

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1307 Session of
2011

INTRODUCED BY MILNE, BOYD, CLYMER, COHEN, D. COSTA, DAY, GABLER,
GINGRICH, HALUSKA, KAVULICH, MAJOR, MILLARD, MOUL, PAYTON,
PICKETT, PYLE, RAPP, REICHLEY, ROSS, SCHRODER, SONNEY,
THOMAS, TOEPEL AND WAGNER, APRIL 7, 2011

SENATOR CORMAN, APPROPRIATIONS, IN SENATE, RE-REPORTED AS
AMENDED, JUNE 18, 2012

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 DUTIES AND POWERS OF BOARDS OF
6 SCHOOL DIRECTORS, FURTHER PROVIDING FOR ELEMENTARY SCHOOLS;
7 IN SCHOOL FINANCES, FURTHER PROVIDING FOR WHEN DISTRICT
8 DISTRESSED; REPEALING PROVISIONS RELATING TO SPECIAL BOARD OF
9 CONTROL, PETITION AND APPOINTMENTS, WHEN NO APPOINTMENT IS
10 MADE AND COMPENSATION OF SPECIAL BOARD OF CONTROL; FURTHER
11 PROVIDING FOR POWERS OF SPECIAL BOARD OF CONTROL AND FOR
12 DISTRESS IN SCHOOL DISTRICTS OF THE FIRST CLASS; REPEALING
13 PROVISIONS RELATING TO ADDITIONAL TAX AND TO SCHOOL DIRECTORS
14 TO REMAIN IN OFFICE AND ELECTIONS; ADDING PROVISIONS RELATING
15 TO SCHOOL DISTRICT FINANCIAL RECOVERY; ESTABLISHING THE
16 FINANCIAL RECOVERY SCHOOL DISTRICT TRANSITIONAL LOAN ACCOUNT;
17 further providing for distress in school districts of the
18 first class; in intermediate units, further providing for
19 subsidies for services, ~~for financial reports and for~~
20 ~~superintendents' salaries; and~~ AND FOR FINANCIAL REPORTS;
21 FURTHER PROVIDING FOR MANNER OF ELECTION OR APPROVAL;
22 PROVIDING FOR PERFORMANCE REVIEW; FURTHER PROVIDING FOR
23 ELECTION OF ASSISTANT DISTRICT SUPERINTENDENTS, FOR TERM AND
24 SALARY OF ASSISTANTS, FOR COMMISSIONS AND FOR REMOVAL; IN
25 HIGH SCHOOLS, FURTHER PROVIDING FOR ATTENDANCE IN OTHER
26 DISTRICTS; AND providing for wearing of military uniform at
27 graduation ceremony and for ~~audits of school districts~~
28 SUPERINTENDENTS OF SCHOOLS OR BUILDINGS AND OF SUPPLIES.

29 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 ~~Section 1. Section 696(i)(3) of the act of March 10, 1949~~ ←
3 ~~(P.L.30, No.14), known as the Public School Code of 1949,~~
4 ~~amended October 30, 2001 (P.L.828, No.83), is amended to read:~~

5 SECTION 1. SECTION 501 OF THE ACT OF MARCH 10, 1949 (P.L.30, ←
6 NO.14), KNOWN AS THE PUBLIC SCHOOL CODE OF 1949, IS AMENDED TO
7 READ:

8 SECTION 501. ELEMENTARY SCHOOLS.--(A) THE BOARD OF SCHOOL
9 DIRECTORS IN EVERY SCHOOL DISTRICT SHALL ESTABLISH, EQUIP,
10 FURNISH, AND MAINTAIN A SUFFICIENT NUMBER OF ELEMENTARY PUBLIC
11 SCHOOLS, IN COMPLIANCE WITH THE PROVISIONS OF THIS ACT, TO
12 EDUCATE EVERY PERSON, RESIDING IN SUCH DISTRICT, BETWEEN THE
13 AGES OF SIX AND TWENTY-ONE YEARS, WHO MAY ATTEND.

14 (B) A BOARD OF SCHOOL DIRECTORS MAY SATISFY THE REQUIREMENT
15 SET FORTH IN SUBSECTION (A) BY ANY OF THE FOLLOWING:

16 (1) OPERATING A SCHOOL BUILDING.

17 (2) CONVERTING A SCHOOL BUILDING TO A CHARTER SCHOOL.-- ←
18 PURSUANT TO SECTION 1717-A, PROVIDED THAT A SCHOOL DISTRICT IN ←
19 FINANCIAL RECOVERY STATUS OR IN RECEIVERSHIP UNDER ARTICLE VI-A
20 THAT SEEKS TO CONVERT A SCHOOL BUILDING TO A CHARTER SCHOOL
21 SHALL COMPLY WITH THE PROVISIONS OF SECTION 642-A(2).

22 (3) CONTRACTING WITH AN EDUCATION MANAGEMENT SERVICE
23 PROVIDER TO OPERATE A SCHOOL BUILDING. FOR PURPOSES OF THIS
24 PARAGRAPH, "EDUCATION MANAGEMENT SERVICE PROVIDER" SHALL MEAN A
25 FOR-PROFIT EDUCATION MANAGEMENT ORGANIZATION, NONPROFIT CHARTER
26 MANAGEMENT ORGANIZATION, SCHOOL DESIGN PROVIDER, BUSINESS
27 MANAGER OR ANY OTHER PARTNER ENTITY WITH WHICH A SCHOOL DISTRICT
28 CONTRACTS TO PROVIDE EDUCATIONAL DESIGN, BUSINESS SERVICES,
29 COMPREHENSIVE MANAGEMENT OR PERSONNEL FUNCTIONS. THE TERM SHALL
30 NOT INCLUDE A CHARTER SCHOOL FOUNDATION.

1 (4) PAYING TUITION FOR STUDENTS RESIDING IN THE SCHOOL
2 DISTRICT TO ATTEND SCHOOL IN ANOTHER SCHOOL DISTRICT UPON THE
3 AGREEMENT OF BOTH SCHOOL DISTRICTS.

4 SECTION 2. SECTION 691(A) OF THE ACT, AMENDED APRIL 27, 1998
5 (P.L.270, NO.46), IS AMENDED TO READ:

6 SECTION 691. WHEN DISTRICT DISTRESSED.--(A) [A] EXCEPT FOR
7 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD
8 CLASS OR FOURTH CLASS, A SCHOOL DISTRICT SHALL BE DEEMED TO BE
9 DISTRESSED WHEN ANY ONE OF THE FOLLOWING CIRCUMSTANCES SHALL
10 ARISE AND THE SECRETARY OF EDUCATION, AFTER PROPER INVESTIGATION
11 OF THE DISTRICT'S FINANCIAL CONDITION, THE ADMINISTRATIVE
12 PRACTICES OF THE BOARD AND SUCH OTHER MATTERS DEEMED APPROPRIATE
13 BY THE SECRETARY OF EDUCATION, HAS ISSUED A CERTIFICATE
14 DECLARING SUCH DISTRICT IN FINANCIAL DISTRESS:

15 (1) THE SALARIES OF ANY TEACHERS OR OTHER EMPLOYES HAVE
16 REMAINED UNPAID FOR A PERIOD OF NINETY (90) DAYS.

17 (2) THE TUITION DUE ANOTHER SCHOOL DISTRICT REMAINS UNPAID
18 ON AND AFTER JANUARY FIRST OF THE YEAR FOLLOWING THE SCHOOL YEAR
19 IT WAS DUE AND THERE IS NO DISPUTE REGARDING THE VALIDITY OR
20 AMOUNT OF THE CLAIM.

21 (3) ANY AMOUNT DUE ANY JOINT BOARD OF SCHOOL DIRECTORS UNDER
22 A JOINT BOARD AGREEMENT REMAINS UNPAID FOR A PERIOD OF NINETY
23 (90) CALENDAR DAYS BEYOND THE DUE DATE SPECIFIED IN THE JOINT
24 BOARD'S ARTICLES OF AGREEMENT.

25 (4) THE SCHOOL DISTRICT HAS DEFAULTED IN PAYMENT OF ITS
26 BONDS OR INTEREST ON SUCH BONDS OR IN PAYMENT OF RENTALS DUE ANY
27 AUTHORITY FOR A PERIOD OF NINETY (90) CALENDAR DAYS AND NO
28 ACTION HAS BEEN INITIATED WITHIN THAT PERIOD OF TIME TO MAKE
29 PAYMENT.

30 (5) THE SCHOOL DISTRICT HAS CONTRACTED ANY LOAN NOT

1 AUTHORIZED BY LAW.

2 (6) THE SCHOOL DISTRICT HAS ACCUMULATED AND HAS OPERATED
3 WITH A DEFICIT EQUAL TO TWO PER CENTUM (2%) OR MORE OF THE
4 ASSESSED VALUATION OF THE TAXABLE REAL ESTATE WITHIN THE
5 DISTRICT FOR TWO SUCCESSIVE YEARS.

6 (7) A NEW, MERGED OR UNION SCHOOL DISTRICT HAS BEEN FORMED
7 AND ONE OR MORE OF THE FORMER SCHOOL DISTRICTS WHICH COMPOSE THE
8 MERGED OR UNION SCHOOL DISTRICT WAS A DISTRESSED SCHOOL DISTRICT
9 AT THE TIME OF THE FORMATION OF THE MERGED OR UNION SCHOOL
10 DISTRICT.

11 * * *

12 SECTION 3. SECTION 692 OF THE ACT, AMENDED DECEMBER 9, 2002
13 (P.L.1472, NO.187), IS REPEALED:

14 [SECTION 692. SPECIAL BOARD OF CONTROL; PETITION;
15 APPOINTMENTS.--WHENEVER ON THE BASIS OF A PROPER INVESTIGATION
16 AS HEREIN PROVIDED FOR, THE SECRETARY OF EDUCATION HAS DECLARED
17 A SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD
18 CLASS OR FOURTH CLASS TO BE A DISTRESSED SCHOOL DISTRICT UNDER
19 SECTION 691(A), HE OR HIS DESIGNATED REPRESENTATIVE WHO SHALL BE
20 A PERSON TRAINED IN PUBLIC SCHOOL ADMINISTRATION, POSSESSING THE
21 CERTIFICATION PREREQUISITES DEMANDED OF A DISTRICT OR ASSISTANT
22 SUPERINTENDENT, OR HOLDING IN THE DEPARTMENT OF EDUCATION THE
23 RANK OF DEPUTY SECRETARY, SHALL PETITION THE COURT OF COMMON
24 PLEAS OF THE COUNTY IN WHICH SUCH DISTRICT, OR THE LARGEST PART
25 IN AREA, IS LOCATED TO APPOINT TWO CITIZENS WHO SHALL BE
26 QUALIFIED ELECTORS AND TAXPAYERS IN THE COUNTY IN WHICH THE
27 SCHOOL DISTRICT IS LOCATED. SCHOOL DIRECTORS AND EMPLOYEES OF ANY
28 SUCH SCHOOL DISTRICT SHALL BE INELIGIBLE FOR APPOINTMENT BY THE
29 COURT. THE APPOINTEES, TOGETHER WITH THE DESIGNATED
30 REPRESENTATIVE OF THE SECRETARY OF EDUCATION, SHALL CONSTITUTE A

1 SPECIAL BOARD OF CONTROL AND SHALL SERVE FOR TERMS OF FIVE
2 YEARS. NO MEMBER OF THE BOARD MAY BE REMOVED FROM OFFICE DURING
3 A TERM, EXCEPT THAT THE SECRETARY OF EDUCATION MAY UPON CLEAR
4 AND CONVINCING EVIDENCE OF MALFEASANCE OR MISFEASANCE IN OFFICE
5 REMOVE A MEMBER PRIOR TO THE EXPIRATION OF THE TERM. BEFORE A
6 MEMBER OF THE BOARD IS REMOVED, THAT MEMBER MUST BE PROVIDED
7 WITH A WRITTEN STATEMENT OF THE REASONS FOR REMOVAL AND AN
8 OPPORTUNITY FOR A HEARING IN ACCORDANCE WITH 2 PA.C.S. CH. 5
9 SUBCH. A (RELATING TO PRACTICE AND PROCEDURE OF COMMONWEALTH
10 AGENCIES) AND CH. 7 SUBCH. A (RELATING TO JUDICIAL REVIEW OF
11 COMMONWEALTH AGENCY ACTION). VACANCIES OCCURRING BECAUSE OF
12 DEATH, REMOVAL OR RESIGNATION OF MEMBERS OF THE BOARD SHALL BE
13 FILLED WITHIN THIRTY (30) DAYS OF THE CREATION OF THE VACANCY IN
14 THE MANNER IN WHICH THAT POSITION WAS ORIGINALLY FILLED. A
15 MEMBER OF THE BOARD SHALL HOLD OFFICE UNTIL A SUCCESSOR IS
16 APPOINTED AND QUALIFIED. THE SPECIAL BOARD OF CONTROL SHALL
17 ASSUME CONTROL OF THE AFFAIRS OF THE DISTRICT AND OPERATE IT IN
18 THE PLACE OF THE SCHOOL DIRECTORS DURING THE PERIOD NECESSARY TO
19 REESTABLISH A SOUND FINANCIAL STRUCTURE IN THE DISTRICT. THE
20 COSTS OF THE COURT PROCEEDINGS SHALL BE PAID BY THE DEPARTMENT
21 OF EDUCATION.]

22 SECTION 4. SECTION 692.1 OF THE ACT, AMENDED JANUARY 14,
23 1970 (1969 P.L.468, NO.192), IS REPEALED:

24 [SECTION 692.1. WHEN NO APPOINTMENT IS MADE.--IN THE EVENT
25 THAT THE COURT OF COMMON PLEAS HAS MADE NO APPOINTMENT OF
26 MEMBERS TO A SPECIAL BOARD OF CONTROL WITHIN THIRTY (30) DAYS OF
27 THE DATE OF THE FILING OF THE PETITION FOR SUCH APPOINTMENT, THE
28 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY DESIGNATE THE EXECUTIVE
29 DIRECTOR OF THE INTERMEDIATE UNIT AND A MEMBER OF THE
30 INTERMEDIATE UNIT BOARD OF DIRECTORS OF THE INTERMEDIATE UNIT IN

1 WHICH THE PETITION IS PRESENTED TO SERVE UNTIL THE COURT MAKES
2 ITS APPOINTMENTS. A SCHOOL DIRECTOR OF THE DISTRESSED SCHOOL
3 DISTRICT SERVING ON THE INTERMEDIATE BOARD OF DIRECTORS SHALL BE
4 INELIGIBLE FOR APPOINTMENT.]

5 SECTION 5. SECTION 692.2 OF THE ACT, AMENDED JUNE 30, 1995
6 (P.L.220, NO.26), IS REPEALED:

7 [SECTION 692.2. COMPENSATION OF SPECIAL BOARD OF CONTROL.--
8 THE MEMBERS OF THE SPECIAL BOARD APPOINTED BY THE COURT, OR THE
9 MEMBER OTHER THAN THE EXECUTIVE DIRECTOR OF THE INTERMEDIATE
10 UNIT APPOINTED ON A TEMPORARY BASIS BY THE SUPERINTENDENT OF
11 PUBLIC INSTRUCTION, SHALL BE PAID SEVENTY-FIVE DOLLARS (\$75) FOR
12 EACH MEETING OF THE REGULAR BOARD OF SCHOOL DIRECTORS OF THE
13 DISTRESSED SCHOOL DISTRICT WHICH THEY ATTEND: PROVIDED, HOWEVER,
14 THAT THE TOTAL AMOUNT TO BE PAID IN ANY FISCAL YEAR TO EACH SUCH
15 MEMBER SHALL NOT EXCEED NINE HUNDRED DOLLARS (\$900). SUCH
16 PAYMENTS SHALL BE MADE FROM THE FUNDS OF THE SCHOOL DISTRICT AND
17 SHALL BE CHARGED TO ADMINISTRATIVE SERVICES EVEN THOUGH NO
18 PREVIOUS PROVISION HAS BEEN MADE IN THE BUDGET OF THE SCHOOL
19 DISTRICT FOR SUCH EXPENSES.]

20 SECTION 6. SECTION 693 OF THE ACT, ADDED DECEMBER 15, 1959
21 (P.L.1842, NO.675), IS AMENDED TO READ:

22 SECTION 693. POWERS OF SPECIAL BOARD OF CONTROL.--[WHEN]

23 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), WHEN THE
24 SPECIAL BOARD OF CONTROL ASSUMES CONTROL OF A DISTRESSED SCHOOL
25 DISTRICT, IT SHALL HAVE POWER AND IS HEREBY AUTHORIZED TO
26 EXERCISE ALL THE RIGHTS, POWERS, PRIVILEGES, PREROGATIVES AND
27 DUTIES IMPOSED OR CONFERRED BY LAW ON THE BOARD OF SCHOOL
28 DIRECTORS OF THE DISTRESSED DISTRICT, AND THE BOARD OF SCHOOL
29 DIRECTORS SHALL HAVE NO POWER TO ACT WITHOUT THE APPROVAL OF THE
30 SPECIAL BOARD OF CONTROL. IN ADDITION THERETO, THE SPECIAL BOARD

1 OF CONTROL SHALL HAVE POWER TO REQUIRE THE BOARD OF DIRECTORS
2 WITHIN SIXTY (60) DAYS TO REVISE THE DISTRICT'S BUDGET FOR THE
3 PURPOSE OF EFFECTING SUCH ECONOMIES AS IT DEEMS NECESSARY TO
4 IMPROVE THE DISTRICT'S FINANCIAL CONDITION. TO THIS END THE
5 SPECIAL BOARD OF CONTROL MAY REQUIRE THE BOARD:

6 (1) TO CANCEL OR TO RENEGOTIATE ANY CONTRACT OTHER THAN
7 TEACHERS' CONTRACTS TO WHICH THE BOARD OR THE SCHOOL DISTRICT IS
8 A PARTY, IF SUCH CANCELLATION OR RENEGOTIATION OF CONTRACT WILL
9 EFFECT NEEDED ECONOMIES IN THE OPERATION OF THE DISTRICT'S
10 SCHOOLS.

11 (2) TO INCREASE TAX LEVIES IN SUCH AMOUNTS AND AT SUCH TIMES
12 AS IS PERMITTED BY THE ACT TO WHICH THIS IS AN AMENDMENT.

13 (3) TO APPOINT A SPECIAL COLLECTOR OF DELINQUENT TAXES FOR
14 THE DISTRICT WHO NEED NOT BE A RESIDENT OF THE SCHOOL DISTRICT.
15 SUCH SPECIAL TAX COLLECTOR SHALL EXERCISE ALL THE RIGHTS AND
16 PERFORM ALL THE DUTIES IMPOSED BY LAW ON TAX COLLECTORS FOR
17 SCHOOL DISTRICTS. THE SUPERSEDED TAX COLLECTOR SHALL NOT BE
18 ENTITLED TO ANY COMMISSIONS ON THE TAXES COLLECTED BY THE
19 SPECIAL COLLECTOR OF DELINQUENT TAXES.

20 (4) TO DIRECT THE SPECIAL SCHOOL AUDITORS OF THE DEPARTMENT
21 OR TO APPOINT A COMPETENT INDEPENDENT PUBLIC ACCOUNTANT TO AUDIT
22 THE ACCOUNTS OF THE DISTRESSED SCHOOL DISTRICTS.

23 (5) TO DISPENSE WITH THE SERVICES OF SUCH NONPROFESSIONAL
24 EMPLOYEES AS IN HIS JUDGMENT ARE NOT ACTUALLY NEEDED FOR THE
25 ECONOMICAL OPERATION OF THE SCHOOL SYSTEM.

26 (6) TO SUSPEND, IN ACCORDANCE WITH THE PROVISIONS OF SECTION
27 1124 OF THE ACT TO WHICH THIS IS AN AMENDMENT, SUCH NUMBER OF
28 PROFESSIONAL AND TEMPORARY PROFESSIONAL EMPLOYEES AS MAY BE
29 NECESSARY TO MAINTAIN A PUPIL-TEACHER RATIO OF NOT LESS THAN
30 TWENTY-SIX PUPILS PER TEACHER FOR THE COMBINED ELEMENTARY AND

1 SECONDARY SCHOOL ENROLLMENTS.

2 (B) THE PROVISIONS OF SUBSECTION (A) SHALL NOT APPLY TO A
3 SCHOOL DISTRICT OF THE FIRST CLASS A, SECOND CLASS, THIRD CLASS
4 OR FOURTH CLASS.

5 SECTION 7. SECTION 694 OF THE ACT, ADDED DECEMBER 15, 1959
6 (P.L.1842, NO.675), IS REPEALED:

7 [SECTION 694. ADDITIONAL TAX.--WHEN THE OPERATION OF A
8 DISTRESSED SCHOOL DISTRICT HAS BEEN ASSUMED BY THE SPECIAL BOARD
9 OF CONTROL, THE BOARD OF SCHOOL DIRECTORS OF THE DISTRICT SHALL,
10 UPON THE RECOMMENDATION AND WITH THE APPROVAL OF THE SPECIAL
11 BOARD OF CONTROL, LEVY AN ADDITIONAL TAX OR TAXES SUFFICIENT TO
12 LIQUIDATE THE INDEBTEDNESS OF THE DISTRICT: PROVIDED, THAT WHEN
13 SUCH SCHOOL DIRECTORS FAIL TO LEVY SUCH ADDITIONAL TAXES WITHIN
14 A REASONABLE TIME, THE SPECIAL BOARD OF CONTROL MAY PETITION THE
15 COURT OF COMMON PLEAS OF THE COUNTY IN WHICH SUCH DISTRICT OR
16 THE LARGEST PART IN AREA IS LOCATED TO ISSUE A WRIT OF MANDAMUS
17 REQUIRING THE BOARD TO LEVY SUCH ADDITIONAL TAX OR TAXES, OR HE
18 MAY, IN HIS OWN NAME, INITIATE ACTION TO HAVE THE BOARD REMOVED
19 FROM OFFICE FOR NEGLECT OF DUTY SUBJECT TO THE PROVISIONS OF
20 SECTION 318 OF THIS ACT. NOTWITHSTANDING PRESENT LIMITATIONS ON
21 TAX RATES IMPOSED BY LAW, SUCH LIMITATIONS SHALL NOT APPLY TO
22 DISTRESSED SCHOOL DISTRICTS.]

23 SECTION 8. SECTION 695 OF THE ACT, AMENDED JULY 31, 1963
24 (P.L.407, NO.215), IS REPEALED:

25 [SECTION 695. SCHOOL DIRECTORS TO REMAIN IN OFFICE;
26 ELECTIONS.--THE SCHOOL DIRECTORS OF A DISTRESSED DISTRICT MAY
27 NOT RESIGN THEIR OFFICES, EXCEPT WITH THE UNANIMOUS CONSENT OF
28 THE SPECIAL BOARD OF CONTROL AND SHALL CONTINUE IN OFFICE,
29 UNLESS REMOVED FROM OFFICE FOR NEGLECT OF DUTY UNDER THE
30 PROVISIONS OF SECTION 318 OF THIS ACT BY THE COURT OF COMMON

1 PLEAS OF THE COUNTY IN WHICH SUCH DISTRICT OR THE LARGEST PART
2 IN AREA IS LOCATED, OR UNLESS ANY OF SUCH DIRECTORS ARE ELECTED
3 TO ANOTHER POSITION NOT COMPATIBLE WITH THE POSITION OF SCHOOL
4 DIRECTOR OR ARE APPOINTED TO ANY POSITION FOR WHICH THERE IS A
5 REQUIREMENT THAT SAID APPOINTEE SHALL HOLD NO ELECTIVE OFFICE,
6 FOR THE REMAINDER OF THEIR TERMS DURING THE TIME THE DISTRICT IS
7 OPERATED BY THE SPECIAL BOARD OF CONTROL AND SHALL PERFORM ANY
8 DUTIES DELEGATED TO THEM BY IT. THE ASSUMPTION OF CONTROL OF A
9 DISTRESSED SCHOOL DISTRICT BY THE SPECIAL BOARD OF CONTROL SHALL
10 IN NO WAY INTERFERE WITH THE REGULAR ELECTION OR REELECTION OF
11 SCHOOL DIRECTORS FOR THE DISTRICT.]

12 SECTION 9. SECTION 696(I) (3) OF THE ACT, AMENDED OCTOBER 30,
13 2001 (P.L.828, NO.83), IS AMENDED TO READ:

14 Section 696. Distress in School Districts of the First
15 Class.--* * *

16 (i) In addition to all powers granted to the superintendent
17 by law and a special board of control under section 693 and
18 notwithstanding any other law to the contrary, the School Reform
19 Commission shall have the following powers:

20 * * *

21 (3) To suspend the requirements of this act and regulations
22 of the State Board of Education except that the school district
23 shall remain subject to those provisions of this act set forth
24 in [section] ~~1075, section~~ SECTIONS 1073, 1073.1, 1076, 1077, ←
25 1078, 1080, 1732-A(a), (b) and (c) [and section], 1714-B AND ←
26 2104 and regulations under those sections.

