
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 744 Session of
2003

INTRODUCED BY STAIRS, BROWNE, ROEBUCK, FLEAGLE, HERMAN,
McILHATTAN, T. STEVENSON, BISHOP, CURRY, GRUCELA, MUNDY,
SHANER, BELFANTI, BUNT, COSTA, DAILEY, DALEY, DeWEESE,
FICHTER, FREEMAN, GEIST, HALUSKA, HARHAI, HARPER, HESS,
HORSEY, HUTCHINSON, JAMES, LAUGHLIN, MANN, McCALL, MCGILL,
S. MILLER, NAILOR, RUBLEY, SANTONI, SATHER, SAYLOR,
SCRIMENTI, SEMMEL, B. SMITH, SOLOBAY, TANGRETTI,
E. Z. TAYLOR, THOMAS, TRAVAGLIO, TRUE, VANCE, WASHINGTON,
WEBER, YOUNGBLOOD, SAINATO, YUDICHAK AND ADOLPH,
MARCH 6, 2003

SENATOR RHOADES, EDUCATION, IN SENATE, AS AMENDED, MAY 18, 2004

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 powers and
6 duties of the State Board of Education; establishing the
7 Board of Community Colleges; providing for the members,
8 structure, powers and duties and chief executive officer of
9 the Board of Community Colleges, for a Council of Presidents,
10 for appropriations and allocation of funds and for audits;
11 AND further providing for powers and duties of boards of <—
12 trustees, for tuition and for financial program and
13 reimbursement of payments.; ~~and providing for the transfer of <—
14 contract obligations, records, property, supplies, equipment
15 and funds to the Board of Community Colleges.~~

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

18 Section 1. Section 1901-A of the act of March 10, 1949
19 (P.L.30, No.14), known as the Public School Code of 1949, is
20 amended by adding a clause to read:

1 Section 1901-A. Definitions.--The following words and
2 phrases, as used in this article, shall, unless a different
3 meaning is plainly required by the context, have the following
4 meaning:

5 * * *

6 (11) "Board of Community Colleges" shall mean the Board of
7 Community Colleges established by section 1902.1-A.

8 Section 2. Section 1902-A(a) and (f) of the act, added July
9 1, 1985 (P.L.103, No.31), are amended to read:

10 Section 1902-A. Powers and Duties of State Board of
11 Education.--(a) The State Board of Education shall have the
12 power, and its duty shall be:

13 (1) To adopt such policies, standards, rules and regulations
14 formulated by the Council of Higher Education, as may be
15 necessary to provide for the establishment[, operation and
16 maintenance] of community colleges, including minimum
17 requirements for physical facilities and equipment, curriculum,
18 faculty, standards and professional requirements, qualifications
19 for admission and advancement of students, student enrollment,
20 student population of the area to be served by the community
21 college[,] and requirements for satisfactory completion of a
22 two-year program and the degrees or diplomas or certificates to
23 be awarded therefor[, means of financing and financial resources
24 for the establishment and support of the community college, and
25 all matters necessary to effectuate the purposes of this act].

26 (2) To approve or disapprove plans for the establishment or
27 operation of a community college upon the recommendation of the
28 Board of Community Colleges.

29 (3) To approve or disapprove petitions of school districts
30 or municipalities applying for participation in an established

1 community college. No petition may be approved unless it is
2 accompanied by the consent of the governing bodies of the
3 majority of the members of the local sponsor of the established
4 community college to the participation of the petitioning school
5 district or municipality.

6 * * *

7 (f) Wherever in this act the approval of the State Board of
8 Education is required in any matter, the State Board of
9 Education may require the ~~{Department of Education}~~ AND Board of ←
10 Community Colleges to make and report its findings and
11 recommendations on such matter to the Council of Higher
12 Education for the formulation of policies, standards, rules and
13 regulations for consideration by the State Board of Education.

14 Section 3. The act is amended by adding sections to read:

15 Section 1902.1-A. Declaration of Policy; Board of Community
16 Colleges Established.--(a) The General Assembly finds and
17 declares as follows:

18 (1) Community colleges have local, regional and Statewide
19 constituencies. Each institution has different emphases in
20 accomplishing its mission as a result of individual community
21 needs and expectations. To accomplish the uniquely local
22 mission, each community college must continue to have strong
23 local governance. Each college needs a high level of flexibility
24 and local autonomy to preserve and expand its abilities to
25 respond rapidly and effectively to local and regional needs.

