

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2124 Session of 2014

INTRODUCED BY GROVE, DeLUCA, LUCAS, BAKER, DUNBAR, WATSON, AUMENT, PEIFER, TALLMAN, GINGRICH, MILNE, TOOHL, EVERETT, ENGLISH, BOBACK, CUTLER, SWANGER, GREINER, GABLER, MARSHALL, SAYLOR, GODSHALL, MAJOR, ROCK, MAHER, CLYMER, TOBASH, MOUL, BENNINGHOFF, QUINN, HICKERNELL, FEE AND MENTZER, MARCH 25, 2014

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, JUNE 4, 2014

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 grounds and buildings, further
6 providing for approval by Department of Education of plans,
7 etc. of buildings and exceptions; providing for
8 accountability and reducing costs in construction process;
9 further providing for limitation on new applications for
10 Department of Education approval of school building projects;
11 and, in reimbursements by Commonwealth and between school <--
12 districts, further providing for definitions, for approved
13 reimbursable rental for leases hereafter approved and
14 approved reimbursable sinking fund charges on indebtedness,
15 for payments on account of leases hereafter approved and on
16 account of sinking fund charges on indebtedness for school
17 buildings hereafter constructed and for payments on account
18 of building costs; and providing for lump sum reimbursement <--
19 for construction or reconstruction AND FOR REIMBURSEMENT FOR <--
20 SCHOOL DISTRICTS NOT SUBMITTING REQUIRED DOCUMENTATION; AND
21 IMPOSING A DUTY ON THE STATE PUBLIC SCHOOL BUILDING
22 AUTHORITY.

23 The General Assembly finds and declares that:

24 (1) Recognizing challenges have developed and escalated
25 over a period of years in the process of Commonwealth

1 reimbursement for public school construction and  
2 reconstruction, which have caused delays in approvals by the  
3 Department of Education for reimbursement payments owed to  
4 school districts throughout this Commonwealth as well as the  
5 limitation on school district submission of new applications  
6 for Commonwealth reimbursement, and acknowledging that these  
7 challenges were born of an antiquated, complex and overly  
8 burdensome administrative process, as well as financially  
9 unsustainable Commonwealth construction and reconstruction  
10 reimbursement obligations, it is a matter of high priority  
11 that these challenges be addressed.

12 (2) Therefore, it is the intent of the General Assembly  
13 to reform the existing process of Commonwealth reimbursement  
14 for public school construction and reconstruction to ensure  
15 that a modern, simplified and financially sustainable process  
16 is instituted.

17 The General Assembly of the Commonwealth of Pennsylvania  
18 hereby enacts as follows:

19 Section 1. Section 731 of the act of March 10, 1949 (P.L.30,  
20 No.14), known as the Public School Code of 1949, amended June  
21 27, 1973 (P.L.75, No.34), is amended to read:

22 Section 731. Approval by Department of Plans, etc., of  
23 Buildings; Exceptions.--(a) The Department of Education, with  
24 respect to construction or reconstruction of public school  
25 buildings, shall have the power and its duties shall be:

26 (1) To review all projects, plans and specifications for  
27 school building construction or reconstruction, and to make  
28 recommendations thereon to the General Assembly and the  
29 Governor: Provided, however, That approval of the Department of  
30 Education shall not be required for projects, plans and

1 specifications for school construction projects for which  
2 reimbursement from the Commonwealth is not requested;

3 (2) To assist school districts in preplanning construction  
4 and reconstruction projects, and offer such architectural,  
5 engineering and financial advice as will enable the project to  
6 comply with the standards prescribed by the State Board of  
7 Education;

8 (3) To hold hearings on any or all projects and subpoena  
9 witnesses, administer oaths, take testimony and compel the  
10 production of documents relevant to any investigation;

11 (4) To act as liaison between the public, local school  
12 officials, the General Assembly, and the Governor on school  
13 building construction and reconstruction projects;

14 (5) To receive and investigate complaints from the public or  
15 other source concerning any school building construction or  
16 reconstruction project;

17 (6) To conduct investigations on any phase of school  
18 building construction or reconstruction projects.

19 (7) To provide for an electronic database on its publicly  
20 accessible Internet website for the purpose of providing public  
21 access to information on public school construction and  
22 reconstruction projects, building purchases and charter school  
23 lease reimbursements submitted for the approval of, or approved  
24 by, the Department of Education. The electronic database shall  
25 indicate the date each application for reimbursement was  
26 submitted to the Department of Education and the date of  
27 approval for each step of the reimbursement process as outlined  
28 in section 731.2 of this act.

29 (b) The Department of Education shall employ engineers,  
30 architects, financial advisors, and such other staff personnel

1 as may be necessary for the proper performance of the duties of  
2 the Department with respect to construction or reconstruction of  
3 public school buildings.

4 (c) No public school building shall be contracted for,  
5 constructed, or reconstructed, in any school district of the  
6 second, third, or fourth class until the plans and  
7 specifications therefor have been approved by the Department of  
8 Education[.

9 When ordinary repairs are proposed, such as plastering,  
10 painting, replacement of floors, improvement of school grounds,  
11 repairing or providing walks, roadways or retaining walls, the  
12 cost of which in districts of the second class or in districts  
13 of the third and fourth class will not exceed fifteen thousand  
14 dollars (\$15,000) per building, no approval shall be required.  
15 Where any structural change is involved, such as moving or  
16 adding doors, windows, partitions, making additions or any  
17 excavations, or any work which may affect the safety or health  
18 of the pupils, or any work which comes under the jurisdiction of  
19 another department of the Commonwealth, approval of the  
20 Department of Education shall be required regardless of the cost  
21 of such structural change.];

22 Provided, however, That approval of the Department of Education  
23 shall not be required for projects, plans and specifications for  
24 school construction projects for which reimbursement from the  
25 Commonwealth is not requested.