27 * * *

28 ~~Section 2. Section 907 A of the act, added May 4, 1970—~~ ←
29 ~~(P.L.311, No.102), is amended to read:~~

30 ~~Section 907 A. Subsidies for Services. (a) Intermediate~~

~~units shall receive subsidies from the Commonwealth as herein provided only for services performed pursuant to and authorized by law, as hereinafter provided. Nothing contained herein shall prohibit intermediate units from receiving funds from school districts and other sources including nonpublic nonprofit schools and expending such funds to provide additional services not included in the approved program of services.~~

~~(b) (1) No later than February 1, 2012, and each year thereafter, the Department of Education shall prepare a report on subsidies and funds received under this section. The report shall include, but not be limited to, the following information:~~

~~(i) A listing of all contracts, interagency agreements and purchase orders executed by a Commonwealth agency with each intermediate unit and between intermediate units.~~

~~(ii) The total amount, including annual amount for any multiyear contract, agreement or purchase order, and the duration of each.~~

~~(iii) The source and amount of funding to cover the entire cost of the contract.~~

~~(iv) A description of programs and services being provided, including performance measures by which each intermediate unit will be assessed and penalties for nonperformance, if any.~~

~~(v) A description of the selection process used in entering into the arrangement.~~

~~(vi) The number of all employees, contractors and agents covered under the contracts and the remuneration provided under the contract.~~

~~(2) The Department of Education shall develop the format to be used by the intermediate unit in the collection of the information specified in paragraph (1).~~

~~(3) The Department of Education shall post the reports on the department's Internet website.~~

~~(4) The report submitted in 2011 2012 shall cover fiscal years 2009 2010 and 2010 2011. Future reports shall cover the previous fiscal year.~~

~~Section 3. Section 921 A of the act is amended by adding a subsection to read:~~

~~Section 921 A. Financial Reports. * * *~~

~~(a.1) The Department of Education shall post on its Internet website, in the format consistent with those already posted for the other local education agencies, information included in the intermediate units' annual financial report.~~

~~* * *~~

~~Section 4. Section 1075 of the act, amended January 14, 1970 (1969 P.L.468, No.192), is amended to read:~~

~~Section 1075. Salary. (a) The board of school directors at any convention electing a district superintendent or an assistant district superintendent shall determine the amount of salary to be paid such district superintendent or assistant district superintendent which compensation shall be paid out of the funds of the district. If a district superintendent or an assistant district superintendent is employed in a joint school system including kindergarten or grades 1 to 12, his salary shall be fixed by a majority vote of all the school directors in the districts operating the joint school systems, and shall be paid by the districts in the same proportions as they contribute to the support of the joint school.~~

~~(b) District superintendents and assistant district superintendents shall be entitled to the following minimum annual salaries:~~

~~(1) Assistant district superintendents having less than one hundred (100) teachers under their supervision, nine thousand dollars (\$9,000).~~

~~(2) Assistant district superintendents having one hundred (100) teachers or more but less than three hundred (300) teachers under their supervision, ten thousand dollars (\$10,000).~~

~~(3) Assistant district superintendents having three hundred (300) or more teachers under their supervision, eleven thousand dollars (\$11,000).~~

~~(4) District superintendents having less than one hundred (100) teachers under their supervision, thirteen thousand dollars (\$13,000).~~

~~(5) District superintendents having one hundred (100) teachers or more but less than three (300) teachers under their supervision, fourteen thousand dollars (\$14,000).~~

~~(6) District superintendents having three hundred (300) or more teachers under their supervision, fifteen thousand dollars (\$15,000).~~

~~(c) Except as provided under subsection (b), district superintendents and assistant district superintendents of a school district that has been issued a certification declaring the school district in financial distress under section 691 may not receive:~~

~~(1) Any form of annual compensation except for an annual salary. For the purposes of this paragraph, annual compensation shall include bonuses, incentive payments and any other type of compensation. Annual compensation shall not include medical benefits or a severance payment if the district superintendent or assistant district superintendent is not terminated.~~

~~(2) Any type of severance payment if the district superintendent or assistant district superintendent was terminated.~~

SECTION 10. THE ACT IS AMENDED BY ADDING AN ARTICLE TO READ: 

ARTICLE VI-A

SCHOOL DISTRICT FINANCIAL RECOVERY

(A) PRELIMINARY PROVISIONS

SECTION 601-A. SCOPE OF ARTICLE.

THIS ARTICLE PROVIDES FOR FINANCIAL RECOVERY IN CERTAIN SCHOOL DISTRICTS.

SECTION 602-A. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"ADVISORY COMMITTEE." THE ADVISORY COMMITTEE ESTABLISHED BY A BOARD OF SCHOOL DIRECTORS UNDER SECTION 654-A.

"CHIEF RECOVERY OFFICER." THE CHIEF RECOVERY OFFICER APPOINTED BY THE SECRETARY OF EDUCATION UNDER SECTION 631-A.

"CLAIM." A RIGHT TO:

(1) PAYMENT, WHETHER OR NOT THE RIGHT IS REDUCED TO JUDGMENT, LIQUIDATED, UNLIQUIDATED, FIXED, CONTINGENT, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED; OR

(2) AN EQUITABLE REMEDY FOR BREACH OF PERFORMANCE IF THE BREACH GIVES RISE TO A RIGHT TO PAYMENT, WHETHER OR NOT THE RIGHT TO AN EQUITABLE REMEDY IS REDUCED TO JUDGMENT, FIXED, CONTINGENT, MATURED, UNMATURED, DISPUTED, UNDISPUTED, SECURED OR UNSECURED.

"CREDITOR." AN INDIVIDUAL, PARTNERSHIP, CORPORATION, ASSOCIATION, ESTATE, TRUST OR GOVERNMENTAL UNIT THAT HAS A CLAIM

1 AGAINST A SCHOOL DISTRICT. THE TERM SHALL INCLUDE THE PUBLIC
2 SCHOOL EMPLOYEES' RETIREMENT BOARD.

3 "DEFICIT." THE EXCESS OF EXPENDITURES OVER REVENUES,
4 CALCULATED AS A PERCENTAGE OF REVENUE, DURING AN ACCOUNTING
5 PERIOD, AND WHICH CALCULATION INCLUDES ALL GOVERNMENTAL FUND
6 TYPES AND ALL PROPRIETARY FUND TYPES, BUT EXCLUDES ALL FIDUCIARY
7 FUND TYPES OF THE SCHOOL DISTRICT.

8 "DEPARTMENT." THE DEPARTMENT OF EDUCATION OF THE
9 COMMONWEALTH.

10 "EMPLOYEE ORGANIZATION." AS DEFINED IN SECTION 1101-A.

11 "EXPENDITURES." REDUCTIONS IN FUND EQUITY, INCLUDING CURRENT
12 OPERATING EXPENSES THAT REQUIRE THE USE OF FUND EQUITY, DEBT
13 SERVICE AND CAPITAL OUTLAYS. THE TERM SHALL NOT INCLUDE
14 INTERFUND TRANSFERS.

15 "FINANCIAL RECOVERY PLAN" OR "PLAN." A FINANCIAL RECOVERY
16 PLAN UNDER SUBARTICLE (C).

17 "FINANCIAL RECOVERY SCHOOL DISTRICT." A SCHOOL DISTRICT OF
18 THE FIRST CLASS A, SECOND CLASS, THIRD CLASS OR FOURTH CLASS
19 DECLARED BY THE SECRETARY OF EDUCATION TO BE IN FINANCIAL
20 RECOVERY STATUS UNDER SECTION 621-A.

21 "FINANCIAL RECOVERY SCHOOL DISTRICT TRANSITIONAL LOAN
22 ACCOUNT." THE ACCOUNT FOR LOANS AWARDED UNDER SUBDIVISION (VII)
23 OF SUBARTICLE (C).

24 "FUND EQUITY." EXCESS OF ASSETS OF A FUND OVER ITS
25 LIABILITIES. THE TERM SHALL INCLUDE A FUND BALANCE.

26 "RECEIVER." THE RECEIVER OF A FINANCIAL RECOVERY SCHOOL
27 DISTRICT APPOINTED UNDER SUBDIVISION (VI) OF SUBARTICLE (C).

28 "REVENUES." ADDITIONS TO FUND EQUITY OTHER THAN FROM
29 INTERFUND TRANSFERS, PROCEEDS OF DEBT AND PROCEEDS OF
30 DISPOSITION OF GENERAL FIXED ASSETS.

1 "SCHOOL DISTRICT." A SCHOOL DISTRICT OF THE FIRST CLASS A,
2 SECOND CLASS, THIRD CLASS AND FOURTH CLASS AND A FINANCIAL
3 RECOVERY SCHOOL DISTRICT. THE TERM DOES NOT INCLUDE A SCHOOL
4 DISTRICT OF THE FIRST CLASS.

5 "SECRETARY." THE SECRETARY OF EDUCATION OF THE COMMONWEALTH.

6 (B) SCHOOL DISTRICT FINANCIAL WATCH
7 SECTION 611-A. EARLY WARNING SYSTEM.

8 (A) ESTABLISHMENT.--

9 (1) THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT AN EARLY
10 WARNING SYSTEM UNDER WHICH THE DEPARTMENT SHALL:

11 (I) COMPILE FINANCIAL DATA AND MAINTAIN ACCURATE AND
12 CURRENT INFORMATION AND DATA ON THE FINANCIAL CONDITIONS
13 OF SCHOOL DISTRICTS. EACH SCHOOL DISTRICT SHALL PROVIDE
14 ITS FINANCIAL DATA AND INFORMATION TO THE DEPARTMENT
15 WITHIN 15 DAYS OF A REQUEST BY THE DEPARTMENT.

16 (II) REGULARLY ANALYZE AND ASSESS SCHOOL DISTRICT
17 BUDGET REPORTS, DATA AND OTHER INFORMATION DIRECTLY
18 RELATED TO THE FINANCIAL CONDITIONS OF SCHOOL DISTRICTS.

19 (III) UTILIZE APPROPRIATE FISCAL AND SOCIOECONOMIC
20 VARIABLES TO IDENTIFY FINANCIAL DIFFICULTIES IN SCHOOL
21 DISTRICTS IN FINANCIAL WATCH STATUS.

22 (IV) NOTIFY ANY SCHOOL DISTRICT IDENTIFIED FOR
23 FINANCIAL WATCH STATUS.

24 (V) OFFER TECHNICAL ASSISTANCE TO SCHOOL DISTRICTS
25 IN FINANCIAL WATCH STATUS TO CORRECT MINOR FINANCIAL
26 PROBLEMS AND TO AVOID A DECLARATION OF FINANCIAL RECOVERY
27 STATUS UNDER SECTION 621-A.

28 (2) (I) THE DEPARTMENT SHALL DEVELOP THE FISCAL AND
29 ECONOMIC VARIABLES TO BE USED IN IDENTIFYING SCHOOL
30 DISTRICTS IN FINANCIAL WATCH STATUS, SHALL TEST THE

1 VALIDITY AND RELIABILITY OF THE VARIABLES AND SHALL
2 CONTINUOUSLY MONITOR THE VARIABLES TO ASSURE THEIR
3 EFFECTIVENESS.

4 (II) THE VARIABLES DEVELOPED BY THE DEPARTMENT UNDER
5 THIS PARAGRAPH SHALL INCLUDE, BUT SHALL NOT BE LIMITED
6 TO, WHETHER ANY POLITICAL SUBDIVISION LOCATED WITHIN THE
7 SCHOOL DISTRICT IS A FINANCIALLY DISTRESSED MUNICIPALITY
8 UNDER THE ACT OF JULY 10, 1987 (P.L.246, NO.47), KNOWN AS
9 THE MUNICIPALITIES FINANCIAL RECOVERY ACT.

10 (3) IN DEVELOPING AN EARLY WARNING SYSTEM UNDER THIS
11 SECTION, THE DEPARTMENT MAY EMPLOY OR CONTRACT WITH FISCAL
12 CONSULTANTS AS DEEMED NECESSARY TO ADMINISTER THE PROVISIONS
13 OF THIS SECTION.

14 (B) DUTIES.--WHEN A SCHOOL DISTRICT IS IDENTIFIED THROUGH
15 THE EARLY WARNING SYSTEM FOR FINANCIAL WATCH STATUS, THE
16 DEPARTMENT SHALL:

17 (1) NOTIFY THE SCHOOL DISTRICT THAT THE DEPARTMENT HAS
18 IDENTIFIED THE SCHOOL DISTRICT FOR FINANCIAL WATCH STATUS.

19 (2) REQUEST FROM THE SCHOOL DISTRICT ALL INFORMATION
20 NECESSARY TO ENABLE THE DEPARTMENT TO CONDUCT A REVIEW OF THE
21 SCHOOL DISTRICT'S FINANCIAL CONDITION. A SCHOOL DISTRICT THAT
22 RECEIVES A REQUEST FOR INFORMATION UNDER THIS PARAGRAPH SHALL
23 PROVIDE THE DEPARTMENT WITH ALL INFORMATION REQUESTED WITHIN
24 15 DAYS.

25 (3) PERFORM A THOROUGH REVIEW OF THE SCHOOL DISTRICT'S
26 FINANCIAL CONDITION, WHICH SHALL INCLUDE A REVIEW OF THE
27 INFORMATION PROVIDED BY THE SCHOOL DISTRICT UNDER PARAGRAPH
28 (2) AND WHICH MAY INCLUDE VISITS AND CORRESPONDENCE WITH
29 SCHOOL DISTRICT OFFICERS AND EMPLOYEES.

30 (4) PROVIDE THE SCHOOL DISTRICT WITH TECHNICAL

1 ASSISTANCE APPROPRIATE TO REMEDYING THE SCHOOL DISTRICT'S
2 FINANCIAL DIFFICULTIES, WHICH MAY INCLUDE, BUT SHALL NOT BE
3 LIMITED TO, CONTRACTING WITH FINANCIAL CONSULTANTS TO ASSIST
4 THE SCHOOL DISTRICT.

5 (C) GUIDELINES.--

6 (1) WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THIS
7 SECTION, THE DEPARTMENT SHALL ESTABLISH GUIDELINES FOR THE
8 OPERATION OF THE EARLY WARNING SYSTEM ESTABLISHED UNDER THIS
9 SECTION, INCLUDING A DESCRIPTION OF THE VARIABLES THAT WILL
10 BE USED BY THE DEPARTMENT TO IDENTIFY SCHOOL DISTRICTS IN
11 FINANCIAL WATCH STATUS. THE GUIDELINES SHALL BE PUBLISHED AS
12 A STATEMENT OF POLICY IN THE PENNSYLVANIA BULLETIN AND SHALL
13 BE POSTED ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE INTERNET
14 WEBSITE.

15 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE
16 CONTRARY, GUIDELINES REQUIRED UNDER THIS SUBSECTION SHALL NOT
17 BE SUBJECT TO REVIEW, REGULATION OR APPROVAL BY THE STATE
18 BOARD OF EDUCATION.

19 (3) THE GUIDELINES ESTABLISHED BY THE DEPARTMENT, AND
20 ANY AMENDMENTS THERETO, SHALL BE EXEMPT FROM THE REQUIREMENTS
21 OF THE FOLLOWING:

22 (I) THE ACT OF JUNE 25, 1982 (P.L.633, NO.181),
23 KNOWN AS THE REGULATORY REVIEW ACT.

24 (II) THE ACT OF JULY 31, 1968 (P.L.769, NO.240),
25 REFERRED TO AS THE COMMONWEALTH DOCUMENTS LAW.

26 (III) THE ACT OF OCTOBER 15, 1980 (P.L.950, NO.164),
27 KNOWN AS THE COMMONWEALTH ATTORNEYS ACT.

28 (4) THE EARLY WARNING SYSTEM MAY NOT BECOME OPERATIONAL
29 UNTIL PUBLICATION OF THE GUIDELINES AS REQUIRED UNDER
30 PARAGRAPH (1).

1 (C) SCHOOL DISTRICT FINANCIAL RECOVERY

2 (I) DECLARATION OF SCHOOL DISTRICT

3 FINANCIAL RECOVERY STATUS

4 SECTION 621-A. ISSUANCE OF DECLARATION.

5 (A) CRITERIA.--SUBJECT TO THE PROVISIONS OF SUBSECTION (B)
6 AND AFTER PROPER INVESTIGATION OF THE SCHOOL DISTRICT'S
7 FINANCIAL CONDITION, THE ADMINISTRATIVE PRACTICES OF THE BOARD
8 OF SCHOOL DIRECTORS AND SUCH OTHER MATTERS DEEMED APPROPRIATE BY
9 THE SECRETARY, THE FOLLOWING SHALL APPLY:

10 (1) (I) SUBJECT TO THE PROVISIONS OF SUBPARAGRAPH (II),
11 THE SECRETARY SHALL ISSUE A DECLARATION THAT A SCHOOL
12 DISTRICT IS IN FINANCIAL RECOVERY STATUS WHEN EITHER OF
13 THE FOLLOWING APPLIES:

14 (A) THE SCHOOL DISTRICT HAS AN AVERAGE DAILY
15 MEMBERSHIP GREATER THAN 7,500 AND RECEIVES AN ADVANCE
16 OF ITS BASIC EDUCATION SUBSIDY AT ANY TIME.

17 (B) THE SCHOOL DISTRICT RECEIVES AN ADVANCE OF
18 ITS BASIC EDUCATION SUBSIDY AT ANY TIME AND IS EITHER
19 SUBJECT TO A DECLARATION OF FINANCIAL DISTRESS UNDER
20 SECTION 691 OR ENGAGED IN LITIGATION AGAINST THE
21 COMMONWEALTH IN WHICH THE SCHOOL DISTRICT SEEKS
22 FINANCIAL ASSISTANCE FROM THE COMMONWEALTH TO ALLOW
23 THE SCHOOL DISTRICT TO CONTINUE IN OPERATION.

24 (II) NOTWITHSTANDING THE PROVISIONS OF SUBPARAGRAPH
25 (I), THE FOLLOWING SHALL APPLY:

26 (A) NOT MORE THAN NINE SCHOOL DISTRICTS MAY BE
27 UNDER A DECLARATION OF FINANCIAL RECOVERY STATUS
28 UNDER THIS SECTION OR IN RECEIVERSHIP UNDER
29 SUBDIVISION (VI) AT ANY TIME.

30 (B) THE SECRETARY MAY DECLINE TO ISSUE A



1 DECLARATION THAT A SCHOOL DISTRICT IS IN FINANCIAL
2 RECOVERY STATUS WHERE THE SECRETARY DETERMINES THAT
3 THE SCHOOL DISTRICT, WITHIN THE PREVIOUS FIVE YEARS,
4 HAS FACED AN EMERGENCY THAT CAUSED THE OCCURRENCE OF
5 A CIRCUMSTANCE SET FORTH IN SUBPARAGRAPH (I).

6 (2) (I) WITHIN TWO YEARS OF THE EFFECTIVE DATE OF THIS
7 SECTION, THE STATE BOARD OF EDUCATION SHALL PROMULGATE
8 ~~FINAL-OMITTED~~ REGULATIONS UNDER THE ACT OF JUNE 25, 1982 ←
9 (P.L.633, NO.181), KNOWN AS THE REGULATORY REVIEW ACT,
10 ESTABLISHING ADDITIONAL CRITERIA WHICH THE SECRETARY MAY
11 CONSIDER IN DETERMINING WHETHER TO ISSUE A DECLARATION
12 THAT A SCHOOL DISTRICT IS IN FINANCIAL RECOVERY STATUS
13 AND WHETHER A SCHOOL DISTRICT IN FINANCIAL RECOVERY
14 STATUS SHALL BE DEEMED A MODERATE FINANCIAL RECOVERY
15 SCHOOL DISTRICT UNDER SUBDIVISION (IV) OR A SEVERE
16 FINANCIAL RECOVERY SCHOOL DISTRICT UNDER SUBDIVISION
17 (V)-, PROVIDED THAT NOT MORE THAN NINE SCHOOL DISTRICTS ←
18 MAY BE UNDER A DECLARATION OF FINANCIAL RECOVERY STATUS
19 UNDER THIS SECTION OR IN RECEIVERSHIP UNDER SUBDIVISION
20 (VI) AT ANY TIME. THE CRITERIA THE SECRETARY MAY CONSIDER
21 IN DETERMINING WHETHER TO ISSUE A DECLARATION THAT A
22 SCHOOL DISTRICT IS IN FINANCIAL RECOVERY STATUS SHALL
23 INCLUDE, BUT SHALL NOT BE LIMITED TO, THE FOLLOWING:

24 (A) THE SCHOOL DISTRICT RECEIVES AT LEAST 85% OF
25 ITS PER PUPIL FUNDING FROM THE COMMONWEALTH AND
26 COLLECTS LESS THAN 50% OF LOCAL TAXES LEVIED TO FUND
27 THE SCHOOL DISTRICT.

28 (B) THE SCHOOL DISTRICT'S UNRESERVED FUND
29 BALANCE HAS DECLINED FOR THREE CONSECUTIVE YEARS AND
30 IS LESS THAN 5% OF THE SCHOOL DISTRICT'S ANNUAL

1 EXPENDITURES.

2 (C) THE SCHOOL DISTRICT'S FIXED COSTS ARE AT
3 LEAST 30% OF THE SCHOOL DISTRICT'S TOTAL ANNUAL
4 EXPENDITURES.

5 (D) THE SCHOOL DISTRICT'S TOTAL OUTSTANDING DEBT
6 IS GREATER THAN THE SCHOOL DISTRICT'S ANNUAL
7 EXPENDITURES.

8 (E) THE SALARIES OF ANY TEACHERS OR OTHER
9 EMPLOYEES OF THE SCHOOL DISTRICT ARE UNPAID AT LEAST
10 15 DAYS AFTER PAYMENT IS DUE.

11 (F) THE SCHOOL DISTRICT IS SUBJECT TO
12 WITHHOLDING OF ITS STATE APPROPRIATION UNDER SECTION
13 633.

14 (G) THE SCHOOL DISTRICT HAS DEFAULTED ON THE
15 PAYMENT OF A DEBT DUE TO ANY SCHOOL DISTRICT,
16 INTERMEDIATE UNIT OR CHARTER SCHOOL THAT REMAINS
17 UNPAID ON OR AFTER JANUARY 1 OF THE YEAR FOLLOWING
18 THE SCHOOL YEAR IT WAS DUE AND THERE IS NO DISPUTE
19 REGARDING THE VALIDITY OR AMOUNT OF THE CLAIM.

20 (H) THE SCHOOL DISTRICT'S ASSIGNED AND
21 UNASSIGNED TOTAL FUND BALANCE IS LESS THAN ZERO IN
22 THE SCHOOL DISTRICT'S GENERAL FUND.

23 (I) THE SCHOOL DISTRICT'S ASSIGNED AND
24 UNASSIGNED TOTAL FUND BALANCE IN THE SCHOOL
25 DISTRICT'S GENERAL FUND AS A PERCENTAGE OF TOTAL
26 EXPENDITURES IS LESS THAN 3%.

27 (J) THE SCHOOL DISTRICT EXPERIENCES A DELINQUENT
28 TAX RATE OF MORE THAN 10%.

29 (K) THE ASSESSED VALUATION OF TAXABLE REAL
30 ESTATE IN THE SCHOOL DISTRICT HAS NOT INCREASED OVER

1 THE PREVIOUS FIVE YEARS.

2 (L) ANY AMOUNT DUE A JOINT BOARD OF SCHOOL
3 DIRECTORS UNDER A JOINT BOARD AGREEMENT REMAINS
4 UNPAID BEYOND THE DUE DATE SPECIFIED IN THE JOINT
5 BOARD'S ARTICLES OF AGREEMENT.

6 (M) THE SCHOOL DISTRICT HAS CONTRACTED A LOAN
7 NOT AUTHORIZED BY LAW.

8 (N) THE SCHOOL DISTRICT HAS ACCUMULATED AND
9 OPERATED WITH A DEFICIT EQUAL TO AT LEAST 2% OF THE
10 ASSESSED VALUATION OF THE TAXABLE REAL ESTATE WITHIN
11 THE SCHOOL DISTRICT FOR TWO SUCCESSIVE YEARS.

12 (O) A NEW, MERGED OR UNION SCHOOL DISTRICT HAS
13 BEEN FORMED AND ONE OR MORE OF THE FORMER SCHOOL
14 DISTRICTS WHICH COMPOSE THE MERGED OR UNION SCHOOL
15 DISTRICT WAS A DISTRESSED SCHOOL DISTRICT UNDER
16 SECTION 691 OR A FINANCIAL RECOVERY SCHOOL DISTRICT
17 UNDER THIS ARTICLE AT THE TIME OF THE FORMATION OF
18 THE NEW, MERGED OR UNION SCHOOL DISTRICT.

19 (II) (A) IN PROMULGATING THE REGULATIONS REQUIRED
20 UNDER SUBPARAGRAPH (I), THE STATE BOARD OF EDUCATION
21 SHALL CONVENE AND CONSULT WITH A STATEWIDE ADVISORY
22 COMMITTEE WHICH SHALL INCLUDE A SUPERINTENDENT, A
23 SCHOOL BOARD MEMBER, A SCHOOL DISTRICT BUSINESS
24 MANAGER OR CHIEF FINANCIAL OFFICER, ONE DESIGNEE FROM
25 THE DEPARTMENT AND ONE DESIGNEE FROM THE OFFICE OF
26 THE BUDGET.

27 (B) MEMBERS OF THE STATEWIDE ADVISORY COMMITTEE
28 REQUIRED TO BE CONVENED UNDER CLAUSE (A) SHALL BE
29 SELECTED TO BE REPRESENTATIVE OF THE RURAL, SUBURBAN
30 AND URBAN SCHOOL DISTRICTS OF THIS COMMONWEALTH.

1 (C) THE STATEWIDE ADVISORY COMMITTEE REQUIRED TO
2 BE CONVENED UNDER CLAUSE (A) SHALL BE CONVENED NOT
3 LATER THAN 60 DAYS AFTER THE EFFECTIVE DATE OF THIS
4 SECTION AND SHALL MEET REGULARLY TO FULFILL THE
5 REQUIREMENTS OF THIS PARAGRAPH.

6 (B) FAILURE OF COMMONWEALTH TO MAKE PAYMENT.--NO SCHOOL
7 DISTRICT SHALL BE DECLARED IN FINANCIAL RECOVERY STATUS BY
8 REASON OF ANY OF THE CIRCUMSTANCES ENUMERATED IN SUBSECTION (A)
9 (1) OR ANY OF THE CRITERIA STATED IN REGULATIONS PROMULGATED
10 UNDER SUBSECTION (A) (2) HAVING BEEN CAUSED BY THE FAILURE OF THE
11 COMMONWEALTH TO MAKE ANY PAYMENT OF MONEY DUE THE SCHOOL
12 DISTRICT AT THE TIME THE PAYMENT IS DUE, INCLUDING PAYMENT OF
13 ANY FEDERAL FUNDING THAT IS DISTRIBUTED THROUGH THE
14 COMMONWEALTH.