26 (2) Community colleges have a comprehensive, open-access
27 mission that includes:

28 (i) academic studies that lead to an associate degree for
29 transfer to baccalaureate degree granting institutions;

30 (ii) career and occupational training degrees, certificates

1 and short courses;

2 (iii) work force and economic development programs and
3 initiatives;

4 (iv) open enrollment with opportunities for developmental
5 education;

6 (v) community services; and

7 (vi) partnerships with school districts and other community,
8 business, educational and governmental entities.

9 (3) Community colleges serve as an instrument of public
10 policy reflecting State priorities and initiatives. As such,
11 community college services should be available to all residents
12 of this Commonwealth.

13 (4) In order to assist community colleges in fulfilling
14 their mission and to facilitate coordination and cooperation
15 among community colleges, the General Assembly finds that there
16 is a need to establish an independent Board of Community
17 Colleges as further provided in this act.

18 (b) Subject to the regulatory powers conferred by law upon
19 the State Board of Education, there is hereby established a body
20 corporate and politic constituting a public corporation and
21 government instrumentality, independent of the Department of
22 Education, which shall be known as the Board of Community
23 Colleges. The Board of Community Colleges is established to more
24 effectively maximize the capacity of the community colleges of
25 this Commonwealth to serve their communities by doing all of the
26 following:

27 (1) Advancing the development of the community colleges'
28 mission and provision of services to be readily accessible by
29 all Pennsylvanians.

30 (2) Promoting initiatives and innovation in the community

1 college sector.

2 (3) Promoting collaborations within the community college
3 sector, with the other sectors of higher education and with
4 elementary and secondary education systems.

5 Section 1902.2-A. Qualifications and Appointment of Board
6 Members.--(a) The Board of Community Colleges shall consist of
7 individuals who:

8 (1) Understand and support the purpose and mission of
9 community colleges.

10 (2) Understand the educational and work force needs of the
11 Commonwealth.

12 (3) Will devote their energies to advocating for community
13 college services.

14 (b) The membership of the Board of Community Colleges shall
15 be representative of the State geographically and
16 demographically. ~~Of the members appointed by the Governor, at~~ <—
17 least one appointee shall be from a rural area and one from an
18 urban area. At least two of the Governor's appointees shall be
19 members of a labor organization representing employees of
20 community colleges and at least one shall be an employer or
21 management level employe. Members shall be citizens of the
22 United States and residents of this Commonwealth. No appointee
23 shall be an officer, employe or member of a board of any
24 community college. No appointee shall be engaged in providing,
25 or employed by a person or company whose primary function is to
26 provide, work force development services and activities.

27 (c) The Board of Community Colleges shall be comprised of
28 fifteen members and established as follows:

29 (1) Eleven members who shall be appointed by the Governor
30 with ~~approval~~ THE ADVICE AND CONSENT of the Senate. OF THOSE <—

1 MEMBERS, THE FOLLOWING SHALL APPLY:

2 (I) AT LEAST ONE SHALL BE FROM A RURAL AREA;

3 (II) AT LEAST ONE SHALL BE FROM AN URBAN AREA;

4 (III) AT LEAST TWO SHALL BE MEMBERS OF A LABOR ORGANIZATION
5 REPRESENTING EMPLOYES OF COMMUNITY COLLEGES; AND

6 (IV) AT LEAST TWO SHALL BE EMPLOYERS OR MANAGEMENT-LEVEL
7 EMPLOYES.

8 (2) Two ~~senators~~ MEMBERS OF THE SENATE, one appointed by the ←
9 President pro tempore of the Senate and one appointed by the
10 Minority Leader of the Senate.

11 (3) Two members of the House of Representatives, one
12 appointed by the Speaker of the House of Representatives and one
13 appointed by the Minority Leader of the House of
14 Representatives.

