

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1611 Session of
1993

INTRODUCED BY COWELL AND EVANS, MAY 5, 1993

REFERRED TO COMMITTEE ON EDUCATION, MAY 5, 1993

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," further providing for school district
6 reimbursement definitions, for instruction payments, for
7 payment limitations, for the economic supplement, for
8 assistance to small school districts, for the low-
9 expenditure, low-wealth supplement and for the low-
10 expenditure poverty supplement; providing for foundation
11 subsidy payments, for education subsidy base, for an equity
12 supplement, for a foundation guarantee, for a minimum effort
13 base, for an extraordinary growth supplement, for a limited
14 revenue sources supplement, for discretionary funds for
15 distressed school districts and for resource data in the
16 foundation based equity formula; and further providing for
17 payments generally.

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

20 Section 1. Section 2501(9), (9.1), (9.2), (14.1), (15), (18)
21 and (19) of the act of March 10, 1949 (P.L.30, No.14), known as
22 the Public School Code of 1949, amended December 20, 1983
23 (P.L.267, No.73), July 8, 1989 (P.L.253, No.43) and August 5,
24 1991 (P.L.219, No.25), are amended and the section is amended by
25 adding clauses to read:

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

* * *

(9) "Real Property Valuation." A school district's, vocational school district's or municipality's real property valuation, to be used for purposes of computing the basic account standard reimbursement fraction, the subsidiary account reimbursement fraction, [and] the aid ratio, the market value/income aid ratio, and the equalized millage shall be the valuation placed upon its taxable real property by the State Tax Equalization Board.

(9.1) "Personal Income Valuation." A school district's personal income valuation for purposes of computing the market value/income aid ratio and for purposes of reimbursement to a school district under subsections (d), (e), and (f) of section 2502, section 2502.22, and section 2592 shall be the valuation of the total taxable income for the tax year preceding the immediate prior year, determined under Article III of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971," for each school district each year by the Secretary of Revenue and certified to the Secretary of Education. For the 1988-1989 school year and each school year thereafter, the Secretary of Revenue shall additionally certify, for those districts in which residents claim credit against the State personal income tax for income earned outside this Commonwealth under section 314 of the "Tax Reform Code of 1971," the total number of persons claiming such out-of-State tax credits and the total dollar amount of such tax credits claimed in the individual district.

(9.2) "Equalized Millage." (a) For the year prior to the

1 year for which reimbursement is being computed, a school
2 district's tax effort to be used for reimbursement under
3 subsections (d) and (e) of section 2502 and section 2502.11,
4 shall be the amount of local school taxes collected divided by
5 the real property valuation of the school district for the year
6 prior to the year for which reimbursement is being computed.

7 (b) For purposes of computing the base earned for
8 reimbursement and for purposes of reimbursement to a school
9 district under section 2502.20, the district's equalized millage
10 shall be computed, for the year for which reimbursement is being
11 paid, as follows: divide the district's amount of local school
12 taxes collected for the school year immediately preceding the
13 school year for which reimbursement is being paid by the real
14 property valuation of the school district for the calendar year
15 that concluded during the school year immediately preceding the
16 school year for which reimbursement is being paid; multiply the
17 result by one thousand (1,000).

18 * * *

19 (14.1) "Market Value/Income Aid Ratio." For purposes of
20 reimbursement to a school district under subsections (d), (e),
21 and (f) of section 2502, section 2502.8, section 2502.22,
22 section 2521 and section 2592, shall be the Commonwealth's
23 method of determining the combined market value and income
24 wealth for each pupil, and shall be computed, for the school
25 year for which reimbursement is being paid, as follows:

26 (a) (i) Divide the market value per weighted average daily
27 membership of the district by the market value per weighted
28 average daily membership of the State;

29 (ii) Determine the product of (a)(i) multiplied by [the
30 district's share of total costs which is] .5;

(iii) Subtract the resultant product in (a)(ii) from 1.000 to determine the market value portion of the aid ratio.

(iv) For purposes of the calculation described in (a)(i) through (a)(iii), the market value shall be the real property valuation of the district for the calendar year that concluded during the school year immediately preceding the school year for which reimbursement is being paid. The weighted average daily membership of the district shall be the weighted average daily membership for the school year immediately preceding the school year for which reimbursement is being paid.

(b) (i) Divide the income per weighted average daily membership of the district by the average personal income per weighted average daily membership of the State;

(ii) Determine the product of (b)(i) multiplied by [the district's share of total costs which is] .5;

(iii) Subtract the resultant product in (b)(ii) from [1.0000] 1.000 to determine the income aid ratio.

(iv) For purposes of the calculation described in (b)(i) through (b)(iii), the income shall be the personal income valuation of the district. The weighted average daily membership of the district shall be the weighted average daily membership for the school year immediately preceding the school year for which reimbursement is being paid.

