

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1883 Session of
2003

INTRODUCED BY STAIRS, JULY 16, 2003

AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,
JULY 18, 2003

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," requiring school districts to reopen
6 their 2003-2004 budgets; imposing limitations on certain
7 unreserved fund balances; further providing for auxiliary
8 service; PROVIDING FOR SUPERINTENDENT COMPLIANCE WITH ACTION <—
9 BY BOARD OF SCHOOL DIRECTORS; deleting provisions relating to
10 professional teacher assessment; PROVIDING FOR ATTENDANCE AT <—
11 SCHOOLS FOR THE PERFORMING ARTS AND FOR RESIDENCE AND RIGHT
12 TO FREE SCHOOL PRIVILEGES; further providing for cost of
13 tuition and maintenance of certain exceptional children in
14 approved private schools; providing for firefighter and
15 emergency service training; further providing for Education
16 Support Services Program, FOR HIGH SCHOOL CERTIFICATES, for <—
17 education empowerment districts, for mandate waiver program
18 and for school improvement grants; further defining
19 "educational improvement organization" and ORGANIZATION, " <—
20 "scholarship organization" AND "SCHOLARSHIP PROGRAM"; further <—
21 providing FOR TAX CREDITS, FOR LIMITATIONS AND for payments <—
22 on account of pupils enrolled in vocational curriculums and
23 for small district assistance; providing for basic education
24 funding for 2002-2003 school year; further providing for
25 payments to intermediate units, for special education
26 payments to school districts and for Commonwealth
27 reimbursements for charter schools and cyber charter schools;
28 and making appropriations, repeals and an editorial change.

29 The General Assembly of the Commonwealth of Pennsylvania

30 hereby enacts as follows:

Section 1. Section 687 of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, is amended by adding a subsection to read:

Section 687. Annual Budget; Additional or Increased Appropriations; Transfer of Funds.--* * *

(j) (1) Notwithstanding any other provisions of this act, the board of school directors of each school district is required to and shall reopen its 2003-2004 budget during the month of July 2003 WITHIN SIXTY (60) DAYS OF THE EFFECTIVE DATE OF THIS SUBSECTION to reflect any increased State allocations under sections 2502.13 and 2502.41 for fiscal year 2003-2004 provided by the General Assembly through this act and to comply with section 688.

(2) In those school districts which levy taxes and where the increased State allocations exceed the State revenue figures utilized by the school district at the time of adoption of its original fiscal year 2003-2004 budget, the board of school directors shall first use the increase in State allocations to do any of the following:

(i) offset the increase in the employer contribution rate on behalf of active members of the Public School Employees' Retirement System as calculated under 24 Pa.C.S. § 8328 (relating to actuarial cost method). Such amount shall supplant any other school district revenues allocated for this purpose;

(ii) abate any local taxes which were levied at the time of original budget adoption. Such tax abatements shall occur within sixty (60) days of the reopening of the school district's budget and may take the form of tax reductions, rebates or credits;

(iii) reduce or retire any outstanding indebtedness of the school district; or

(iv) restore funding to any educational programs which were reduced or eliminated for the 2003-2004 school year.

(3) Under no circumstances shall any increased State allocations be used to increase a school district's reserved or unreserved fund balances.

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

Section 688. Limitations on Certain Unreserved Fund Balances.--(a) For the 2003-2004 school year and each school year thereafter, no school district shall approve an increase in real property taxes unless it has adopted a budget or a reopened budget pursuant to section 687 that includes an estimated, ending unreserved undesignated fund balance in accordance with the limitations set forth as follows:

| <u>School District</u> | <u>Estimated, Ending Unreserved Undesignated</u> |
|--|--|
| <u>Total Budgeted</u> | <u>Fund Balance as Percentage of</u> |
| <u>Expenditures</u> | <u>Total Budgeted Expenditures</u> |
| <u>Less Than or Equal to \$11,999,999</u> | <u>12%</u> |
| <u>Between \$12,000,000 and \$12,999,999</u> | <u>11.5%</u> |
| <u>Between \$13,000,000 and \$13,999,999</u> | <u>11%</u> |
| <u>Between \$14,000,000 and \$14,999,999</u> | <u>10.5%</u> |
| <u>Between \$15,000,000 and \$15,999,999</u> | <u>10%</u> |
| <u>Between \$16,000,000 and \$16,999,999</u> | <u>9.5%</u> |
| <u>Between \$17,000,000 and \$17,999,999</u> | <u>9%</u> |
| <u>Between \$18,000,000 and \$18,999,999</u> | <u>8.5%</u> |
| <u>Greater Than or Equal to \$19,000,000</u> | <u>8%</u> |