15 Section 1902.3-A. Board Structure.--(a) Except as provided
16 in subsection (b), all members of the Board of Community
17 Colleges appointed by the Governor shall serve for terms of four
18 years and shall be eligible for reappointment to no more than
19 one additional four-year term. Members of the Board of Community
20 Colleges appointed from the General Assembly shall serve for a
21 term of office concurrent with their respective terms as members
22 of the General Assembly. Terms are on a fiscal year basis,
23 commencing July 1. Vacancies may be filled at any time, with the
24 term concluding on June 30 of the unexpired term.

25 (b) The initial terms of members appointed by the Governor
26 shall be staggered to provide for continuity in future
27 appointments as follows:

28 (1) Three members shall be appointed for terms not to exceed
29 two years.

30 (2) Four members shall be appointed for terms not to exceed

1 three years.

2 (3) Four members shall be appointed for terms not to exceed
3 four years.

4 (c) A chairperson shall be elected by the members of the
5 Board of Community Colleges and shall serve in that capacity for
6 a period of one year. The Board of Community Colleges shall
7 elect the chairperson annually in a manner prescribed by the
8 board.

9 (d) Nine members of the Board of Community Colleges
10 attending shall constitute a quorum for the purpose of
11 conducting official business, which will be conducted in accord
12 with applicable open meetings statutes.

13 (e) The Board of Community Colleges shall meet at least
14 quarterly with one meeting being designated as the annual
15 meeting and occurring between April 1 and June 30 for the
16 purpose of electing officers.

17 (f) The Board of Community Colleges may establish
18 committees, appoint members and delegate duties to committees as
19 the chairperson deems necessary to fulfill the board's
20 responsibilities. Each committee shall be chaired by a member of
21 the Board of Community Colleges.

22 (g) Members shall receive no compensation but shall be
23 entitled to receive an allowance for expenses incurred in the
24 performance of duties.

25 Section 1902.4-A. Power and Duties of Board of Community
26 Colleges.--The Board of Community Colleges shall have the
27 following powers and duties:

28 (1) To ~~adopt such policies, rules, regulations and standards~~ <—
29 as ESTABLISH POLICIES AND PROCEDURES necessary to implement this <—
30 section and other provisions under this act related to the Board

1 of Community Colleges and to effectively provide for community
2 college services in this Commonwealth, subject to the regulatory
3 powers conferred by law upon the State Board of Education.

4 (2) To advance the ability of community colleges to carry
5 out their individual and collective comprehensive missions.

6 (3) To foster and promote the local autonomy and flexibility
7 necessary for community colleges to succeed.

8 (4) To promote and strengthen the development of community <—
9 colleges as the primary network for meeting the needs of
10 Pennsylvania's work force by actively working with the business,
11 industry and government sectors to provide high quality training
12 and education and to increase the capacity of community colleges
13 to provide work force training.

14 (5) To provide Statewide leadership, coordination, support
15 and technical assistance to the community colleges.

16 (6) To strengthen the ability of community colleges to
17 articulate seamlessly associate and baccalaureate degree <—
18 programs, especially with the other publicly supported colleges <—
19 and universities.

20 (7) To advocate for State resources. that are fair, <—
21 equitable and that enable community colleges to fulfill their
22 mission and Commonwealth priorities.

23 (8) To annually submit to the Governor and General Assembly
24 consolidated operating and capital budget requests on behalf of
25 the community colleges.

26 (9) To allocate and distribute State funds in accordance <—
27 with the legislative appropriation and the relevant allocation
28 formula.

29 (10) (9) To develop and administer a uniform process for <—
30 coordinating, reviewing and approving the capital expenditure

1 requests of the community colleges.

2 ~~(11) To facilitate Statewide and regional initiatives~~ <—
3 ~~including those involving elementary and secondary schools,~~
4 ~~community colleges and other sectors of higher education.~~

5 ~~(12)~~ (10) To develop an effective information database and <—
6 common definitions that can be used to make informed decisions
7 about community college policy and assess the impact such
8 information provides.

9 ~~(13)~~ (11) To develop benchmarks and performance indicators <—
10 that assess the collective impact of community colleges.

