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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1552 Session of 2015

INTRODUCED BY ROAE, SONNEY, MALONEY, JAMES, DRISCOLL, TOPPER, DAVIS, PHILLIPS-HILL, MILLARD, READSHAW, WATSON, EVANKOVICH, RAPP, MURT, SANTORA, REED, SAYLOR, GROVE, WARD, KORTZ, DUSH AND SCHEMEL, SEPTEMBER 16, 2015

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, MAY 17, 2016

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 preliminary provisions, providing
6   for powers and duties of the Secretary of Education.; IN   <--
7   REIMBURSEMENTS BY COMMONWEALTH AND BETWEEN SCHOOL DISTRICTS,
8   PROVIDING FOR STUDENT-WEIGHTED BASIC EDUCATION FUNDING AND
9   FOR SUPPLEMENTAL PAYMENT OF BASIC EDUCATION FUNDING FOR 2014-
10   2015 SCHOOL YEAR; AND MAKING AN APPROPRIATION.

11   The General Assembly of the Commonwealth of Pennsylvania

12   hereby enacts as follows:

13   Section 1. The act of March 10, 1949 (P.L.30, No.14), known

14   as the Public School Code of 1949, is amended by adding a   <--

15   section SECTIONS to read: <--

16   Section 124. Powers and Duties of the Secretary of

17   Education.--(a) On behalf of the Commonwealth, the Secretary of

18   Education shall have the authority and duty to enter into and

19   administer membership in a regional compact and an interstate

20   reciprocity agreement for the provision of postsecondary

1 distance education by the following:

2   (1) Institutions of higher education to students in other

3 states, territories and districts party to such agreement.

4   (2) Postsecondary institutions in other states, territories

5 or districts that are a party to such agreement to students in

6 this Commonwealth.

7   (b) The Department of Education may charge administrative

8 fees to institutions of higher education that choose to

9 participate in the agreement, not to exceed the amount necessary

10 to pay the administrative costs of the agreement. The department

11 may promulgate final-omitted regulations pursuant to the act of

12 June 25, 1982 (P.L.633, No.181), known as the "Regulatory Review

13 Act," necessary to implement this subsection, provided that such

14 final-omitted regulations shall expire June 30, 2018. After June

15 30, 2018, any revisions to the administrative fees charged under

16 this subsection shall be made through regulations promulgated

17 under the Regulatory Review Act.

18   (c) The Postsecondary Distance Education Interstate

19 Reciprocity Agreement Restricted Receipts Account is established

20 as a special restricted receipts account within the General Fund

21 of the State Treasury, from which the Department of Education

22 may draw moneys for the purpose of agreement expenses, the costs

23 of administering and implementing the agreement and all other

24 costs associated with the activities of the department related

25 to implementation of this section. This account shall consist of

26 all administrative fees deposited under subsection (b) and State

27 funds appropriated for use under this section. The restricted

28 receipts account shall be subject to audit by the Auditor

29 General.

30   (d) For purposes of this section, "institution of higher

1 education" shall have the meaning given in section 118.

2 ~~Section 2. This act shall take effect immediately.~~ **<--**

3 SECTION 2502.53. STUDENT-WEIGHTED BASIC EDUCATION FUNDING.-- **<--**

4 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE STUDENT-

5 WEIGHTED BASIC EDUCATION FUNDING FORMULA IS THE RESULT OF THE

6 WORK OF THE BASIC EDUCATION FUNDING COMMISSION ESTABLISHED

7 PURSUANT TO SECTION 123.

8 (B) FOR THE 2015-2016 SCHOOL YEAR AND EACH SCHOOL YEAR

9 THEREAFTER, THE COMMONWEALTH SHALL PAY TO EACH SCHOOL DISTRICT A

10 BASIC EDUCATION FUNDING ALLOCATION WHICH SHALL CONSIST OF THE

11 FOLLOWING:

12 (1) AN AMOUNT EQUAL TO THE SCHOOL DISTRICT'S BASIC EDUCATION

13 FUNDING ALLOCATION FOR THE 2013-2014 SCHOOL YEAR.

14 (2) A STUDENT-BASED ALLOCATION TO BE CALCULATED AS FOLLOWS:

15 (I) MULTIPLY THE SCHOOL DISTRICT'S STUDENT-WEIGHTED AVERAGE

16 DAILY MEMBERSHIP BY THE MEDIAN HOUSEHOLD INCOME INDEX AND LOCAL

17 EFFORT CAPACITY INDEX.

18 (II) MULTIPLY THE PRODUCT IN SUBPARAGRAPH (I) BY THE

19 DIFFERENCE BETWEEN THE AMOUNT APPROPRIATED FOR THE ALLOCATION OF

20 BASIC EDUCATION FUNDING TO SCHOOL DISTRICTS AND THE AMOUNT

21 APPROPRIATED FOR THE ALLOCATION IN PARAGRAPH (1).

22 (III) DIVIDE THE PRODUCT IN SUBPARAGRAPH (II) BY THE SUM OF

23 THE PRODUCTS IN SUBPARAGRAPH (I) FOR ALL SCHOOL DISTRICTS.

24 (C) FOR THE PURPOSE OF THIS SECTION:

25 (1) STUDENT-WEIGHTED AVERAGE DAILY MEMBERSHIP FOR A SCHOOL

26 DISTRICT SHALL BE THE SUM OF THE FOLLOWING:

27 (I) THE AVERAGE OF THE SCHOOL DISTRICT'S THREE MOST RECENT

28 YEARS' AVERAGE DAILY MEMBERSHIP.

29 (II) THE ACUTE POVERTY AVERAGE DAILY MEMBERSHIP CALCULATED

30 AS FOLLOWS:

1   (A)   MULTIPLY THE SCHOOL DISTRICT'S ACUTE POVERTY PERCENTAGE

2   BY ITS AVERAGE DAILY MEMBERSHIP.

3   (B)   MULTIPLY THE PRODUCT IN CLAUSE (A) BY SIX-TENTHS (0.6).

4   (III)   THE POVERTY AVERAGE DAILY MEMBERSHIP CALCULATED AS

5   FOLLOWS:

6   (A)   MULTIPLY THE SCHOOL DISTRICT'S POVERTY PERCENTAGE BY ITS

7   AVERAGE DAILY MEMBERSHIP.

8   (B)   MULTIPLY THE PRODUCT IN CLAUSE (A) BY THREE-TENTHS

9   (0.3).

10   (IV)   THE CONCENTRATED POVERTY AVERAGE DAILY MEMBERSHIP FOR

11   QUALIFYING SCHOOL DISTRICTS WITH AN ACUTE POVERTY PERCENTAGE

12   EQUAL TO OR GREATER THAN THIRTY PERCENT (30%), TO BE CALCULATED

13   AS FOLLOWS:

14   (A)   MULTIPLY THE SCHOOL DISTRICT'S ACUTE POVERTY PERCENTAGE

15   BY ITS AVERAGE DAILY MEMBERSHIP.

16   (B)   MULTIPLY THE PRODUCT IN CLAUSE (A) BY THREE-TENTHS

17   (0.3).

18   (V)   THE NUMBER OF THE SCHOOL DISTRICT'S LIMITED ENGLISH-

19   PROFICIENT STUDENTS MULTIPLIED BY SIX-TENTHS (0.6).

20   (VI)   THE AVERAGE DAILY MEMBERSHIP FOR THE SCHOOL DISTRICT'S

21   STUDENTS ENROLLED IN CHARTER SCHOOLS AND CYBER CHARTER SCHOOLS

22   MULTIPLIED BY TWO-TENTHS (0.2).

23   (VII)   THE SPARSITY/SIZE ADJUSTMENT FOR QUALIFYING SCHOOL

24   DISTRICTS WITH A SPARSITY/SIZE RATIO GREATER THAN THE

25   SPARSITY/SIZE RATIO THAT REPRESENTS THE SEVENTIETH PERCENTILE

26   SPARSITY/SIZE RATIO FOR ALL SCHOOL DISTRICTS CALCULATED AS

27   FOLLOWS:

28   (A)   DIVIDE THE SCHOOL DISTRICT'S SPARSITY/SIZE RATIO BY THE

29   SPARSITY/SIZE RATIO THAT REPRESENTS THE SEVENTIETH PERCENTILE

30   FOR ALL SCHOOL DISTRICTS.

1   (B)   SUBTRACT ONE (1) FROM THE QUOTIENT IN CLAUSE (A).