15 (C) APPEAL.--A DECLARATION OF FINANCIAL RECOVERY STATUS BY
16 THE SECRETARY UNDER THIS SECTION IS APPEALABLE UNDER 2 PA.C.S.
17 (RELATING TO ADMINISTRATIVE LAW AND PROCEDURE).

18 SECTION 622-A. COMMITMENT TO ENSURE DELIVERY OF EFFECTIVE
19 EDUCATIONAL SERVICES.

20 THE COMMONWEALTH SHALL ENSURE THE DELIVERY OF EFFECTIVE
21 EDUCATIONAL SERVICES TO ALL STUDENTS ENROLLED IN A SCHOOL
22 DISTRICT IN FINANCIAL RECOVERY STATUS UNDER SUBDIVISION (I) OR
23 IN RECEIVERSHIP UNDER SUBDIVISION (VI).

24 SECTION 623-A. SCHOOL DIRECTORS TO REMAIN IN OFFICE AND
25 ELECTIONS.

26 (A) RESIGNATION PROHIBITED.--THE SCHOOL DIRECTORS OF A
27 SCHOOL DISTRICT THAT HAS BEEN DECLARED IN FINANCIAL RECOVERY
28 STATUS UNDER THIS SUBDIVISION OR IS IN RECEIVERSHIP UNDER
29 SUBDIVISION (VI) MAY NOT RESIGN THEIR OFFICES, EXCEPT WITH THE
30 CONSENT OF THE CHIEF RECOVERY OFFICER OR RECEIVER, AND SHALL:

1 (1) REMAIN IN OFFICE, UNLESS:

2 (I) REMOVED FROM OFFICE FOR NEGLIGENCE OF DUTY UNDER
3 THE PROVISIONS OF SECTION 318; OR

4 (II) THE DIRECTORS ARE ELECTED TO ANOTHER POSITION
5 INCOMPATIBLE WITH THE POSITION OF SCHOOL DIRECTOR OR ARE
6 APPOINTED TO ANY POSITION FOR WHICH THERE IS A
7 REQUIREMENT THAT THE APPOINTEE MUST HOLD NO ELECTIVE
8 OFFICE,

9 FOR THE REMAINDER OF THEIR TERMS DURING THE TIME THE SCHOOL
10 DISTRICT IS IN FINANCIAL RECOVERY STATUS OR RECEIVERSHIP.

11 (2) PERFORM ANY DUTIES DELEGATED TO THEM BY THE CHIEF
12 RECOVERY OFFICER OR THE RECEIVER APPOINTED TO SERVE THE
13 SCHOOL DISTRICT.

14 (3) COMPLY WITH ANY DIRECTIVE ISSUED TO THEM BY THE
15 CHIEF RECOVERY OFFICER OR THE RECEIVER IF THE DIRECTIVE IS
16 CONSISTENT WITH THE FINANCIAL RECOVERY PLAN FOR THE SCHOOL
17 DISTRICT.

18 (B) NO INTERFERENCE WITH ELECTIONS.--A DECLARATION BY THE
19 SECRETARY THAT A SCHOOL DISTRICT IS IN FINANCIAL RECOVERY STATUS
20 UNDER SECTION 621-A OR THE APPOINTMENT OF A RECEIVER UNDER
21 SUBDIVISION (VI) SHALL IN NO WAY INTERFERE WITH THE REGULAR
22 ELECTION OR REELECTION OF SCHOOL DIRECTORS FOR THE SCHOOL
23 DISTRICT.

24 SECTION 624-A. TERMINATION OF STATUS.

25 (A) DECLARATION BY SECRETARY.--

26 (1) (I) FOLLOWING A DETERMINATION THAT THE SCHOOL
27 DISTRICT HAS SATISFIED AND IS CONTINUING TO SATISFY THE
28 CRITERIA FOR TERMINATION OF FINANCIAL RECOVERY STATUS
29 ENUMERATED IN SECTION 641-A(9), THE SECRETARY MAY ISSUE A
30 DECLARATION TERMINATING THE SCHOOL DISTRICT'S FINANCIAL

1 RECOVERY STATUS.

2 (II) IN MAKING THE DETERMINATION UNDER THIS
3 PARAGRAPH, THE SECRETARY SHALL CONSIDER WHETHER THE
4 MONTHLY FINANCIAL REPORTS SUBMITTED BY THE CHIEF RECOVERY
5 OFFICER TO THE SECRETARY AND THE DEPARTMENT CONCERNING
6 THE SCHOOL DISTRICT'S PROGRESS UNDER THE FINANCIAL
7 RECOVERY PLAN UNDER SECTION 653-A(A) (3) OR 664-A(A) (3)
8 INDICATE THAT TERMINATION OF FINANCIAL RECOVERY STATUS IS
9 APPROPRIATE.

10 (2) IF THE SECRETARY DETERMINES TO TERMINATE A SCHOOL
11 DISTRICT'S FINANCIAL RECOVERY STATUS UNDER THIS SECTION, THE
12 SECRETARY SHALL ISSUE A WRITTEN DECLARATION STATING:

13 (I) THAT THE SCHOOL DISTRICT'S FINANCIAL RECOVERY
14 STATUS HAS BEEN TERMINATED.

15 (II) THE EFFECTIVE DATE OF THE TERMINATION OF
16 FINANCIAL RECOVERY STATUS.

17 (III) A STATEMENT OF THE FACTS UPON WHICH THE
18 SECRETARY RELIED IN MAKING THE DETERMINATION.

19 (B) DETERMINATION UPON PETITION BY A SCHOOL DISTRICT.--A
20 FINANCIAL RECOVERY SCHOOL DISTRICT MAY PETITION THE SECRETARY
21 FOR A DECLARATION THAT THE SCHOOL DISTRICT'S FINANCIAL RECOVERY
22 STATUS HAS BEEN TERMINATED. A DECLARATION ISSUED UNDER THIS
23 SUBSECTION SHALL COMPLY WITH SUBSECTION (A).

24 SECTION 625-A. TRANSITION PERIOD.

25 (A) BOARD RESUMES CONTROL AND OVERSIGHT.--SUBJECT TO THE
26 PROVISIONS OF SUBSECTIONS (B) AND (C), AFTER THE SECRETARY
27 TERMINATES A SCHOOL DISTRICT'S FINANCIAL RECOVERY STATUS UNDER
28 SECTION 624-A, THE FOLLOWING SHALL APPLY:

29 (1) THE BOARD OF SCHOOL DIRECTORS SHALL RESUME FULL
30 CONTROL OVER SCHOOL DISTRICT MANAGEMENT.

1 (2) THE CHIEF RECOVERY OFFICER AND THE DEPARTMENT SHALL
2 OVERSEE THE BOARD OF SCHOOL DIRECTORS FOR FIVE YEARS TO
3 ENSURE FINANCIAL STABILITY IS MAINTAINED.

4 (B) PETITION FOR APPOINTMENT OF RECEIVER.--IF, DURING THE
5 TRANSITION PERIOD AFTER THE SECRETARY TERMINATES A SCHOOL
6 DISTRICT'S FINANCIAL RECOVERY STATUS UNDER SECTION 624-A, THE
7 BOARD OF SCHOOL DIRECTORS FAILS TO MAINTAIN THE OBJECTIVES
8 STATED IN THE FINANCIAL RECOVERY PLAN, THE SECRETARY SHALL
9 PETITION THE COURT OF COMMON PLEAS IN THE COUNTY IN WHICH THE
10 SCHOOL DISTRICT OR THE LARGEST PART IN AREA OF THE SCHOOL
11 DISTRICT IS LOCATED FOR THE APPOINTMENT OF A RECEIVER UNDER
12 SUBDIVISION (VI).

13 (C) OVERSIGHT WHERE MUNICIPALITIES FINANCIALLY DISTRESSED.--
14 NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A), THE CHIEF
15 RECOVERY OFFICER AND THE DEPARTMENT SHALL OVERSEE THE BOARD OF
16 SCHOOL DIRECTORS OF ANY FORMER FINANCIAL RECOVERY SCHOOL
17 DISTRICT FOR SO LONG AS ANY POLITICAL SUBDIVISION LOCATED WITHIN
18 THE SCHOOL DISTRICT IS A FINANCIALLY DISTRESSED MUNICIPALITY
19 UNDER THE ACT OF JULY 10, 1987 (P.L.246, NO.47), KNOWN AS THE
20 MUNICIPALITIES FINANCIAL RECOVERY ACT, WITHOUT REGARD TO WHETHER
21 THE SCHOOL DISTRICT CONTINUES TO MAINTAIN THE OBJECTIVES STATED
22 IN ITS FINANCIAL RECOVERY PLAN. THE OVERSIGHT SHALL BE SUBJECT
23 TO THE PROVISIONS OF SUBSECTION (B).

24 SECTION 626-A. TECHNICAL ASSISTANCE.

25 SUBJECT TO SECTIONS 652-A(C) (2) (II) AND 663-A(C) (2) (II), THE
26 DEPARTMENT SHALL PROVIDE TECHNICAL ASSISTANCE TO EACH FINANCIAL
27 RECOVERY SCHOOL DISTRICT. THE DEPARTMENT'S PROVISION OF
28 TECHNICAL ASSISTANCE SHALL BE COORDINATED THROUGH THE CHIEF
29 RECOVERY OFFICER OR RECEIVER APPOINTED TO SERVE THE FINANCIAL
30 RECOVERY SCHOOL DISTRICT.

(II) CHIEF RECOVERY OFFICER

SECTION 631-A. APPOINTMENT.

(A) APPOINTMENT.--NOT LATER THAN FIVE DAYS AFTER A
DECLARATION OF FINANCIAL RECOVERY STATUS UNDER SECTION 621-A,
THE SECRETARY SHALL APPOINT A CHIEF RECOVERY OFFICER FOR THE
FINANCIAL RECOVERY SCHOOL DISTRICT. THE CHIEF RECOVERY OFFICER
SHALL SERVE AT THE PLEASURE OF THE SECRETARY.

(B) QUALIFICATIONS AND PROHIBITIONS.--

(1) THE CHIEF RECOVERY OFFICER MUST BE AN INDIVIDUAL WHO
SATISFIES ONE OF THE FOLLOWING:

(I) POSSESSES AT LEAST FIVE YEARS' EXPERIENCE IN ONE
OR MORE OF THE FOLLOWING AREAS: BUDGET AND FINANCIAL
MANAGEMENT, PUBLIC SCHOOL FINANCE, SCHOOL ADMINISTRATION,
ACCOUNTING, ACADEMIC ASSESSMENT OR EDUCATION LAW;

(II) HOLDS A GRADUATE DEGREE FROM AN ACCREDITED
INSTITUTION OF HIGHER EDUCATION IN BUSINESS OR FINANCE
AND HAS AT LEAST FOUR YEARS' RELEVANT EXPERIENCE IN
BUSINESS, FINANCE OR MANAGEMENT; OR

(III) IS THE CURRENT BUSINESS MANAGER OR FINANCIAL
OFFICER OF A SCHOOL DISTRICT IN THIS COMMONWEALTH.

(2) THE CHIEF RECOVERY OFFICER MAY NOT BE AN ELECTED OR
AN APPOINTED OFFICIAL OR EMPLOYEE OF THE FINANCIAL RECOVERY
SCHOOL DISTRICT FOR WHICH HE IS APPOINTED TO SERVE AS CHIEF
RECOVERY OFFICER-, PROVIDED THAT THE CURRENT BUSINESS MANAGER
OR FINANCIAL OFFICER OF A FINANCIAL RECOVERY SCHOOL DISTRICT
MAY SERVE AS CHIEF RECOVERY OFFICER FOR THE FINANCIAL
RECOVERY SCHOOL DISTRICT BY WHICH HE IS EMPLOYED.

(3) DURING THE TERM OF APPOINTMENT AS CHIEF RECOVERY
OFFICER AND FOR THE FOLLOWING TWO YEARS, THE CHIEF RECOVERY
OFFICER MAY NOT SEEK OR HOLD ELECTED OFFICE IN THE FINANCIAL

1 RECOVERY SCHOOL DISTRICT FOR WHICH THE CHIEF RECOVERY OFFICER
2 WAS APPOINTED OR IN ANY POLITICAL SUBDIVISION LOCATED IN THE
3 FINANCIAL RECOVERY SCHOOL DISTRICT.

4 (C) NOT SUBJECT TO CONTRACTUAL COMPETITIVE BIDDING
5 PROCEDURES.--NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE
6 CONTRARY, THE APPOINTMENT OF A CHIEF RECOVERY OFFICER SHALL NOT
7 BE SUBJECT TO CONTRACTUAL COMPETITIVE BIDDING PROCEDURES.

8 SECTION 632-A. COMPENSATION.

9 THE DEPARTMENT SHALL PAY A CHIEF RECOVERY OFFICER APPOINTED
10 BY THE SECRETARY UNDER SECTION 631-A ACTUAL AND NECESSARY
11 EXPENSES INCURRED IN THE PERFORMANCE OF DUTIES AS CHIEF RECOVERY
12 OFFICER AND A REASONABLE SALARY DETERMINED BY THE DEPARTMENT.

13 SECTION 633-A. POWERS AND DUTIES.

14 SUBJECT TO SECTION 662-A, THE CHIEF RECOVERY OFFICER SHALL:

15 (1) WITH THE ASSISTANCE OF THE DEPARTMENT, DEVELOP,
16 IMPLEMENT AND ADMINISTER A FINANCIAL RECOVERY PLAN IN
17 ACCORDANCE WITH SUBDIVISION (III).

18 (2) COORDINATE THE DEPARTMENT'S PROVISION OF TECHNICAL
19 ASSISTANCE TO THE FINANCIAL RECOVERY SCHOOL DISTRICT UNDER
20 SECTION 626-A.

21 (3) MAINTAIN OVERSIGHT OF THE FINANCIAL RECOVERY SCHOOL
22 DISTRICT DURING THE TRANSITION PERIOD UNDER SECTION 625-A.

23 (4) ATTEND REGULAR AND EXECUTIVE SESSIONS OF THE BOARD
24 OF SCHOOL DIRECTORS.

25 (5) WHEN A RECEIVER IS APPOINTED TO OVERSEE THE
26 MANAGEMENT OF THE FINANCIAL RECOVERY SCHOOL DISTRICT UNDER
27 SUBDIVISION (VI), SERVE AS AN ADVISOR TO THE RECEIVER.

28 (6) WHERE AN ADVISORY COMMITTEE IS ESTABLISHED UNDER
29 SECTION 654-A, MEET AT LEAST MONTHLY WITH THE ADVISORY
30 COMMITTEE.

1 (7) IN A FINANCIAL RECOVERY SCHOOL DISTRICT TO WHICH
2 SECTION 654-A DOES NOT APPLY, CONDUCT AT LEAST FOUR PUBLIC
3 FORUMS ON THE BASIS FOR THE FINANCIAL RECOVERY DECLARATION
4 AND THE DEVELOPMENT AND IMPLEMENTATION OF A FINANCIAL
5 RECOVERY PLAN.

6 SECTION 634-A. ACCESS TO INFORMATION.

7 (A) SCHOOL DISTRICT REQUIRED TO PROVIDE RECORDS AND
8 INFORMATION.--THE CHIEF RECOVERY OFFICER SHALL BE GIVEN FULL
9 ACCESS TO ALL RECORDS OF THE FINANCIAL RECOVERY SCHOOL DISTRICT.
10 EMPLOYEES AND ELECTED AND APPOINTED OFFICIALS OF THE FINANCIAL
11 RECOVERY SCHOOL DISTRICT SHALL PROVIDE THE CHIEF RECOVERY
12 OFFICER WITH ALL RECORDS AND INFORMATION REQUESTED.

13 (B) ENFORCEMENT.--

14 (1) IF THE CHIEF RECOVERY OFFICER REASONABLY BELIEVES
15 THAT AN EMPLOYEE OR AN ELECTED OR APPOINTED OFFICIAL OF THE
16 FINANCIAL RECOVERY SCHOOL DISTRICT HAS FAILED TO ANSWER
17 QUESTIONS ACCURATELY OR COMPLETELY OR HAS FAILED TO FURNISH
18 INFORMATION REQUESTED, THE CHIEF RECOVERY OFFICER SHALL
19 DIRECT THE EMPLOYEE OR ELECTED OR APPOINTED OFFICIAL IN
20 WRITING TO FURNISH ANSWERS TO QUESTIONS OR TO FURNISH
21 DOCUMENTS OR RECORDS, OR BOTH.

22 (2) IF THE EMPLOYEE OR ELECTED OR APPOINTED OFFICIAL
23 REFUSES TO FURNISH ANSWERS TO QUESTIONS OR TO FURNISH
24 DOCUMENTS OR RECORDS WITHIN 15 DAYS OF A WRITTEN REQUEST, THE
25 CHIEF RECOVERY OFFICER SHALL PETITION THE COURT OF COMMON
26 PLEAS OF THE COUNTY IN WHICH THE FINANCIAL RECOVERY SCHOOL
27 DISTRICT OR THE LARGEST PART IN AREA OF THE FINANCIAL
28 RECOVERY SCHOOL DISTRICT IS LOCATED FOR A WRIT OF MANDAMUS
29 REQUIRING THE EMPLOYEE OR ELECTED OR APPOINTED OFFICIAL TO
30 PROVIDE THE CHIEF RECOVERY OFFICER WITH THE INFORMATION,

1 DOCUMENTS OR RECORDS REQUESTED.

2 (3) WITHIN SEVEN DAYS OF THE FILING OF A PETITION UNDER
3 PARAGRAPH (2), THE COURT SHALL CONDUCT A HEARING ON THE
4 PETITION. THE COURT SHALL GRANT THE PETITION AND COMPEL THE
5 EMPLOYEE OR ELECTED OR APPOINTED OFFICIAL TO PROVIDE THE
6 REQUESTED INFORMATION UNLESS THE COURT FINDS BY CLEAR AND
7 CONVINCING EVIDENCE THAT THE REQUEST FOR INFORMATION IS
8 ARBITRARY, CAPRICIOUS OR WHOLLY IRRELEVANT TO THE DUTIES OF
9 THE CHIEF RECOVERY OFFICER.

10 SECTION 635-A. PUBLIC AND PRIVATE MEETINGS.

11 (A) PUBLIC MEETINGS AUTHORIZED.--

12 (1) THE CHIEF RECOVERY OFFICER MAY HOLD PUBLIC MEETINGS,
13 AS DEFINED IN 65 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS),
14 IN CONNECTION WITH THE PREPARATION AND IMPLEMENTATION OF A
15 FINANCIAL RECOVERY PLAN.

16 (2) MEETINGS BETWEEN THE CHIEF RECOVERY OFFICER AND AN
17 ADVISORY COMMITTEE ESTABLISHED UNDER SECTION 654-A SHALL BE
18 PUBLIC MEETINGS AS DEFINED IN 65 PA.C.S. CH. 7.

19 (B) PRIVATE MEETINGS AUTHORIZED.--NOTWITHSTANDING THE
20 PROVISIONS OF 65 PA.C.S. CH. 7, THE CHIEF RECOVERY OFFICER MAY
21 CONDUCT PRIVATE NEGOTIATION SESSIONS BETWEEN THE FINANCIAL
22 RECOVERY SCHOOL DISTRICT AND THE INDIVIDUAL CREDITORS OF THE
23 FINANCIAL RECOVERY SCHOOL DISTRICT IN AN EFFORT TO OBTAIN THE
24 CONSENT OF EACH CREDITOR TO THE PROPOSED ADJUSTMENT AND HANDLING
25 OF SPECIFIC CLAIMS AGAINST THE FINANCIAL RECOVERY SCHOOL
26 DISTRICT.

27 (III) FINANCIAL RECOVERY PLAN

28 SECTION 641-A. CONTENTS.

29 A FINANCIAL RECOVERY PLAN DEVELOPED UNDER THIS SUBARTICLE
30 SHALL:

1 (1) PROVIDE FOR THE DELIVERY OF EFFECTIVE EDUCATIONAL
2 SERVICES TO ALL STUDENTS ENROLLED IN THE FINANCIAL RECOVERY
3 SCHOOL DISTRICT.

4 (2) PROVIDE FOR THE PAYMENT OF LAWFUL FINANCIAL
5 OBLIGATIONS OF THE FINANCIAL RECOVERY SCHOOL DISTRICT.

6 (3) PROVIDE FOR THE TIMELY DEPOSIT OF REQUIRED PAYMENTS
7 TO THE PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND.

8 (4) PROVIDE A PLAN FOR THE FINANCIAL RECOVERY SCHOOL
9 DISTRICT'S RETURN TO FINANCIAL STABILITY, WHICH MAY INCLUDE
10 ANY OF THE FOLLOWING, IF APPROPRIATE TO RESTORING THE
11 FINANCIAL RECOVERY SCHOOL DISTRICT'S FINANCIAL STABILITY:

12 (I) RECOMMENDATIONS FOR:

13 (A) SATISFYING JUDGMENTS, PAST-DUE ACCOUNTS
14 PAYABLE AND PAST-DUE AND PAYABLE PAYROLL AND FRINGE
15 BENEFITS.

16 (B) ELIMINATING DEFICITS AND DEFICIT FUNDS.

17 (C) RESTORING TO SPECIAL FUND ACCOUNTS MONEY
18 FROM THOSE ACCOUNTS THAT WAS USED FOR PURPOSES OTHER
19 THAN THOSE SPECIFICALLY AUTHORIZED.

20 (D) BALANCING THE BUDGET, AVOIDING FUTURE
21 DEFICITS IN FUNDS AND MAINTAINING CURRENT PAYMENTS OF
22 PAYROLL, FRINGE BENEFITS AND ACCOUNTS THROUGH
23 POSSIBLE REVENUE ENHANCEMENT RECOMMENDATIONS,
24 INCLUDING TAX OR FEE CHANGES.

25 (E) AVOIDING A FUTURE DECLARATION OF FINANCIAL
26 RECOVERY STATUS.

27 (F) ENHANCING THE ABILITY OF THE FINANCIAL
28 RECOVERY SCHOOL DISTRICT TO NEGOTIATE NEW GENERAL
29 OBLIGATION BONDS, LEASE RENTAL DEBT, FUNDED DEBT AND
30 TAX AND REVENUE ANTICIPATION BORROWINGS.

1 (G) CONSIDERING CHANGES IN ACCOUNTING AND
2 AUTOMATION PROCEDURES FOR THE FINANCIAL BENEFIT OF
3 THE FINANCIAL RECOVERY SCHOOL DISTRICT.

4 (H) PROPOSING A REDUCTION OF DEBT DUE ON
5 SPECIFIC CLAIMS BY AN AMORTIZED OR LUMP-SUM PAYMENT
6 CONSIDERED TO BE THE MOST REASONABLE DISPOSITION OF
7 EACH CLAIM POSSIBLE FOR THE FINANCIAL RECOVERY SCHOOL
8 DISTRICT CONSIDERING THE TOTALITY OF THE
9 CIRCUMSTANCES.

10 (II) RECOMMENDATIONS FOR:

11 (A) CHANGES IN PERMANENT AND TEMPORARY STAFFING
12 LEVELS.

13 (B) CHANGES IN ORGANIZATION.

14 (C) CHANGES IN SCHOOL DISTRICT POLICY.

15 (D) SPECIAL AUDITS OR FURTHER STUDIES.

16 (E) THE SALE, LEASE, CONVEYANCE, ASSIGNMENT OR
17 OTHER USE OR DISPOSITION OF THE FINANCIAL RECOVERY
18 SCHOOL DISTRICT'S ASSETS.

19 (F) THE APPLICATION FOR A LOAN UNDER THE
20 FINANCIAL RECOVERY TRANSITIONAL LOAN PROGRAM
21 ESTABLISHED IN SUBDIVISION (VII) IN AN AMOUNT
22 SPECIFIED BY THE CHIEF RECOVERY OFFICER IN THE
23 FINANCIAL RECOVERY PLAN. THE FINANCIAL RECOVERY PLAN
24 SHALL SPECIFY THE CURRENT EXPENSES OF THE SCHOOL
25 DISTRICT TO WHICH THE LOAN PROCEEDS WOULD BE APPLIED.

26 (III) AN ANALYSIS OF WHETHER FUNCTIONAL
27 CONSOLIDATION OR PRIVATIZATION OF EXISTING
28 NONINSTRUCTIONAL OR OTHER SCHOOL DISTRICT SERVICES IS
29 APPROPRIATE AND FEASIBLE AND RECOMMENDATIONS FOR CARRYING
30 OUT SUCH CONSOLIDATION OR PRIVATIZATION, INCLUDING



1 TIMELINES FOR IMPLEMENTATION AND ANTICIPATED COST
2 EFFICIENCIES TO BE ATTAINED.

3 (IV) A CAPITAL BUDGET WHICH ADDRESSES INFRASTRUCTURE
4 DEFICIENCIES.

5 (V) RECOMMENDATIONS FOR GREATER USE OF COMMONWEALTH
6 OR INTERMEDIATE UNIT PROGRAMS.

7 (VI) RECOMMENDATIONS FOR, AND ANTICIPATED COST
8 SAVINGS RESULTING FROM, THE USE OF POWERS PERMITTED TO BE
9 USED UNDER SECTION 642-A.

10 (5) SET FORTH A CASH FLOW ANALYSIS FOR THE FINANCIAL
11 RECOVERY SCHOOL DISTRICT.

12 (6) STATE PROJECTIONS OF REVENUES AND EXPENDITURES FOR
13 THE CURRENT YEAR AND THE NEXT TWO YEARS, BOTH ASSUMING THE
14 CONTINUATION OF PRESENT OPERATIONS AND AS IMPACTED BY THE
15 MEASURES INCLUDED IN THE FINANCIAL RECOVERY PLAN.