11 ~~(14)~~ (12) To strengthen the capacity and ability of <—
12 community colleges to extend educational and training services
13 to all regions of this Commonwealth, and to provide technical <—
14 assistance to local endeavors to create new community college
15 services.

16 ~~(15)~~ (13) To serve as a coordinated information source <—
17 regarding this Commonwealth's community colleges.

18 ~~(16)~~ (14) To develop alliances and cooperative agreements <—
19 among community colleges for joint development of courses and
20 course materials, procurement of commodities, equipment and
21 resources, and sharing of expertise and staff development.

22 ~~(17)~~ (15) To accept and expend grants, gifts, contributions, <—
23 endowments or other money for the purposes of this article.

24 ~~(18)~~ (16) To recommend appropriate rules, regulations and <—
25 policies to the State Board of Education as provided for under
26 this act.

27 ~~(19)~~ (17) Unless otherwise specified by applicable law, to <—
28 make all reports on behalf of community colleges which may be
29 required by Federal or State agencies.

30 ~~(20)~~ (18) To assist the State Board of Education in <—

1 developing the community college portion of any State plan
2 required for the dissemination of Federal funds for which
3 community colleges may be eligible.

4 ~~(21)~~ (19) To develop a long-range strategic plan for <—
5 community colleges which the State Board of Education shall
6 consider in developing the State master plan for higher
7 education.

8 ~~(22)~~ ~~To distribute Federal vocational education funding~~ <—
9 ~~provided under the Carl D. Perkins Vocational and Applied~~
10 ~~Technology Education Act (Public Law 88 210, 20 U.S.C. § 2301 et~~
11 ~~seq.).~~

12 (20) TO ENCOURAGE COLLABORATION WITH AREA VOCATIONAL- <—
13 TECHNICAL SCHOOLS AND OTHER EDUCATIONAL INSTITUTIONS IN THE
14 DELIVERY OF EDUCATION AND WORK FORCE DEVELOPMENT PROGRAMS.

15 Section 1902.5-A. Chief Executive Officer.--The Board of
16 Community Colleges shall appoint a chief executive officer and
17 may employ such other staff as it shall deem appropriate. NO <—
18 MORE THAN NINE OTHER STAFF MEMBERS. The chief executive officer
19 shall have the following responsibilities:

20 (1) To assist the Board of Community Colleges and to carry
21 out functions as delegated by the Board of Community Colleges.

22 ~~(2)~~ ~~To implement the Commonwealth's public policy agenda as~~ <—
23 ~~it relates to community colleges.~~

24 ~~(3)~~ (2) To employ and direct staff as necessary and <—
25 appropriate to carry out the duties and responsibilities of the
26 Board of Community Colleges.

27 ~~(4)~~ (3) To serve as a liaison on behalf of the community <—
28 colleges to State agencies and other community, business,
29 educational and governmental entities.

30 ~~(5)~~ (4) To represent the Board of Community Colleges before <—

1 legislative bodies.

2 ~~(6)~~ (5) To represent the Board of Community Colleges at <—
3 State and national organizations.

4 Section 1902.6-A. Council of Presidents.--A Council of
5 Presidents shall be established by the Board of Community
6 Colleges to recommend policies for community colleges and act in
7 an advisory capacity to the chief executive officer and the
8 board. All community college presidents shall be members of the
9 Council of Presidents. The council shall elect a chairperson
10 annually. The council shall meet quarterly or at the call of the
11 chairperson of the council. A MAJORITY OF THE PRESIDENTS SHALL <—
12 CONSTITUTE A QUORUM.

13 Section 1902.7-A. Appropriations; Allocation of Funds.--(a)
14 The Board of Community Colleges shall consolidate the annual
15 capital and operating budget requests submitted by the community
16 colleges for State funding. The Board of Community Colleges
17 shall present the consolidated annual budgets with comments to
18 the Secretary of Education for presentation to the State Board
19 of Education. The State Board of Education shall return such
20 budget requests, recommending approval or disapproval with
21 comments, if any, to the Secretary of Education prior to their
22 submission to the Secretary of the Budget. The Board of
23 Community Colleges may also submit its budget recommendations
24 and findings to the General Assembly subsequent to the
25 submission of the Governor's budget to the General Assembly.

