



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 301

PRINTER'S NO. 2311

PRIME SPONSOR: Harkins

### COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See fiscal impact	See fiscal impact

### SUMMARY:

House Bill 301 amends the Public School Code by providing several policy changes as well as funding distributions related to the 2023/24 budget.

### ANALYSIS & FISCAL IMPACT:

The following changes are made to the Public School Code:

In sections throughout the Public School Code, terminology with negative connotations is replaced with modern, respectful language. For example, “physical or intellectual disabilities” is used in place of terms such as “mentally retarded.”

*Fiscal impact: The changes to these sections would have no fiscal impact on commonwealth funds*

Section 129: A sunset date related to day-to-day substitute teachers is removed.

*Fiscal impact: The changes to this section would have no fiscal impact on commonwealth funds.*

Section 732.1: The PlanCon 1.0 moratorium on new applications is extended indefinitely.

*Fiscal impact: The change to this section would have no adverse fiscal impact on commonwealth funds. PlanCon 1.0 has had a moratorium on new applications since 2016. Closing the program will prevent the state from incurring new reimbursement obligations.*

Section 1201.1: Temporary provisions related to substitute teaching permits for prospective teachers are extended.

*Fiscal impact: The changes to this section would have no fiscal impact on commonwealth funds.*

Section 1215: A sunset date related to locally issued temporary certifications for substitute teachers is removed.

*Fiscal impact: The changes to this section would have no fiscal impact on commonwealth funds.*

Sections 1218: This section is removed and replaced in 1218.1 to enable permits for classroom monitors.

*Fiscal impact: The changes to these sections would have no fiscal impact on commonwealth funds.*

Article XII-B: This new article creates the Educator Pipeline Support Grant Program to be administered by PHEAA. The program provides grants of \$10,000 to student teachers, or \$15,000 if the student teacher teaches in a school with high turnover. Additionally, cooperating teachers receive a grant of \$2,500. Nothing in this section creates a right of an individual to receive a program grant.

*Fiscal impact: This new article creates the Educator Pipeline Support Grant program, but it does not create a funding mandate. It only distributes funds to the extent they are appropriated, and the*

2023/24 budget included \$10 million for this purpose. PHEAA is permitted to reserve 5% or \$500,000 to cover administrative costs.

Section 1337.1: A subsection is added that provides authority, to the extent funds are available, for the department to provide state reimbursement to schools for the difference between the reimbursement rate for a free lunch and a reduced price lunch and the difference between the reimbursement rate for free breakfast and a reduced price breakfast or paid breakfast.

*Fiscal impact: The change to this section would have no fiscal impact on the commonwealth as it is conditional upon available funds. The 2023/24 budget included \$92.5 million in state funding for school food services, which is estimated to cover the required state matching funds and the federal reimbursement rate differential for free breakfast for all students and free lunch for students previously qualified for reduced price lunch.*

There are several provisions related to school safety, including moving the duties of the Office of Safe Schools to PCCD, changing the membership of the School Safety and Security Committee, distributing funding for school safety and security grants and mental health to school entities, and revising the Safe Schools Targeted Grants Program.

*Fiscal Impact: The Pennsylvania Commission on Crime and Delinquency estimated an annual cost of \$315,000 (for three staff and operating costs) to administer the responsibilities of the Office of Safe Schools. The technical assistance requirement for PEMA, the State Police and the Office of Homeland Security is expected to be minimal. The provisions directing funds will have no fiscal impact on the commonwealth because the funds are already appropriated. Intermediate Units may incur a cost to administer the targeted school safety grants for nonpublic schools, and they are permitted per Section 923.3-A to retain 5% for grant administration.*

Section 1913-A: The distribution formula for community college funding for 2023/24 is added.

*Fiscal impact: The change to this section outlines the distribution of the \$261.6 million in state General Fund funding for community colleges that was already appropriated in the enacted 2023/24 budget.*

Article XX-B: In the Educational Tax Credit programs, the annual tax credit limitations are increased, the administrative allowance is reduced, and scholarship granting organizations are required to report more information on individual scholarship awards.