(c) Add sixty percent (60%) of the market value aid ratio to forty percent (40%) of the income aid ratio to determine the market value/income aid ratio.

(d) For payments beginning in the 1989-1990 school year and each school year thereafter, the Department of Education shall utilize an adjusted personal income valuation for the 1987 tax year and each tax year thereafter respectively in computing the

1 market value/income aid ratio for such districts. The adjusted
2 personal income valuation shall be calculated by dividing the
3 total out-of-State tax credits claimed by the residents of a
4 school district by the State personal income tax rate and
5 subtracting that amount from the total personal income valuation
6 for the individual school district. The State total personal
7 income valuation shall remain that as certified by the
8 Department of Revenue and shall not be adjusted to reflect out-
9 of-State tax credits.

10 (15) "Minimum Subsidy." For the school years 1976-1977 and
11 1977-1978, in no case shall a district receive for each pupil in
12 weighted average daily membership, an amount less than ten
13 percent (10%) of the actual cost of instruction or ten percent
14 (10%) of the base earned for reimbursement whichever is the
15 lesser amount. For the 1978-1979 school year through the 1980-
16 1981 school year, no school district shall receive for each
17 pupil in weighted average daily membership an amount less than
18 fifteen percent (15%) of the base earned for reimbursement or
19 actual instructional expense per WADM, whichever is the lesser
20 amount. For the 1976-1977 school year through the 1980-1981
21 school year, a district whose actual instruction expense per
22 weighted average daily membership is more than two hundred
23 dollars (\$200) less than the median actual instruction expense
24 per weighted average daily membership, and whose equalized
25 millage is within fifteen percent (15%) of the median equalized
26 millage, the reimbursement shall be two hundred dollars (\$200)
27 below the median actual instruction expense per weighted average
28 daily membership times the district's aid ratio for each
29 weighted average daily membership. For the 1982-1983 school year
30 [and each school year thereafter] through the 1990-1991 school

1 year, no school district shall receive for each pupil in
2 weighted average daily membership an amount less than fifteen
3 percent (15%) of the factor for educational expense.

4 * * *

5 (18) "Equalized Subsidy for Basic Education." For the school
6 year 1982-1983 and each school year thereafter, each school
7 district shall be paid by the Commonwealth an equalized subsidy
8 for basic education, which shall consist of any or all of the
9 following, as applicable:

10 (i) Payments on account of instruction, as provided for in
11 subsections (d) and (e) of section 2502.

12 (ii) An economic supplement, as provided for in section
13 2502.11.

14 (iii) Assistance to small districts as provided for in
15 section 2502.13.

16 (iv) A low-expenditure, low-wealth supplement as provided
17 for in section 2502.17.

18 (v) A low-expenditure poverty supplement as provided for in
19 section 2502.18.

20 (vi) A payment as provided for in section 2502.21.

21 (19) "Factor for Educational Expense." For the school years
22 1982-1983 and 1983-1984, the factor for educational expense used
23 to compute school district entitlements to payments on account
24 of instruction, as provided for in subsection (d) of section
25 2502, shall be one thousand six hundred fifty-six dollars
26 (\$1,656) unless later changed by statute. For the school year
27 1983-1984, the Factor for Educational Expense shall be one
28 thousand seven hundred twenty-five dollars (\$1,725), unless
29 later changed by statute, for those school districts
30 participating, during the 1984-1985 school year, in a Statewide

1 program for testing and remediation which is designed to
2 identify and provide remediation services to individual students
3 pursuant to section 1511.1. For the 1984-1985 school year,
4 notwithstanding any other provisions of this act to the
5 contrary, the Factor for Educational Expense used to compute all
6 school districts' entitlements to payments on account of
7 instruction, as provided for in subsection (d) of section 2502,
8 shall be one thousand eight hundred seventy-five dollars
9 (\$1,875). For the 1985-1986 school year, the Factor for
10 Educational Expense used to compute all school districts'
11 entitlements to payments on account of instruction, as provided
12 for in subsection (d) of section 2502, shall be one thousand
13 nine hundred seventy dollars (\$1,970). For the 1986-1987 school
14 year, the Factor for Educational Expense used to compute all
15 school districts' entitlements to payments on account of
16 instruction, as provided for in subsection (d) of section 2502,
17 shall be two thousand one hundred twenty-five dollars (\$2,125).
18 For the school year 1987-1988, the Factor for Educational
19 Expense used to compute all school districts' entitlements to
20 payments on account of instruction, as provided for in
21 subsection (d) of section 2502, shall be two thousand two
22 hundred thirty dollars (\$2,230). For the school year 1988-1989,
23 the Factor for Educational Expense used to compute all school
24 districts' entitlements to payments on account of instruction,
25 as provided for in subsection (d) of section 2502, shall be two
26 thousand three hundred thirty dollars (\$2,330). For the school
27 year 1989-1990, the Factor for Educational Expense used to
28 compute all school districts' entitlements to payments on
29 account of instruction, as provided for in subsection (d) of
30 section 2502, shall be two thousand three hundred eighty dollars