26 (b) The General Assembly shall annually appropriate to the
27 Board of Community Colleges such amounts as may be necessary and
28 appropriate for its operations. In addition, the General
29 Assembly shall annually appropriate to the Board of Community
30 Colleges amounts as may be necessary and appropriate for the <—

1 ~~operations of the various community colleges and for their~~
2 ~~eligible capital expenses. The Board of Community Colleges shall~~
3 ~~allocate and disburse all funds appropriated for the operations~~ <—
4 ~~and capital expense of community colleges~~ SUCH CAPITAL EXPENSES <—
5 ~~in accordance with the requirements of this act and the relevant~~ <—
6 ~~allocation formula.~~

7 (c) ~~The Board of Community Colleges shall adopt by~~ <—
8 ~~regulation a formula or other~~ ESTABLISH A methodology for <—
9 ~~allocating available capital funds to the various community~~
10 ~~colleges. The allocation methodology shall include the following~~
11 ~~criteria:~~

- 12 (1) ~~Enrollment.~~
- 13 (2) ~~Population in the area served.~~
- 14 (3) ~~Age of facilities.~~
- 15 (4) ~~Square footage.~~
- 16 (5) ~~Acreage.~~
- 17 (6) ~~Other relevant objective criteria.~~

18 (d) ~~Within two years after the effective date of this~~
19 ~~section, the Board of Community Colleges shall make~~
20 ~~recommendations to the Governor and the General Assembly to~~
21 ~~revise or replace the current methodologies for allocation and~~
22 ~~payment of all funds appropriated by the General Assembly for~~
23 ~~the operations of community colleges.~~

24 ~~Section 1902.8 a 1902.8-A. Audits.--The activities of the~~ <—
25 ~~Board of Community Colleges shall be subject to the audit of the~~
26 ~~Department of Auditor General, but the Board of Community~~
27 ~~Colleges shall not be required to pay a fee for any such audit.~~

28 Section 4. Sections 1905-A(a) and 1908-A(e) of the act,
29 added July 1, 1985 (P.L.103, No.31), are amended to read:

30 Section 1905-A. Powers and Duties of Board of Trustees.--(a)

1 The affairs of any community college established under this act
2 shall be administered and supervised by a board of trustees.
3 Subject to any law and to any policies, standards, rules and
4 regulations adopted by the State Board of Education or the Board
5 of Community Colleges provided for community colleges, the
6 ~~{board} State Board of Education~~ BOARD OF TRUSTEES shall, for ←
7 the purpose of establishing, operating and maintaining a
8 community college, have the power, and its duty shall be:

9 (1) To appoint and fix the salary of a president.

10 (2) To hold, rent, lease, sell, purchase and improve land,
11 buildings, furnishings, equipment, materials, books and
12 supplies.

13 (3) To enter into contracts for services with schools,
14 colleges or universities, or with school districts or
15 municipalities, to effectuate the purposes of this act.

16 (4) To accept and receive gifts of real and personal
17 property and Federal, State and local moneys and grants, and to
18 expend the same.

19 (5) To make policies providing for the admission and
20 expulsion of students, the courses of instruction, the tuition
21 and fees to be charged and for all matters related to the
22 government and administration of the college.

23 (6) To submit to the State Board of Education for its
24 approval proposed amendments to the community college plan.

25 (7) To enter into contracts for services to high schools of
26 member districts to provide area vocational-technical education
27 services.

28 (8) To exercise such other powers and perform such other
29 duties as are necessary to carry into effect the purposes of
30 this act.

1 * * *

2 Section 1908-A. Tuition.--* * *

3 (e) A student who is not a resident of the Commonwealth and
4 who is enrolled in a community college in accordance with the
5 policies, standards, rules and regulations of the State Board of
6 Education shall pay such tuition charge as is approved by the
7 [Department of Education] Board of Community Colleges.