26 (d) No school building shall be purchased by any school  
27 district until such purchase shall have been approved by the  
28 Department of Education. Such approval shall not be given unless  
29 the school building to be purchased and any approved structural  
30 changes or renovations meet the standards required to operate

1 public school buildings of a similar age currently in use in the  
2 Commonwealth.

3 Section 2. The act is amended by adding a section to read:

4 Section 731.2. Accountability and Reducing Costs in  
5 Construction Process.--(a) No later than July 1, 2015, the  
6 department shall develop and implement a process, including  
7 standardized forms and procedures, which shall be used by school  
8 districts to apply for Commonwealth reimbursement for school  
9 construction and reconstruction projects and which shall be  
10 known as the Accountability and Reducing Costs in Construction  
11 Process. In developing the Accountability and Reducing Costs in  
12 Construction Process, the department shall separate the process  
13 into five (5) benchmark steps of department approval which shall  
14 be labeled one (1) through five (5) and shall minimally include  
15 the following:

16 (1) Step 1 shall consist of the following:

17 (i) project description;

18 (ii) project justification; and

19 (iii) a technical schematic design review conference with  
20 the department.

21 (2) Step 2 shall consist of the following:

22 (i) site acquisition, if applicable to the project;

23 (ii) project accounting based on cost estimates; and

24 (iii) a conference with the department to review completed  
25 construction documents, including bid specifications, drawings  
26 for the project and documentation regarding the fulfillment of  
27 State and local agency requirements.

28 (3) Step 3 shall consist of the following:

29 (i) project accounting based on costs for actual

30 construction bids for which contracts shall be awarded; and

1 (ii) project financing, including financing method and the  
2 calculation of the temporary reimbursable percent for the  
3 project. In calculating the temporary reimbursable percent, the  
4 department shall factor in a five (5) percentage point  
5 reduction which shall be utilized until the calculation of the  
6 permanent reimbursable percent is completed in Step 4.  
7 Approval through Step 3 shall initiate project reimbursement  
8 from the Commonwealth.

9 (4) Step 4 shall consist of the following:

10 (i) interim reporting of project modifications, including  
11 the reporting of change orders and supplemental contracts; and

12 (ii) project accounting based on the final costs of a  
13 project after completion of the following:

14 (A) construction of the project; and

15 (B) payment for all construction or reconstruction work,  
16 unless the department has granted an exception.

17 The calculation of the permanent reimbursable percent for a  
18 project shall take place during Step 4.

19 (5) Step 5 shall consist of project refinancing, where  
20 applicable, to allow for the restructuring, refinancing or  
21 refunding of existing indebtedness.

22 (b) (1) Except as provided for in paragraph (2), school  
23 districts shall be reimbursed by the department in the order in  
24 which their projects received approval for Commonwealth  
25 reimbursement by the Department of Education.

26 (2) The Secretary of Education may prioritize the  
27 reimbursement of a school construction or reconstruction project  
28 of a school district declared to be in financial recovery status  
29 under Article VI-A of this act. Projects that are given priority  
30 under this paragraph shall be reimbursed before all other

1 projects.

2 (c) (1) School districts shall develop a complete  
3 districtwide facility study of all district educational  
4 facilities, including the district administrative offices. The  
5 study shall be completed prior to, and within five (5) years of,  
6 the initial date of submission to the department of an  
7 application for Commonwealth reimbursement of a school  
8 construction or reconstruction project.

9 (2) The study shall provide an appraisal as to each  
10 facility's ability to meet current and planned education program  
11 requirements, the degree to which the present facilities meet  
12 reasonably current construction standards, and an estimated cost  
13 of necessary repairs and improvements.

14 (3) The study shall be submitted to the department along  
15 with an initial application for Commonwealth reimbursement of a  
16 school construction or reconstruction project.

17 (4) The department shall not grant to school districts any  
18 exceptions, waivers or variances to the provisions of this  
19 subsection.

20 (d) (1) In order to receive Commonwealth reimbursement for  
21 the construction of a new building, a school district shall,  
22 within Step 1 of the Accountability and Reducing Costs in  
23 Construction Process provided for in subsection (a), complete  
24 and submit to the department a cost-benefit analysis of the  
25 project that compares the construction of the proposed new  
26 building to the expansion or renovation of an existing building  
27 for the same purpose.

28 (2) If the cost of a new building exceeds that of the  
29 expansion or renovation of an existing building for the same  
30 purpose, the school district shall only be eligible for

1 Commonwealth reimbursement for the new building if substantial  
2 evidence is presented which demonstrates the necessity of a new  
3 building and how a new building would better meet the needs of  
4 the school district and its students than a building expansion  
5 or renovation.

6 (3) A determination by the department that insufficient  
7 evidence was provided to demonstrate the necessity of a new  
8 building rather than a building expansion or renovation shall be  
9 appealable by a school district under 2 Pa.C.S. (relating to  
10 administrative law and procedure).

11 (4) The department shall not grant to school districts any  
12 exceptions, waivers or variances to the provisions of this  
13 subsection.

14 (e) (1) School districts shall not be eligible for  
15 Commonwealth reimbursement of school construction or  
16 reconstruction project costs for any existing building which is  
17 less than thirty (30) years old or for which a Commonwealth  
18 reimbursable project has been approved by the department within  
19 the preceding thirty (30) years. The thirty (30) year period  
20 between eligible Commonwealth reimbursable projects for a school  
21 building shall be calculated from the bid opening date of the  
22 previous Commonwealth reimbursable project to the bid opening  
23 date of the proposed Commonwealth reimbursable project.

