Categories 1, 2, and 3 in the special education funding formula that are used to calculate special education funding for school districts.

- The PA Department of Education (PDE) is required to post the cyber charter school annual budgets on its website.
- Effective for the 2025-2026 school year and annually thereafter, a cyber charter school may not accumulate an unassigned fund balance that exceeds 12% of the cyber charter school's total expenditures.
- Any unassigned fund balance in place on June 30, 2026, and on June 30 of each year thereafter, in excess of the fund balance limit under subsection (a) shall be refunded on a pro rata basis within 90 days to all school districts that paid tuition to the cyber charter school.
- Unassigned funds of the cyber charter school in excess of the unassigned fund balance limit may not be used to pay bonuses or provide employment incentives to an administrator, board of trustees member, employee, staff member or contractor and may not be transferred to a charter school foundation.
- In addition, all cyber charter schools must file annually with PDE a narrative explaining any nonspendable, restricted, committed or assigned fund

Low Achievement Cybers

- By February 1 of each year, PDE will notify each cyber charter school identified as a low-achieving school of the following duties:
- Within 15 days of receipt of the PDE notice, a cyber charter school shall notify the parents of each enrolled student at the cyber charter school's designation.
- Upon registration of a kindergarten student and enrollment of a new student in any grade, a cyber charter school shall notify the parents or guardians of the student that the student will be assigned to a low-achieving school during the school year of the cyber charter school's designation.
- If a cyber charter school is designated for comprehensive support and improvement, the cyber charter school must limit its enrollment to a 5% increase of its highest reported enrollment of the previous three years.

Residency

- Cyber charters must provide proof of residency for each student enrolled in the home school district under the following conditions:
 - Proof of residency shall be a document with the parent or guardian's name and address on it, including an active residential lease agreement, a mortgage statement no more than three months old, a bank statement no more than three months old, a utility or Internet bill no more than three months old, a tax bill no more than three months old or an insurance document no more than three months old.
 - A school district shall not request proof of residency from a cyber charter school for a student enrolled at a cyber charter school more than once per month.
- If the Department or Commonwealth Court makes a final determination that a student is not a resident of an appealing school district, the secretary shall assess an administrative fine equal to the Statewide cyber charter school tuition rate under section 1725.1-A on the cyber charter school

Advertising Disclosures

- The bill requires all school entities to report total expenditures for paid media advertisements and sponsorships of public events to PDE.
- The department will compile the results of the reports and make the results available on the PDE website.

Other PDE Reporting

- A cyber charter school shall submit an annual report no later than August 1 of each year to PDE which shall include:
- A list of all entities providing financing for capital projects of the cyber charter school.
- All expenditures to an educational management service provider.
- The annual budget of the cyber charter school

Cyber Facility limitations

- A cyber charter school shall be prohibited from owning or having any financial interest in additional offices and facilities beyond the administrative office under paragraph (1) without seeking an amendment to its charter under section 1747-A and receiving the approval from the department.
- Revenue generated from the rent, lease or sale of charter-owned property shall be paid annually by June 30 of the next school year to resident school districts by prorating the revenue based on each resident school district's average daily membership in the cyber charter school as reported to the department

Moratorium

Beginning with the 2025-2026 school year through the 2029- 2030 school year, the department may not review or act on any application for the establishment of a new cyber charter school regardless of the date on which the application was or is received by the department.