<b>Educational Tax Credits Summary</b>	<b>2022/23 Cap</b>	<b>HB301 2023/24 Cap</b>	<b>Year over Year Change</b>	
Scholarship Organizations	\$ 263,000,000	\$ 325,000,000	\$ 62,000,000	24%
Supplemental Scholarships for Economically Disadvantaged	\$ 12,000,000	\$ 60,000,000	\$ 48,000,000	400%
Educational Improvement Organizations	\$ 44,500,000	\$ 54,500,000	\$ 10,000,000	22%
Pre-Kindergarten Scholarship Organizations	\$ 20,500,000	\$ 30,500,000	\$ 10,000,000	49%
<b>Educational Improvement Tax Credit (EITC) Total:</b>	<b>\$ 340,000,000</b>	<b>\$ 470,000,000</b>	<b>\$ 130,000,000</b>	<b>38%</b>
Opportunity Scholarship Organizations	\$ 65,000,000	\$ 85,000,000	\$ 20,000,000	31%
<b>Opportunity Scholarship Tax Credit (OSTC) Total:</b>	<b>\$ 65,000,000</b>	<b>\$ 85,000,000</b>	<b>\$ 20,000,000</b>	<b>31%</b>
<b>Educational Tax Credits Total:</b>	<b>\$ 405,000,000</b>	<b>\$ 555,000,000</b>	<b>\$ 150,000,000</b>	<b>37%</b>

*Fiscal impact: The \$150 million increase in the tax credit limitations will reduce state General Fund revenue by \$150 million in 2023/24. The overall tax credit cap of \$555 million will remain level each year thereafter until changed by the General Assembly.*

Section 2327: The distribution of state aid for public libraries for 2023/24 is added as a new section.

*Fiscal Impact: The addition of this section will have no fiscal impact on the commonwealth because it directs the \$70.47 million already appropriated for the public library subsidy in the enacted 2023/24 budget.*

Section 2502.8: The weights in the career and technical education subsidy are adjusted for the 2023/24 distribution of state aid.

*Fiscal impact: The 2022/23 secondary career and technical education subsidy provided about \$80 million to area career and technical schools and school districts with qualifying programs. The enacted 2023/24 budget included a \$14 million increase for the career and technical education appropriation, and the weight changes in this section distribute that \$14 million increase through the secondary career and technical education subsidy, bringing the estimated subsidy total to about \$94 million for 2023/24.*

Section 2509.1: Intermediate Units shall receive 5.5% of the 2023/24 appropriation for Special Education Funding.

*Fiscal Impact: The change to this section will have no fiscal impact on the commonwealth because it directs funds to the extent that they are appropriated. It provides about \$76 million for Intermediate Units for 2023/24.*

Section 2510.3: In 2023/24, PDE is permitted to use up to \$7 million in undistributed funds to assist school districts in financial recovery or financial watch status.

*Fiscal Impact: The change to this section will have no fiscal impact on the commonwealth because it only allows PDE to shift existing funding.*

Section 2599.6: School entities shall receive the same amount of Ready-to-Learn Block Grant funds in 2023/24 as they received from the appropriation during 2022/23.

*Fiscal Impact: The enacted 2023/24 budget included \$295.5 million for the Ready-to-Learn Block grant.*

Section 2599.7: The payment of social security funds is separated from the Basic Education Funding appropriation.

*Fiscal Impact: The changes to this section will have no fiscal impact on the commonwealth because it specifies where payments are made from, not payment amounts. For school districts, this section ensures that the amount needed for social security reimbursement for school districts (about \$550 million) does not come out of the basic education funding appropriation (\$7.9 billion).*

Section 2608-J: The opening of PlanCon 2.0 and the maintenance program is delayed until July 1, 2024.

*Fiscal Impact: The change to this section will have no fiscal impact on the commonwealth as the adjustment factor for PlanCon 2.0 is currently zero (preventing a state obligation). No funding was provided for PlanCon 2.0 or the maintenance program in the enacted 2023/24 budget.*

Article XXVI-L: This new article establishes the School Environmental Repairs Program, which would provide competitive grants to school entities for projects that abate or remediate environmental hazards.

*Fiscal Impact: The addition of this Article will have no fiscal impact on the commonwealth. This Article merely establishes the framework of the program, not the funding.*

**PREPARED BY:** Sean Brandon

House Appropriations Committee (D)

**DATE:** December 13, 2023

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*