24 (2) The department shall not grant to school districts any  
25 exceptions, waivers or variances to the provisions of this  
26 subsection except in the case of an emergency. For the purposes  
27 of this paragraph, an emergency shall include a natural  
28 disaster, fire, flood, MOLD CONTAMINATION or an extraordinary <--  
29 and unanticipated increase in student enrollment.

30 (f) (1) School districts shall not be eligible for

1 Commonwealth reimbursement of school construction or  
2 reconstruction project costs for any existing building where the  
3 cost of expansion or renovation of the building, excluding costs  
4 for building purchase, movable fixtures and equipment, asbestos  
5 abatement, roof replacement, site development and architect  
6 fees, is less than forty (40) percent of the replacement value  
7 of the entire building.

8 (2) The provisions of this subsection shall not apply to  
9 area vocational-technical school construction or reconstruction  
10 projects.

11 (3) The department shall not grant to school districts any  
12 exceptions, waivers or variances to the provisions of this  
13 subsection.

14 (g) The department shall, where possible and appropriate,  
15 automate the Accountability and Reducing Costs in Construction  
16 Process to allow school districts to submit plans and documents  
17 relating to reimbursement for a school construction or  
18 reconstruction project electronically.

19 (h) A school district shall not be required to submit any  
20 school construction or reconstruction project plans, drawings,  
21 bid specifications or other documents to the department on  
22 microfilm as a condition of receiving Commonwealth reimbursement  
23 for a construction or reconstruction project.

24 (i) A school district shall not be required to resubmit to  
25 the department any completed plans, drawings, bid specifications  
26 or other documents for a school construction or reconstruction  
27 project for which the department received a completed initial  
28 application by October 1, 2012, due to the implementation of  
29 this section.

30 (j) Subsections (c), (d), (e) and (f) shall not apply to any

1 school construction or reconstruction project for which a  
2 completed initial school construction or reconstruction project  
3 application was submitted to the department by October 1, 2012.

4 (k) No later than twelve (12) months after the effective  
5 date of this section, the department shall develop such rules  
6 and guidelines as may be necessary to implement this section:  
7 Provided, however, That the department shall not create steps of  
8 approval in addition to those provided for under subsection (a)  
9 and shall not require more than one school board resolution at  
10 each step.

11 (l) For the purposes of this section, the term "department"  
12 shall mean the Department of Education of the Commonwealth.

13 Section 3. Section 732.1(b) of the act, amended July 9, 2013  
14 (P.L.408, No.59), is amended to read and the section is amended  
15 by adding a subsection to read:

16 Section 732.1. Limitation on New Applications for Department  
17 of Education Approval of Public School Building Projects.--\* \* \*

18 (b) (1) The Department of Education shall, in consultation  
19 with school district officials and the General Assembly, conduct  
20 a review of the Department of Education's current process  
21 through which public school building projects are reviewed and  
22 approved for Commonwealth reimbursement. The review shall  
23 incorporate an analysis of impacting local factors, including,  
24 but not limited to, tax effort and building requirements, and  
25 shall make recommendations to the chair and minority chair of  
26 the Appropriations Committee of the Senate, the chair and  
27 minority chair of the Education Committee of the Senate, the  
28 chair and minority chair of the Appropriations Committee of the  
29 House of Representatives and the chair and minority chair of the  
30 Education Committee of the House of Representatives by May 1,

1 2013. The Department of Education shall also conduct a Statewide  
2 analysis of school facilities and future capital needs and shall  
3 submit a preliminary report on that analysis by May 1, 2014.

4 (2) The Statewide analysis shall be completed and submitted  
5 to the chairman and minority chairman of the Appropriations  
6 Committee of the Senate, the chairman and minority chairman of  
7 the Education Committee of the Senate, the chairman and minority  
8 chairman of the Appropriations Committee of the House of  
9 Representatives and the chairman and minority chairman of the  
10 Education Committee of the House of Representatives no later  
11 than May 1, 2015.

12 (c) (1) Any school district that began a school  
13 construction or reconstruction project during the time in which  
14 the Department of Education was not accepting or approving new  
15 school construction and reconstruction project applications for  
16 reimbursement pursuant to subsection (a) shall remain eligible  
17 and may apply for Commonwealth reimbursement for those school  
18 construction or reconstruction projects following the expiration  
19 of the limitation provided for under subsection (a).

20 (2) No later than twelve (12) months after the effective  
21 date of this section the department shall develop such rules and  
22 guidelines as may be necessary to implement this subsection.

23 Section 4. Section 2501 of the act is amended by adding a  
24 definition to read:

25 Section 2501. Definitions.--For the purposes of this article  
26 the following terms shall have the following meanings:

27 \* \* \*

28 (31) "Department." The Department of Education of the  
29 Commonwealth.

30 Section 5. Section ~~2574(b), (b.1), (e)~~ 2574(B.1), (c.4) and <--

1 (c.6) of the act, amended or added ~~June 12, 1968 (P.L.192,~~ <--  
2 ~~No.96), July 10, 1987 (P.L.286, No.50),~~ July 13, 2005 (P.L.226,  
3 No.46) and July 11, 2006 (P.L.1092, No.114), are amended and the <--  
4 ~~section is amended by adding a subsection to read:~~

5 Section 2574. Approved Reimbursable Rental for Leases  
6 Hereafter Approved and Approved Reimbursable Sinking Fund  
7 Charges on Indebtedness.--\* \* \*

8 ~~(b) For new school buildings the approved building~~ <--  
9 ~~construction cost shall be the lesser of~~

10 ~~(1) The cost of constructing the school buildings including~~  
11 ~~the cost of essential fixtures and equipment but excluding~~  
12 ~~architect's fees in excess of six per cent (6%) of the contract~~  
13 ~~price, or~~