1 (\$2,380), as provided for in section 212 of the act of July 1,
2 1990 (P.L.1591, No.7A), known as the "General Appropriation Act
3 of 1990." For the school year 1990-1991, the Factor for
4 Educational Expense used to compute all school districts'
5 entitlements to payments on account of instruction, as provided
6 for in subsection (d) of section 2502, shall be two thousand
7 five hundred fifty dollars (\$2,550). [For the school year 1991-
8 1992 and each school year thereafter, the Factor for Educational
9 Expense used to compute all school districts' entitlements to
10 payments on account of instruction, as provided for in
11 subsection (d) of section 2502, shall be two thousand six
12 hundred fifty-five dollars (\$2,655).]

13 (20) "Total Expenditure per Average Daily Membership." A
14 school district's total expenditures shall include all General
15 Fund expenditures and other financing uses for a school year, as
16 designated in the Manual of Accounting and Related Financial
17 Procedures for Pennsylvania School Systems. The total
18 expenditures so determined, when divided by the average daily
19 membership for the same school year for the district, shall be
20 the total expenditure per average daily membership.

21 (21) "Children in Low-Income Families." Children aged five
22 (5) to seventeen (17) years, inclusive, in families receiving a
23 grant in excess of two thousand dollars (\$2,000) per year from
24 the Commonwealth on account of dependent children under the
25 Social Security Act (49 Stat. 620, 42 U.S.C. § 301 et seq.).

26 Section 2. Section 2502(d) and (e) of the act, amended or
27 added February 1, 1966 (1965 P.L.1642, No.580) and July 1, 1985
28 (P.L.103, No.31), are amended to read:

29 Section 2502. Payments on Account of Instruction.--* * *

30 (d) For the school year 1976 and 1977 through the 1980-1981

1 school year, each school district shall be paid by the
2 Commonwealth on account of instruction of the district's pupils
3 an amount to be determined by multiplying the market
4 value/income aid ratio times the actual instruction expense per
5 weighted average daily membership or by the base earned for
6 reimbursement, whichever is less, and by the weighted average
7 daily membership for the district. For the school year 1976-1977
8 any school district which, as a result of the impact on payments
9 under subsections (d), (e) and (f) and under section 2592 by
10 reason of the market value/income aid ratio or the application
11 of equalized millage to the base earned for reimbursement, shall
12 suffer a reduction in subsidy entitlement, shall be held
13 harmless from this impact and shall receive an amount which is
14 no less than that received for 1976-1977 under such subsections
15 and under section 2592. For the 1982-1983 school year [and each
16 school year thereafter] through the 1990-1991 school year, each
17 school district shall be paid by the Commonwealth on account of
18 instruction of the district's pupils an amount to be determined
19 by multiplying the district's market value/income aid ratio by
20 the factor for educational expense and by the weighted average
21 daily membership of the district. For the 1983-1984 school year,
22 each school district participating, during the 1984-1985 school
23 year, in a Statewide program for testing and remediation which
24 is designed to identify and provide remediation services to
25 individual students pursuant to section 1511.1, shall be paid by
26 the Commonwealth on account of instruction of the district's
27 pupils an amount to be determined by multiplying the district's
28 market value/income aid ratio by the factor for educational
29 expense, one thousand seven hundred twenty-five dollars
30 (\$1,725), and by the weighted average daily membership of the

1 district. This subsidy may be used for strengthening curriculum,
2 increasing standards, improving student achievement and
3 providing remedial programs during the 1984-1985 school year.

4 (e) For no school year from 1966-1967 through 1990-1991
5 shall any district receive less than an amount obtained by
6 multiplying the minimum subsidy by the weighted average daily
7 membership for the district.