2   (C)   MULTIPLY THE SUM OF SUBPARAGRAPHS (I), (II), (III),

3 (IV), (V) AND (VI) BY THE AMOUNT IN CLAUSE (B).

4   (D)   MULTIPLY THE PRODUCT IN CLAUSE (C) BY SEVEN-TENTHS

5 (0.7).

6   (2)   LOCAL EFFORT INDEX FOR A SCHOOL DISTRICT SHALL BE

7 CALCULATED AS FOLLOWS:

8   (I)   DETERMINE THE SCHOOL DISTRICT'S LOCAL EFFORT FACTOR

9 CALCULATED AS FOLLOWS:

10   (A)   MULTIPLY THE SCHOOL DISTRICT'S MEDIAN HOUSEHOLD INCOME

11 BY ITS NUMBER OF HOUSEHOLDS.

12   (B)   DIVIDE THE SCHOOL DISTRICT'S LOCAL TAX-RELATED REVENUE

13 BY THE PRODUCT IN CLAUSE (A).

14   (C)   MULTIPLY THE QUOTIENT IN CLAUSE (B) BY ONE THOUSAND

15 (1,000).

16   (D)   DIVIDE THE PRODUCT IN CLAUSE (C) BY THE STATEWIDE MEDIAN

17 OF CLAUSE (C).

18   (II)   DETERMINE THE SCHOOL DISTRICT'S EXCESS SPENDING FACTOR,

19 TO BE CALCULATED AS FOLLOWS:

20   (A)   DIVIDE THE SCHOOL DISTRICT'S CURRENT EXPENDITURES BY THE

21 SUM OF ITS AVERAGE DAILY MEMBERSHIP AND THE AMOUNTS IN PARAGRAPH

22 (1)(II), (III), (IV), (V), (VI) AND (VII).

23   (B)   DIVIDE THE QUOTIENT IN CLAUSE (A) BY THE STATEWIDE

24 MEDIAN OF CLAUSE (A).

25   (C)   DIVIDE ONE (1) BY THE QUOTIENT IN CLAUSE (B).

26   (III)   MULTIPLY THE SCHOOL DISTRICT'S LOCAL EFFORT FACTOR BY

27 THE LESSER OF ONE (1) OR THE SCHOOL DISTRICT'S EXCESS SPENDING

28 FACTOR.

29   (3)   LOCAL CAPACITY INDEX FOR A QUALIFYING SCHOOL DISTRICT

30 SHALL BE CALCULATED AS FOLLOWS:

1   (I)   DIVIDE THE SCHOOL DISTRICT'S LOCAL TAX-RELATED REVENUE

2   BY THE SUM OF ITS MARKET VALUE AND PERSONAL INCOME VALUATION.

3   (II)   MULTIPLY THE SUM OF THE SCHOOL DISTRICT'S MARKET VALUE

4   AND PERSONAL INCOME VALUATION BY THE STATEWIDE MEDIAN OF

5   SUBPARAGRAPH (I).

6   (III)   DETERMINE THE SCHOOL DISTRICT'S LOCAL CAPACITY PER

7   STUDENT BY DIVIDING THE PRODUCT IN SUBPARAGRAPH (II) BY THE SUM

8   OF ITS AVERAGE DAILY MEMBERSHIP AND THE AMOUNTS IN PARAGRAPH (1)

9   (II), (III), (IV), (V), (VI) AND (VII).

10   (IV)   IF THE SCHOOL DISTRICT'S LOCAL CAPACITY PER STUDENT IS

11   LESS THAN THE STATEWIDE MEDIAN OF SUBPARAGRAPH (III):

12   (A)   DIVIDE THE SCHOOL DISTRICT'S LOCAL CAPACITY PER STUDENT

13   BY THE STATEWIDE MEDIAN.

14   (B)   SUBTRACT THE QUOTIENT IN CLAUSE (A) FROM ONE (1).