14 ~~(2) The product of the rated pupil capacity as determined by~~  
15 ~~the Department of Public Instruction at the time the project is~~  
16 ~~approved and (i) one thousand one hundred dollars (\$1100) in the~~  
17 ~~case of elementary schools, (ii) one thousand seven hundred~~  
18 ~~dollars (\$1700) in the case of secondary schools, (iii) an~~  
19 ~~amount in the case of combined elementary secondary schools~~  
20 ~~obtained by multiplying the rated elementary pupil capacity by~~  
21 ~~one thousand one hundred dollars (\$1100) and the rated secondary~~  
22 ~~pupil capacity by one thousand seven hundred dollars (\$1700) and~~  
23 ~~dividing the sum by the total rated pupil capacity.~~

24 ~~(3) The provisions of clause (2) of subsection (b) hereof~~  
25 ~~shall apply to all school building projects for which the~~  
26 ~~general construction contract is awarded prior to July 1, 1966,~~  
27 ~~and for approved school building projects for which a lease was~~  
28 ~~approved by the Department of Public Instruction prior to July~~  
29 ~~1, 1966. For school buildings for which the general construction~~  
30 ~~contract is awarded subsequent to July 1, 1966 and for approved~~

1 ~~school building projects for which the general construction~~  
2 ~~contract was awarded but for which a lease was not approved by~~  
3 ~~the Department of Public Instruction prior to July 1, 1966, the~~  
4 ~~product of the rated pupil capacity as determined by the~~  
5 ~~Department of Public Instruction at the time the project is~~  
6 ~~approved and (i) two thousand three hundred dollars (\$2300) in~~  
7 ~~the case of elementary schools, (ii) three thousand dollars~~  
8 ~~(\$3000) in the case of secondary schools, (iii) an amount in the~~  
9 ~~case of combined elementary secondary schools obtained by~~  
10 ~~multiplying the rated elementary pupil capacity by two thousand~~  
11 ~~three hundred dollars (\$2300) and the rated secondary pupil~~  
12 ~~capacity by three thousand dollars (\$3000) and dividing the sum~~  
13 ~~by the total rated pupil capacity.~~

14 ~~(3.1) For school buildings for which the general~~  
15 ~~construction contract is awarded subsequent to July 1, 1984, and~~  
16 ~~for approved school building projects for which the general~~  
17 ~~construction contract was awarded but for which a lease or~~  
18 ~~general obligation bond resolution was not approved by the~~  
19 ~~Department of Education prior to July 1, 1984, the product of~~  
20 ~~the rated pupil capacity as determined by the Department of~~  
21 ~~Education at the time the project is approved and (i) three~~  
22 ~~thousand nine hundred dollars (\$3,900) in the case of elementary~~  
23 ~~schools, (ii) five thousand one hundred dollars (\$5,100) in the~~  
24 ~~case of secondary schools, (iii) an amount in the case of~~  
25 ~~combined elementary secondary schools obtained by multiplying~~  
26 ~~the rated elementary pupil capacity by three thousand nine~~  
27 ~~hundred dollars (\$3,900) and the rated secondary pupil capacity~~  
28 ~~by five thousand one hundred dollars (\$5,100) and dividing the~~  
29 ~~sum by the total rated pupil capacity.~~

30 ~~(4) For school buildings for which the general construction~~

1 ~~contract is awarded subsequent to January 1, 2005, and for~~  
2 ~~approved school building projects for which the general~~  
3 ~~construction contract was awarded but for which a lease or~~  
4 ~~general obligation bond resolution was not approved by the~~  
5 ~~Department of Education prior to January 1, 2005, the product of~~  
6 ~~the rated pupil capacity as determined by the Department of~~  
7 ~~Education at the time the project is approved and (i) four~~  
8 ~~thousand seven hundred dollars (\$4,700) in the case of~~  
9 ~~elementary schools, (ii) six thousand two hundred dollars~~  
10 ~~(\$6,200) in the case of secondary schools, (iii) an amount in~~  
11 ~~the case of combined elementary secondary schools obtained by~~  
12 ~~multiplying the rated elementary pupil capacity by four thousand~~  
13 ~~seven hundred dollars (\$4,700) and the rated secondary pupil~~  
14 ~~capacity by six thousand two hundred dollars (\$6,200) and~~  
15 ~~dividing the sum by the total rated pupil capacity.~~

16 ~~(5) For school buildings for which the general construction~~  
17 ~~contract is awarded subsequent to October 1, 2012, and for~~  
18 ~~approved school building projects for which the general~~  
19 ~~construction contract was awarded but for which a lease or~~  
20 ~~general obligation bond resolution was not approved by the~~  
21 ~~Department of Education by October 1, 2012, the product of the~~  
22 ~~rated pupil capacity as determined by the Department of~~  
23 ~~Education at the time the project is approved and (i) four~~  
24 ~~thousand two hundred thirty dollars (\$4,230) in the case of~~  
25 ~~elementary schools, (ii) five thousand five hundred eighty~~  
26 ~~dollars (\$5,580) in the case of secondary schools, (iii) an~~  
27 ~~amount in the case of combined elementary secondary schools~~  
28 ~~obtained by multiplying the rated elementary pupil capacity by~~  
29 ~~four thousand two hundred thirty dollars (\$4,230) and the rated~~  
30 ~~secondary pupil capacity by five thousand five hundred eighty~~

1 ~~dollars (\$5,580) and dividing the sum by the total rated pupil-~~  
2 ~~capacity.~~

3 [(b.1) For school buildings constructed and based on an  
4 approved school facility design received from the Department of  
5 Education's school facility design clearinghouse, for which the  
6 general construction contract is awarded subsequent to January  
7 1, 2005, and for approved school building projects for which the  
8 general construction contract was awarded but for which a lease  
9 or general obligation bond resolution was not approved by the  
10 Department of Education prior to January 1, 2005, the approved  
11 building construction cost shall additionally include the  
12 product of the rated pupil capacity as determined by the  
13 Department of Education at the time the project is approved and  
14 (i) four hundred seventy dollars (\$470) in the case of  
15 elementary schools, (ii) six hundred twenty dollars (\$620) in  
16 the case of secondary schools, (iii) an amount in the case of  
17 combined elementary-secondary schools obtained by multiplying  
18 the rated elementary pupil capacity by four hundred seventy  
19 dollars (\$470) and the rated secondary pupil capacity by six  
20 hundred twenty dollars (\$620) and dividing the sum by the total  
21 rated pupil capacity.]