8 Section 5. Section 1913-A(b)(1.2) and (3), (c), (d), (e),
9 (f), ~~(h)~~, ~~(i)~~, ~~(j)~~ (I) and (k) of the act, amended or added July <—
10 1, 1985 (P.L.103, No.31), October 20, 1988 (P.L.827, No.110),
11 June 7, 1993 (P.L.49, No.16) and June 22, 2001 (P.L.530, No.35),
12 are amended to read:

13 Section 1913-A. Financial Program; Reimbursement of
14 Payments.--* * *

15 (b) * * *

16 (1.2) The ~~{Secretary of Education}~~ Board of Community <—
17 Colleges, ~~in consultation with the community colleges~~ SECRETARY <—
18 OF EDUCATION, IN CONSULTATION WITH THE [COMMUNITY COLLEGES]
19 BOARD OF COMMUNITY COLLEGES, shall promulgate standards for
20 credit courses and for noncredit courses that will be eligible
21 for Commonwealth reimbursement. The standards shall specifically
22 exclude from eligibility for reimbursement any course or program
23 in avocational or recreational pursuits. [The standards shall be
24 promulgated by the beginning of the 1994-1995 fiscal year. Until
25 such standards are promulgated, no community college will be
26 reimbursed for any credit course which was offered by such
27 college as a noncredit course during the college's 1992-1993
28 fiscal year.]

29 * * *

30 (3) The ~~{Secretary of Education}~~ Board of Community Colleges <—

1 SECRETARY OF EDUCATION, IN CONSULTATION WITH THE BOARD OF
 2 COMMUNITY COLLEGES, annually shall establish criteria to be used
 3 to determine eligibility of programs for each of the above
 4 stipend categories, shall approve programs for funding in the
 5 following fiscal year according to these criteria and shall
 6 submit to chairmen of the committees of education in the House
 7 of Representatives and Senate a report setting forth the
 8 established criteria, any programs approved for funding under
 9 these criteria and the recipient community colleges.

10 * * *

11 (c) Capital expenses shall mean only such expenses as are
 12 incurred with the approval of the [Department of Education]
 13 Board of Community Colleges for amortization of the purchase of
 14 lands; purchase, construction or improvement of buildings for
 15 administrative and instructional purposes, including libraries;
 16 the lease of lands or buildings, or for rentals to an authority
 17 for the same purpose; and for the purchase, lease or rental of
 18 capital equipment and furniture used for instructional or
 19 administrative purposes. Capital expenses shall include library
 20 books and complementary audio-visual equipment purchased during
 21 the first five years after establishment. For the purpose of
 22 calculating the Commonwealth's share of operating, and capital
 23 costs incurred prior to the actual admission of students to a
 24 community college, all such costs shall be interpreted as
 25 capital costs. No costs and expenses incurred in the
 26 establishment, construction, operation or maintenance of
 27 dormitories, or the equipment or furnishings for such purposes,
 28 shall be included in capital expenses or operating costs for
 29 purposes of Commonwealth reimbursement. The provisions of this
 30 subsection shall not prevent the Commonwealth from reimbursing a

1 community college for capital expenses incurred prior to the
2 effective date of this act. [Such reimbursement must have
3 approval of the Secretary of Education.]

4 (d) The [State Board of Education] Board of Community
5 Colleges shall adopt policies[, standards, rules and <—
6 regulations] AND PROCEDURES for determining reimbursable capital <—
7 expenses and operating costs, and the [Department of Education]
8 Board of Community Colleges shall approve such expenses and
9 costs for the purpose of reimbursement by the Commonwealth.

10 (e) The State Board of Education shall apply for, receive
11 and administer, subject to any applicable regulations or laws of
12 the Federal Government or any agency thereof, any Federal
13 grants, appropriations, allocations and programs to fulfill the
14 purpose of this act. The State Board of Education shall
15 cooperate with the Board of Community Colleges in applying for
16 and administering all funds available from the Federal <—
17 Government and from any private, nongovernmental source. AND <—
18 ADMINISTERING SUCH FUNDS.

19 (f) All administrative personnel, faculty, and other
20 employes of the community colleges in the Commonwealth shall be
21 eligible for inclusion in the Public School Employees'
22 Retirement System of Pennsylvania, the Pennsylvania State
23 Employees' Retirement System, or any independent retirement
24 program approved by the Board of Trustees of a community
25 college, and the [Secretary of Education] Board of Community
26 Colleges.