16 (7) STATE BENCHMARKS AND TIMELINES FOR RESTORING THE
17 FINANCIAL RECOVERY SCHOOL DISTRICT TO FINANCIAL STABILITY.

18 (8) REQUIRE THE FINANCIAL RECOVERY SCHOOL DISTRICT TO
19 USE FINANCIAL DATA SOFTWARE THAT IS CONNECTED DIRECTLY TO THE
20 DEPARTMENT'S FINANCIAL DATA SYSTEMS TO ENSURE THAT BOTH THE
21 FINANCIAL RECOVERY SCHOOL DISTRICT AND THE DEPARTMENT ARE
22 USING ACCURATE AND CONSISTENT DATA. ALL COSTS OF THE
23 FINANCIAL DATA SOFTWARE REQUIRED TO BE USED BY THE FINANCIAL
24 RECOVERY SCHOOL DISTRICT UNDER THIS PARAGRAPH SHALL BE PAID
25 BY THE DEPARTMENT.

26 (9) ESTABLISH SPECIFIC CRITERIA THAT THE FINANCIAL
27 RECOVERY SCHOOL DISTRICT MUST SATISFY BEFORE THE SECRETARY
28 MAY TERMINATE THE FINANCIAL RECOVERY SCHOOL DISTRICT'S
29 FINANCIAL RECOVERY STATUS UNDER SECTION 624-A. SUCH CRITERIA
30 SHALL INCLUDE, BUT SHALL NOT BE LIMITED TO:

1 (I) THE FINANCIAL RECOVERY SCHOOL DISTRICT DOES NOT
2 REQUEST AN ADVANCE OF ITS BASIC EDUCATION SUBSIDY.

3 (II) ALL TEACHER AND OTHER EMPLOYEE SALARIES ARE
4 PAID WHEN DUE.

5 (III) THE FINANCIAL RECOVERY SCHOOL DISTRICT IS NOT
6 IN DEFAULT ON ANY BONDS, NOTES OR LEASE RENTALS AND IS
7 NOT SUBJECT TO WITHHOLDING BY THE SECRETARY UNDER SECTION
8 633.

9 (IV) THE FINANCIAL RECOVERY SCHOOL DISTRICT DOES NOT
10 SATISFY THE CRITERIA STATED IN REGULATIONS PROMULGATED
11 UNDER SECTION 621-A(A) (2) .

12 (V) THE FINANCIAL RECOVERY SCHOOL DISTRICT IS MAKING
13 PROGRESS TOWARD FINANCIAL STABILITY.

14 SECTION 642-A. POWERS AND DUTIES.

15 (A) GENERAL RULE.--A SCHOOL DISTRICT IN FINANCIAL RECOVERY
16 STATUS UNDER THIS SUBDIVISION OR IN RECEIVERSHIP UNDER
17 SUBDIVISION (VI) MAY EXERCISE ANY OF THE FOLLOWING POWERS ONLY
18 TO THE EXTENT THAT THE POWERS ARE SPECIFICALLY INCLUDED IN THE
19 SCHOOL DISTRICT'S FINANCIAL RECOVERY PLAN AND THE EXERCISE OF
20 THE POWERS WILL EFFECT NEEDED ECONOMIES IN THE OPERATION OF THE
21 DISTRICT'S SCHOOLS:

22 (1) REOPEN ITS BUDGET FOR THE CURRENT SCHOOL YEAR,
23 NOTWITHSTANDING ANY OTHER PROVISION OF LAW.

24 (2) CONVERT SCHOOL BUILDINGS TO CHARTER SCHOOLS. THE
25 FOLLOWING SHALL APPLY:

26 (I) THE SCHOOL DISTRICT MAY CONVERT AN EXISTING
27 PUBLIC SCHOOL BUILDING OR A PORTION OF AN EXISTING PUBLIC
28 SCHOOL BUILDING TO A CHARTER SCHOOL, PROVIDED THAT
29 CONVERSION WILL RESULT IN FINANCIAL SAVINGS. THERE SHALL
30 BE NO LIMIT ON THE NUMBER OF PUBLIC SCHOOLS IN THE SCHOOL

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1 DISTRICT THAT CAN BE CONVERTED TO A CHARTER SCHOOL.

2 (II) THE BOARD OF SCHOOL DIRECTORS MAY DESIGNATE AND
3 APPROVE BY MAJORITY VOTE THE EXISTING PUBLIC SCHOOL
4 BUILDING OR PORTION OF AN EXISTING PUBLIC SCHOOL BUILDING
5 THAT IT SEEKS TO CONVERT TO A CHARTER SCHOOL.

6 (III) (A) THE BOARD OF SCHOOL DIRECTORS SHALL
7 SOLICIT APPLICATIONS TO OPERATE A CHARTER SCHOOL
8 ESTABLISHED UNDER THIS PARAGRAPH THROUGH A
9 COMPETITIVE REQUEST FOR PROPOSAL PROCESS. THE CONTENT
10 AND DISSEMINATION OF THE REQUEST FOR PROPOSAL SHALL
11 BE CONSISTENT WITH THE PURPOSE AND THE REQUIREMENTS
12 OF ARTICLE XVII-A AND SHALL REQUIRE THE APPLICANT TO ←
13 DEMONSTRATE THAT THE CONVERSION WILL RESULT IN
14 FINANCIAL SAVINGS. THE BOARD OF SCHOOL DIRECTORS MAY
15 ACCEPT APPLICATIONS BY AN INDIVIDUAL OR ENTITY
16 AUTHORIZED TO ESTABLISH A CHARTER SCHOOL UNDER
17 SECTION 1717-A(A) TO OPERATE THE CONVERTED CHARTER
18 SCHOOL.

19 (B) THE BOARD OF SCHOOL DIRECTORS SHALL EVALUATE
20 EACH SUBMITTED PROPOSAL IN A PUBLIC MANNER. ONCE A
21 PROPOSAL HAS BEEN SELECTED, THE BOARD OF SCHOOL
22 DIRECTORS SHALL EXPLAIN HOW AND WHY THE PROPOSAL WAS
23 SELECTED AND PROVIDE EVIDENCE, IF AVAILABLE, OF THE
24 PROVIDER'S SUCCESS IN SERVING STUDENT POPULATIONS
25 SIMILAR TO THE TARGETED POPULATION, INCLUDING
26 DEMONSTRATED ACADEMIC ACHIEVEMENT, SUCCESSFUL
27 MANAGEMENT OF NONACADEMIC SCHOOL FUNCTIONS AND SAFE
28 SCHOOL ENVIRONMENT, IF APPLICABLE.

29 (C) NO MEMBER OF THE BOARD OF SCHOOL DIRECTORS
30 MAY SERVE ON THE BOARD OF TRUSTEES OF AN EXISTING

1 SCHOOL OR PORTION OF AN EXISTING SCHOOL WHICH IS
2 CONVERTED TO A CHARTER SCHOOL UNDER THIS SUBSECTION.

3 (D) THE PROVISIONS OF ARTICLE XVII-A SHALL APPLY
4 TO AN EXISTING PUBLIC SCHOOL BUILDING OR PORTION OF
5 AN EXISTING PUBLIC SCHOOL BUILDING CONVERTED TO A
6 CHARTER SCHOOL, PROVIDED THAT ANY APPLICATION TO
7 OPERATE A CHARTER SCHOOL UNDER THE PROVISIONS OF THIS
8 SECTION AND ANY CHARTER SCHOOL ESTABLISHED UNDER THE
9 PROVISIONS OF THIS SECTION SHALL NOT BE SUBJECT TO
10 SECTIONS 1717-A(B), (C), (D), (E), (F), (G), (H) AND
11 (I) AND ~~1724-A~~ 1724-A(B), (C), (D), (E), (F), (G) AND ←
12 (H), INCLUDING AFTER THE SCHOOL DISTRICT'S FINANCIAL
13 RECOVERY STATUS IS TERMINATED UNDER SECTION 624-A OR
14 AFTER THE SCHOOL DISTRICT'S RECEIVERSHIP EXPIRES
15 UNDER SECTION 675-A.

16 (E) IN THE CASE OF AN EXISTING SCHOOL OR PORTION
17 OF AN EXISTING SCHOOL BEING CONVERTED TO A CHARTER
18 SCHOOL, THE BOARD OF SCHOOL DIRECTORS SHALL ESTABLISH
19 THE ALTERNATIVE ARRANGEMENTS FOR CURRENT STUDENTS WHO
20 CHOOSE NOT TO ATTEND THE CHARTER SCHOOL.

21 (3) CANCEL OR RENEGOTIATE ANY CONTRACT, ~~OTHER THAN A~~ ←
22 ~~COLLECTIVE BARGAINING AGREEMENT,~~ TO WHICH THE BOARD OF SCHOOL
23 DIRECTORS OR THE SCHOOL DISTRICT IS A PARTY, IF THE
24 CANCELLATION OR RENEGOTIATION OF CONTRACT WILL EFFECT NEEDED
25 ECONOMIES IN THE OPERATION OF THE DISTRICT'S SCHOOLS.
26 COLLECTIVE BARGAINING AGREEMENTS ARE SPECIFICALLY EXEMPT FROM ←
27 THIS CLAUSE AND SHALL BE GOVERNED BY THE PROVISIONS OF CLAUSE
28 (15).

29 (4) INCREASE TAX LEVIES IN SUCH AMOUNTS AND AT SUCH
30 TIMES AS IS RECOMMENDED BY THE CHIEF RECOVERY OFFICER,

1 SUBJECT TO THE ACT OF JUNE 27, 2006 (1ST SP.SESS., P.L.1873,
2 NO.1), KNOWN AS THE TAXPAYER RELIEF ACT.

3 (5) APPOINT A SPECIAL COLLECTOR OF DELINQUENT TAXES FOR
4 THE SCHOOL DISTRICT WHO NEED NOT BE A RESIDENT OF THE SCHOOL
5 DISTRICT. THE SPECIAL TAX COLLECTOR SHALL EXERCISE ALL THE
6 RIGHTS AND PERFORM ALL THE DUTIES IMPOSED BY LAW ON TAX
7 COLLECTORS FOR SCHOOL DISTRICTS. THE TAX COLLECTOR SUPERSEDED
8 BY THE SPECIAL TAX COLLECTOR SHALL NOT BE ENTITLED TO ANY
9 COMMISSIONS ON THE TAXES COLLECTED BY THE SPECIAL TAX
10 COLLECTOR.

11 (6) DISPENSE WITH THE SERVICES OF SUCH NONPROFESSIONAL
12 EMPLOYEES AS IN THE JUDGMENT OF THE CHIEF RECOVERY OFFICER
13 ARE NOT ACTUALLY NEEDED FOR THE ECONOMICAL OPERATION OF THE
14 SCHOOL DISTRICT.

15 (7) ENTER INTO AGREEMENTS WITH PERSONS OR FOR-PROFIT OR
16 NONPROFIT ORGANIZATIONS TO OPERATE ONE OR MORE SCHOOLS. A
17 SCHOOL OPERATED UNDER THIS PARAGRAPH SHALL BE FUNDED IN
18 ACCORDANCE WITH THE TERMS OF THE AGREEMENT.

19 (8) SUSPEND OR REVOKE A CHARTER UNDER SECTION 1729-A.

20 (9) EMPLOY PROFESSIONAL AND SENIOR MANAGEMENT EMPLOYEES
21 WHO DO NOT HOLD STATE CERTIFICATIONS IF THE SECRETARY HAS
22 APPROVED THE QUALIFICATIONS OF THE PERSONS AT SALARIES THAT
23 ARE WITHIN THE LIMITATIONS STATED IN THE FINANCIAL RECOVERY
24 PLAN.

25 (10) ENTER INTO AGREEMENTS WITH PERSONS OR FOR-PROFIT OR
26 NONPROFIT ORGANIZATIONS PROVIDING ~~EDUCATIONAL~~ ←
27 NONINSTRUCTIONAL OR OTHER SERVICES TO OR FOR THE SCHOOL ←
28 DISTRICT~~;~~, PROVIDED THAT THE SCHOOL DISTRICT SHALL PRESENT A ←
29 THREE-YEAR COST COMPARISON OF THE SERVICES AS CURRENTLY
30 PROVIDED AND AS PROJECTED UNDER THE PROPOSED AGREEMENT

1 DEMONSTRATING THAT THE PROPOSED AGREEMENT WILL RESULT IN
2 FINANCIAL SAVINGS. SERVICES PROVIDED UNDER THIS PARAGRAPH
3 SHALL BE FUNDED IN ACCORDANCE WITH THE TERMS OF THE
4 AGREEMENT. THE AGREEMENT SHALL PROVIDE THAT THE SCHOOL ←
5 DISTRICT MAY TERMINATE THE AGREEMENT IF COSTS UNDER THE
6 AGREEMENT EXCEED THE COSTS PROJECTED IN THE COST COMPARISON.

7 (11) CLOSE OR RECONSTITUTE A SCHOOL, INCLUDING THE
8 REASSIGNMENT, SUSPENSION OR DISMISSAL OF PROFESSIONAL
9 EMPLOYEES.

10 (12) APPOINT MANAGERS, ADMINISTRATORS OR FOR-PROFIT OR
11 NONPROFIT ORGANIZATIONS TO OVERSEE THE OPERATIONS OF A SCHOOL
12 OR GROUP OF SCHOOLS WITHIN THE SCHOOL DISTRICT.

13 (13) REALLOCATE RESOURCES, AMEND SCHOOL PROCEDURES,
14 DEVELOP ACHIEVEMENT PLANS AND IMPLEMENT TESTING OR OTHER
15 EVALUATION PROCEDURES FOR EDUCATIONAL PURPOSES.

16 (14) SUPERVISE AND DIRECT PRINCIPALS, TEACHERS AND
17 ADMINISTRATORS.

18 (15) NEGOTIATE A NEW COLLECTIVE BARGAINING AGREEMENT IF
19 THE NEGOTIATION OF A NEW COLLECTIVE BARGAINING AGREEMENT WILL
20 EFFECT NEEDED ECONOMIES IN THE OPERATION OF THE DISTRICT'S
21 SCHOOLS, PROVIDED THAT: ←

22 ~~(I) COLLECTIVE BARGAINING BETWEEN EMPLOYEES AND THE~~
23 ~~SCHOOL DISTRICT SHALL BE CONDUCTED IN ACCORDANCE WITH~~
24 ~~THIS SUBSECTION, NOTWITHSTANDING ANY PROVISION OF LAW TO~~
25 ~~THE CONTRARY.~~

26 ~~(II) ON THE DATE FOLLOWING THE SECRETARY'S APPROVAL~~
27 ~~OF THE PLAN UNDER SECTION 652 A OR 663 A, THE CHIEF~~
28 ~~RECOVERY OFFICER SHALL NOTIFY THE EMPLOYEE ORGANIZATION~~
29 ~~THAT A NEW COLLECTIVE BARGAINING AGREEMENT MUST BE~~
30 ~~RENEGOTIATED AND EXECUTED WITHIN 90 DAYS OF THE DATE OF~~

1 NOTICE.

2 ~~(III) IF, UPON THE EXPIRATION OF THE 90 DAY~~
3 ~~RENEGOTIATION PERIOD REQUIRED UNDER SUBPARAGRAPH (II), A~~
4 ~~NEW COLLECTIVE BARGAINING AGREEMENT HAS NOT BEEN~~
5 ~~RATIFIED, THE CHIEF RECOVERY OFFICER SHALL ESTABLISH A~~
6 ~~PERSONNEL SALARY SCHEDULE AND OTHER CONTRACT TERMS THAT~~
7 ~~SHALL APPLY UNTIL A NEW COLLECTIVE BARGAINING AGREEMENT~~
8 ~~IS RATIFIED.~~

9 ~~(IV) NO SCHOOL DISTRICT IN FINANCIAL RECOVERY STATUS~~
10 ~~UNDER THIS SUBDIVISION OR IN RECEIVERSHIP UNDER~~
11 ~~SUBDIVISION (VI) SHALL BE REQUIRED TO ENGAGE IN~~
12 ~~COLLECTIVE BARGAINING NEGOTIATIONS OR ENTER INTO~~
13 ~~MEMORANDA OF UNDERSTANDING OR OTHER AGREEMENTS REGARDING~~
14 ~~ANY OF THE FOLLOWING ISSUES:~~

15 ~~(A) CONTRACTS WITH THIRD PARTIES FOR THE~~
16 ~~PROVISION OF GOODS OR SERVICES, INCLUDING EDUCATIONAL~~
17 ~~SERVICES OR THE POTENTIAL IMPACT OF SUCH CONTRACTS ON~~
18 ~~EMPLOYEES.~~

19 ~~(B) DECISIONS RELATED TO REDUCTIONS IN FORCE.~~

20 ~~(C) STAFFING PATTERNS AND ASSIGNMENTS, CLASS~~
21 ~~SCHEDULES, ACADEMIC CALENDAR, PLACES OF INSTRUCTION,~~
22 ~~PUPIL ASSESSMENT AND TEACHER PREPARATION TIME.~~

23 ~~(D) THE USE, CONTINUATION OR EXPANSION OF~~
24 ~~PROGRAMS DESIGNATED BY THE CHIEF RECOVERY OFFICER OR~~
25 ~~BOARD OF DIRECTORS AS PILOT OR EXPERIMENTAL PROGRAMS.~~

26 ~~(E) THE APPROVAL OR DESIGNATION OF A SCHOOL AS A~~
27 ~~CHARTER OR MAGNET SCHOOL.~~

28 ~~(F) THE USE OF TECHNOLOGY TO PROVIDE~~
29 ~~INSTRUCTIONAL OR OTHER SERVICES.~~

30 ~~(V) A COLLECTIVE BARGAINING AGREEMENT FOR~~

~~PROFESSIONAL EMPLOYEES ENTERED INTO AFTER THE EXPIRATION
OR TERMINATION OF THE COLLECTIVE BARGAINING AGREEMENT IN
EFFECT ON THE DATE OF THE DECLARATION OF FINANCIAL
RECOVERY STATUS SHALL PROVIDE FOR THE FOLLOWING:~~

~~(A) THE SCHOOL DAY FOR PROFESSIONAL EMPLOYEES
SHALL BE EQUAL TO OR EXCEED THE STATE AVERAGE AS
DETERMINED BY THE DEPARTMENT. AN EXTENSION OF THE
SCHOOL DAY RESULTING FROM THIS REQUIREMENT SHALL BE
USED EXCLUSIVELY FOR INSTRUCTIONAL TIME FOR STUDENTS.~~

~~(B) THE NUMBER OF INSTRUCTIONAL DAYS SHALL BE
EQUAL TO OR EXCEED THE STATE AVERAGE NUMBER OF
INSTRUCTIONAL DAYS.~~

~~(C) THE BOARD OF DIRECTORS SHALL NOT INCREASE
COMPENSATION FOR EMPLOYEES SOLELY TO FULFILL THE
REQUIREMENTS UNDER CLAUSES (A) AND (B).~~

~~(VI) A PROVISION IN ANY CONTRACT IN EFFECT ON THE
DATE OF THE DECLARATION OF FINANCIAL RECOVERY STATUS
UNDER THIS ARTICLE THAT IS IN CONFLICT WITH THIS SECTION
SHALL BE DISCONTINUED IN ANY NEW OR RENEWED CONTRACT.~~

~~(VII) DURING THE TIME THE SCHOOL DISTRICT IS IN
FINANCIAL RECOVERY STATUS OR IN RECEIVERSHIP UNDER
SUBDIVISION (VI), ALL SCHOOL EMPLOYEES SHALL BE
PROHIBITED FROM ENGAGING IN ANY STRIKE AS DEFINED IN
ARTICLE XI A AND SECTION 301 OF THE ACT OF JULY 23, 1970
(P.L.563, NO.195), KNOWN AS THE PUBLIC EMPLOYE RELATIONS
ACT. THE SECRETARY MAY SUSPEND THE CERTIFICATE OF AN
EMPLOYEE WHO VIOLATES THIS SUBPARAGRAPH.~~

~~(VIII) WHEN A SCHOOL DISTRICT ENTERS RECEIVERSHIP
UNDER SUBDIVISION (VI), THE 90 DAY PERIOD FOR
RENEGOTIATION OF A COLLECTIVE BARGAINING AGREEMENT UNDER~~

~~SUBPARAGRAPH (I) SHALL BEGIN ON THE DATE FOLLOWING THE
COURT'S ISSUANCE OF AN ORDER GRANTING RECEIVERSHIP UNDER
SECTION 671-A.~~

(16) DELEGATE TO A PERSON, INCLUDING AN EMPLOYEE OF THE
SCHOOL DISTRICT OR A FOR-PROFIT OR NONPROFIT ORGANIZATION,
POWERS THE CHIEF RECOVERY OFFICER DEEMS NECESSARY TO CARRY
OUT THE PURPOSES OF THIS ARTICLE, SUBJECT TO THE SUPERVISION
AND DIRECTION OF THE CHIEF RECOVERY OFFICER.

(17) EMPLOY, CONTRACT WITH OR ASSIGN PERSONS OR FOR-
PROFIT OR NONPROFIT ORGANIZATIONS TO REVIEW THE FINANCIAL AND
EDUCATIONAL PROGRAMS OF SCHOOL BUILDINGS AND MAKE
RECOMMENDATIONS TO THE CHIEF RECOVERY OFFICER REGARDING
IMPROVEMENTS TO THE FINANCIAL OR EDUCATIONAL PROGRAMS OF
SCHOOL BUILDINGS.

(18) NEGOTIATE A CONTRACT WITH A CHARTER SCHOOL UNDER
SECTION 681-A(F).

(B) DEFINITIONS.--AS USED IN THIS SECTION, THE FOLLOWING
WORDS AND PHRASES SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS
SUBSECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"PROFESSIONAL EMPLOYEE." THE TERM SHALL HAVE THE MEANING AS
GIVEN IN SECTION 1101(1).

"TEACHER." AN INDIVIDUAL WHO HOLDS AN INSTRUCTIONAL
CERTIFICATE ISSUED BY THE DEPARTMENT UNDER THIS ACT AND IS
EMPLOYED FULL TIME AS A TEMPORARY PROFESSIONAL OR PROFESSIONAL
EMPLOYEE BY A SCHOOL ENTITY AND PROVIDES LEARNING EXPERIENCES
DIRECTLY TO STUDENTS DURING THE INSTRUCTIONAL DAY.

SECTION 643-A. FINANCIAL RECOVERY PLAN NOT AFFECTED BY CERTAIN
COLLECTIVE BARGAINING AGREEMENTS OR SETTLEMENTS.

NO COLLECTIVE BARGAINING AGREEMENT OR ARBITRATION SETTLEMENT,
ARBITRATION SETTLEMENT OR ARBITRATION AWARD MAY IN ANY MANNER



1 VIOLATE, EXPAND OR DIMINISH THE PROVISIONS OF A FINANCIAL
2 RECOVERY PLAN IN EFFECT ON THE DATE OF EXECUTION OF THE
3 COLLECTIVE BARGAINING AGREEMENT OR ~~ARBITRATION SETTLEMENT,~~
4 ARBITRATION SETTLEMENT OR ARBITRATION AWARD.

←

5 (IV) PROCESS FOR MODERATE FINANCIAL
6 RECOVERY SCHOOL DISTRICTS
7 SECTION 651-A. APPLICABILITY.

8 (A) GENERAL RULE.--THIS SUBDIVISION SHALL APPLY TO SCHOOL
9 DISTRICTS THAT SATISFY THE CRITERIA FOR FINANCIAL RECOVERY
10 STATUS STATED IN SECTION 621-A(A) (1) (I) (A) .

11 (B) DESIGNATION.--SCHOOL DISTRICTS THAT SATISFY THE CRITERIA
12 FOR FINANCIAL RECOVERY STATUS STATED IN SECTION 621-A(A) (1) (I)
13 (A) SHALL BE DEEMED "MODERATE FINANCIAL RECOVERY" SCHOOL
14 DISTRICTS.

15 SECTION 652-A. DEVELOPMENT AND APPROVAL OF PLAN.

16 (A) SUBMISSION OF PLAN.--

17 (1) WITHIN 90 DAYS OF APPOINTMENT, THE CHIEF RECOVERY
18 OFFICER SHALL, IN CONSULTATION WITH THE SUPERINTENDENT OF THE
19 SCHOOL DISTRICT, DEVELOP A FINANCIAL RECOVERY PLAN THAT
20 COMPLIES WITH SECTION 641-A AND SHALL PROVIDE COPIES OF THE
21 PLAN TO THE SCHOOL DISTRICT BUSINESS OFFICE, EACH MEMBER OF
22 THE BOARD OF SCHOOL DIRECTORS, THE SUPERINTENDENT OF THE
23 SCHOOL DISTRICT, THE SOLICITOR OF THE SCHOOL DISTRICT AND
24 EACH MEMBER OF THE ADVISORY COMMITTEE ESTABLISHED UNDER
25 SECTION 654-A. THE CHIEF RECOVERY OFFICER MAY COMPLY WITH
26 THIS SUBSECTION BY PROVIDING COPIES OF THE PLAN BY ELECTRONIC
27 MAIL.

←

28 (2) (I) THE CHIEF RECOVERY OFFICER MAY REQUEST FROM THE
29 SECRETARY AN EXTENSION OF TIME TO COMPLY WITH PARAGRAPH
30 (1).

1 (II) THE SECRETARY SHALL GRANT THE REQUEST FOR AN
2 EXTENSION OF TIME, IF THE SECRETARY DETERMINES THAT THE
3 CHIEF RECOVERY OFFICER NEEDS ADDITIONAL TIME TO DEVELOP A
4 FINANCIAL RECOVERY PLAN THAT COMPLIES WITH SECTION 641-A.

5 (B) PUBLIC INSPECTION.--UPON RECEIPT OF THE PLAN, THE BOARD
6 OF SCHOOL DIRECTORS SHALL IMMEDIATELY PLACE THE PLAN ON FILE FOR
7 PUBLIC INSPECTION IN THE SCHOOL DISTRICT BUSINESS OFFICE AND
8 MAKE THE PLAN AVAILABLE ON THE SCHOOL DISTRICT'S PUBLICLY
9 ACCESSIBLE INTERNET WEBSITE.