22 ~~(c) For additions or alterations to existing buildings~~ <--

23 ~~approved building construction cost shall be the lesser of~~

24 ~~(1) The cost of constructing the additions or alterations~~

25 ~~including the cost of essential fixtures and equipment but~~

26 ~~excluding architect's fees in excess of six per cent (6%) of the~~

27 ~~contract price, or~~

28 ~~(2) The difference obtained by subtracting the appraisal~~

29 ~~value of the existing building from the product of rated pupil~~

30 ~~capacity of the altered or expanded building as determined by~~

1 ~~the Department of Public Instruction at the time the project is~~  
2 ~~approved and (i) one thousand one hundred dollars (\$1100) in the~~  
3 ~~case of elementary schools, (ii) one thousand seven hundred~~  
4 ~~dollars (\$1700) in the case of secondary schools, (iii) an~~  
5 ~~amount in the case of combined elementary secondary schools~~  
6 ~~obtained by multiplying the rated elementary pupil capacity of~~  
7 ~~the altered or expanded building by one thousand one hundred~~  
8 ~~dollars (\$1100) and the rated secondary pupil capacity of the~~  
9 ~~altered or expanded building by one thousand seven hundred~~  
10 ~~dollars (\$1700) and dividing the sum by the total rated pupil~~  
11 ~~capacity of the altered or expanded building.~~

12 ~~Appraisal value shall be the valuation made immediately~~  
13 ~~before the additions or alterations are begun by three competent~~  
14 ~~appraisers, one appointed by the school authorities, one by the~~  
15 ~~Superintendent of Public Instruction, and the third by the other~~  
16 ~~two.~~

17 ~~(3) The provisions of clause (2) of subsection (c) hereof~~  
18 ~~shall apply to all school building projects for which the~~  
19 ~~general construction contract is awarded prior to July 1, 1966~~  
20 ~~and for approved school building projects for which a lease was~~  
21 ~~approved by the Department of Public Instruction prior to July~~  
22 ~~1, 1966. For school buildings for which the general construction~~  
23 ~~contract is awarded subsequent to July 1, 1966 and for approved~~  
24 ~~school building projects for which the general construction~~  
25 ~~contract was awarded but for which a lease was not approved by~~  
26 ~~the Department of Public Instruction prior to July 1, 1966, the~~  
27 ~~difference obtained by subtracting the appraisal value of the~~  
28 ~~existing building from the product of rated pupil capacity of~~  
29 ~~the altered or expanded building as determined by the Department~~  
30 ~~of Public Instruction at the time the project is approved and~~

1 ~~(i) two thousand three hundred dollars (\$2300) in the case of~~  
2 ~~elementary schools, (ii) three thousand dollars (\$3000) in the~~  
3 ~~case of secondary schools, (iii) an amount in the case of~~  
4 ~~combined elementary secondary schools obtained by multiplying~~  
5 ~~the rated elementary pupil capacity of the altered or expanded~~  
6 ~~building by two thousand three hundred dollars (\$2300) and the~~  
7 ~~rated secondary pupil capacity of the altered or expanded~~  
8 ~~building by three thousand dollars (\$3000) and dividing the sum~~  
9 ~~by the total rated pupil capacity of the altered or expanded~~  
10 ~~building.~~

11 ~~Appraisal value shall be the valuation made immediately~~  
12 ~~before the additions or alterations are begun by three competent~~  
13 ~~appraisers, one appointed by the school authorities, one by the~~  
14 ~~Superintendent of Public Instruction, and the third by the other~~  
15 ~~two.~~

16 ~~(3.1) For school buildings for which the general~~  
17 ~~construction contract is awarded subsequent to July 1, 1984, and~~  
18 ~~for approved school building projects for which the general~~  
19 ~~construction contract was awarded but for which a lease or~~  
20 ~~general obligation bond resolution was not approved by the~~  
21 ~~Department of Education prior to July 1, 1984, the difference~~  
22 ~~obtained by subtracting the appraisal value of the existing~~  
23 ~~building from the product of the rated pupil capacity of the~~  
24 ~~altered or expanded building as determined by the Department of~~  
25 ~~Education at the time the project is approved and (i) three~~  
26 ~~thousand nine hundred dollars (\$3,900) in the case of elementary~~  
27 ~~schools, (ii) five thousand one hundred dollars (\$5,100) in the~~  
28 ~~case of secondary schools, (iii) an amount in the case of~~  
29 ~~combined elementary secondary schools obtained by multiplying~~  
30 ~~the rated elementary pupil capacity by three thousand nine~~

1 ~~hundred dollars (\$3,900) and the rated secondary pupil capacity~~  
2 ~~by five thousand one hundred dollars (\$5,100) and dividing the~~  
3 ~~sum by the total rated pupil capacity of the altered or expanded~~  
4 ~~building.~~