8 * * *

9 Section 3. Section 2502.5(b) of the act, amended July 8,
10 1989 (P.L.253, No.43), is amended to read:

11 Section 2502.5. Limitation of Certain Payments.--* * *

12 (b) Notwithstanding any other provisions of law, for the
13 school year 1982-1983 and 1983-1984, no school district shall be
14 paid under subsections (d) and (e) of section 2502 and section
15 2502.11 or, for the school year 1984-1985, no school district
16 shall be paid under subsections (d) and (e) of section 2502,
17 subsection (e) of this section, section 2502.11 and section
18 2502.13 or, for the school year 1985-1986, no school district
19 shall be paid under subsections (d) and (e) of section 2502,
20 subsection (e) of this section, section 2502.11, section
21 2502.13, section 2502.14 and section 2502.15 or, for the school
22 year 1986-1987, no school district shall be paid under
23 subsections (d) and (e) of section 2502, subsection (e) of this
24 section, section 2502.11, section 2502.13 and section 2502.15
25 or, for the school year 1987-1988, no school district shall be
26 paid under subsections (d) and (e) of section 2502, subsection
27 (e) of this section, sections 2502.11 and 2502.13 or, for the
28 school [year] years 1988-1989 [and each school year thereafter]
29 through 1990-1991, no school district shall be paid under
30 subsections (d) and (e) of section 2502, sections 2502.11 and

1 2502.13 an amount in excess of one hundred percent (100%) of the
2 total reimbursable instructional expenditures of the school
3 district. For the 1982-1983 school year, all school districts
4 qualifying for payments under subsections (d) and (e) of section
5 2502 and section 2502.11 shall be limited to an increase payment
6 on account of those sections which shall not exceed nine percent
7 (9%) over the sums received on account of section 2502.9 for the
8 1981-1982 school year, nor shall any school district receive an
9 increase of less than two percent (2%) of the 1982-1983 school
10 year payments on account of the 1981-1982 school year. For the
11 1984-1985 school year, each school district qualifying for
12 payments under subsections (d) and (e) of section 2502 and
13 section 2502.11 shall be limited to an increase payment on
14 account of those sections which shall not exceed eight and
15 forty-five one hundredths percent (8.45%) over the sums received
16 on account of such sections for the school year 1983-1984, nor
17 shall any school district receive an increase of less than two
18 percent (2%) of such payments for the school year 1983-1984:
19 Provided, however, That such payments for the school year 1983-
20 1984 shall be computed using a Factor for Educational Expense of
21 one thousand six hundred fifty-six dollars (\$1,656) and a
22 maximum payment increase of seven and forty-five one hundredths
23 percent (7.45%) and a minimum payment increase of two percent
24 (2%) and the eighty percent (80%) guarantee provided for in
25 section 2502.5(e). For the 1985-1986 school year, each school
26 district qualifying for payments under subsections (d) and (e)
27 of section 2502, subsection (e) of this section and section
28 2502.11 shall be limited to an increase payment on account of
29 those sections which shall not exceed seven percent (7%) over
30 the sums received on account of such sections for the school

1 year 1984-1985, nor shall any school district receive an
2 increase less than two percent (2%) of such payments for the
3 school year 1984-1985. For the 1986-1987 school year, each
4 school district qualifying for payments under subsections (d)
5 and (e) of section 2502, subsection (e) of this section and
6 section 2502.11 shall be limited to an increase payment on
7 account of those sections which shall not exceed eight percent
8 (8%) over the sums received on account of such sections and
9 section 2502.14 for the school year 1985-1986, nor shall any
10 school district receive an increase less than two percent (2%)
11 of such payment for the school year 1985-1986. For the 1987-1988
12 school year, each school district qualifying for payments under
13 subsections (d) and (e) of section 2502, subsection (e) of this
14 section and section 2502.11 shall be limited to an increase
15 payment on account of those sections which shall not exceed
16 eight percent (8%) over the sums received on account of such
17 sections and section 2502.15 for the school year 1986-1987, nor
18 shall any school district receive an increase less than two
19 percent (2%) of such payments for the school year 1986-1987. For
20 the 1988-1989 school year [and each school year thereafter]
21 through the 1990-1991 school year, no school district qualifying
22 for payments under subsections (d) and (e) of section 2502,
23 subsection (e) of this section and section 2502.11 shall receive
24 an increase less than two percent (2%) of such payments for the
25 prior school year.

26 * * *

27 Section 4. Section 2502.11 of the act, amended July 8, 1989
28 (P.L.253, No.43) and August 5, 1991 (P.L.219, No.25), is amended
29 to read:

30 Section 2502.11. Economic Supplement.--(a) For the school

1 year 1982-1983 [and each school year thereafter] through the
2 school year 1990-1991, each qualifying school district shall be
3 paid, in addition to any other payments to which it is entitled,
4 an economic supplement, based upon children in low-income
5 families, local tax effort and population per square mile.