10 (C) BOARD OF SCHOOL DIRECTORS' APPROVAL.--

11 (1) WITHIN 30 DAYS OF THE CHIEF RECOVERY OFFICER'S
12 SUBMISSION OF THE PLAN TO THE BOARD OF SCHOOL DIRECTORS, THE
13 BOARD OF SCHOOL DIRECTORS SHALL APPROVE OR DISAPPROVE THE
14 PLAN BY MAJORITY VOTE AT A PUBLIC MEETING OF THE BOARD OF
15 SCHOOL DIRECTORS. APPROVAL OF THE PLAN BY THE BOARD OF SCHOOL
16 DIRECTORS SHALL CONSTITUTE THE SCHOOL DISTRICT'S APPLICATION
17 FOR A LOAN UNDER SUBDIVISION (VII) IN THE AMOUNT SPECIFIED IN
18 THE FINANCIAL RECOVERY PLAN.

19 (2) IF THE BOARD OF SCHOOL DIRECTORS DOES NOT APPROVE
20 THE PLAN WITHIN 30 DAYS, THE FOLLOWING SHALL APPLY:

21 (I) THE SCHOOL DISTRICT SHALL NOT BE ELIGIBLE FOR A
22 FINANCIAL RECOVERY TRANSITIONAL LOAN UNDER SUBDIVISION
23 (VII).

24 (II) THE SCHOOL DISTRICT SHALL NOT RECEIVE TECHNICAL
25 ASSISTANCE FROM THE DEPARTMENT UNDER SECTION 626-A.

26 (3) IF THE BOARD OF SCHOOL DIRECTORS DOES NOT APPROVE
27 THE PLAN WITHIN 365 DAYS FOLLOWING A DECLARATION OF FINANCIAL
28 RECOVERY STATUS, THE SECRETARY SHALL PETITION THE COURT OF
29 COMMON PLEAS OF THE COUNTY IN WHICH THE SCHOOL DISTRICT OR
30 THE LARGEST PART IN AREA OF THE SCHOOL DISTRICT IS LOCATED

1 FOR THE APPOINTMENT OF A RECEIVER UNDER SUBDIVISION (VI). THE
2 SECRETARY SHALL FILE THE PETITION UNDER THIS PARAGRAPH NOT
3 LESS THAN 366 DAYS NOR MORE THAN 370 DAYS FOLLOWING THE
4 DECLARATION OF FINANCIAL RECOVERY STATUS.

5 (D) SECRETARY APPROVAL.--

6 (1) IF THE BOARD OF SCHOOL DIRECTORS APPROVES THE PLAN
7 UNDER SUBSECTION (C), THE CHIEF RECOVERY OFFICER SHALL
8 PROVIDE A COPY OF THE PLAN TO THE SECRETARY WITHIN FIVE DAYS
9 OF THE BOARD'S APPROVAL.

10 (2) WITHIN TEN DAYS OF THE CHIEF RECOVERY OFFICER'S
11 SUBMISSION OF THE PLAN TO THE SECRETARY, THE SECRETARY SHALL
12 APPROVE OR DISAPPROVE THE PLAN IN A WRITTEN STATEMENT.
13 APPROVAL OF THE PLAN BY THE SECRETARY SHALL CONSTITUTE THE
14 DEPARTMENT'S APPROVAL OF A LOAN UNDER SUBDIVISION (VII) IN
15 THE AMOUNT SPECIFIED IN THE FINANCIAL RECOVERY PLAN.

16 (3) IF THE SECRETARY DISAPPROVES THE PLAN, THE FOLLOWING
17 SHALL APPLY:

18 (I) THE SECRETARY'S WRITTEN STATEMENT SHALL STATE
19 THE REASONS FOR THE SECRETARY'S DISAPPROVAL OF THE PLAN
20 AND RECOMMENDATIONS FOR REVISIONS TO THE PLAN.

21 (II) THE CHIEF RECOVERY OFFICER SHALL DEVELOP A
22 REVISED PLAN WITHIN 20 DAYS OF RECEIPT OF THE SECRETARY'S
23 WRITTEN STATEMENT DISAPPROVING THE PLAN, DISTRIBUTE
24 COPIES OF THE PLAN AS REQUIRED UNDER SUBSECTION (A) AND
25 SUBMIT THE REVISED PLAN TO THE BOARD OF SCHOOL DIRECTORS
26 AND THE SECRETARY FOR APPROVAL PURSUANT TO SUBSECTION (C)
27 AND THIS SUBSECTION.

28 SECTION 653-A. IMPLEMENTATION OF FINANCIAL RECOVERY PLAN.

29 (A) CHIEF RECOVERY OFFICER CHARGED WITH IMPLEMENTING PLAN.--
30 FOLLOWING THE SECRETARY'S APPROVAL OF THE FINANCIAL RECOVERY

1 PLAN UNDER SECTION 652-A(D), THE CHIEF RECOVERY OFFICER SHALL:

2 (1) IMPLEMENT THE PLAN.

3 (2) GIVE WRITTEN NOTICE OF THE PLAN'S ADOPTION TO
4 CREDITORS, THE EMPLOYEE ORGANIZATION AND OTHER PARTIES WHO
5 WILL BE DIRECTLY AFFECTED BY THE PLAN'S IMPLEMENTATION. THE
6 NOTICE SHALL OUTLINE THE PROVISIONS OF THE PLAN AND SPECIFY
7 HOW THAT PARTY'S CLAIM OR INTEREST WILL BE TREATED.

8 (3) OVERSEE THE IMPLEMENTATION AND COMPLETION OF THE
9 PLAN BY DIRECTLY CONTROLLING THE IMPLEMENTATION PROCESS, IN ←
10 CONSULTATION WITH THE SUPERINTENDENT OF THE SCHOOL DISTRICT,
11 INCLUDING DIRECTING EMPLOYEES AND ELECTED OR APPOINTED
12 OFFICIALS OF THE SCHOOL DISTRICT TO TAKE ACTIONS THAT, IN THE
13 JUDGMENT OF THE CHIEF RECOVERY OFFICER, ARE NECESSARY TO
14 IMPLEMENT THE PLAN AND TO REFRAIN FROM TAKING ACTIONS THAT,
15 IN THE JUDGMENT OF THE CHIEF RECOVERY OFFICER, WOULD IMPEDE
16 THE IMPLEMENTATION OF THE PLAN.

17 (4) PROVIDE THE DEPARTMENT AND THE SECRETARY WITH
18 MONTHLY REPORTS THAT CONTAIN THE FOLLOWING INFORMATION:

19 (I) EVIDENCE OF PAYMENTS TO CREDITORS AS REQUIRED
20 UNDER THE PLAN.

21 (II) EVIDENCE THAT ANY LOAN GIVEN TO THE SCHOOL
22 DISTRICT FROM THE DEPARTMENT UNDER SUBDIVISION (VII) IS
23 BEING REPAYED.

24 (III) MONTHLY REVENUE AND EXPENDITURE SHEETS WHICH
25 INDICATE THE BALANCES OF EACH IN RELATION TO THE OTHER.

26 (IV) EVIDENCE THAT THE RECOMMENDATIONS STATED IN THE
27 PLAN ARE BEING ACCOMPLISHED BY THE DATES SPECIFIED IN THE
28 PLAN, WHERE APPLICABLE.

29 (5) SUGGEST AMENDMENTS OR REVISIONS TO THE PLAN THAT MAY
30 BE NECESSARY TO IMPLEMENT OR COMPLETE THE PLAN OR ADAPT THE

1 PLAN TO CIRCUMSTANCES THAT ARISE OR BECOME APPARENT AFTER
2 APPROVAL OF THE PLAN BY THE SECRETARY. IN DETERMINING WHETHER
3 TO SUGGEST AMENDMENTS OR REVISIONS TO THE PLAN, THE CHIEF
4 RECOVERY OFFICER SHALL CONSULT WITH THE BOARD OF SCHOOL
5 DIRECTORS, THE ADVISORY COMMITTEE ESTABLISHED UNDER SECTION
6 654-A AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT.
7 AMENDMENTS OR REVISIONS TO THE PLAN SHALL BE SUBMITTED TO THE
8 BOARD OF SCHOOL DIRECTORS AND THE SECRETARY FOR APPROVAL AS
9 PROVIDED IN SECTION 652-A.

10 (6) UPON ACHIEVEMENT OF THE GOALS AND OBJECTIVES STATED
11 IN THE PLAN, RECOMMEND TO THE SECRETARY THAT FINANCIAL
12 RECOVERY STATUS BE TERMINATED UNDER SECTION 624-A.

13 (B) DUTY TO COMPLY.--

14 (1) THE BOARD OF SCHOOL DIRECTORS SHALL COMPLY WITH ALL
15 DIRECTIVES OF THE CHIEF RECOVERY OFFICER UNDER SUBSECTION (A)
16 (3) AND MAY TAKE NO ACTION THAT IS:

17 (I) INCONSISTENT WITH THE PLAN;

18 (II) NOT SPECIFICALLY IDENTIFIED IN THE PLAN; OR

19 (III) NOT DIRECTED BY THE CHIEF RECOVERY OFFICER AS
20 NECESSARY TO IMPLEMENT THE PLAN.

21 (2) IF A BOARD OF SCHOOL DIRECTORS FAILS TO COMPLY WITH
22 PARAGRAPH (1), THE SCHOOL DISTRICT SHALL BE SUBJECT TO THE
23 APPOINTMENT OF A RECEIVER UNDER SUBDIVISION (VI).

24 SECTION 654-A. ADVISORY COMMITTEE.

25 (A) ESTABLISHMENT.--

26 (1) WITHIN TEN DAYS AFTER A SCHOOL DISTRICT TO WHICH
27 THIS SUBDIVISION APPLIES IS DECLARED TO BE IN FINANCIAL
28 RECOVERY STATUS UNDER SECTION 621-A, THE BOARD OF SCHOOL
29 DIRECTORS SHALL ESTABLISH AN ADVISORY COMMITTEE TO MEET AND
30 CONSULT WITH THE CHIEF RECOVERY OFFICER OR RECEIVER IN

1 CARRYING OUT THE DUTIES OF THE CHIEF RECOVERY OFFICER OR
2 RECEIVER UNDER THIS ARTICLE.

3 (2) THE SOLE FUNCTION OF THE ADVISORY COMMITTEE SHALL BE
4 TO PROVIDE RECOMMENDATIONS AND FEEDBACK TO THE CHIEF RECOVERY
5 OFFICER OR RECEIVER ON THE DEVELOPMENT AND IMPLEMENTATION OF
6 THE FINANCIAL RECOVERY PLAN.

7 (B) COMPOSITION.--THE ADVISORY COMMITTEE ESTABLISHED UNDER
8 SUBSECTION (A) SHALL CONSIST OF:

9 (1) THE FOLLOWING MEMBERS APPOINTED BY THE BOARD OF
10 SCHOOL DIRECTORS:

11 (I) TWO MEMBERS OF THE BOARD OF SCHOOL DIRECTORS.

12 (II) ONE PRINCIPAL EMPLOYED BY THE SCHOOL DISTRICT.

13 (III) ONE BUSINESS OFFICIAL EMPLOYED BY THE SCHOOL
14 DISTRICT.

15 (2) THE FOLLOWING MEMBERS APPOINTED BY THE INTERMEDIATE
16 UNIT OF WHICH THE SCHOOL DISTRICT IS A MEMBER:

17 (I) ONE EMPLOYEE OF THE INTERMEDIATE UNIT.

18 (II) ONE REPRESENTATIVE OF A CHARTER SCHOOL OR CYBER
19 CHARTER SCHOOL IN WHICH STUDENTS RESIDING IN THE SCHOOL
20 DISTRICT ARE ENROLLED.

21 (III) ONE SPECIAL EDUCATION ADVOCATE.

22 (IV) ONE SUPERINTENDENT, SCHOOL DIRECTOR OR BUSINESS
23 OFFICIAL OF AN ADJOINING SCHOOL DISTRICT.

24 (V) TWO RESIDENTS OF THE SCHOOL DISTRICT.

25 (3) ONE TEACHER APPOINTED BY THE EMPLOYEE ORGANIZATION
26 THAT REPRESENTS TEACHERS EMPLOYED BY THE SCHOOL DISTRICT.

27 (4) THE SUPERINTENDENT OF THE SCHOOL DISTRICT.

28 (C) COMPENSATION PROHIBITED.--MEMBERS OF THE ADVISORY
29 COMMITTEE SHALL RECEIVE NO COMPENSATION FOR THEIR SERVICES.

30 (D) MEETINGS.--THE ADVISORY COMMITTEE SHALL MEET WITH THE



1 CHIEF RECOVERY OFFICER OR RECEIVER AT LEAST MONTHLY TO DISCUSS
2 THE DEVELOPMENT OR IMPLEMENTATION OF THE FINANCIAL RECOVERY
3 PLAN. MEETINGS OF THE ADVISORY COMMITTEE SHALL BE IN ACCORDANCE
4 WITH 65 PA.C.S. CH. 7 (RELATING TO OPEN MEETINGS).

5 (E) TERMINATION.--THE ADVISORY COMMITTEE SHALL TERMINATE
6 WHEN THE SCHOOL DISTRICT'S FINANCIAL RECOVERY STATUS TERMINATES
7 UNDER SECTION 624-A.

8 (F) ESTABLISHMENT OF ADVISOR COMMITTEE FOLLOWING APPOINTMENT
9 OF RECEIVER.--

10 (1) IF A RECEIVER IS APPOINTED UNDER SECTION 671-A(A) (1)
11 (III), THE BOARD OF SCHOOL DIRECTORS SHALL ESTABLISH AN
12 ADVISORY COMMITTEE WITHIN TEN DAYS OF THE APPOINTMENT OF THE
13 RECEIVER.

14 (2) THE SOLE FUNCTION OF THE ADVISORY COMMITTEE SHALL BE
15 TO PROVIDE RECOMMENDATIONS AND FEEDBACK TO THE RECEIVER ON
16 THE DEVELOPMENT AND IMPLEMENTATION OF THE FINANCIAL RECOVERY
17 PLAN.

18 (3) THE PROVISIONS OF SUBSECTIONS (B), (C) AND (D) SHALL
19 APPLY TO THE ADVISORY COMMITTEE.

20 (4) THE ADVISORY COMMITTEE SHALL TERMINATE WHEN THE
21 SCHOOL DISTRICT'S RECEIVERSHIP EXPIRES UNDER SECTION 675-A.

22 (V) PROCESS FOR SEVERE FINANCIAL
23 RECOVERY SCHOOL DISTRICTS
24 SECTION 661-A. APPLICABILITY.

25 (A) GENERAL RULE.--THIS SUBDIVISION SHALL APPLY TO SCHOOL
26 DISTRICTS THAT SATISFY THE CRITERIA FOR FINANCIAL RECOVERY
27 STATUS STATED IN SECTION 621-A(A) (1) (I) (B).

28 (B) DESIGNATION.--SCHOOL DISTRICTS THAT SATISFY THE CRITERIA
29 FOR FINANCIAL RECOVERY STATUS STATED IN SECTION 621-A(A) (1) (I)
30 (B) SHALL BE DEEMED "SEVERE FINANCIAL RECOVERY" SCHOOL

DISTRICTS.

SECTION 662-A. VOTE TO PROCEED.

(A) GENERAL RULE.--WITHIN 14 DAYS FOLLOWING A DECLARATION OF FINANCIAL RECOVERY STATUS UNDER SECTION 621-A, THE BOARD OF SCHOOL DIRECTORS OF A SCHOOL DISTRICT TO WHICH THIS SUBDIVISION APPLIES SHALL, AT A REGULAR OR SPECIAL MEETING OF THE BOARD OF SCHOOL DIRECTORS, ADOPT BY MAJORITY VOTE A RESOLUTION ELECTING TO PROCEED WITH ONE OF THE FOLLOWING:

(1) COOPERATION WITH THE CHIEF RECOVERY OFFICER APPOINTED UNDER SUBDIVISION (II) AND DEVELOPMENT, APPROVAL AND IMPLEMENTATION OF A FINANCIAL RECOVERY PLAN UNDER SECTIONS 663-A AND 664-A; OR

(2) THE APPOINTMENT OF A RECEIVER UNDER SUBDIVISION (VI).

(B) EFFECT OF FAILURE TO VOTE.--ANY FAILURE BY THE BOARD OF SCHOOL DIRECTORS TO HOLD A VOTE UNDER THIS SECTION WITHIN 14 DAYS SHALL BE DEEMED A VOTE TO PROCEED WITH THE APPOINTMENT OF A RECEIVER.

(C) RECEIVERSHIP.--WHERE THE BOARD OF SCHOOL DIRECTORS VOTES TO PROCEED WITH THE APPOINTMENT OF A RECEIVER UNDER SUBSECTION (A) (2) OR FAILS TO HOLD A VOTE UNDER SUBSECTION (A), THE SECRETARY SHALL FILE A PETITION FOR THE APPOINTMENT OF A RECEIVER UNDER SECTION 671-A(A) BY THE EARLIER OF THE FOLLOWING:

(1) FIVE DAYS FOLLOWING THE VOTE OF THE BOARD OF SCHOOL DIRECTORS TO PROCEED WITH THE APPOINTMENT OF A RECEIVER; OR

(2) NINETEEN DAYS FOLLOWING THE DECLARATION OF FINANCIAL RECOVERY STATUS.

SECTION 663-A. DEVELOPMENT AND APPROVAL OF PLAN.

(A) SUBMISSION OF PLAN.--

(1) WITHIN 30 DAYS OF APPOINTMENT, THE CHIEF RECOVERY

1 OFFICER OF A SCHOOL DISTRICT THAT VOTES TO PROCEED UNDER
2 SECTION 662-A(1) SHALL DEVELOP A FINANCIAL RECOVERY PLAN THAT
3 COMPLIES WITH SECTION 641-A AND PROVIDE COPIES OF THE PLAN TO
4 THE SCHOOL DISTRICT BUSINESS OFFICE, EACH MEMBER OF THE BOARD
5 OF SCHOOL DIRECTORS, THE SUPERINTENDENT OF THE SCHOOL
6 DISTRICT AND THE SOLICITOR OF THE SCHOOL DISTRICT. THE CHIEF
7 RECOVERY OFFICER MAY COMPLY WITH THIS SUBSECTION BY PROVIDING
8 COPIES OF THE PLAN BY ELECTRONIC MAIL.

9 (2) (I) THE CHIEF RECOVERY OFFICER MAY REQUEST FROM THE
10 SECRETARY AN EXTENSION OF TIME TO COMPLY WITH PARAGRAPH
11 (1).

12 (II) THE SECRETARY SHALL GRANT THE REQUEST FOR AN
13 EXTENSION OF TIME, IF THE SECRETARY DETERMINES THAT THE
14 CHIEF RECOVERY OFFICER NEEDS ADDITIONAL TIME TO DEVELOP A
15 FINANCIAL RECOVERY PLAN THAT COMPLIES WITH SECTION 641-A.

16 (B) PUBLIC INSPECTION.--UPON RECEIPT OF THE PLAN, THE BOARD
17 OF SCHOOL DIRECTORS SHALL IMMEDIATELY PLACE THE PLAN ON FILE FOR
18 PUBLIC INSPECTION IN THE SCHOOL DISTRICT BUSINESS OFFICE AND
19 MAKE THE PLAN AVAILABLE ON THE SCHOOL DISTRICT'S PUBLICLY
20 ACCESSIBLE INTERNET WEBSITE.

21 (C) BOARD OF SCHOOL DIRECTORS' APPROVAL.--

22 (1) (I) WITHIN TEN DAYS OF THE CHIEF RECOVERY OFFICER'S
23 SUBMISSION OF THE PLAN TO THE BOARD OF SCHOOL DIRECTORS,
24 THE BOARD OF SCHOOL DIRECTORS SHALL APPROVE OR DISAPPROVE
25 THE PLAN BY MAJORITY VOTE AT A PUBLIC MEETING OF THE
26 BOARD OF SCHOOL DIRECTORS. THE APPROVAL OF THE PLAN BY
27 THE BOARD OF SCHOOL DIRECTORS SHALL CONSTITUTE THE SCHOOL
28 DISTRICT'S APPLICATION FOR A LOAN UNDER SUBDIVISION (VII)
29 IN THE AMOUNT SPECIFIED IN THE FINANCIAL RECOVERY PLAN.

30 (II) ANY FAILURE BY THE BOARD OF SCHOOL DIRECTORS TO

1 VOTE ON THE PROPOSED PLAN WITHIN TEN DAYS SHALL BE DEEMED
2 A VOTE TO DISAPPROVE THE PLAN.

3 (2) IF THE BOARD OF SCHOOL DIRECTORS DOES NOT APPROVE
4 THE PLAN WITHIN TEN DAYS, THE FOLLOWING SHALL APPLY:

5 (I) THE SCHOOL DISTRICT SHALL NOT BE ELIGIBLE FOR A
6 FINANCIAL RECOVERY TRANSITIONAL LOAN UNDER SUBDIVISION
7 (VII).

8 (II) THE SCHOOL DISTRICT SHALL NOT RECEIVE TECHNICAL
9 ASSISTANCE FROM THE DEPARTMENT UNDER SECTION 626-A.

10 (III) THE SECRETARY SHALL PETITION THE COURT OF
11 COMMON PLEAS OF THE COUNTY IN WHICH THE SCHOOL DISTRICT
12 OR THE LARGEST PART IN AREA OF THE SCHOOL DISTRICT IS
13 LOCATED FOR THE APPOINTMENT OF A RECEIVER UNDER
14 SUBDIVISION (VI).

15 (3) THE SECRETARY SHALL FILE THE PETITION UNDER THIS
16 PARAGRAPH NOT LATER THAN FIVE DAYS FOLLOWING THE VOTE BY THE
17 BOARD OF SCHOOL DIRECTORS TO DISAPPROVE THE PLAN.

18 (D) SECRETARY APPROVAL.--

19 (1) IF THE BOARD OF SCHOOL DIRECTORS APPROVES THE PLAN
20 UNDER SUBSECTION (C), THE CHIEF RECOVERY OFFICER SHALL
21 PROVIDE A COPY OF THE PLAN TO THE SECRETARY WITHIN FIVE DAYS.

22 (2) WITHIN TEN DAYS OF THE CHIEF RECOVERY OFFICER'S
23 SUBMISSION OF THE PLAN TO THE SECRETARY, THE SECRETARY SHALL
24 APPROVE OR DISAPPROVE THE PLAN IN A WRITTEN STATEMENT. THE
25 APPROVAL OF THE PLAN BY THE SECRETARY SHALL CONSTITUTE THE
26 DEPARTMENT'S APPROVAL OF A LOAN UNDER SUBDIVISION (VII) IN
27 THE AMOUNT SPECIFIED IN THE FINANCIAL RECOVERY PLAN.

28 (3) IF THE SECRETARY DISAPPROVES THE PLAN, THE FOLLOWING
29 SHALL APPLY:

30 (I) THE SECRETARY'S WRITTEN STATEMENT SHALL STATE

1 THE REASONS FOR THE SECRETARY'S DISAPPROVAL OF THE PLAN
2 AND RECOMMENDATIONS FOR REVISIONS TO THE PLAN.

3 (II) THE CHIEF RECOVERY OFFICER SHALL DEVELOP A
4 REVISED PLAN WITHIN 20 DAYS OF RECEIPT OF THE SECRETARY'S
5 WRITTEN STATEMENT DISAPPROVING THE PLAN, DISTRIBUTE
6 COPIES OF THE PLAN AS REQUIRED UNDER SUBSECTION (A) AND
7 SUBMIT THE REVISED PLAN TO THE BOARD OF SCHOOL DIRECTORS
8 AND THE SECRETARY FOR APPROVAL UNDER SUBSECTION (C) AND
9 THIS SUBSECTION.

10 SECTION 664-A. IMPLEMENTATION OF FINANCIAL RECOVERY PLAN.

11 (A) CHIEF RECOVERY OFFICER CHARGED WITH IMPLEMENTING PLAN.--
12 FOLLOWING THE SECRETARY'S APPROVAL OF THE FINANCIAL RECOVERY
13 PLAN UNDER SECTION 663-A(D), THE CHIEF RECOVERY OFFICER SHALL
14 IMPLEMENT THE PLAN AND:

15 (1) GIVE WRITTEN NOTICE OF THE PLAN'S ADOPTION TO
16 CREDITORS, THE EMPLOYEE ORGANIZATION AND OTHER PARTIES WHO
17 WILL BE DIRECTLY AFFECTED BY THE PLAN'S IMPLEMENTATION. THE
18 NOTICE SHALL OUTLINE THE PROVISIONS OF THE PLAN AND SPECIFY
19 HOW THAT PARTY'S CLAIM OR INTEREST WILL BE TREATED.

20 (2) OVERSEE THE IMPLEMENTATION AND COMPLETION OF THE
21 PLAN BY DIRECTLY CONTROLLING THE IMPLEMENTATION PROCESS,
22 INCLUDING DIRECTING EMPLOYEES AND ELECTED OR APPOINTED
23 OFFICIALS OF THE SCHOOL DISTRICT TO TAKE ACTIONS THAT, IN THE
24 JUDGMENT OF THE CHIEF RECOVERY OFFICER, ARE NECESSARY TO
25 IMPLEMENT THE PLAN AND TO REFRAIN FROM TAKING ACTIONS THAT,
26 IN THE JUDGMENT OF THE CHIEF RECOVERY OFFICER, WOULD IMPEDE
27 THE IMPLEMENTATION OF THE PLAN.

28 (3) PROVIDE THE DEPARTMENT AND THE SECRETARY WITH
29 MONTHLY REPORTS THAT CONTAIN THE FOLLOWING INFORMATION:

30 (I) EVIDENCE OF PAYMENTS TO CREDITORS AS REQUIRED

1 UNDER THE PLAN.

2 (II) EVIDENCE THAT ANY LOAN GIVEN TO THE SCHOOL
3 DISTRICT FROM THE DEPARTMENT UNDER SUBDIVISION (VI) IS
4 BEING REPAID.