5 ~~(4) For school buildings for which the general construction~~  
6 ~~contract is awarded subsequent to January 1, 2005, and for~~  
7 ~~approved school building projects for which the general~~  
8 ~~construction contract was awarded but for which a lease or~~  
9 ~~general obligation bond resolution was not approved by the~~  
10 ~~Department of Education prior to January 1, 2005, the difference~~  
11 ~~obtained by subtracting the appraisal value of the existing~~  
12 ~~building from the product of the rated pupil capacity of the~~  
13 ~~altered or expanded building as determined by the Department of~~  
14 ~~Education at the time the project is approved and (i) four~~  
15 ~~thousand seven hundred dollars (\$4,700) in the case of~~  
16 ~~elementary schools, (ii) six thousand two hundred dollars~~  
17 ~~(\$6,200) in the case of secondary schools, (iii) an amount in~~  
18 ~~the case of combined elementary secondary schools obtained by~~  
19 ~~multiplying the rated elementary pupil capacity by four thousand~~  
20 ~~seven hundred dollars (\$4,700) and the rated secondary pupil~~  
21 ~~capacity by six thousand two hundred dollars (\$6,200) and~~  
22 ~~dividing the sum by the total rated pupil capacity of the~~  
23 ~~altered or expanded building.~~

24 ~~(5) For school buildings for which the general construction~~  
25 ~~contract is awarded subsequent to October 1, 2012, and for~~  
26 ~~approved school building projects for which the general~~  
27 ~~construction contract was awarded but for which a lease or~~  
28 ~~general obligation bond resolution was not approved by the~~  
29 ~~Department of Education by October 1, 2012, the difference~~  
30 ~~obtained by subtracting the appraisal value of the existing~~

~~1 building from the product of the rated pupil capacity of the~~  
~~2 altered or expanded building as determined by the Department of~~  
~~3 Education at the time the project is approved and (i) four~~  
~~4 thousand two hundred thirty dollars (\$4,230) in the case of~~  
~~5 elementary schools, (ii) five thousand five hundred eighty~~  
~~6 dollars (\$5,580) in the case of secondary schools, (iii) an~~  
~~7 amount in the case of combined elementary secondary schools~~  
~~8 obtained by multiplying the rated elementary pupil capacity by~~  
~~9 four thousand two hundred thirty dollars (\$4,230) and the rated~~  
~~10 secondary pupil capacity by five thousand five hundred eighty~~  
~~11 dollars (\$5,580) and dividing the sum by the total rated pupil~~  
~~12 capacity of the altered or expanded building.~~

13 \* \* \*

14 [(c.4) For school buildings for which the general  
15 construction contract is awarded on or after January 1, 2005,  
16 and for approved school building projects for which the general  
17 construction contract was awarded but for which a lease or  
18 general obligation bond resolution was not approved by the  
19 Department of Education prior to January 1, 2005, and where the  
20 school building receives a silver, gold or platinum  
21 certification from the United States Green Building Council's  
22 Leadership in Energy and Environmental Design Green Building  
23 Rating System or two, three or four Globes under the Green  
24 Building Initiative's Green Globes Green Building Rating System  
25 on or after January 1, 2005, the Department of Education shall  
26 adjust the approved building construction cost to additionally  
27 include the product of the rated pupil capacity as determined by  
28 the Department of Education at the time the project is approved  
29 and (i) four hundred seventy dollars (\$470) in the case of  
30 elementary schools, (ii) six hundred twenty dollars (\$620) in

1 the case of secondary schools, (iii) an amount in the case of  
2 combined elementary-secondary schools obtained by multiplying  
3 the rated elementary pupil capacity by four hundred seventy  
4 dollars (\$470) and the rated secondary pupil capacity by six  
5 hundred twenty dollars (\$620) and dividing the sum by the total  
6 rated pupil capacity. The Department of Education in  
7 consultation with the Governor's Green Government Council shall  
8 issue guidelines to carry out this section.]

9 \* \* \*

10 [(c.6) If a school district receives reimbursement for a  
11 school construction project under this section, the school  
12 district, upon request by the Department of Education, shall do  
13 all of the following:

14 (i) Provide information required by the department to  
15 determine whether the school construction project meets criteria  
16 established by the department for certification as an approved  
17 school facility design for purposes of the department's school  
18 facility design clearinghouse.

19 (ii) Authorize the department, in its discretion, to certify  
20 the school construction project as an approved school facility  
21 design and to include information about the certified project in  
22 the department's school facility design clearinghouse.]

23 \* \* \*

24 ~~(g) Subsections (b) (5) and (c) (5) of this section shall not <--~~  
25 ~~apply to any school construction or reconstruction project for~~  
26 ~~which a completed initial school construction or reconstruction~~  
27 ~~project application was submitted to the Department of Education~~  
28 ~~by October 1, 2012.~~

29 Section 6. Section 2575(a) of the act, amended July 12, 1968  
30 (P.L.192, No.96), is amended and the section is amended by

1 adding a subsection to read:

2 Section 2575. Payments on Account of Leases Hereafter  
3 Approved and on Account of Sinking Fund Charges on Indebtedness  
4 for School Buildings Hereafter Constructed.--(a) (1) The  
5 Commonwealth shall pay annually to each school district erecting  
6 or sharing in the erection of a building or buildings under the  
7 provisions of the Public School Building Authority Act, the  
8 Municipality Authority Act, section 758 [of the Public School  
9 Code of 1949,] or section 791 of [the Public School Code of  
10 1949,] this act on account of buildings for which the lease is  
11 approved on or after March 22, 1956, or through the incurring of  
12 indebtedness by the issuance of general obligation bonds on  
13 account of buildings for which the general construction contract  
14 is awarded on or after March 22, 1956, an amount to be  
15 determined by multiplying the district's capital account  
16 reimbursement fraction computed for the year 1967 or aid ratio  
17 whichever is larger by the approved reimbursable rental or  
18 approved reimbursable sinking fund charge.

19 (2) The provisions of this subsection shall only apply to  
20 school construction or reconstruction projects for which a  
21 completed initial school construction or reconstruction project  
22 application was submitted to the Department of Education by  
23 October 1, 2012.