6 (b) For the school years 1982-1983 through 1986-1987, each
7 qualifying school district shall be paid on account of children
8 in low-income families an amount in accordance with the
9 following table:

10	Percentage of Low-Income Pupils	Grant Per
11	In Average Daily Membership	Low-Income Pupil
12	10 - 19.9	\$100
13	20 - 39.9	\$300
14	40 or over	\$500

15 For the school year 1987-1988, each qualifying school
16 district shall be paid on account of children in low-income
17 families an amount in accordance with the following table:

18	Percentage of Low-Income Pupils	Grant Per
19	In Average Daily Membership	Low-Income Pupil
20	8 - 14.9	\$128
21	15 - 29.9	\$357
22	30 or over	\$587

23 For the school years 1988-1989 and 1989-1990, each qualifying
24 school district shall be paid on account of children in low-
25 income families an amount in accordance with the following
26 table:

27	Percentage of Low-Income Pupils	Grant Per
28	In Average Daily Membership	Low-Income Pupil
29	8 - 14.9	6% of the factor for educational
30		expense used to make payments on

1		account of instruction, as
2		provided for in section 2501(19).
3	15 - 29.9	16% of the factor for educational
4		expense used to make payments on
5		account of instruction, as
6		provided for in section 2501(19).
7	30 or over	27% of the factor for educational
8		expense used to make payments on
9		account of instruction, as
10		provided for in section 2501(19).

11 For the school year 1990-1991 [and each school year
 12 thereafter], each qualifying school district shall be paid on
 13 account of children in low-income families an amount in
 14 accordance with the following table:

15	Percentage of Low-Income Pupils	Grant Per
16	In Average Daily Membership	Low-Income Pupil
17	8 - 14.9	6% of the factor for educational
18		expense used to make payments on
19		account of instruction, as
20		provided for in section 2501(19).
21	15 - 19.9	16% of the factor for educational
22		expense used to make payments on
23		account of instruction, as
24		provided for in section 2501(19).
25	20 - 29.9	23% of the factor for educational
26		expense used to make payments on
27		account of instruction, as
28		provided for in section 2501(19).
29	30 or over	27% of the factor for educational
30		expense used to make payments on

1 account of instruction, as
2 provided for in section 2501(19).
3 For the 1982-1983 school year [and each school year thereafter]
4 through the 1990-1991 school year, low-income pupils are defined
5 for purposes of this section as children aged five (5) to
6 seventeen (17) years, inclusive, in families receiving a grant
7 in excess of two thousand dollars (\$2,000) from the Commonwealth
8 on account of dependent children under Title IV of the Federal
9 Social Security Act.

10 (c) For the school year 1982-1983 through the school year
11 1987-1988, any district which levies and collects local taxes
12 for school purposes equal to or above the median equalized
13 millage, as defined in section 2501(9.3), in the year for which
14 reimbursement is determined shall qualify for and receive a
15 payment based upon local tax effort and population per square
16 mile in accordance with the following table, except for
17 qualifying districts which include a central city of a Standard
18 Metropolitan Statistical Area and have a district population of
19 less than four thousand (4,000) persons per square mile, which
20 districts shall receive three percent (3%) of their
21 instructional expenditures:

22	Population Per Square Mile	Payment as Percent of
23	of the Qualifying District	Instructional Expenditure
24	5,950 and over	5
25	4,000 - 5,949	3
26	less than 4,000	1

27 Notwithstanding the provisions of this subsection, districts
28 having a general population of five thousand nine hundred fifty
29 (5,950) or more persons per square mile and at least thirty-five
30 thousand (35,000) WADMs shall be paid nineteen percent (19%) of

1 their instructional expenditures.

2 (d) For the school year 1988-1989 [and each school year
3 thereafter] through the school year 1990-1991, any district
4 which levies and collects local taxes for school purposes equal
5 to or above the median equalized millage, as defined in section
6 2501(9.3), in the year for which reimbursement is determined or
7 any school district the majority of whose population is drawn
8 from a city of the first through third class which levies and
9 collects local taxes for municipal purposes equal to or above
10 the municipal median equalized millage, as defined in section
11 2501(9.5), for the most recent municipal fiscal year for which
12 data is available shall qualify for and receive a payment based
13 upon local tax effort and population per square mile in
14 accordance with the following table, except for qualifying
15 districts which include a central city of a Standard
16 Metropolitan Statistical Area and have a district population of
17 less than four thousand (4,000) persons per square mile, which
18 districts shall receive three percent (3%) of their
19 instructional expenditures:

20	Population Per Square Mile	Payment as Percent of
21	of the Qualifying District	Instructional Expenditure
22	5,950 and over	5
23	4,000 - 5,949	3
24	less than 4,000	1

25 Qualifying districts having a general population of five
26 thousand nine hundred fifty (5,950) or more persons per square
27 mile and at least thirty-five thousand (35,000) WADM's shall be
28 paid nineteen percent (19%) of their instructional expenditures.

