



CHARTER SCHOOL LEASE REIMBURSEMENT PROGRAM 2016-2017

- Introduction
- Instructions for Completing PDE-418 “2016-2017 Application for Charter School Lease Reimbursement Program”
- PDE-418 Application for Charter School Lease Reimbursement Program
- Verification Statement for Chief Executive Officer
- Instructions for Completing PDE-419 “2016-2017 Application for Reimbursement for Charter School Lease”
- PDE-419 Application for Reimbursement for Charter School Lease
- 2016-2017 Charter School Market Value Aid Ratio (Attachment A)
- Conditions Allowing Relocatable Structures, Trailers and Modularized Construction to Be Considered “Permanent” And Eligible for Reimbursement (Attachment B)

Pennsylvania Department of Education
Bureau of Budget and Fiscal Management
Division of Budget and School Facilities
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Charter School Lease Reimbursement Program 2016-2017

Introduction

Section 2574.3 of the Public School Code of 1949, as amended, states: "For leases of buildings or portions of buildings for charter school use which have been approved by the Secretary of Education on or after July 1, 2001, the Department of Education shall calculate an approved reimbursable annual rental charge. Approved reimbursable annual rental for such approved leases of buildings or portions of buildings for charter school use shall be the lesser of (i) the annual rental payable under the provisions of the approved lease agreement, or (ii) the product of the enrollment, as determined by the Department of Education, times one hundred sixty dollars (\$160) for elementary schools, two hundred twenty dollars (\$220) for secondary schools or two hundred seventy dollars (\$270) for area vocational-technical schools. The Commonwealth shall pay annually for the school year 2001-2002 and each school year thereafter to each charter school which leases with the approval of the Department of Education buildings or portions of buildings for charter school use under these provisions an amount determined by multiplying the aid ratio of the charter school by the approved reimbursable annual rental."

The Bureau of Budget and Fiscal Management, Division of Budget and School Facilities, is responsible for administering the program.

Eligibility Parameters

To qualify for lease reimbursement, a charter school must be:

- (1) a Pennsylvania approved charter school, other than a cyber charter school; and,
- (2) have a signed lease agreement for rental of a building (permanent structure) or portions of buildings and the charter school must use the leased building(s) for educational purposes. If a leased building includes space for both educational and administrative use, the lease costs on that building will qualify for reimbursement under the program. However, if the central administrative staff is housed in a separate facility, the lease costs for that facility do not qualify for reimbursement under the program.

A charter school cannot receive lease reimbursement for:

- (1) a building owned by the charter school;
- (2) payments related to the acquisition of a building; or
- (3) lease rental costs for land and relocatable structures, trailers and modularized structures, unless the structure meets the conditions of “permanent” construction. (See Attachment B.)

Lease rental reimbursement for school year 2016-2017 only applies to payments made by the school on or after July 1, 2016, and on or before June 30, 2017.

The Department will use the following grade levels to calculate reimbursement based on the legislated per pupil amounts:

- Elementary – Kindergarten to Sixth Grade (K-6)
- Secondary – Seventh to Twelfth Grade (7-12)
- Vocational – Any grade level, if the approved charter is for a technical-vocational school

Program Overview

For fiscal year 2016-2017, lease rental payments made by a charter school will be reimbursed in the following manner:

- (1) Form PDE-418 “2016-2017 Application for Charter School Lease Reimbursement Program,” is sent to all Pennsylvania approved charter schools. Line-by-line instructions for completing the form are included with this package. The PDE-418 form and the Chief Executive Officer Verification Statement must be returned to the Division of Budget and School Facilities at the address provided at the top of the PDE-418 form. A separate application must be submitted for each building that is leased, even if several buildings are covered under one lease agreement.
- (2) The Division of Budget and School Facilities will calculate an approved reimbursable annual rental charge, using the following components to determine the reimbursement on the lease: net and gross annual lease costs; enrollment; legislated per pupil reimbursement amounts; and the school’s Market Value/Aid Ratio.

Reimbursement Calculations

(1) Net Annual Lease Costs (Per Approved Form PDE-418)	\$ _____
(2) Enrollment Multiplied by Legislated Per Pupil Amounts:	
a. K-6 Enrollment x \$160	\$ _____
b. 7-12 Enrollment x \$220	\$ _____
c. Vocational x \$270	\$ _____
(3) TOTAL (Lines 2a + 2b + 2c) (Maximum Reimbursable Amount)	\$ _____
(4) Lesser of Line 1 or Line 3	\$ _____
(5) Gross Annual Lease Costs (Per Approved Form PDE-418)	\$ _____
(6) Permanent Reimbursable Percent (Line 4 divided by Line 5)	_____ %
(7) Total Eligible Amount (Line 5 times Line 6)	\$ _____
(8) Charter School Market Value/Aid Ratio for FY 2016-2017	_____
(9) Reimbursable Amount (Line 7 times Line 8)	\$ _____

How Does A Charter School Receive the Reimbursement?

After the Department approves form PDE-418 “2016-2017 Application for Charter School Lease Reimbursement Program,” the charter school will be advised of the permanent reimbursable percent on the lease. *(The Department reserves the right to rescind the approval if information reviewed subsequent to this approval reveals a violation of law, policy or procedure.)* Form PDE-419 “2016-2017 Application for Reimbursement for Charter School Lease,” must be used to apply for the reimbursement payment. Line-by-line instructions for completing the form are also included with this package. Applications may only be submitted

after the charter school has made the lease payment(s) to the lessor. Form PDE-419 must be submitted to the Comptroller's Office on an annual basis.

The permanent reimbursable percent assigned to the fiscal year 2016-2017 lease rental costs was calculated after the Department's Division of Data Quality reviews and approves the current elementary and secondary public enrollment data submitted in the **"Elementary/Secondary Enrollments - October 1 Student Snapshot"** file through the Pennsylvania Information Management System (PIMS).

Retention of Documents

Appropriate documentation must be maintained for review by the Auditor General's Office to support the charter school's submission of the PDE-418, PDE-419 and Verification Statement for the Charter School Facility Lease Reimbursement Program.

Questions

Please contact Jason Drayer, Division of School Facilities, at jadrayer@pa.gov, if there are any questions regarding program eligibility requirements or the completion of form PDE-418 "2016-2017 Application for Charter School Lease Reimbursement Program".

Please contact Maria Wagner, Comptroller Operations, Special Payments Section, at ra-specialpymtspde@pa.gov if there any questions concerning the completion of form PDE-419 "2016-2017 Application for Reimbursement for Charter School Lease."