24 (a.1) (1) The Commonwealth shall pay annually to each  
25 school district erecting or sharing in the erection of a  
26 building or buildings under the provisions of the Public School  
27 Building Authority Act, the Municipality Authority Act or  
28 section 758 or 791 of this act, on account of buildings for  
29 which the lease is approved on or after October 1, 2012, or  
30 through the incurring of indebtedness by the issuance of general

1 obligation bonds on account of buildings for which the general  
2 construction contract is awarded on or after October 1, 2012, an  
3 amount to be determined by multiplying the district's aid ratio  
4 by the approved reimbursable rental or approved reimbursable  
5 sinking fund charge.

6 (2) The provisions of this subsection shall only apply to  
7 school construction or reconstruction projects for which a  
8 completed initial school construction or reconstruction project  
9 application was submitted to the Department of Education after  
10 October 1, 2012.

11 \* \* \*

12 Section 7. Section 2575.1 of the act, amended July 9, 1992  
13 (P.L.392, No.85), is amended to read:

14 Section 2575.1. Payments on Account of Building Costs.--(a)

15 (1) The Commonwealth shall pay to any school district making a  
16 preliminary payment on account of the approved building  
17 construction or approved renovation cost as authorized by  
18 section 783 or by clause (4) of section 790 or by clause (5) of  
19 section 791 of this act, an amount determined by multiplying the  
20 district's capital account reimbursement fraction computed for  
21 the year 1967 or aid ratio whichever is larger by the amount of  
22 the payment made by the school district.

23 (2) The provisions of this subsection shall only apply to  
24 school construction or reconstruction projects for which a  
25 completed initial school construction or reconstruction project  
26 application was submitted to the Department of Education by  
27 October 1, 2012.

28 (a.1) (1) The Commonwealth shall pay to any school district  
29 making a preliminary payment on account of the approved building  
30 construction or approved renovation cost as authorized by

1 section 783 or by clause (4) of section 790 or by clause (5) of  
2 section 791 of this act, an amount determined by multiplying the  
3 district's aid ratio by the amount of the payment made by the  
4 school district.

5 (2) The provisions of this subsection shall only apply to  
6 school construction or reconstruction projects for which a  
7 completed initial school construction or reconstruction project  
8 application was submitted to the Department of Education after  
9 October 1, 2012.

10 (b) (1) Whenever any school district provides the full  
11 payment on account of approved building construction or approved  
12 renovation cost without incurring debt, or without assuming a  
13 lease, the Commonwealth shall pay to such school district an  
14 amount determined by multiplying the district's capital account  
15 reimbursement fraction computed for the year 1967 or aid ratio  
16 whichever is larger by the amount of the payment made by the  
17 school district.

18 (2) The provisions of this subsection shall only apply to  
19 school construction or reconstruction projects for which a  
20 completed initial school construction or reconstruction project  
21 application was submitted to the Department of Education by  
22 October 1, 2012.

23 (b.1) (1) Whenever any school district provides the full  
24 payment on account of approved building construction or approved  
25 renovation cost without incurring debt, or without assuming a  
26 lease, the Commonwealth shall pay to such school district an  
27 amount determined by multiplying the district's aid ratio by the  
28 amount of the payment made by the school district.

29 (2) The provisions of this subsection shall only apply to  
30 school construction or reconstruction projects for which a

1 completed initial school construction or reconstruction project  
2 application was submitted to the Department of Education after  
3 October 1, 2012.

4 (c) The payment required by this section shall be made for  
5 the year in which the school district made its payment on  
6 account of the approved building construction or approved  
7 renovation cost.

8 Section 8. The act is amended by adding ~~a section~~ SECTIONS <--  
9 to read:

10 Section 2581. Lump Sum Reimbursement for Construction or  
11 Reconstruction.--(a) The department may, at any time, upon the  
12 availability of sufficient funds and the mutual agreement of the  
13 department and a school district, provide an immediate lump sum  
14 payment to the school district as full reimbursement for a  
15 construction or reconstruction project THAT HAS RECEIVED ALL <--  
16 REQUIRED APPROVALS FROM THE DEPARTMENT FOR COMMONWEALTH  
17 REIMBURSEMENT. The lump sum payment provided for under this  
18 section shall be no greater than seventy-five percent (75%) of  
19 the total allowable construction or reconstruction reimbursement  
20 provided for under Article XXV of this act for which the school  
21 district is eligible: Provided, however, That such payments  
22 shall not include reimbursement for interest incurred by a  
23 school district. A SCHOOL DISTRICT THAT DOES NOT AGREE TO A LUMP <--  
24 SUM PAYMENT UNDER THIS SECTION SHALL REMAIN ELIGIBLE FOR THE  
25 TOTAL ALLOWABLE CONSTRUCTION OR RECONSTRUCTION REIMBURSEMENT  
26 PROVIDED FOR UNDER ARTICLE XXV OF THIS ACT.

27 (b) Each agreement for lump sum reimbursement under this  
28 section shall require the school district receiving a lump sum  
29 payment to relinquish any current claim to the total allowable  
30 construction or reconstruction reimbursement provided for under

1 Article XXV of this act for which the school district is  
2 eligible in exchange for the immediate lump sum payment of a  
3 lesser amount.

4 (c) The department shall make the opportunity for a lump sum  
5 payment available to school districts in the order in which  
6 school districts submitted completed initial applications for <--  
7 reimbursement of construction or reconstruction projects.