27 * * *

28 ~~(h) In all cases where the board of trustees of any <—~~
29 ~~community college fails to pay or provide for the payment of any~~
30 ~~rental or rentals due the State Public School Building Authority~~

1 ~~or any municipality authority for any period in accordance with~~
2 ~~the terms of any lease entered into between the board of~~
3 ~~trustees of any community college and the State Public School~~
4 ~~Building Authority or any municipality authority, or fails to~~
5 ~~pay or to provide for the payment of any other indebtedness when~~
6 ~~due, upon written notice thereof from the State Public School~~
7 ~~Building Authority or any municipality authority, or in such~~
8 ~~cases where an audit reveals any unpaid indebtedness due, the~~
9 ~~{Secretary of Education} Board of Community Colleges shall~~
10 ~~notify the board of trustees of its obligation and shall~~
11 ~~withhold out of any State appropriation that may be due to such~~
12 ~~community college an amount equal to the amount of rental or~~
13 ~~rentals owing by such board of trustees to the State Public~~
14 ~~School Building Authority or any municipality authority, or an~~
15 ~~amount equal to the amount of any other indebtedness owing by~~
16 ~~such board of trustees, and shall pay over the amount or amounts~~
17 ~~so withheld to the State Public School Building Authority or any~~
18 ~~municipality authority or to whomsoever any other indebtedness~~
19 ~~is due and owing.~~

20 (i) The amount payable to each community college Board of
21 Trustees on behalf of the sponsor shall be paid in the year in
22 which the costs and expenses are incurred in quarterly
23 installments and the ~~{Secretary of Education} Board of Community <—~~
24 ~~Colleges shall draw {his} its requisition quarterly upon the <—~~
25 State Treasurer in favor of each community college for the
26 amount of reimbursement to which it is entitled. Reimbursement
27 or payment by the Commonwealth for the operational expenses and
28 capital equipment and the furnishings shall be made on or before
29 the end of the fiscal quarters ended on September 30, December
30 31, March 31 and June 30 of each Commonwealth fiscal year.

1 Reimbursements or payments shall be made semi-annually for the
2 Commonwealth's share of the annual rentals to an authority or
3 the sponsor or sinking fund or debt-service payments and other
4 leases upon submission of a community college requisition in the
5 form required by the Commonwealth, the reimbursement or payment
6 to be made from funds appropriated for that purpose. Money that
7 is appropriated under this subsection but not expended by a
8 community college Board of Trustees shall not be distributed to
9 a local sponsor. Any funds payable to a community college for
10 operational expenses but not expended for that purpose may be
11 reallocated to pay any capital expenses of that community
12 college with the approval of the Board of Community Colleges.

13 ~~(j) In no event shall the payments or final reimbursement~~ <—
14 ~~made by the [department] Board of Community Colleges following~~
15 ~~audit exceed the appropriation available for community colleges.~~

16 * * * <—

17 (k) (1) Unless otherwise prescribed by the State Board of
18 Education, the Commonwealth's fiscal audits of community
19 colleges under this section shall be conducted in accordance
20 with "Government Auditing Standards," latest revision,
21 promulgated by the United States General Accounting Office.
22 Written audit reports will be produced and will be sent to the
23 community college by the [Commissioner of Postsecondary/Higher <—
24 Education] ~~Board of Community Colleges~~. Any cost disallowed <—
25 under findings contained in the audit report shall be considered
26 an adjudication within the meaning of 2 Pa.C.S. (relating to
27 administrative law and procedure) and regulations promulgated
28 thereunder.

29 (2) The [Secretary of Education] ~~Board of Community Colleges~~ <—
30 is hereby specifically authorized and shall be required to

1 resolve audit findings involving disallowed costs that are
2 contested by community colleges except for audit findings that
3 involve mathematical errors, violation of regulations or alleged
4 illegal activities. The proposed resolution of the †Secretary of <—
5 Education‡ ~~Board of Community Colleges~~ shall not be subject to <—
6 the provisions of 2 Pa.C.S. The †Secretary of Education's‡ <—
7 notice to resolve audit findings shall be sent to the community
8 college in writing. The †Secretary of Education‡ ~~Board of <—
9 Community Colleges~~ may resolve the audit findings by reducing
10 the disallowed costs related thereto in whole or in part.