5 (III) MONTHLY REVENUE AND EXPENDITURE SHEETS WHICH
6 INDICATE THE BALANCES OF EACH IN RELATION TO THE OTHER.

7 (IV) EVIDENCE THAT THE RECOMMENDATIONS STATED IN THE
8 PLAN ARE BEING ACCOMPLISHED BY THE DATES SPECIFIED IN THE
9 PLAN WHERE APPLICABLE.

10 (4) SUGGEST AMENDMENTS OR REVISIONS TO THE PLAN THAT MAY
11 BE NECESSARY TO IMPLEMENT OR COMPLETE THE PLAN OR ADAPT THE
12 PLAN TO CIRCUMSTANCES THAT ARISE OR BECOME APPARENT AFTER
13 APPROVAL OF THE PLAN BY THE SECRETARY. IN DETERMINING WHETHER
14 TO SUGGEST AMENDMENTS OR REVISIONS TO THE PLAN, THE CHIEF
15 RECOVERY OFFICER SHALL CONSULT WITH THE BOARD OF SCHOOL
16 DIRECTORS AND THE SUPERINTENDENT OF THE SCHOOL DISTRICT.
17 AMENDMENTS OR REVISIONS TO THE PLAN SHALL BE SUBMITTED TO THE
18 BOARD OF SCHOOL DIRECTORS AND THE SECRETARY FOR APPROVAL AS
19 PROVIDED IN SECTION 663-A.

20 (5) UPON ACHIEVEMENT OF THE GOALS AND OBJECTIVES STATED
21 IN THE PLAN, RECOMMEND TO THE SECRETARY THAT FINANCIAL
22 RECOVERY STATUS BE TERMINATED UNDER SECTION 624-A.

23 (B) DUTY TO COMPLY.--

24 (1) THE BOARD OF SCHOOL DIRECTORS SHALL COMPLY WITH ALL
25 DIRECTIVES OF THE CHIEF RECOVERY OFFICER UNDER SUBSECTION (A)

26 (2) AND MAY TAKE NO ACTION THAT IS:

27 (I) INCONSISTENT WITH THE PLAN;

28 (II) NOT SPECIFICALLY IDENTIFIED IN THE PLAN; OR

29 (III) NOT DIRECTED BY THE CHIEF RECOVERY OFFICER AS
30 NECESSARY TO IMPLEMENT THE PLAN.

1 (2) IF A BOARD OF SCHOOL DIRECTORS FAILS TO COMPLY WITH
2 PARAGRAPH (1), THE SCHOOL DISTRICT SHALL BE SUBJECT TO THE
3 APPOINTMENT OF A RECEIVER UNDER SUBDIVISION (VI).

4 (VI) RECEIVERSHIP

5 SECTION 671-A. APPOINTMENT OF A RECEIVER.

6 (A) DUTY TO FILE PETITION.--

7 (1) THE SECRETARY SHALL PETITION THE COURT OF COMMON
8 PLEAS IN THE COUNTY IN WHICH A SCHOOL DISTRICT OR THE LARGEST
9 PART IN AREA OF THE SCHOOL DISTRICT IS LOCATED FOR THE
10 APPOINTMENT OF THE INDIVIDUAL NAMED IN THE PETITION TO SERVE
11 AS RECEIVER FOR THE SCHOOL DISTRICT UPON THE OCCURRENCE OF
12 ANY OF THE FOLLOWING CONDITIONS:

13 (I) A FAILURE BY THE BOARD OF SCHOOL DIRECTORS TO
14 APPROVE A FINANCIAL RECOVERY PLAN UNDER SECTION 652-A(C)
15 OR 663-A(C).

16 (II) A FAILURE BY THE BOARD OF SCHOOL DIRECTORS TO
17 COMPLY WITH DIRECTIVES ISSUED BY THE CHIEF RECOVERY
18 OFFICER UNDER SECTION 653-A(A) (2) OR 664-A(A) (2).

19 (III) A FAILURE BY THE BOARD OF SCHOOL DIRECTORS TO
20 SATISFY OR CONTINUE TO SATISFY THE OBJECTIVES STATED IN
21 THE FINANCIAL RECOVERY PLAN UNDER SECTION 641-A(9) DURING
22 THE TRANSITION PERIOD UNDER SECTION 625-A.

23 (IV) A VOTE BY THE BOARD OF SCHOOL DIRECTORS TO
24 PROCEED WITH THE APPOINTMENT OF A RECEIVER UNDER SECTION
25 662-A(2).

26 (2) FOR A SCHOOL DISTRICT THAT WAS DECLARED TO BE IN
27 FINANCIAL RECOVERY STATUS UNDER SECTION 621-A(A) (1) (I) (A),
28 THE SECRETARY SHALL FILE A PETITION UNDER THIS SECTION NOT
29 LESS THAN 366 DAYS NOR MORE THAN 370 DAYS FOLLOWING THE
30 DECLARATION OF FINANCIAL RECOVERY STATUS.

1 (B) FINANCIAL RECOVERY PLAN.--THE SECRETARY SHALL ATTACH TO
2 THE PETITION FILED UNDER SUBSECTION (A) A COPY OF A FINANCIAL
3 RECOVERY PLAN FOR THE SCHOOL DISTRICT. THE FINANCIAL RECOVERY
4 PLAN ATTACHED TO THE PETITION SHALL COMPLY WITH SECTION 641-A.
5 WHEN A RECEIVER IS APPOINTED UNDER THIS SUBDIVISION, ALL
6 REFERENCES TO THE CHIEF RECOVERY OFFICER IN SECTION 641-A SHALL
7 BE DEEMED REFERENCES TO THE RECEIVER APPOINTED UNDER THIS
8 SUBDIVISION.

9 (C) REQUIREMENTS FOR INDIVIDUAL APPOINTED AS RECEIVER.--

10 (1) TO BE APPOINTED AS RECEIVER UNDER THIS SUBDIVISION,
11 AN INDIVIDUAL MUST SATISFY ONE OF THE FOLLOWING:

12 (I) POSSESS AT LEAST FIVE YEARS' EXPERIENCE IN ONE
13 OR MORE OF THE FOLLOWING AREAS: BUDGET AND FINANCIAL
14 MANAGEMENT, PUBLIC SCHOOL FINANCE, SCHOOL ADMINISTRATION,
15 ACCOUNTING, ACADEMIC ASSESSMENT OR EDUCATION LAW;

16 (II) HOLD A GRADUATE DEGREE FROM AN ACCREDITED
17 HIGHER EDUCATION INSTITUTION IN BUSINESS OR FINANCE AND
18 HAVE AT LEAST FOUR YEARS' RELEVANT EXPERIENCE IN
19 BUSINESS, FINANCE OR MANAGEMENT; OR

20 (III) BE THE CURRENT BUSINESS MANAGER OR FINANCIAL
21 OFFICER OF A SCHOOL DISTRICT IN THIS COMMONWEALTH.

22 (2) THE CHIEF RECOVERY OFFICER OF THE FINANCIAL RECOVERY
23 SCHOOL DISTRICT MAY BE APPOINTED AS RECEIVER.

24 (3) THE RECEIVER SHALL NOT:

25 (I) SEEK OR HOLD A POSITION AS AN EMPLOYEE OR AS AN
26 ELECTED OR APPOINTED OFFICIAL OF THE SCHOOL DISTRICT FOR
27 WHICH THE INDIVIDUAL IS APPOINTED TO SERVE AS RECEIVER
28 DURING THE TERM OF THE RECEIVERSHIP OR FOR A PERIOD OF
29 TWO YEARS AFTER THE RECEIVERSHIP HAS ENDED.

30 (II) SEEK OR HOLD ELECTED OFFICE IN A POLITICAL

1 SUBDIVISION WITHIN THE SCHOOL DISTRICT DURING THE TERM OF
2 THE RECEIVERSHIP OR FOR A PERIOD OF TWO YEARS AFTER THE
3 RECEIVERSHIP HAS ENDED.

4 (III) ENGAGE IN ANY CONDUCT PROHIBITED BY THE ACT OF
5 JULY 19, 1957 (P.L.1017, NO.451), KNOWN AS THE STATE
6 ADVERSE INTEREST ACT, OR 65 PA.C.S. CH. 11 (RELATING TO
7 ETHICS STANDARDS AND FINANCIAL DISCLOSURE).

8 (D) CONSENT.--THE OCCURRENCE OF ANY OF THE CONDITIONS
9 ENUMERATED IN SUBSECTION (A) SHALL BE DEEMED CONSENT BY THE
10 BOARD OF SCHOOL DIRECTORS TO A PETITION FILED BY THE SECRETARY
11 FOR THE APPOINTMENT OF A RECEIVER UNDER THIS SUBDIVISION.

12 (E) NOTICE.--ON THE SAME DAY THE SECRETARY FILES THE
13 PETITION UNDER SUBSECTION (A), THE SECRETARY SHALL:

14 (1) SERVE THE PETITION BY ELECTRONIC MAIL, FIRST CLASS
15 MAIL OR HAND DELIVERY UPON ALL OF THE FOLLOWING:

16 (I) EACH MEMBER OF THE BOARD OF SCHOOL DIRECTORS OF
17 THE SCHOOL DISTRICT.

18 (II) THE CHIEF RECOVERY OFFICER OF THE SCHOOL
19 DISTRICT.

20 (III) THE SUPERINTENDENT OF THE SCHOOL DISTRICT.

21 (IV) THE SOLICITOR OF THE SCHOOL DISTRICT.

22 (V) EACH MEMBER OF THE ADVISORY COMMITTEE, IF AN
23 ADVISORY COMMITTEE HAS BEEN ESTABLISHED UNDER SECTION
24 654-A.

25 (2) PUBLISH NOTICE OF THE FILING OF THE PETITION ONCE IN
26 A NEWSPAPER OF GENERAL CIRCULATION IN THE SCHOOL DISTRICT.

27 (F) HEARING.--WITHIN SEVEN DAYS AFTER THE FILING OF A
28 PETITION UNDER SUBSECTION (A), THE COURT OF COMMON PLEAS SHALL
29 CONDUCT A HEARING ON THE PETITION.

30 (G) ORDER.--

1 (1) NOT LATER THAN TEN DAYS FOLLOWING THE HEARING
2 CONDUCTED UNDER SUBSECTION (F), THE COURT SHALL ISSUE AN
3 ORDER GRANTING OR DENYING THE RECEIVERSHIP. THE COURT SHALL
4 GRANT THE RECEIVERSHIP UNLESS THE COURT FINDS BY CLEAR AND
5 CONVINCING EVIDENCE THAT THE PETITION FOR THE APPOINTMENT OF
6 A RECEIVER IS ARBITRARY, CAPRICIOUS OR WHOLLY IRRELEVANT TO
7 RESTORING THE SCHOOL DISTRICT TO FINANCIAL STABILITY.

8 (2) AN ORDER ISSUED UNDER THIS SUBSECTION GRANTING THE
9 RECEIVERSHIP SHALL DO ALL OF THE FOLLOWING:

10 (I) DECLARE THE SCHOOL DISTRICT TO BE IN
11 RECEIVERSHIP FOR A PERIOD OF THREE YEARS, SUBJECT TO
12 EXTENSION UNDER SECTION 675-A(B).

13 (II) STATE THE CRITERIA UPON WHICH THE ORDER IS
14 GRANTED.

15 (III) STATE FINDINGS OF FACT TO SUPPORT THE ORDER.

16 (IV) APPOINT THE INDIVIDUAL NAMED IN THE PETITION TO
17 BE THE RECEIVER IF THE INDIVIDUAL SATISFIES THE
18 PROVISIONS OF SUBSECTION (C). ~~THE COURT MAY NOT APPOINT~~ ←
19 ~~ANYONE OTHER THAN THE INDIVIDUAL NAMED IN THE PETITION AS~~
20 ~~THE RECEIVER.~~, PROVIDED THAT THE COURT MAY REJECT THE ←
21 APPOINTMENT FOR ANY REASON. IF THE COURT REJECTS THE
22 APPOINTMENT, THE COURT MAY DO EITHER OF THE FOLLOWING:

23 (A) NAME A RECEIVER SUBJECT TO THE REQUIREMENTS
24 OF SECTION 671-A(C) AND FOR GOOD CAUSE SHOWN; OR

25 (B) ORDER THE SECRETARY TO SUBMIT AN ALTERNATIVE
26 APPOINTMENT.

27 (V) DIRECT THE RECEIVER TO IMPLEMENT THE FINANCIAL
28 RECOVERY PLAN ATTACHED TO THE PETITION UNDER SUBSECTION
29 (B).

30 (VI) ORDER THE DEPARTMENT TO AWARD A LOAN TO THE

1 SCHOOL DISTRICT UNDER SECTION 682-A(A) (1) (II), IF THE
2 RECEIVER APPOINTED FOR THE SCHOOL DISTRICT HAS APPLIED
3 FOR A LOAN UNDER SECTION 682-A(A) (1) (II) AND THE SCHOOL
4 DISTRICT SATISFIES THE CRITERIA STATED IN SECTION 681-
5 A(A).

6 (3) AN ORDER ISSUED UNDER THIS SUBSECTION DENYING THE
7 RECEIVERSHIP SHALL STATE:

8 (I) THE REASONS THE PETITION WAS DENIED.

9 (II) FINDINGS OF FACT TO SUPPORT THE ORDER.

10 (H) COMPENSATION.--

11 (1) THE RECEIVER'S COMPENSATION SHALL BE SET PURSUANT TO
12 A CONTRACT BETWEEN THE RECEIVER AND THE DEPARTMENT AND PAID
13 BY THE DEPARTMENT.

14 (2) THE DEPARTMENT SHALL REIMBURSE THE RECEIVER FOR ALL
15 ACTUAL AND NECESSARY EXPENSES INCURRED IN THE PERFORMANCE OF
16 THE INDIVIDUAL'S DUTIES AS RECEIVER.

17 (I) LIABILITY AND IMMUNITY.--THE RECEIVER SHALL NOT BE
18 PERSONALLY LIABLE FOR ANY OBLIGATIONS OF THE SCHOOL DISTRICT.
19 THE RECEIVER SHALL BE ENTITLED TO SOVEREIGN AND OFFICIAL
20 IMMUNITY AS PROVIDED IN 1 PA.C.S. § 2310 (RELATING TO SOVEREIGN
21 IMMUNITY REAFFIRMED; SPECIFIC WAIVER) AND SHALL REMAIN IMMUNE
22 FROM SUIT EXCEPT AS PROVIDED BY AND SUBJECT TO THE PROVISIONS OF
23 42 PA.C.S. CH. 85 SUBCHS. A (RELATING TO GENERAL PROVISIONS) AND
24 B (RELATING TO ACTIONS AGAINST COMMONWEALTH PARTIES).
25 SECTION 672-A. POWERS AND DUTIES.

26 (A) ASSUMPTION OF POWERS AND DUTIES.--

27 (1) WHEN A RECEIVER IS APPOINTED UNDER SECTION 671-A,
28 THE RECEIVER SHALL ASSUME ALL POWERS AND DUTIES OF THE CHIEF
29 RECOVERY OFFICER AND THE BOARD OF SCHOOL DIRECTORS, INCLUDING
30 ALL POWERS AND DUTIES OF THE BOARD OF SCHOOL DIRECTORS STATED

1 IN THE FINANCIAL RECOVERY PLAN.

2 (2) PARAGRAPH (1) SHALL NOT APPLY TO THE POWER TO LEVY
3 AND RAISE TAXES. SUCH POWER SHALL REMAIN SOLELY WITH THE
4 BOARD OF SCHOOL DIRECTORS, PROVIDED THAT THE BOARD OF SCHOOL
5 DIRECTORS SHALL LEVY AND RAISE TAXES IF DIRECTED TO DO SO BY
6 THE RECEIVER.

7 (3) THE CHIEF RECOVERY OFFICER APPOINTED FOR THE
8 FINANCIAL RECOVERY SCHOOL DISTRICT UNDER SECTION 631-A SHALL
9 REMAIN IN PLACE AS AN ADVISOR TO THE RECEIVER.

10 (4) IF THE CHIEF RECOVERY OFFICER APPOINTED UNDER
11 SECTION 631-A IS APPOINTED AS RECEIVER BY THE COURT UNDER
12 SECTION 671-A, THE SECRETARY MAY APPOINT AN INDIVIDUAL TO
13 REPLACE THE CHIEF RECOVERY OFFICER, SUBJECT TO SECTION 631-
14 A(B).

15 (B) POWERS AND DUTIES OF THE RECEIVER.--IN ADDITION TO THE
16 POWERS ASSUMED UNDER SUBSECTION (A), A RECEIVER APPOINTED UNDER
17 SECTION 671-A SHALL HAVE THE FOLLOWING POWERS AND DUTIES,
18 NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY:

19 (1) IMPLEMENT THE FINANCIAL RECOVERY PLAN ATTACHED TO
20 THE PETITION FILED UNDER SECTION 671-A(A).

21 (2) SUBMIT QUARTERLY REPORTS TO THE SECRETARY,
22 SUPERINTENDENT AND BOARD OF SCHOOL DIRECTORS OF THE SCHOOL
23 DISTRICT CONCERNING THE PROGRESS OF THE SCHOOL DISTRICT UNDER
24 THE FINANCIAL RECOVERY PLAN. WHERE AN ADVISORY COMMITTEE HAS
25 BEEN ESTABLISHED UNDER SECTION 654-A, THE REPORTS SHALL ALSO
26 BE SUBMITTED TO THE ADVISORY COMMITTEE. THE REPORTS SHALL BE
27 POSTED ON THE SCHOOL DISTRICT'S PUBLICLY ACCESSIBLE INTERNET
28 WEBSITE.

29 (3) DIRECT EMPLOYEES AND APPOINTED OFFICIALS OF THE
30 SCHOOL DISTRICT TO TAKE ACTIONS THAT, IN THE JUDGMENT OF THE

1 RECEIVER, ARE NECESSARY TO IMPLEMENT THE FINANCIAL RECOVERY
2 PLAN AND TO REFRAIN FROM TAKING ACTIONS THAT, IN THE JUDGMENT
3 OF THE RECEIVER, WOULD IMPEDE THE IMPLEMENTATION OF THE PLAN.

4 (4) DIRECT THE BOARD OF SCHOOL DIRECTORS TO LEVY AND
5 RAISE TAXES.

6 (5) MODIFY THE FINANCIAL RECOVERY PLAN AS NECESSARY TO
7 RESTORE THE SCHOOL DISTRICT TO FINANCIAL STABILITY BY
8 SUBMITTING A PETITION TO THE COURT OF COMMON PLEAS. WITHIN
9 SEVEN DAYS OF THE FILING OF THE PETITION, THE COURT OF COMMON
10 PLEAS SHALL ISSUE A DECISION APPROVING OR DISAPPROVING THE
11 PETITION. THE COURT OF COMMON PLEAS SHALL APPROVE THE
12 MODIFICATION, UNLESS THE COURT FINDS BY CLEAR AND CONVINCING
13 EVIDENCE THAT THE MODIFICATION IS ARBITRARY, CAPRICIOUS OR
14 WHOLLY INADEQUATE TO RESTORE THE SCHOOL DISTRICT TO FINANCIAL
15 STABILITY.

16 (6) EMPLOY FINANCIAL OR LEGAL EXPERTS THE RECEIVER DEEMS
17 NECESSARY TO IMPLEMENT OR MODIFY THE FINANCIAL RECOVERY PLAN.
18 NOTWITHSTANDING ANY LAW TO THE CONTRARY, THE EMPLOYMENT OF
19 SUCH EXPERTS SHALL NOT BE SUBJECT TO CONTRACTUAL COMPETITIVE
20 BIDDING PROCEDURES.

21 (7) ATTEND REGULAR AND EXECUTIVE SESSIONS OF THE BOARD
22 OF SCHOOL DIRECTORS OF THE SCHOOL DISTRICT.

23 (8) PETITION THE COURT OF COMMON PLEAS IN THE COUNTY IN
24 WHICH THE SCHOOL DISTRICT OR THE LARGEST PART IN AREA OF THE
25 SCHOOL DISTRICT IS LOCATED TO ISSUE A WRIT OF MANDAMUS UPON
26 ANY EMPLOYEE OR ELECTED OR APPOINTED OFFICIAL OF THE SCHOOL
27 DISTRICT TO SECURE COMPLIANCE WITH A DIRECTIVE OF THE
28 RECEIVER ISSUED UNDER PARAGRAPH (3) OR (4). WITHIN SEVEN DAYS
29 OF THE FILING OF THE PETITION, THE COURT SHALL GRANT THE
30 RELIEF REQUESTED IF THE COURT DETERMINES THAT THE DIRECTIVE

1 IS CONSISTENT WITH THE FINANCIAL RECOVERY PLAN.

2 (9) MEET AT LEAST MONTHLY WITH THE ADVISORY COMMITTEE,
3 WHERE AN ADVISORY COMMITTEE HAS BEEN ESTABLISHED UNDER
4 SECTION 654-A.

5 (C) PROHIBITED ACTIVITY.--NOTHING IN THIS SUBARTICLE OR THE
6 FINANCIAL RECOVERY PLAN SHALL BE CONSTRUED TO AUTHORIZE THE
7 RECEIVER TO DO ANY OF THE FOLLOWING:

8 (1) UNILATERALLY LEVY OR RAISE TAXES.

9 (2) UNILATERALLY ABROGATE, ALTER OR OTHERWISE INTERFERE
10 WITH A LIEN, CHARGE, COVENANT OR RELATIVE PRIORITY THAT IS:

11 (I) HELD BY A HOLDER OF A DEBT OBLIGATION OF A
12 SCHOOL DISTRICT.

13 (II) GRANTED BY THE CONTRACT, LAW, RULE OR
14 REGULATION GOVERNING THE DEBT OBLIGATION.

15 (3) UNILATERALLY IMPAIR OR MODIFY EXISTING BONDS, NOTES,
16 SCHOOL DISTRICT SECURITIES OR OTHER LAWFUL CONTRACTUAL OR
17 LEGAL OBLIGATIONS OF THE SCHOOL DISTRICT, EXCEPT AS OTHERWISE
18 ORDERED BY A COURT OF COMPETENT JURISDICTION OR AS PROVIDED
19 IN SECTION 642-A(A) (3) ~~AND (15)~~.

20 SECTION 673-A. EFFECT OF APPOINTMENT OF RECEIVER.

21 (A) GENERAL RULE.--THE APPOINTMENT OF A RECEIVER UNDER THIS
22 SUBDIVISION SHALL HAVE THE EFFECT OF:

23 (1) IMPOSING ON THE EMPLOYEES AND ELECTED AND APPOINTED
24 OFFICIALS OF THE SCHOOL DISTRICT A DUTY TO COMPLY WITH
25 DIRECTIVES OF THE RECEIVER ISSUED UNDER SECTION 672-A(B) (3)
26 OR (4).

27 (2) SUSPENDING THE AUTHORITY OF THE ELECTED AND
28 APPOINTED OFFICIALS OF THE SCHOOL DISTRICT TO EXERCISE POWER
29 ON BEHALF OF THE SCHOOL DISTRICT PURSUANT TO LAW, CHARTER,
30 RESOLUTION, ORDINANCE, RULE OR REGULATION, EXCEPT AS DIRECTED



1 BY THE RECEIVER UNDER SECTION 672-A(B) (3) OR (4) .

2 (B) FORM OF GOVERNMENT.--APPOINTMENT OF A RECEIVER UNDER
3 THIS ARTICLE SHALL NOT BE CONSTRUED TO CHANGE THE FORM OF
4 GOVERNMENT OF THE SCHOOL DISTRICT.

5 SECTION 674-A. VACANCY AND REVOCATION.

6 (A) GENERAL RULE.--WHEN A VACANCY IN THE OFFICE OF THE
7 RECEIVER OCCURS, THE SECRETARY SHALL FILE A PETITION WITH THE
8 COURT OF COMMON PLEAS IN THE COUNTY IN WHICH THE SCHOOL DISTRICT
9 OR THE LARGEST PART IN AREA OF THE SCHOOL DISTRICT IS LOCATED
10 REQUESTING THAT THE INDIVIDUAL NAMED IN THE PETITION BE
11 APPOINTED AS RECEIVER.

12 (B) REVOCATION.--THE SECRETARY MAY, FOR ANY REASON, FILE A
13 PETITION WITH THE COURT OF COMMON PLEAS IN THE COUNTY IN WHICH
14 THE SCHOOL DISTRICT OR THE LARGEST PART IN AREA OF THE SCHOOL
15 DISTRICT IS LOCATED REQUESTING THAT THE APPOINTMENT OF THE
16 RECEIVER BE REVOKED AND THAT THE CURRENT RECEIVER BE REPLACED BY
17 THE INDIVIDUAL NAMED IN THE PETITION.

18 ~~(C) REQUIREMENTS.~~ ←

19 ~~(1) THE REQUIREMENTS OF SECTION 671-A(C) SHALL APPLY TO~~

20 (C) REQUIREMENTS.--THE REQUIREMENTS OF SECTION 671-A(C) ←
21 SHALL APPLY TO THE INDIVIDUAL NAMED IN A PETITION FILED UNDER
22 SUBSECTION (A) OR (B). WITHIN SEVEN DAYS OF THE SECRETARY'S
23 FILING OF A PETITION UNDER SUBSECTION (A) OR (B), THE COURT
24 SHALL GRANT THE PETITION TO APPOINT THE NAMED INDIVIDUAL AS
25 RECEIVER IF THE INDIVIDUAL SATISFIES THE REQUIREMENTS OF SECTION
26 671-A(C). ←

27 ~~(2) THE COURT MAY NOT APPOINT ANYONE OTHER THAN THE~~
28 ~~INDIVIDUAL NAMED IN THE PETITION AS THE RECEIVER., PROVIDED~~ ←
29 ~~THAT THE COURT MAY REJECT THE APPOINTMENT FOR ANY REASON. IF~~
30 ~~THE COURT REJECTS THE APPOINTMENT, THE COURT MAY DO EITHER OF~~

1 THE FOLLOWING:

2 (1) NAME A RECEIVER SUBJECT TO THE REQUIREMENTS OF
3 SECTION 671-A(C) AND FOR GOOD CAUSE SHOWN; OR

4 (2) ORDER THE SECRETARY TO SUBMIT AN ALTERNATIVE
5 APPOINTMENT.