29 [A] For the 1990-1991 school year, a central city of a Standard
30 Metropolitan Statistical Area which has an equalized millage as

1 defined in clause (9.2) of section 2501 to be greater than the
2 median equalized millage by ten and twenty-nine hundredths
3 (10.29) and has an estimated 1990-1991 Weighted Average Daily
4 Membership (WADM) provided by the Department of Education in
5 June 1991 that is less than the actual 1989-1990 Weighted
6 Average Daily Membership by two hundred (200) shall receive an
7 additional two percent (2%) of their 1990-1991 actual
8 instructional expenditure.

9 Section 5. Sections 2502.13, 2502.17 and 2502.18 of the act,
10 amended or added August 5, 1991 (P.L.219, No.25), are amended to
11 read:

12 Section 2502.13. Small District Assistance.--For the 1984-
13 1985 and 1985-1986 school years, the Commonwealth shall pay to
14 each school district which has an average daily membership of
15 one thousand five hundred (1,500) or less and has a market
16 value/income aid ratio of five thousand ten-thousandths (0.5000)
17 or greater, an amount equal to fifty dollars (\$50) multiplied by
18 that district's average daily membership. For the 1985-1986
19 school year, no school district shall receive less on account of
20 this section than it did for the 1984-1985 school year. For the
21 school year 1986-1987, the Commonwealth shall pay to each school
22 district which has an average daily membership of one thousand
23 five hundred (1,500) or less and has a market value/income aid
24 ratio of five thousand ten-thousandths (0.5000) or greater, or
25 received payments under this section for the 1985-1986 school
26 year, an amount equal to seventy-five dollars (\$75) multiplied
27 by that district's average daily membership. For the school year
28 1987-1988, the Commonwealth shall pay to each school district
29 which has an average daily membership of one thousand five
30 hundred (1,500) or less and a market value/income aid ratio of

1 five thousand ten-thousandths (0.5000) or greater, or received
2 payments under this section for the 1986-1987 school year, an
3 amount equal to eighty-five dollars (\$85) multiplied by that
4 district's average daily membership. For the school year 1988-
5 1989 [and each school year thereafter], the Commonwealth shall
6 pay to each school district which has an average daily
7 membership of one thousand five hundred (1,500) or less and a
8 market value/income aid ratio of five thousand ten thousandths
9 (0.5000) or greater, or received payments under this section for
10 the 1987-1988 or 1988-1989 school year, an amount equal to one
11 hundred five dollars (\$105). For the school year 1989-1990, the
12 Commonwealth shall pay to each school district which has an
13 average daily membership of one thousand five hundred (1,500) or
14 less and a market value/income aid ratio of five thousand ten-
15 thousandths (0.5000) or greater, or received payments under this
16 section for the 1987-1988 school year, an amount equal to one
17 hundred fifteen dollars (\$115) multiplied by the district's
18 average daily membership as provided for in section 212 of the
19 act of July 1, 1990 (P.L.1591, No.7A), known as the "General
20 Appropriation Act of 1990." For the school year 1990-1991 [and
21 each school year thereafter], the Commonwealth shall pay to each
22 school district which has an average daily membership of one
23 thousand five hundred (1,500) or less and a market value/income
24 aid ratio of five thousand ten-thousandths (0.5000) or greater,
25 or received payments under this section for the prior school
26 year, an amount equal to one hundred seventy dollars (\$170)
27 multiplied by that district's average daily membership. [Each]
28 For the school year 1990-1991, each school district with a
29 population per square mile of less than ninety (90), which
30 otherwise meets the average daily membership and market

1 value/income aid ratio requirements of this section, or received
2 payments under this section for the prior school year, shall
3 instead receive an amount equal to one hundred ninety dollars
4 (\$190) multiplied by that district's average daily membership.
5 For the 1987-1988 school year [and each school year thereafter]
6 through the 1990-1991 school year, no school district shall
7 receive less on account of this section than it did for the
8 prior school year.

9 Section 2502.17. Low-Expenditure, Low-Wealth Supplement.--
10 For the 1990-1991 school year [and each school year thereafter],
11 the Commonwealth shall pay to each school district which has a
12 market value/income aid ratio of six thousand ten-thousandths
13 (0.6000) or greater and has an actual instruction expenditure
14 per weighted average daily membership for the school year prior
15 to the reimbursable year, which is less than the Statewide
16 median actual instruction expenditure per weighted average daily
17 membership for that year, an amount equal to one and three-
18 tenths percent (1.3%) of the school district's actual
19 instruction expenditure for the reimbursable year: Provided,
20 That no school district shall receive a dollar amount, which,
21 when combined with its actual instruction expenditure for the
22 year prior to the reimbursable year, would result in the
23 district's actual instruction expenditure per weighted average
24 daily membership exceeding the Statewide median actual
25 instruction expenditure per weighted average daily membership
26 for the year prior to reimbursement.