11 (3) The †Secretary of Education's‡ notice to resolve an <—
12 audit finding by reducing or eliminating the disallowed costs
13 must be made contingent upon the community college developing
14 and implementing a corrective action plan to address the audit
15 finding. The community college must submit a corrective action
16 plan to the †Secretary of Education‡ ~~Board of Community Colleges~~ <—
17 within †60‡ ~~sixty (60) business~~ days after receipt of the <—
18 †Secretary of Education's‡ written notice to resolve the audit <—
19 finding. The †Secretary of Education‡ ~~Board of Community <—
20 Colleges~~ shall approve, reject or alter the plan submitted by
21 the community college within thirty (30) days of submission.
22 After the community college receives written notice of approval
23 or agrees in writing to [the Secretary of Education's] any
24 alterations of the corrective action plan, said plan shall be
25 implemented and shall be binding on the community college.
26 Implementation of the approved or agreed upon corrective action
27 plan will be verified by an audit conducted by the †department‡ <—
28 ~~Board of Community Colleges~~ no later than the end of the fiscal
29 year following the fiscal year during which the plan is
30 implemented. If no agreed upon corrective action plan is in

1 place within one year after the date of the {Secretary of <—
2 Education's} written notice to resolve audit findings or if the <—
3 agreed upon corrective action has not been implemented within
4 one year after the date of the {Secretary of Education's} <—
5 written notice to resolve the audit findings, then the
6 {Secretary of Education} ~~Board of Community Colleges~~ is <—
7 authorized to adjust payments to the community college to
8 collect any amounts due based upon the findings contained in the
9 audit report that was issued to the college {by the <—
10 commissioner}. <—

11 (4) The {department} ~~Board of Community Colleges~~ shall <—
12 deduct any amounts due the Commonwealth as a result of audit
13 findings that are resolved under this subsection from any future
14 payment due to the community college from the Commonwealth. The
15 {Secretary of Education} ~~Board of Community Colleges~~ is <—
16 authorized to approve a payment schedule in cases where
17 immediate repayment of the full amount due the Commonwealth
18 would jeopardize the ability of the community college to
19 continue operations.

20 (5) Resolution authority provided to the {Secretary of <—
21 Education} ~~Board of Community Colleges~~ in this subsection shall <—
22 be limited to disallowed cost findings relating to policy and/or
23 administrative practices. The resolution authority shall not be
24 used for audit findings in which the audited community college
25 data and documentation is in error, where a violation of
26 applicable law or regulation is found or where criminal
27 violations are suspected by the Commonwealth auditors and
28 brought to the {Secretary of Education's} attention ~~of the Board~~ <—
29 ~~of Community Colleges~~ in writing. {Notwithstanding the <—
30 limitations of this subsection, until June 30, 1995, the

1 Secretary of Education is authorized to resolve audit findings
2 involving disallowed costs for fiscal years prior to and
3 including 1992-1993 when such disallowed costs result from
4 violation of regulations.† <—

5 (6) The †department, through the Secretary of Education,† <—
6 ~~Board of Community Colleges~~ is authorized to issue guidelines
7 for the operation of the community college educational and
8 financial programs. The †department shall amend these† <—
9 guidelines ~~may be amended~~ on an annual basis to reflect the <—
10 †department's† position ~~of the Board of Community Colleges~~ on <—
11 issues that require resolution under this subsection.

12 (7) The provisions of subsection (d) are repealed insofar as
13 they are inconsistent with the provisions of this subsection.

14 * * *

15 ~~Section 6. There are hereby transferred from the Department <—
16 of Education to the Board of Community Colleges to be used,
17 employed and expended in connection with the functions, powers
18 and duties established by this act, contract obligations, if
19 any, records, files, property, supplies and equipment now being
20 used or held in connection with such functions, powers and
21 duties and the unexpended balances of appropriations,
22 allocations and other funds available or to be made available
23 for use in connection with such functions, powers and duties.~~

24 Section 7 6. This act shall take effect ~~July 1, 2003~~ JULY 1, <—
25 2004, or immediately, whichever is later.