6 SECTION 675-A. TERMINATION OF RECEIVERSHIP.

7 (A) TIME.--EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION
8 (B), A RECEIVERSHIP GRANTED UNDER SECTION 671-A SHALL EXPIRE
9 THREE YEARS AFTER THE INITIAL APPOINTMENT OF THE RECEIVER UNDER
10 SECTION 671-A.

11 (B) EXTENSION.--

12 (1) THE SECRETARY MAY PETITION THE COURT OF COMMON PLEAS
13 IN THE COUNTY IN WHICH THE SCHOOL DISTRICT OR THE LARGEST
14 PART IN AREA OF THE SCHOOL DISTRICT IS LOCATED FOR ONE OR
15 MORE EXTENSIONS OF THE RECEIVERSHIP.

16 (2) THE COURT SHALL GRANT EACH EXTENSION FOR ANOTHER
17 THREE YEARS UNLESS THE COURT FINDS BY CLEAR AND CONVINCING
18 EVIDENCE THAT THE REQUEST FOR EXTENSION IS ARBITRARY,
19 CAPRICIOUS OR WHOLLY IRRELEVANT TO RESTORING THE SCHOOL
20 DISTRICT TO FINANCIAL STABILITY.

21 SECTION 676-A. TRANSITION PERIOD.

22 (A) BOARD RESUMES CONTROL.--SUBJECT TO THE PROVISIONS OF
23 SUBSECTIONS (B) AND (C), AFTER A RECEIVERSHIP GRANTED UNDER
24 SECTION 671-A EXPIRES ACCORDING TO THE PROVISIONS OF SECTION
25 675-A, THE FOLLOWING SHALL APPLY:

26 (1) THE BOARD OF SCHOOL DIRECTORS SHALL RESUME FULL
27 CONTROL OVER SCHOOL DISTRICT MANAGEMENT.

28 (2) THE CHIEF RECOVERY OFFICER AND THE DEPARTMENT SHALL
29 OVERSEE THE BOARD OF SCHOOL DIRECTORS FOR FIVE YEARS TO
30 ENSURE FINANCIAL STABILITY IS MAINTAINED.

1 (B) DECLARATION OF FINANCIAL RECOVERY STATUS.--IF, DURING
2 THE TRANSITION PERIOD AFTER THE EXPIRATION OF THE RECEIVERSHIP,
3 THE BOARD OF SCHOOL DIRECTORS FAILS TO MAINTAIN THE OBJECTIVES
4 STATED IN THE FINANCIAL RECOVERY PLAN, THE SCHOOL DISTRICT SHALL
5 BE SUBJECT TO A DECLARATION OF FINANCIAL RECOVERY STATUS UNDER
6 SUBDIVISION (I).

7 (C) OVERSIGHT WHERE MUNICIPALITIES FINANCIALLY DISTRESSED.--
8 NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (A), THE CHIEF
9 RECOVERY OFFICER AND THE DEPARTMENT SHALL OVERSEE THE BOARD OF
10 SCHOOL DIRECTORS OF ANY SCHOOL DISTRICT FORMERLY IN RECEIVERSHIP
11 UNDER THIS SUBDIVISION FOR SO LONG AS ANY POLITICAL SUBDIVISION
12 LOCATED WITHIN THE SCHOOL DISTRICT IS A FINANCIALLY DISTRESSED
13 MUNICIPALITY UNDER THE ACT OF JULY 10, 1987 (P.L.246, NO.47),
14 KNOWN AS THE MUNICIPALITIES FINANCIAL RECOVERY ACT, WITHOUT
15 REGARD TO WHETHER THE SCHOOL DISTRICT CONTINUES TO MAINTAIN THE
16 OBJECTIVES STATED IN ITS FINANCIAL RECOVERY PLAN.

17 (VII) FINANCIAL RECOVERY
18 TRANSITIONAL LOAN PROGRAM
19 SECTION 681-A. PROGRAM.

20 (A) ESTABLISHMENT.--THE FINANCIAL RECOVERY TRANSITIONAL LOAN
21 PROGRAM IS ESTABLISHED IN THE DEPARTMENT UNDER WHICH THE
22 DEPARTMENT SHALL PROVIDE LOANS TO SCHOOL DISTRICTS THAT SATISFY
23 BOTH OF THE FOLLOWING:

24 (1) THE SCHOOL DISTRICT SATISFIES THE CRITERIA FOR A
25 DECLARATION OF FINANCIAL RECOVERY STATUS UNDER SECTION 621-
26 A(A) (1) (I).

27 (2) THE BOARD OF SCHOOL DIRECTORS HAS APPROVED A
28 FINANCIAL RECOVERY PLAN UNDER SECTION 652-A(C) OR 663-A(C).

29 (B) NATURE OF LOANS.--ALL LOANS GRANTED BY THE DEPARTMENT
30 SHALL BE FREE FROM INTEREST AND SHALL BE REPAYABLE ACCORDING TO

1 A COVENANT THAT STATES A SCHEDULE FOR REPAYMENT IN SPECIFIED
2 AMOUNTS AND DATES.

3 (C) FUNDING OF LOANS.--ALL LOANS GRANTED BY THE DEPARTMENT
4 UNDER THIS SUBDIVISION MAY BE MADE FROM MONEYS IN THE ACCOUNT
5 ESTABLISHED UNDER SUBSECTION (D).

6 (D) FINANCIAL RECOVERY SCHOOL DISTRICT TRANSITIONAL LOAN
7 ACCOUNT.--

8 (1) THE FINANCIAL RECOVERY SCHOOL DISTRICT TRANSITIONAL
9 LOAN ACCOUNT IS ESTABLISHED AS A RESTRICTED ACCOUNT IN THE
10 DEPARTMENT.

11 (2) THE ACCOUNT MAY BE FUNDED BY ANY ANNUAL
12 APPROPRIATION FROM THE GENERAL ASSEMBLY FOR THIS PROGRAM,
13 PRINCIPAL REPAYMENTS ON ALL LOANS MADE UNDER THIS
14 SUBDIVISION, OTHER FUNDS NOT ENCUMBERED OR COMMITTED FROM
15 APPROPRIATIONS FOR GRANTS AND SUBSIDIES MADE TO THE
16 DEPARTMENT TO ASSIST SCHOOL DISTRICTS FOR THE PRIOR FISCAL
17 YEAR WHICH ARE AUTHORIZED FOR USE BY THE GENERAL ASSEMBLY ON
18 AN ANNUAL BASIS AND ANY INTEREST EARNED ON MONEYS IN THE
19 ACCOUNT.

20 (3) THE MONEYS IN THE ACCOUNT MAY BE USED TO MAKE LOANS
21 UNDER THIS SUBDIVISION.

22 (E) ELIGIBILITY AND SUSPENSION OF LOAN.--

23 (1) A SCHOOL DISTRICT THAT SATISFIES THE CRITERIA STATED
24 IN SUBSECTION (A) SHALL RECEIVE A LOAN UNDER THIS SUBDIVISION
25 IN THE AMOUNT, AND ACCESSIBLE OVER THE TERM, STATED IN THE
26 FINANCIAL RECOVERY PLAN APPROVED BY THE SECRETARY UNDER
27 SECTION 652-A(D) (2) OR 663-A(D) (2) OR ORDERED BY THE COURT
28 UNDER SECTION 671-A(G) (2) (VI).

29 (2) (I) ANY LOAN GRANTED UNDER THIS SUBDIVISION TO A
30 SCHOOL DISTRICT SHALL BE SUSPENDED AND IMMEDIATELY DUE

1 AND PAYABLE IF, IN THE JUDGMENT OF THE SECRETARY, THE
2 SCHOOL DISTRICT FAILS TO TAKE ALL ACTIONS NECESSARY TO
3 IMPLEMENT A FINANCIAL RECOVERY PLAN UNDER SECTION 653-
4 A(B) OR 664-A(B) AND IS NOT PROGRESSING TOWARD FINANCIAL
5 STABILITY.

6 (II) WHERE THE SECRETARY DETERMINES TO SUSPEND A
7 LOAN UNDER THIS PARAGRAPH, THE SECRETARY SHALL NOTIFY THE
8 CHAIR AND MINORITY CHAIR OF THE APPROPRIATIONS COMMITTEE
9 OF THE SENATE, THE CHAIR AND MINORITY CHAIR OF THE
10 APPROPRIATIONS COMMITTEE OF THE HOUSE OF REPRESENTATIVES,
11 THE CHAIR AND MINORITY CHAIR OF THE EDUCATION COMMITTEE
12 OF THE SENATE AND THE CHAIR AND MINORITY CHAIR OF THE
13 EDUCATION COMMITTEE OF THE HOUSE OF REPRESENTATIVES.

14 (F) VOLUNTARY AGREEMENT.--

15 (1) A SCHOOL DISTRICT THAT RECEIVES A LOAN UNDER THIS
16 SUBDIVISION MAY ENTER INTO A VOLUNTARY AGREEMENT WITH ONE OR
17 MORE CHARTER SCHOOLS IN WHICH STUDENTS RESIDING WITHIN THE
18 SCHOOL DISTRICT ARE ENROLLED, WHICH AGREEMENT PROVIDES THAT
19 THE CHARTER SCHOOL MAY GIVE THE SCHOOL DISTRICT FUNDS TO
20 ASSIST THE SCHOOL DISTRICT IN REPAYMENT OF THE LOAN.

21 (2) ANY AMOUNT PROVIDED BY THE CHARTER SCHOOL UNDER THIS
22 SUBSECTION SHALL BE IN AN AMOUNT AGREED UPON BY THE CHARTER
23 SCHOOL AND THE SCHOOL DISTRICT.

24 SECTION 682-A. LOAN PROCEDURE.

25 (A) GENERAL RULE.--

26 (1) (I) THE CHIEF RECOVERY OFFICER OF A SCHOOL DISTRICT
27 THAT IS ELIGIBLE FOR A LOAN UNDER SECTION 681-A(A) MAY
28 APPLY TO THE SECRETARY FOR A LOAN ON BEHALF OF THE SCHOOL
29 DISTRICT. THE SUBMISSION OF A FINANCIAL RECOVERY PLAN TO
30 THE SECRETARY UNDER SECTION 652-A(D) OR 663-A(D) THAT

1 RECOMMENDS THE APPLICATION FOR A LOAN UNDER SECTION 641-
2 A(4)(II)(F) SHALL CONSTITUTE AN APPLICATION TO THE
3 SECRETARY FOR A LOAN UNDER THIS SUBDIVISION.

4 (II) IF A RECEIVER HAS BEEN APPOINTED FOR THE SCHOOL
5 DISTRICT IN ACCORDANCE WITH SECTION 671-A(A)(1)(III), THE
6 RECEIVER MAY APPLY TO THE SECRETARY FOR A LOAN ON BEHALF
7 OF THE SCHOOL DISTRICT. THE SUBMISSION OF A FINANCIAL
8 RECOVERY PLAN TO THE COURT UNDER SECTION 671-A(B) THAT
9 RECOMMENDS THE APPLICATION FOR A LOAN PURSUANT TO SECTION
10 641-A(4)(II)(F) SHALL CONSTITUTE AN APPLICATION TO THE
11 SECRETARY FOR A LOAN UNDER THIS SUBDIVISION. THROUGH AN
12 ORDER ISSUED UNDER SECTION 671-A(G), THE COURT SHALL
13 ORDER THE DEPARTMENT TO APPROVE A LOAN TO THE SCHOOL
14 DISTRICT UNDER THIS SUBDIVISION IF THE SCHOOL DISTRICT
15 SATISFIES THE CRITERIA STATED IN SECTION 681-A(A).

16 (2) IF A SCHOOL DISTRICT SATISFIES THE CRITERIA STATED
17 IN SECTION 681-A(A), THE SECRETARY SHALL APPROVE THE
18 APPLICATION AND REQUEST THE RELEASE OF FUNDS FROM THE
19 SECRETARY OF THE BUDGET.

20 (B) IMMEDIATE EMERGENCIES.--

21 (1) NOTWITHSTANDING THE REQUIREMENTS OF SECTION 681-
22 A(A), PRIOR TO A SCHOOL DISTRICT'S APPROVAL OF A FINANCIAL
23 RECOVERY PLAN, THE CHIEF RECOVERY OFFICER MAY APPLY TO THE
24 SECRETARY FOR AN EXPEDITED LOAN TO IMMEDIATELY ASSIST THE
25 SCHOOL DISTRICT IF THE CHIEF RECOVERY OFFICER VERIFIES THE
26 FOLLOWING UPON REASONABLE BELIEF:

27 (I) ALL STEPS HAVE BEEN TAKEN TO ENSURE ONLY
28 CRITICAL PAYMENTS HAVE BEEN MADE TO MAINTAIN AND CONTINUE
29 INSTRUCTION OF STUDENTS ENROLLED IN THE SCHOOL DISTRICT;
30 AND

1 (II) EITHER OF THE FOLLOWING EXISTS:

2 (A) THE SCHOOL DISTRICT IS IN IMMINENT DANGER OF
3 INSOLVENCY; OR

4 (B) THE SCHOOL DISTRICT MAY CEASE OPERATIONS
5 WITHIN 30 DAYS.

6 (2) (I) UPON RECEIPT OF AN APPLICATION UNDER THIS
7 SUBSECTION, THE SECRETARY SHALL REVIEW ALL DATA
8 IMMEDIATELY AVAILABLE AND SHALL DETERMINE WHETHER A LOAN
9 IS WARRANTED.

10 (II) IF WARRANTED, THE SECRETARY SHALL APPROVE THE
11 APPLICATION AND REQUEST THE RELEASE OF THE FUNDS FROM THE
12 SECRETARY OF THE BUDGET. THE SECRETARY MAY IMPOSE SUCH
13 TERMS AND CONDITIONS ON A LOAN APPROVED UNDER THIS
14 SUBSECTION AS THE SECRETARY DETERMINES ARE NECESSARY AND
15 APPROPRIATE.

16 (III) THE SECRETARY'S DETERMINATION UNDER THIS
17 SUBSECTION IS APPEALABLE UNDER 2 PA.C.S. (RELATING TO
18 ADMINISTRATIVE LAW AND PROCEDURE).

19 SECTION 683-A. LIMITATIONS.

20 (A) USE.--A LOAN TO A SCHOOL DISTRICT UNDER THIS SUBDIVISION
21 SHALL BE USED SOLELY TO IMPLEMENT THE COMPONENTS OF THE
22 FINANCIAL RECOVERY PLAN, INCLUDING THE PAYMENT OF CURRENT
23 EXPENSES OF THE SCHOOL DISTRICT AS IDENTIFIED IN THE FINANCIAL
24 RECOVERY PLAN.

25 (B) LOCAL GOVERNMENT UNIT DEBT ACT.--A LOAN TO A SCHOOL
26 DISTRICT UNDER THIS SUBDIVISION SHALL NOT BE SUBJECT TO, AND
27 SHALL BE SUBORDINATE TO INDEBTEDNESS INCURRED UNDER, THE
28 PROVISIONS OF 53 PA.C.S. PT. VII SUBPT. B (RELATING TO
29 INDEBTEDNESS AND BORROWING).

30 (C) AMOUNT.--THE AGGREGATE AMOUNT OF LOANS AWARDED TO SCHOOL

DISTRICTS UNDER THIS SUBDIVISION SHALL NOT AT ANY TIME EXCEED
THE AMOUNT IN THE FINANCIAL RECOVERY SCHOOL DISTRICT
TRANSITIONAL LOAN ACCOUNT.

(D) NUMBER OF LOANS.--A SCHOOL DISTRICT ELIGIBLE FOR A LOAN
UNDER THIS SUBDIVISION SHALL RECEIVE A MAXIMUM OF ONE LOAN PER
FISCAL YEAR.

(E) WITHHOLDING NOT APPLICABLE.--A SCHOOL DISTRICT'S FAILURE
TO MAKE TIMELY PAYMENT OF PRINCIPAL ON A LOAN ISSUED UNDER THIS
SUBDIVISION SHALL NOT SUBJECT THE SCHOOL DISTRICT TO WITHHOLDING
OF UNPAID AMOUNTS FROM STATE APPROPRIATIONS UNDER SECTION 633.

(VIII) MISCELLANEOUS PROVISIONS

SECTION 691-A. APPLICABILITY.

(A) GENERAL RULE.--EXCEPT AS OTHERWISE PROVIDED IN
SUBSECTION (B), NOTHING IN THIS ARTICLE IS INTENDED TO LIMIT OR
OTHERWISE ABROGATE THE APPLICABILITY OF ANY OTHER PART OF THIS
ACT.

(B) CONFLICT.--IF THERE IS A CONFLICT BETWEEN A PROVISION OF
THIS ARTICLE AND ANY OTHER PROVISION OF THIS ACT OR OTHER STATE
LAW, THE PROVISION OF THIS ARTICLE SHALL PREVAIL.

SECTION 692-A. BANKRUPTCY PROHIBITED.

A SCHOOL DISTRICT MAY NOT FILE A MUNICIPAL DEBT ADJUSTMENT
ACTION UNDER THE BANKRUPTCY CODE (11 U.S.C. § 101 ET SEQ).

SECTION 693-A. TERMINATION OF SPECIAL BOARD OF CONTROL.

WHERE A SCHOOL DISTRICT IS GOVERNED BY A SPECIAL BOARD OF
CONTROL UNDER SECTION 692 AS OF THE EFFECTIVE DATE OF THIS
SECTION, THE SPECIAL BOARD OF CONTROL SHALL TERMINATE
IMMEDIATELY UPON THE APPOINTMENT OF A CHIEF RECOVERY OFFICER FOR
THE SCHOOL DISTRICT AS PROVIDED UNDER SECTION 631-A.

SECTION 11. SECTIONS 907-A(B) (3) AND 921-A(A.1) OF THE ACT,
AMENDED OR ADDED JUNE 30, 2011 (P.L.112, NO.24), ARE AMENDED TO

1 READ:

2 SECTION 907-A. SUBSIDIES FOR SERVICES.--* * *

3 (B) NO LATER THAN FEBRUARY 1, 2012, AND BY FEBRUARY 1 OF
4 EACH YEAR THEREAFTER, AN INTERMEDIATE UNIT SHALL SUBMIT TO THE
5 DEPARTMENT OF EDUCATION A REPORT ON SUBSIDIES AND FUNDS RECEIVED
6 IN ACCORDANCE WITH THIS SECTION.

7 * * *

8 (3) THE DEPARTMENT OF EDUCATION SHALL POST THE REPORTS
9 ON ITS PUBLICLY ACCESSIBLE INTERNET WEBSITE BY MARCH 1 OF
10 EACH YEAR.

11 * * *

12 SECTION 921-A. FINANCIAL REPORTS.--* * *

13 (A.1) [THE] BY MARCH 1 OF EACH YEAR, THE DEPARTMENT OF
14 EDUCATION SHALL POST ON ITS PUBLICLY ACCESSIBLE INTERNET WEBSITE
15 INFORMATION INCLUDED IN THE INTERMEDIATE UNITS' ANNUAL FINANCIAL
16 REPORTS. IN POSTING THE INFORMATION, THE DEPARTMENT OF EDUCATION
17 SHALL USE A FORMAT CONSISTENT WITH THE FORMAT THE DEPARTMENT OF
18 EDUCATION USES WHEN POSTING THE ANNUAL FINANCIAL REPORT
19 INFORMATION OF OTHER LOCAL EDUCATION AGENCIES.

20 * * *

21 SECTION 12. SECTION 1073 OF THE ACT, AMENDED JANUARY 14,
22 1970 (1969 P.L.468, NO.192) AND JANUARY 16, 1974 (P.L.1, NO.1),
23 IS AMENDED TO READ:

24 SECTION 1073. MANNER OF ELECTION OR APPROVAL.--(A) THE
25 BOARD OF SCHOOL DIRECTORS OF EACH SCHOOL DISTRICT[, EXCEPT IN
26 SCHOOL DISTRICTS OF THE FIRST CLASS,] SHALL MEET AT ITS REGULAR
27 PLACE OF MEETING, DURING THE LAST YEAR OF THE TERM OF THE
28 DISTRICT SUPERINTENDENT OR AT ANY OTHER TIME WHEN A VACANCY
29 SHALL OCCUR IN THE OFFICE OF DISTRICT SUPERINTENDENT, AT AN HOUR
30 PREVIOUSLY FIXED BY THE BOARD. THE SECRETARY OF EACH BOARD OF

1 SCHOOL DIRECTORS SHALL MAIL TO EACH MEMBER THEREOF AT LEAST FIVE
2 DAYS BEFOREHAND, A NOTICE OF THE TIME, PLACE AND PURPOSE OF SUCH
3 MEETING. AT SUCH MEETING THE BOARD SHALL ELECT OR APPROVE A
4 PROPERLY QUALIFIED DISTRICT SUPERINTENDENT TO ENTER INTO A
5 CONTRACT TO SERVE A TERM OF [FROM] THREE TO FIVE YEARS FROM THE
6 FIRST DAY OF JULY NEXT FOLLOWING HIS ELECTION OR FROM A TIME
7 MUTUALLY AGREED UPON BY THE DULY ELECTED DISTRICT SUPERINTENDENT
8 AND THE BOARD OF SCHOOL DIRECTORS. THE CONTRACT SHALL BE SUBJECT
9 TO THE ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE
10 "RIGHT-TO-KNOW LAW."

11 (B) AT A REGULAR MEETING OF THE BOARD OF SCHOOL DIRECTORS
12 OCCURRING AT LEAST ONE HUNDRED FIFTY (150) DAYS PRIOR TO THE
13 EXPIRATION DATE OF THE TERM OF OFFICE OF THE DISTRICT
14 SUPERINTENDENT, THE AGENDA SHALL INCLUDE AN ITEM REQUIRING
15 AFFIRMATIVE ACTION BY FIVE OR MORE MEMBERS OF THE BOARD OF
16 SCHOOL DIRECTORS TO NOTIFY THE DISTRICT SUPERINTENDENT THAT THE
17 BOARD INTENDS TO RETAIN HIM FOR A FURTHER TERM OF [FROM] THREE
18 (3) TO FIVE (5) YEARS OR THAT ANOTHER OR OTHER CANDIDATES WILL
19 BE CONSIDERED FOR THE OFFICE. IN THE EVENT THAT THE BOARD FAILS
20 TO TAKE SUCH ACTION AT A REGULAR MEETING OF THE BOARD OF SCHOOL
21 DIRECTORS OCCURRING AT LEAST ONE HUNDRED FIFTY (150) DAYS PRIOR
22 TO THE EXPIRATION DATE OF THE TERM OF OFFICE OF THE DISTRICT
23 SUPERINTENDENT, HE SHALL CONTINUE IN OFFICE FOR A FURTHER TERM
24 OF SIMILAR LENGTH TO THAT WHICH HE IS SERVING.

25 (D) THE TERM OF OFFICE OR COMMISSION OF A DISTRICT
26 SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT SHALL NOT BE
27 SHORTENED BY REASON OF THE FACT THAT THE DISTRICT IN WHICH HE
28 SERVES SHALL BECOME PART OF A JOINT SCHOOL, OR BY REASON OF THE
29 FACT THAT THE DISTRICT IN WHICH HE SERVES SHALL BECOME A PART OF
30 A NEW SCHOOL DISTRICT ESTABLISHED AS THE RESULT OF

1 REORGANIZATION OF SCHOOL DISTRICTS PURSUANT TO ARTICLE II.,
2 SUBDIVISION (I) OR SECTION 224 OF THIS ACT. ANY DISTRICT
3 SUPERINTENDENT, ASSISTANT DISTRICT SUPERINTENDENT OR SUPERVISING
4 PRINCIPAL NOT SELECTED AS THE DISTRICT SUPERINTENDENT OF THE
5 JOINT SCHOOL OR NEWLY ESTABLISHED SCHOOL DISTRICT IN WHICH THE
6 DISTRICT HE SERVES BECOMES A PART SHALL BE ASSIGNED TO A
7 POSITION OR OFFICE FOR WHICH HE IS ELIGIBLE: PROVIDED, HOWEVER,
8 THAT IN A NEW SCHOOL DISTRICT REORGANIZED UNDER ARTICLE II.,
9 SUBDIVISION (I) OR SECTION 224 OF THIS ACT, HE SHALL BE ASSIGNED
10 TO A POSITION OR OFFICE WHICH IS ADMINISTRATIVE OR SUPERVISORY
11 IN NATURE ONLY, BUT THERE SHALL BE NO REDUCTION IN SALARY UNTIL
12 THE EXPIRATION OF HIS COMMISSION. THEREAFTER, UNLESS ELECTED TO
13 AN OFFICE REQUIRING A COMMISSION HE SHALL HAVE THE STATUS OF A
14 PROFESSIONAL EMPLOYEE: PROVIDED, THAT THE BOARD OF SCHOOL
15 DIRECTORS MAY ADJUST THE SALARY ACCORDING TO THE CLASSIFICATION
16 OF THE POSITION TO WHICH HE MAY BE ASSIGNED, AND THAT THE PERIOD
17 OF SERVICE AS A COMMISSIONED DISTRICT SUPERINTENDENT, ASSISTANT
18 DISTRICT SUPERINTENDENT OR ASSOCIATE SUPERINTENDENT SHALL BE
19 COUNTED AS TIME SERVED AS A PROFESSIONAL EMPLOYEE IN DETERMINING
20 HIS SENIORITY RIGHTS.