15   (4)   LOCAL EFFORT CAPACITY INDEX FOR A SCHOOL DISTRICT SHALL

16   EQUAL THE SUM OF ITS LOCAL EFFORT INDEX AND LOCAL CAPACITY

17   INDEX.

18   (5)   THE DATA USED TO CALCULATE THE FACTORS AND INDEXES IN

19   THIS SECTION SHALL BE BASED ON THE MOST RECENT YEARS FOR WHICH

20   DATA IS AVAILABLE AS DETERMINED BY THE DEPARTMENT OF EDUCATION.

21   (D)   FOR PURPOSES OF THIS SECTION:

22   (1)   "ACUTE POVERTY PERCENTAGE" SHALL MEAN THE NUMBER OF

23   CHILDREN SIX (6) TO SEVENTEEN (17) YEARS OF AGE LIVING IN A

24   HOUSEHOLD WHERE THE RATIO OF INCOME TO POVERTY IS LESS THAN ONE

25   HUNDRED PERCENT (100%) OF THE FEDERAL POVERTY GUIDELINES DIVIDED

26   BY THE TOTAL NUMBER OF CHILDREN SIX (6) TO SEVENTEEN (17) YEARS

27   OF AGE AS DETERMINED BY THE MOST RECENT FIVE-YEAR ESTIMATE OF

28   THE UNITED STATES CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY.

29   (2)   "HOUSEHOLDS" SHALL MEAN THE NUMBER OF HOUSEHOLDS IN EACH

30   SCHOOL DISTRICT AS DETERMINED BY THE MOST RECENT FIVE-YEAR

1 ESTIMATE OF THE UNITED STATES CENSUS BUREAU'S AMERICAN COMMUNITY

2 SURVEY.

3   (3) "LOCAL TAX-RELATED REVENUE" SHALL MEAN THE SUM OF SCHOOL

4 DISTRICT REVENUES FOR STATE PROPERTY TAX REDUCTION ALLOCATION,

5 TAXES LEVIED AND ASSESSED, DELINQUENCIES ON TAXES LEVIED AND

6 ASSESSED, REVENUE FROM LOCAL GOVERNMENT UNITS, AND OTHER LOCAL

7 REVENUES NOT SPECIFIED ELSEWHERE, AS DESIGNATED IN THE MANUAL OF

8 ACCOUNTING AND FINANCIAL REPORTING FOR PENNSYLVANIA PUBLIC

9 SCHOOLS.

10   (4) "MEDIAN HOUSEHOLD INCOME" SHALL MEAN THE MEDIAN

11 HOUSEHOLD INCOME FOR SCHOOL DISTRICTS AND THE STATE AS

12 DETERMINED BY THE MOST RECENT FIVE-YEAR ESTIMATE OF THE UNITED

13 STATES CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY.

14   (5) "MEDIAN HOUSEHOLD INCOME INDEX" SHALL MEAN A NUMBER

15 CALCULATED AS FOLLOWS:

16   (I) DIVIDE A SCHOOL DISTRICT'S MEDIAN HOUSEHOLD INCOME BY

17 THE STATE MEDIAN HOUSEHOLD INCOME.

18   (II) DIVIDE ONE (1) BY THE QUOTIENT IN SUBPARAGRAPH (I).

19   (6) "POVERTY PERCENTAGE" SHALL MEAN THE NUMBER OF CHILDREN

20 SIX (6) TO SEVENTEEN (17) YEARS OF AGE LIVING IN A HOUSEHOLD

21 WHERE THE RATIO OF INCOME TO POVERTY IS BETWEEN ONE HUNDRED

22 PERCENT (100%) AND ONE HUNDRED EIGHTY-FOUR PERCENT (184%) OF THE

23 FEDERAL POVERTY GUIDELINES DIVIDED BY THE TOTAL NUMBER OF

24 CHILDREN SIX (6) TO SEVENTEEN (17) YEARS OF AGE AS DETERMINED BY

25 THE MOST RECENT FIVE-YEAR ESTIMATE OF THE UNITED STATES CENSUS

26 BUREAU'S AMERICAN COMMUNITY SURVEY.

27   (7) "SIZE RATIO" SHALL MEAN A NUMBER CALCULATED AS FOLLOWS:

28   (I) DIVIDE THE AVERAGE OF A SCHOOL DISTRICT'S THREE MOST

29 RECENT YEARS' AVERAGE DAILY MEMBERSHIP BY THE STATEWIDE AVERAGE

30 OF THE THREE MOST RECENT YEARS' AVERAGE DAILY MEMBERSHIP FOR ALL

1 SCHOOL DISTRICTS.

2   (II) MULTIPLY THE AMOUNT IN SUBPARAGRAPH (I) BY FIVE-TENTHS

3 (0.5).