8 (d) For the 2014 2015 fiscal year and each fiscal year  
9 thereafter, where the General Assembly makes an appropriation to  
10 the Department of Education in the General Appropriation Act,  
11 for the purpose of payments on account of annual rental or  
12 sinking fund charges on school buildings, including charter  
13 schools, in excess of the amount appropriated to that line item  
14 for the 2013 2014 fiscal year, the department shall first use  
15 the additional funding to offer lump sum reimbursement to school  
16 districts as provided for in this section. EACH SCHOOL DISTRICT <--  
17 CONSTRUCTION OR RECONSTRUCTION PROJECT RECEIVES APPROVAL FOR  
18 COMMONWEALTH REIMBURSEMENT BY THE DEPARTMENT. A SCHOOL DISTRICT  
19 THAT DOES NOT AGREE TO A LUMP SUM PAYMENT UNDER THIS SECTION  
20 SHALL RETAIN ITS PLACE IN THE ORDER IN WHICH THE DEPARTMENT  
21 REIMBURSES SCHOOL DISTRICTS.

22 (e) (D) No later than twelve (12) months after the <--  
23 effective date of this section, the department shall develop  
24 such rules and guidelines as may be necessary to implement this  
25 section.

26 SECTION 2582. REIMBURSEMENT FOR SCHOOL DISTRICTS NOT <--  
27 SUBMITTING REQUIRED DOCUMENTATION.-- (A) (1) EACH SCHOOL  
28 DISTRICT THAT, AS OF THE EFFECTIVE DATE OF THIS SECTION, HAS  
29 RECEIVED DEPARTMENT APPROVAL FOR COMMONWEALTH REIMBURSEMENT OF A  
30 CONSTRUCTION OR RECONSTRUCTION PROJECT, BUT HAS NOT SUBMITTED

1 ALL ADDITIONAL PROJECT DOCUMENTATION REQUESTED BY THE DEPARTMENT  
2 FOLLOWING SUCH APPROVAL WITHIN THREE (3) MONTHS AFTER THE  
3 DEPARTMENT'S REQUEST FOR SUCH DOCUMENTATION, SHALL SUBMIT THE  
4 REQUIRED DOCUMENTATION BY OCTOBER 31, 2014.

5 (2) EACH SCHOOL DISTRICT THAT HAS RECEIVED DEPARTMENT  
6 APPROVAL FOR COMMONWEALTH REIMBURSEMENT OF A CONSTRUCTION OR  
7 RECONSTRUCTION PROJECT AS OF THE EFFECTIVE DATE OF THIS SECTION  
8 AND RECEIVES A REQUEST FOR ADDITIONAL PROJECT DOCUMENTATION FROM  
9 THE DEPARTMENT FOLLOWING SUCH APPROVAL AND AFTER THE EFFECTIVE  
10 DATE OF THIS SECTION, SHALL SUBMIT THE REQUIRED DOCUMENTATION  
11 WITHIN THREE (3) MONTHS OF THE DATE OF THE REQUEST.

12 (B) EACH PROJECT FOR WHICH A SCHOOL DISTRICT FAILS TO COMPLY  
13 WITH SUBSECTION (A) SHALL BE REMOVED INDEFINITELY FROM THE ORDER  
14 IN WHICH THE DEPARTMENT REIMBURSES SCHOOL DISTRICTS UNTIL THE  
15 SCHOOL DISTRICT'S REQUIRED DOCUMENTATION HAS BEEN APPROVED FOR  
16 COMMONWEALTH REIMBURSEMENT OF THE PROJECT.

17 (C) WHEN A PROJECT IS REMOVED FROM THE REIMBURSEMENT ORDER  
18 UNDER SUBSECTION (B), THE DEPARTMENT SHALL ADVANCE ALL PROJECTS  
19 WHICH ARE NOT OUT OF COMPLIANCE WITH SUBSECTION (A) IN THE  
20 REIMBURSEMENT ORDER WITHOUT REGARD FOR THE FORMER REIMBURSEMENT  
21 ORDER.

22 (D) UPON THE DEPARTMENT'S APPROVAL OF DOCUMENTATION  
23 SUBMITTED BY A SCHOOL DISTRICT FOR A PROJECT THAT WAS REMOVED  
24 FROM THE REIMBURSEMENT ORDER UNDER SUBSECTION (B), THE  
25 DEPARTMENT SHALL RETURN THE PROJECT TO THE REIMBURSEMENT ORDER  
26 BASED UPON THE DATE OF THAT APPROVAL.

27 (E) NO LATER THAN TWELVE (12) MONTHS AFTER THE EFFECTIVE  
28 DATE OF THIS SECTION, THE DEPARTMENT SHALL DEVELOP SUCH RULES  
29 AND GUIDELINES AS MAY BE NECESSARY TO IMPLEMENT THIS SECTION,  
30 INCLUDING A PROCESS THROUGH WHICH THE DEPARTMENT MAY GRANT

1 WAIVERS TO SCHOOL DISTRICTS THAT ARE IN THE PROCESS OF  
2 RECONCILING FINANCIAL RECORDS, OR ARE FACING LITIGATION OR BOND  
3 REFINANCING DELAYS ON THE PROJECT FOR WHICH THE SCHOOL DISTRICT  
4 FAILS TO COMPLY WITH SUBSECTION (A).

5 SECTION 9. FOR THE 2014-2015 FISCAL YEAR AND EACH FISCAL  
6 YEAR THEREAFTER, THE STATE PUBLIC SCHOOL BUILDING AUTHORITY  
7 SHALL ASSIST ALL SCHOOL DISTRICTS WITH REFINANCING PROJECTS THAT  
8 ARE CURRENTLY RECEIVING STATE REIMBURSEMENT FOR A PORTION OF  
9 THEIR SCHOOL CONSTRUCTION COSTS TO MAKE ADDITIONAL FUNDS  
10 AVAILABLE THROUGH WHICH TO PROVIDE STATE REIMBURSEMENT TO  
11 PROJECTS THAT HAVE NOT YET BEGUN RECEIVING STATE REIMBURSEMENT.

12 Section 9 10. This act shall take effect immediately.

<--