21 (E) THE FOLLOWING SHALL APPLY:

22 (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, NO
23 INDIVIDUAL SHALL BE EMPLOYED AS A DISTRICT SUPERINTENDENT OR
24 ASSISTANT DISTRICT SUPERINTENDENT BY A SCHOOL DISTRICT EXCEPT
25 PURSUANT TO A WRITTEN CONTRACT OF EMPLOYMENT EXPRESSLY STATING
26 THE TERMS AND CONDITIONS OF EMPLOYMENT.

27 (2) A CONTRACT FOR THE EMPLOYMENT OF A DISTRICT
28 SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT SHALL DO ALL
29 OF THE FOLLOWING:

30 (I) CONTAIN THE MUTUAL AND COMPLETE AGREEMENT BETWEEN THE

DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT AND
THE BOARD OF SCHOOL DIRECTORS WITH RESPECT TO THE TERMS AND
CONDITIONS OF EMPLOYMENT.

(II) CONSISTENT WITH STATE BOARD OF EDUCATION CERTIFICATION
REQUIREMENTS, SPECIFY THE DUTIES, RESPONSIBILITIES, JOB
DESCRIPTION AND PERFORMANCE EXPECTATIONS, INCLUDING PERFORMANCE
STANDARDS AND ASSESSMENTS PROVIDED FOR UNDER SECTION 1073.1.

(III) INCORPORATE ALL PROVISIONS RELATING TO COMPENSATION
AND BENEFITS TO BE PAID TO OR ON BEHALF OF THE DISTRICT
SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT.

(IV) SPECIFY THE TERM OF EMPLOYMENT AND STATE THAT THE
CONTRACT SHALL TERMINATE IMMEDIATELY, EXCEPT AS OTHERWISE
PROVIDED UNDER THIS SECTION, UPON THE EXPIRATION OF THE TERM
UNLESS THE CONTRACT IS ALLOWED TO RENEW AUTOMATICALLY UNDER
SUBSECTION (B).

(V) SPECIFY THE TERMINATION, BUYOUT AND SEVERANCE
PROVISIONS, INCLUDING ALL POSTEMPLOYMENT COMPENSATION AND THE
PERIOD OF TIME IN WHICH THE COMPENSATION SHALL BE PROVIDED.
TERMINATION, BUYOUT AND SEVERANCE PROVISIONS MAY NOT BE MODIFIED
DURING THE COURSE OF THE CONTRACT OR IN THE EVENT A CONTRACT IS
TERMINATED PREMATURELY.

(VI) CONTAIN PROVISIONS RELATING TO OUTSIDE WORK THAT MAY BE
PERFORMED, IF ANY.

(VII) STATE THAT ANY MODIFICATION TO THE CONTRACT MUST BE IN
WRITING.

(VIII) STATE THAT THE CONTRACT SHALL BE GOVERNED BY THE LAWS
OF THIS COMMONWEALTH.

(IX) LIMIT COMPENSATION FOR UNUSED SICK LEAVE IN NEW
EMPLOYMENT CONTRACTS ENTERED INTO AFTER THE EFFECTIVE DATE OF
THIS SUBSECTION FOR DISTRICT SUPERINTENDENTS OR ASSISTANT

DISTRICT SUPERINTENDENTS WHO HAVE NO PRIOR EXPERIENCE AS A
DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT TO
THE MAXIMUM COMPENSATION FOR UNUSED SICK LEAVE UNDER THE SCHOOL
DISTRICT'S ADMINISTRATOR COMPENSATION PLAN UNDER SECTION 1164 IN
EFFECT AT THE TIME OF THE CONTRACT.

(X) LIMIT TRANSFERRED SICK LEAVE FROM PREVIOUS EMPLOYMENT TO
NOT MORE THAN THIRTY (30) DAYS IN NEW EMPLOYMENT CONTRACTS AFTER
THE EFFECTIVE DATE OF THIS SUBSECTION FOR DISTRICT
SUPERINTENDENTS OR ASSISTANT DISTRICT SUPERINTENDENTS WHO HAVE
NO PRIOR EXPERIENCE AS A DISTRICT SUPERINTENDENT OR ASSISTANT
DISTRICT SUPERINTENDENT.

(XI) SPECIFY POSTRETIREMENT BENEFITS AND THE PERIOD OF TIME
IN WHICH THE BENEFITS SHALL BE PROVIDED.

(3) NO AGREEMENT BETWEEN THE BOARD OF SCHOOL DIRECTORS AND A
DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT FOR
A NEGOTIATED SEVERANCE OF EMPLOYMENT PRIOR TO THE END OF THE
SPECIFIED CONTRACT TERM SHALL PROVIDE FOR SEVERANCE COMPENSATION
TO THE DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT
SUPERINTENDENT, INCLUDING THE REASONABLE VALUE OF ANY NONCASH
SEVERANCE BENEFITS OR POSTEMPLOYMENT BENEFITS NOT OTHERWISE
ACCRUING UNDER THE CONTRACT OR PURSUANT TO LAW, THAT:

(I) IF THE AGREEMENT TAKES EFFECT TWO (2) YEARS OR MORE
PRIOR TO THE END OF THE SPECIFIED CONTRACT TERM, EXCEEDS THE
EQUIVALENT OF ONE (1) YEAR'S COMPENSATION AND BENEFITS OTHERWISE
DUE UNDER THE CONTRACT.

(II) IF THE AGREEMENT TAKES EFFECT LESS THAN TWO (2) YEARS
PRIOR TO THE END OF THE SPECIFIED CONTRACT TERM, EXCEEDS THE
EQUIVALENT OF ONE-HALF OF THE TOTAL COMPENSATION AND BENEFITS
DUE UNDER THE CONTRACT FOR THE REMAINDER OF THE TERM.

SECTION 13. THE ACT IS AMENDED BY ADDING A SECTION TO READ:
SECTION 1073.1. PERFORMANCE REVIEW.-- (A) IN ADDITION TO ANY
OTHER REQUIREMENTS PROVIDED FOR UNDER THIS ACT, THE EMPLOYMENT
CONTRACT FOR A DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT
SUPERINTENDENT SHALL INCLUDE OBJECTIVE PERFORMANCE STANDARDS
MUTUALLY AGREED TO IN WRITING BY THE BOARD OF SCHOOL DIRECTORS
AND THE DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT
SUPERINTENDENT. THE OBJECTIVE PERFORMANCE STANDARDS MAY BE BASED
UPON THE FOLLOWING:

(1) ACHIEVEMENT OF ANNUAL MEASURABLE OBJECTIVES ESTABLISHED
BY THE SCHOOL DISTRICT;

(2) ACHIEVEMENT ON PENNSYLVANIA SYSTEM OF SCHOOL ASSESSMENT
(PSSA) TESTS;

(3) ACHIEVEMENT ON KEYSTONE EXAMS;

(4) STUDENT GROWTH AS MEASURED BY THE PENNSYLVANIA VALUE-
ADDED ASSESSMENT SYSTEM;

(5) ATTRITION RATES OR GRADUATION RATES;

(6) FINANCIAL MANAGEMENT STANDARDS;

(7) STANDARDS OF OPERATIONAL EXCELLENCE; OR

(8) ANY ADDITIONAL CRITERIA DEEMED RELEVANT AND MUTUALLY
AGREED TO BY THE BOARD OF SCHOOL DIRECTORS AND THE DISTRICT
SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT.

(B) THE BOARD OF SCHOOL DIRECTORS SHALL CONDUCT A FORMAL
WRITTEN PERFORMANCE ASSESSMENT OF THE DISTRICT SUPERINTENDENT
AND ASSISTANT DISTRICT SUPERINTENDENT ANNUALLY. A TIME FRAME FOR
THE ASSESSMENT SHALL BE INCLUDED IN THE CONTRACT.

(B.1) THE BOARD OF SCHOOL DIRECTORS SHALL POST THE MUTUALLY
AGREED TO OBJECTIVE PERFORMANCE STANDARDS CONTAINED IN THE
CONTRACT ON THE SCHOOL DISTRICT'S PUBLICLY ACCESSIBLE INTERNET
WEBSITE. UPON COMPLETION OF THE ANNUAL PERFORMANCE ASSESSMENT,

1 THE BOARD OF SCHOOL DIRECTORS SHALL POST THE DATE OF THE
2 ASSESSMENT AND WHETHER OR NOT THE DISTRICT SUPERINTENDENT AND
3 ASSISTANT DISTRICT SUPERINTENDENT HAVE MET THE AGREED TO
4 OBJECTIVE PERFORMANCE STANDARDS ON THE SCHOOL DISTRICT'S
5 PUBLICLY ACCESSIBLE INTERNET WEBSITE.

6 (C) THE STATE BOARD OF EDUCATION MAY PROMULGATE REGULATIONS
7 PURSUANT TO THE ACT OF JUNE 25, 1982 (P.L.633, NO.181), KNOWN AS
8 THE "REGULATORY REVIEW ACT," IN ORDER TO IMPLEMENT THIS SECTION.

9 SECTION 14. SECTIONS 1076 AND 1077 OF THE ACT, AMENDED
10 JANUARY 16, 1974 (P.L.1, NO.1), ARE AMENDED TO READ:

11 SECTION 1076. ELECTION OF ASSISTANT DISTRICT
12 SUPERINTENDENTS[, EXCEPT IN DISTRICTS FIRST CLASS].--[EXCEPT IN
13 DISTRICTS OF THE FIRST CLASS, ASSISTANT] ASSISTANT DISTRICT
14 SUPERINTENDENTS SHALL BE CHOSEN BY A MAJORITY VOTE OF ALL THE
15 MEMBERS OF THE BOARD OF SCHOOL DIRECTORS OF THE DISTRICT, FOR A
16 TERM OF [FROM] THREE TO FIVE YEARS UPON THE NOMINATION BY THE
17 DISTRICT SUPERINTENDENT.

18 SECTION 1077. TERM AND SALARY OF ASSISTANTS.--(A) ASSISTANT
19 DISTRICT SUPERINTENDENTS MAY SERVE THROUGH THE TERM OF THE
20 DISTRICT SUPERINTENDENT, OR ENTER A CONTRACT FOR A TERM OF
21 [FROM] THREE TO FIVE YEARS AT SALARIES PAID BY THE DISTRICT, AND
22 FIXED BY A MAJORITY VOTE OF THE WHOLE BOARD OF SCHOOL DIRECTORS
23 PRIOR TO THEIR ELECTION. THE CONTRACT SHALL BE SUBJECT TO THE
24 ACT OF FEBRUARY 14, 2008 (P.L.6, NO.3), KNOWN AS THE "RIGHT-TO-
25 KNOW LAW."

26 (B) AT A REGULAR MEETING OF THE BOARD OF SCHOOL DIRECTORS
27 OCCURRING AT LEAST ONE HUNDRED FIFTY (150) DAYS PRIOR TO THE
28 EXPIRATION DATE OF THE TERM OF OFFICE OF THE ASSISTANT DISTRICT
29 SUPERINTENDENT, THE AGENDA SHALL INCLUDE AN ITEM REQUIRING
30 AFFIRMATIVE ACTION BY FIVE (5) OR MORE MEMBERS OF THE BOARD OF

1 SCHOOL DIRECTORS TO NOTIFY THE ASSISTANT DISTRICT SUPERINTENDENT
2 THAT THE BOARD INTENDS TO RETAIN HIM FOR A FURTHER TERM OF
3 [FROM] THREE (3) TO FIVE (5) YEARS OR THAT ANOTHER OR OTHER
4 CANDIDATES WILL BE CONSIDERED FOR THE OFFICE. IN THE EVENT THAT
5 THE BOARD FAILS TO TAKE SUCH ACTION AT A REGULAR MEETING OF THE
6 BOARD OF SCHOOL DIRECTORS OCCURRING AT LEAST ONE HUNDRED FIFTY
7 (150) DAYS PRIOR TO THE EXPIRATION DATE OF THE TERM OF OFFICE OF
8 THE ASSISTANT DISTRICT SUPERINTENDENT, HE SHALL CONTINUE IN
9 OFFICE FOR A FURTHER TERM OF SIMILAR LENGTH TO THAT WHICH HE IS
10 SERVING.

11 SECTION 15. SECTION 1078 OF THE ACT, AMENDED JANUARY 14,
12 1970 (1969 P.L.468, NO.192), IS AMENDED TO READ:

13 SECTION 1078. COMMISSIONS.--DISTRICT SUPERINTENDENTS AND
14 ASSISTANT DISTRICT SUPERINTENDENTS SHALL BE COMMISSIONED BY THE
15 [SUPERINTENDENT OF PUBLIC INSTRUCTION] SECRETARY OF EDUCATION.

16 SECTION 16. SECTION 1080 OF THE ACT IS AMENDED TO READ:

17 SECTION 1080. REMOVAL.--(A) DISTRICT SUPERINTENDENTS AND
18 ASSISTANT DISTRICT SUPERINTENDENTS MAY BE REMOVED FROM OFFICE
19 AND HAVE THEIR CONTRACTS TERMINATED, AFTER HEARING, BY A
20 MAJORITY VOTE OF THE BOARD OF SCHOOL DIRECTORS OF THE DISTRICT,
21 FOR NEGLECT OF DUTY, INCOMPETENCY, INTEMPERANCE, OR IMMORALITY,
22 OF WHICH HEARING NOTICE OF AT LEAST ONE WEEK HAS BEEN SENT BY
23 MAIL TO THE ACCUSED, AS WELL AS TO EACH MEMBER OF THE BOARD OF
24 SCHOOL DIRECTORS.

25 (B) THE BOARD OF SCHOOL DIRECTORS SHALL PUBLICLY DISCLOSE AT
26 THE NEXT REGULARLY SCHEDULED MONTHLY MEETING THE REMOVAL OF A
27 DISTRICT SUPERINTENDENT OR ASSISTANT DISTRICT SUPERINTENDENT
28 FROM OFFICE UNDER SUBSECTION (A).

29 (C) PROCEEDINGS UNDER THIS SECTION SHALL BE HELD UNDER 2
30 PA.C.S. CH. 5 SUBCH. B (RELATING TO PRACTICE AND PROCEDURE OF

1 LOCAL AGENCIES).

2 SECTION 17. SECTION 1607(B)(1) OF THE ACT, AMENDED NOVEMBER
3 23, 2010 (P.L.1350, NO.123), IS AMENDED AND THE SECTION IS
4 AMENDED BY ADDING A SUBSECTION TO READ:

5 SECTION 1607. ATTENDANCE IN OTHER DISTRICTS.--* * *

6 (B) IF A THIRD CLASS SCHOOL DISTRICT OPERATING UNDER A
7 SPECIAL BOARD OF CONTROL PURSUANT TO SECTION 692 HAS, WITH THE
8 APPROVAL OF THE SECRETARY OF EDUCATION, CURTAILED ITS
9 EDUCATIONAL PROGRAM BY ELIMINATING ITS HIGH SCHOOL AND HAS NOT
10 ASSIGNED ITS HIGH SCHOOL PUPILS TO ANOTHER SCHOOL DISTRICT AND
11 PROVIDED ADEQUATE TRANSPORTATION IN A MANNER UNDER SUBSECTION
12 (A), THE SECRETARY SHALL HAVE THE FOLLOWING AUTHORITY:

13 (1) TO DESIGNATE TWO OR MORE SCHOOL DISTRICTS, WHICH SHALL
14 ACCEPT ON A TUITION BASIS THE HIGH SCHOOL STUDENTS OF THE
15 DISTRESSED SCHOOL DISTRICT, SO LONG AS A DESIGNATED SCHOOL
16 DISTRICT'S BORDER IS NO MORE THAN THREE (3) MILES FROM THE
17 BORDER OF THE DISTRESSED SCHOOL DISTRICT. THE DESIGNATION UNDER
18 THIS PARAGRAPH SHALL OCCUR NO LATER THAN THIRTY (30) DAYS AFTER
19 RECEIVING THE APPROVAL OF THE SECRETARY TO CURTAIL ITS
20 EDUCATIONAL PROGRAM BY THE ELIMINATION OF ITS HIGH SCHOOL,
21 PROVIDED, HOWEVER, THAT IF ANY SCHOOL DISTRICT MEETS THE
22 CRITERIA OF THIS SUBSECTION ON THE EFFECTIVE DATE OF THIS
23 SUBSECTION, THE DESIGNATION OF SCHOOL DISTRICTS SHALL OCCUR NO
24 LATER THAN THIRTY (30) DAYS AFTER THE EFFECTIVE DATE OF THIS
25 SUBSECTION. [NO DESIGNATED SCHOOL DISTRICT SHALL BE ASSIGNED
26 MORE THAN ONE HUNDRED SIXTY-FIVE (165) STUDENTS FROM THE
27 DISTRESSED SCHOOL DISTRICT.]

28 (B.1) (1) THE FOLLOWING SHALL APPLY TO PROFESSIONAL AND
29 TEMPORARY PROFESSIONAL EMPLOYEES OF A SCHOOL DISTRICT IN WHICH
30 PUPILS HAVE BEEN REASSIGNED TO ANOTHER SCHOOL DISTRICT PURSUANT

1 TO SUBSECTION (B) :

2 (I) THE SCHOOL DISTRICT THAT HAS ELIMINATED ITS HIGH SCHOOL
3 SHALL CREATE A POOL COMPRISED OF THE PROFESSIONAL AND TEMPORARY
4 PROFESSIONAL EMPLOYEES WHO HAVE RECEIVED FORMAL NOTICE OF
5 SUSPENSION AS A RESULT OF THE SCHOOL DISTRICT'S ELIMINATION OF
6 ITS HIGH SCHOOL PROGRAM.

7 (II) EMPLOYEES IN THE POOL CREATED UNDER CLAUSE (I) SHALL BE
8 OFFERED EMPLOYMENT BY ANY SCHOOL DISTRICT RECEIVING STUDENTS WHO
9 HAVE BEEN REASSIGNED PURSUANT TO SUBSECTION (B) WHENEVER THAT
10 SCHOOL DISTRICT HAS A VACANCY FOR A POSITION THAT AN EMPLOYEE IN
11 THE POOL IS CERTIFIED TO FILL, PROVIDED THAT NO EMPLOYEE OF THE
12 SCHOOL DISTRICT IN WHICH THE VACANCY EXISTS, INCLUDING A
13 SUSPENDED OR DEMOTED EMPLOYEE, HAS A RIGHT TO SUCH VACANCY UNDER
14 THIS ACT OR THE COLLECTIVE BARGAINING AGREEMENT OF THAT SCHOOL
15 DISTRICT.

16 (III) NO NEW EMPLOYEE SHALL BE HIRED BY ANY SCHOOL DISTRICT
17 RECEIVING STUDENTS WHO HAVE BEEN REASSIGNED PURSUANT TO
18 SUBSECTION (B) UNTIL THE POSITION HAS BEEN OFFERED, IN ORDER OF
19 SENIORITY, TO ALL PROPERLY CERTIFIED MEMBERS OF THE POOL CREATED
20 UNDER CLAUSE (I).

21 (2) EMPLOYEES HIRED FROM THE POOL AS PROVIDED UNDER THIS
22 SUBSECTION SHALL BE CREDITED BY THE HIRING SCHOOL DISTRICT FOR
23 ALL SICK LEAVE ACCUMULATED IN THE SCHOOL DISTRICT THAT HAS
24 ELIMINATED ITS HIGH SCHOOL PROGRAM AND SHALL BE CREDITED FOR
25 YEARS OF SERVICE IN THE SCHOOL DISTRICT THAT HAS ELIMINATED ITS
26 HIGH SCHOOL PROGRAM FOR PURPOSES OF SALARY SCHEDULE PLACEMENT.
27 TEMPORARY PROFESSIONAL AND PROFESSIONAL EMPLOYEES SHALL FURTHER
28 BE CREDITED FOR THEIR YEARS OF SERVICE IN THE SCHOOL DISTRICT
29 THAT HAS ELIMINATED ITS HIGH SCHOOL PROGRAM FOR PURPOSES OF
30 SABBATICAL LEAVE ELIGIBILITY, SUSPENSION AND REALIGNMENT RIGHTS

1 AND ELIGIBILITY FOR ANY RETIREMENT INCENTIVES OR SEVERANCE
2 PAYMENTS IN A HIRING SCHOOL DISTRICT.

3 * * *

4 Section 5 18. The act is amended by adding ~~sections~~ A
5 SECTION to read:

6 Section 1616. Wearing of Military Uniform at Graduation
7 Ceremony.--A student shall have the right to wear a dress
8 uniform issued to the student by a branch of the United States
9 Armed Forces while participating in the graduation ceremony for
10 the student's high school if that student meets the following
11 requirements:

12 (1) The student has fulfilled all of the requirements for
13 receiving a high school diploma in this Commonwealth and is
14 otherwise eligible to participate in the graduation ceremony.

15 (2) The student has completed basic training for, and is an
16 active member of, a branch of the United States Armed Forces.

17 ~~Section 2411. Audits of School Districts.--The Department of~~ ←
18 ~~the Auditor General shall, every four years, have the power, and~~
19 ~~its duty shall be, to audit the financial accounts and records~~
20 ~~of each school district that has been issued a certification~~
21 ~~declaring the school district in financial distress under~~
22 ~~section 691 that receives an appropriation of money, payable out~~
23 ~~of any fund in the State Treasury, or entitled to receive any~~
24 ~~portion of any State tax for any purpose whatsoever, as far as~~
25 ~~may be necessary to satisfy the Department of the Auditor~~
26 ~~General that the money received was expended or is being~~
27 ~~expended for no purpose other than that for which it was paid.~~

28 ~~If at any time the Department of the Auditor General shall~~
29 ~~find that any money received by a school district that has been~~
30 ~~issued a certification declaring the school district in~~

~~financial distress under section 691 has been expended for any purpose other than that for which it was paid, it shall notify the Department of Education within ninety days of the finding, and shall decline to approve any further requisition for the payment of any appropriation, or any further portion of any State tax, to the school district, until an amount equal to that improperly expended shall have been expended for the purpose for which the money improperly expended was received from the State Treasury.~~

~~The Treasury Department shall submit, at least annually, to the Department of the Auditor General, its listing of appropriations made to each school district and the fund or account from which the appropriation was released.~~

~~Section 6. The amendment of section 1075 of the act shall apply to a contract setting the compensation of a district superintendent or assistant district superintendent of a school district that has been issued a certification declaring the school district in financial distress under section 691 entered into or renewed on or after the effective date of this section.~~

~~Section 7. This act shall take effect in 60 days.~~

SECTION 19. SECTION 2104 OF THE ACT IS AMENDED TO READ:

SECTION 2104. SUPERINTENDENTS OF SCHOOLS OR BUILDINGS AND OF SUPPLIES.--THE BOARD OF PUBLIC EDUCATION IN EACH SCHOOL DISTRICT OF THE FIRST CLASS SHALL, WHENEVER A VACANCY IN SAID OFFICE SHALL OCCUR, APPOINT A DISTRICT SUPERINTENDENT, WHO SHALL BE DESIGNATED AND KNOWN AS SUPERINTENDENT OF SCHOOLS[, FOR A TERM OF NOT MORE THAN SIX (6) YEARS]. THE BOARD MAY ALSO APPOINT A SUPERINTENDENT OF BUILDINGS AND A SUPERINTENDENT OF SUPPLIES. THE BOARD SHALL PRESCRIBE THE TERMS AND DUTIES AND FIX THE SALARIES OF EACH OF SUCH EMPLOYES. THEY SHALL BE RESPONSIBLE TO



1 THE BOARD FOR THE CONDUCT OF THEIR RESPECTIVE DEPARTMENTS, SHALL
2 MAKE ANNUAL REPORTS TO THE BOARD, AND SHALL FROM TIME TO TIME
3 SUBMIT SUCH PLANS AND SUGGESTIONS FOR THE IMPROVEMENT OF THE
4 SCHOOLS AND THE SCHOOL SYSTEM AS THEY SHALL DEEM EXPEDIENT OR AS
5 THE BOARD OF PUBLIC EDUCATION MAY REQUIRE.

6 THE SUPERINTENDENT OF BUILDINGS SHALL BE AN ENGINEER OR
7 ARCHITECT OF GOOD STANDING IN HIS PROFESSION. THE SUPERINTENDENT
8 OF BUILDINGS AND THE SUPERINTENDENT OF SUPPLIES SHALL EACH GIVE
9 SUCH SECURITY FOR THE FAITHFUL PERFORMANCE OF THE DUTIES OF
10 THEIR RESPECTIVE OFFICES AS THE BOARD OF PUBLIC EDUCATION SHALL
11 PRESCRIBE.

12 SECTION 20. THE AMENDMENT OR ADDITION OF SECTIONS 1073,
13 1073.1, 1076, 1077, 1078 AND 1080 OF THE ACT SHALL APPLY TO
14 CONTRACTS OF DISTRICT SUPERINTENDENTS OR ASSISTANT DISTRICT
15 SUPERINTENDENTS ENTERED INTO OR RENEWED ON OR AFTER THE
16 EFFECTIVE DATE OF THIS SECTION.

17 SECTION 21. THE PROVISIONS OF ARTICLE VI-A OF THE ACT ARE
18 SEVERABLE. IF ANY PROVISION OF THAT ARTICLE OR ITS APPLICATION
19 TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, THE INVALIDITY
20 SHALL NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THAT
21 ARTICLE WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION
22 OR APPLICATION.

23 SECTION 22. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

24 (1) THE AMENDMENT OR REPEAL OF SECTIONS 691, 692, 692.1,
25 692.2, 693, 694 AND 695 OF THE ACT SHALL TAKE EFFECT IN 180
26 DAYS.

27 (2) THE AMENDMENT OR ADDITION OF SECTIONS 696, 907-A,
28 914-A, 921-A, 1073, 1073.1, 1076, 1077, 1078, 1080, 1616 AND
29 2104 OF THE ACT SHALL TAKE EFFECT IN 60 DAYS.

30 (3) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT

1 IMMEDIATELY.