4   (III) SUBTRACT THE AMOUNT IN SUBPARAGRAPH (II) FROM ONE (1).

5   (8) "SPARSITY RATIO" SHALL MEAN A NUMBER CALCULATED AS

6 FOLLOWS:

7   (I) DIVIDE THE AVERAGE OF A SCHOOL DISTRICT'S THREE MOST

8 RECENT YEARS' AVERAGE DAILY MEMBERSHIP BY ITS TOTAL SQUARE MILES

9 AS REPORTED IN THE LATEST DECENNIAL CENSUS AS REPORTED BY THE

10 UNITED STATES CENSUS BUREAU.

11   (II) DIVIDE THE STATE TOTAL AVERAGE DAILY MEMBERSHIP BY THE

12 STATE TOTAL SQUARE MILES.

13   (III) DIVIDE THE QUOTIENT IN SUBPARAGRAPH (I) BY THE

14 QUOTIENT IN SUBPARAGRAPH (II).

15   (IV) MULTIPLY THE QUOTIENT IN SUBPARAGRAPH (III) BY FIVE-

16 TENTHS (0.5).

17   (V) SUBTRACT THE PRODUCT IN SUBPARAGRAPH (IV) FROM ONE (1).

18   (9) "SPARSITY/SIZE RATIO" SHALL MEAN A NUMBER CALCULATED BY

19 ADDING THE FOLLOWING AMOUNTS:

20   (I) THE SPARSITY RATIO MULTIPLIED BY FOUR-TENTHS (0.4).

21   (II) THE SIZE RATIO MULTIPLIED BY SIX-TENTHS (0.6).

22   SECTION 2502.54. SUPPLEMENTAL PAYMENT OF BASIC EDUCATION

23 FUNDING FOR THE 2014-2015 SCHOOL YEAR.--(A) THE COMMONWEALTH

24 SHALL MAKE THE FOLLOWING SUPPLEMENTAL BASIC EDUCATION FUNDING

25 PAYMENTS FOR THE 2014-2015 SCHOOL YEAR AS FOLLOWS:

26   (1) FOR A THIRD CLASS SCHOOL DISTRICT IDENTIFIED IN

27 FINANCIAL WATCH STATUS UNDER SECTION 611-A TO CURTAIL ITS

28 EDUCATIONAL PROGRAM AND ASSIGN PUPILS TO A NEIGHBORING SCHOOL

29 DISTRICT THROUGH A WRITTEN AGREEMENT, AN AMOUNT OF THREE MILLION

30 DOLLARS ($3,000,000).

1   (2) FOR A SECOND CLASS SCHOOL DISTRICT DECLARED TO BE IN

2 FINANCIAL RECOVERY STATUS UNDER SECTION 621-A(A)(1)(I)(B) TO

3 REDUCE ITS STRUCTURAL DEFICIT, AN AMOUNT EQUAL TO TWELVE MILLION

4 DOLLARS ($12,000,000).

5   (B) PAYMENTS MADE UNDER THIS SECTION SHALL BE DEEMED TO BE

6 PART OF THE SCHOOL DISTRICT'S ALLOCATION AMOUNT UNDER SECTION

7 2502.53(B)(1) FOR THE 2015-2016 SCHOOL YEAR AND EACH YEAR

8 THEREAFTER.

9   SECTION 2. THE SUM OF $15,000,000 IS HEREBY APPROPRIATED TO

10 THE DEPARTMENT OF EDUCATION FOR THE PURPOSE OF SUPPLEMENTAL

11 PAYMENTS OF BASIC EDUCATION FUNDING FOR THE 2014-2015 SCHOOL

12 YEAR IN ACCORDANCE WITH SECTION 2502.54 OF THE ACT.

13   SECTION 3. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

14   (1) THE ADDITION OF SECTION 2502.53 OF THE ACT SHALL

15 TAKE EFFECT JULY 1, 2016, OR IMMEDIATELY, WHICHEVER IS LATER.

16   (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT

17 IMMEDIATELY.