27 Section 2502.18. Low-Expenditure Poverty Supplement.--For
28 the 1990-1991 school year [and each school year thereafter], the
29 Commonwealth shall pay to each school district, which has an
30 actual instruction expenditure per weighted average daily

1 membership for the school year prior to the reimbursable year,
2 which is less than three thousand four hundred forty-five
3 dollars (\$3,445), and has ten percent (10%) or more of its
4 pupils in average daily membership as children in low-income
5 families, an amount equal to one-half percent (.5%) of their
6 actual instruction expenditure.

7 Section 6. The act is amended by adding sections to read:

8 Section 2502.20. Foundation Subsidy Payments.--For payments
9 on account of instruction in school years 1992-1993 and 1993-
10 1994, each school district shall be paid a subsidy amount based
11 upon the provisions of sections 2502.21, 2502.22, 2502.23,
12 2502.24, 2502.25, 2502.26 and 2502.27.

13 Section 2502.21. Education Subsidy Base.--For payments on
14 account of instruction in the 1992-1993 and 1993-1994 school
15 years, the Commonwealth shall pay to each school district an
16 education subsidy base which shall consist of the same amount
17 that the district was entitled to receive for the 1990-1991
18 school year pursuant to sections 2502(d) and (e) and 2502.11,
19 both as adjusted pursuant to section 2502.5(b), if applicable,
20 and sections 2502.13, 2502.17 and 2502.18.

21 Section 2502.22. Equity Supplement.--(a) For payments on
22 account of instruction in the 1992-1993 and 1993-1994 school
23 years, each school district may qualify for payment of the
24 supplement based upon market value/income aid ratio, local tax
25 effort and total expenditure per average daily membership.

26 (b) To qualify for such supplement, districts shall meet all
27 of the following criteria:

28 (1) The district's market value/income aid ratio for the
29 school year immediately preceding the school year for which
30 reimbursement is being paid is greater than or equal to five

1 thousand ten-thousandths (0.5000).

2 (2) The district's equalized millage for the school year
3 immediately preceding the school year for which reimbursement is
4 being paid is greater than or equal to nineteen and five tenths
5 (19.5).

6 (3) The district's total expenditure per average daily
7 membership for the school year two (2) years prior to the school
8 year for which reimbursement is being paid is less than or equal
9 to six thousand one hundred ninety-three dollars (\$6,193).

10 (c) The Commonwealth shall pay to each qualifying school
11 district, as determined pursuant to subsection (b), a supplement
12 in an amount calculated as follows:

13 (1) Determine the product of the district's average daily
14 membership for the school year for which reimbursement is being
15 paid and the district's market value/income aid ratio for the
16 school year for which reimbursement is being paid.

17 (2) Multiply the result of the calculation pursuant to
18 clause (1) by ninety-three million dollars (\$93,000,000).

19 (3) Divide the result of the calculation pursuant to clause
20 (2) by the sum of the products obtained for all qualifying
21 school districts pursuant to clause (1).

22 (d) On account of instruction in the school years 1992-1993
23 and 1993-1994, each school district that does not qualify for
24 the supplement described in subsections (a) through (c) may
25 qualify for payment of a supplement based upon resident children
26 in low-income families.

27 (e) To qualify for the supplement described in subsection
28 (d), the number of children in low-income families residing in
29 the district for the calendar year that concluded during the
30 school year immediately preceding the year for which

1 reimbursement is being paid divided by the district's average
2 daily membership for the school year two (2) years prior to the
3 school year for which reimbursement is being paid must be
4 greater than or equal to thirty-five percent (35%).

5 (f) The Commonwealth shall pay to each qualifying school
6 district, as determined pursuant to subsections (d) and (e), a
7 supplement in the amount of eighty dollars (\$80) multiplied by
8 the number of children in low-income families residing in the
9 district for the calendar year that concluded during the school
10 year for which reimbursement is being paid.

11 Section 2502.23. Foundation Guarantee.--The foundation
12 guarantee shall be the minimum level of revenue resources that
13 shall be available to support each of the district pupils in
14 this Commonwealth. For payments during fiscal years 1993-1994
15 and 1994-1995, the foundation guarantee shall be four thousand
16 dollars (\$4,000). The resources available for payments during
17 fiscal year 1993-1994 shall be determined by adding the
18 education subsidy base, the equity supplement and the minimum
19 effort base and dividing the total by the 1990-1991 average
20 daily membership. If the revenue resources available for
21 district pupils are less than the foundation guarantee, the
22 foundation guarantee payment to that district during fiscal year
23 1993-1994 shall be determined by multiplying the difference
24 between the revenue resources available by the 1990-1991 average
25 daily membership of the district. The revenue resources
26 available for payments during fiscal year 1994-1995 shall be
27 determined by adding the education subsidy base, the equity
28 supplement, and the minimum effort base and dividing the total
29 by the 1991-1992 average daily membership. If the revenue
30 resources available for district pupils are less than the

1 foundation guarantee, the foundation guarantee payment to that
2 district during fiscal year 1994-1995 shall be determined by
3 multiplying the difference between the revenue resources
4 available by the 1991-1992 average daily membership of the
5 district.

6 Section 2502.24. Minimum Effort Base.--The minimum effort
7 base shall be, for the purposes of qualifying for foundation
8 guarantee payments, the level of local educational revenue
9 available per student in average daily membership. For payments
10 during fiscal year 1993-1994, the level of local revenue
11 available per student shall be computed by multiplying the 1990
12 Real Property Valuation of the district by nineteen and five
13 tenths (19.5) mills. For payments during fiscal year 1994-1995,
14 the level of local revenue available per student shall be
15 computed by multiplying the 1991 Real Property Valuation of the
16 district by twenty and five tenths (20.5) mills.

17 Section 2502.25. Extraordinary Growth Supplement.--During
18 fiscal year 1993-1994, the extraordinary growth supplement shall
19 be those payments to school districts that have had a student
20 population increase of ten percent (10%) of their average daily
21 membership or greater between school years 1990-1991 and 1992-
22 1993 as estimated by the Department of Education in February
23 1993. Payments to qualifying school districts shall be
24 determined by multiplying the actual number of additional
25 students in average daily membership by six and five tenths
26 percent (6.5%) of the foundation guarantee.

27 Section 2502.26. Limited Revenue Sources Supplement.--During
28 fiscal year 1993-1994, the limited revenue sources supplement
29 shall be those payments to school districts which have: a 1992-
30 1993 payable year aid ratio estimated by the Department of

Education in February 1993 that is equal to or greater than
seventy-five one hundredths (.75); a 1991 market value per WADM
which is less than or equal to sixty percent (60%) of the
Statewide average market value per WADM as estimated by the
Department of Education in February 1993; and a 1991 personal
income per WADM which is less than or equal to sixty percent
(60%) of the Statewide average personal income per WADM as
estimated by the Department of Education in February 1993.
Payments to qualifying districts shall be determined by
multiplying the 1992-1993 average daily membership of the
district, as estimated by the department in February 1993, by
two percent (2%) of the foundation guarantee.

Section 2502.27. Discretionary Funds for Distressed
Districts.--If the sum appropriated for the 1993-1994 fiscal
year for payments in section 2502.20 exceeds the amounts to
which all qualifying school districts are entitled, then the
Department of Education shall set aside the remainder of the
appropriation. The Secretary of Education may, at his
discretion, make payments from the funds that have been set
aside to school districts that have been declared distressed
pursuant to section 691. The secretary shall establish
guidelines for school districts' applications for these funds,
department approval of applications for funds, department
distribution of funds and school districts' expenditure of these
funds. The secretary shall report to the General Assembly on
such expenditures.

Section 2502.28. Resource Data for Foundation Based Equity
Formula Development.--(a) The Secretary of Education shall
develop and collect data necessary to assist in policy
development for the transition to a foundation based equity

formula. Data shall be collected which will assist in the development of definitions of factors, and in determining the relative importance of various factors for the purpose of assigning weights, which (factors) impact on a school district's ability to provide educational opportunities for its students.

Such factors shall include, but not be limited to:

(1) Regional costs.

(2) Students in poverty.

(3) Students in special education programs. Data under this clause shall be based on, but not limited to, level of intervention, percent of time in program, multiple assignments, related services and other appropriate factors.

(4) Small school districts. These are districts which are unable to provide comprehensive education programming and unable to cost effectively merge with or collaboratively provide services with other districts.

(5) Local revenue sources.

(6) State revenue sources.

(7) Other potential State and local revenue sources.

(b) The initial report on the data system and data collected shall be submitted to the majority chairman and the minority chairman of the Education Committee of the Senate and the majority chairman and the minority chairman of the Education Committee of the House of Representatives by September 30, 1994.

Section 7. Section 2517(d) of the act, amended July 1, 1985 (P.L.103, No.31), is amended to read:

Section 2517. Payments.--* * *

(d) Subsection (c) of this section shall apply to:

(1) All payments to which a school district is entitled under any provision of sections 2502, 2502.3, 2502.4, 2502.8,

1 2502.9 and 2592 for the school year 1981-1982.

2 (2) Payments to which a school district is entitled under
3 any provision of sections 2502, 2502.8 and 2502.11 for the
4 school year 1982-1983 and the school year 1983-1984.

5 (3) Payments to which a school district is entitled under
6 any provision of sections 2502, 2502.8, 2502.11 [and 2502.13],
7 2502.13 and 2502.20 for the school year 1984-1985 and each
8 school year thereafter.

9 Section 8. This act shall take effect immediately.