(b) By August 15, 2003, and each year thereafter, each school district that approves an increase in real property taxes shall provide the Department of Education with information certifying compliance with this section. Such information shall be provided in a form and manner prescribed by the Department of

Education and shall include information on the school district's estimated, ending unreserved undesignated fund balance expressed as a dollar amount and as a percentage of the school district's total budgeted expenditures for that school year.

(c) As used in this section, "estimated, ending unreserved undesignated fund balance" shall mean that portion of the fund balance, which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the General Fund accounts of the school district.

Section 3. Section 922.1-A of the act, amended or added August 1, 1975 (P.L.180, No.89), ~~April 24, 1977~~ AUGUST 24, 1977 (P.L.199, No.59), October 10, 1980 (P.L.924, No.159) and May 10, 2000 (P.L.44, No.16), is reenacted to read:

Section 922.1-A. Auxiliary Services.--(a) Legislative Finding; Declaration of Policy. The welfare of the Commonwealth requires that the present and future generation of school age children be assured ample opportunity to develop to the fullest, their intellectual capacities. It is the intent of the General Assembly by this enactment to ensure that the intermediate units in the Commonwealth shall furnish on an equal basis auxiliary services to all pupils in the Commonwealth in both public and nonprofit nonpublic schools.

(b) Definitions. The following terms, whenever used or referred to in this section, shall have the following meanings, except in those circumstances where the context clearly indicates otherwise:

"Auxiliary services" means guidance, counseling and testing services; psychological services; visual services as defined in

1 section 923.2-A; services for exceptional children; remedial
2 services; speech and hearing services; services for the
3 improvement of the educationally disadvantaged (such as, but not
4 limited to, the teaching of English as a second language), and
5 such other secular, neutral, nonideological services as are of
6 benefit to all school children and are presently or hereafter
7 provided for public school children of the Commonwealth.

8 "Nonpublic school" means nonprofit school, other than a
9 public school within the Commonwealth of Pennsylvania, wherein a
10 resident of the Commonwealth may legally fulfill the compulsory
11 school attendance requirements of this act and which meet the
12 requirements of Title VI of the Civil Rights Act of 1964
13 (Pub.L.88-352; 42 U.S.C. Section 2000 et seq).

14 (c) Program of Auxiliary Services. Students attending
15 nonpublic schools shall be furnished a program of auxiliary
16 services which are provided to public school students in the
17 school district in which their nonpublic school is located. The
18 program of auxiliary services shall be provided by the
19 intermediate unit in which the nonpublic school is located, in
20 accordance with standards of the Secretary of Education. Before
21 an intermediate unit makes any decision that affects the
22 opportunities for children attending nonpublic schools to
23 participate in the auxiliary services provided under this
24 section, the intermediate unit shall consult with such nonpublic
25 schools to determine at a minimum: which general categories of
26 children shall receive services; what services shall be
27 provided; how and where the services shall be provided; and how
28 the services shall be evaluated. Such services shall be provided
29 directly to the nonpublic school students by the intermediate
30 unit in the schools which the students attend, in mobile

1 instructional units located on the grounds of such schools or in
2 any alternative setting mutually agreed upon by the school and
3 the intermediate unit, to the extent permitted by the
4 Constitution of the United States and the Constitution of the
5 Commonwealth of Pennsylvania.

6 Such auxiliary services shall be provided directly by the
7 intermediate units and no auxiliary services presently provided
8 to public school students by the intermediate units and/or
9 school districts by means of State or local revenues, during the
10 school year 1974-1975, shall be eliminated. No school districts
11 shall be required, pursuant to any section of this act, to offer
12 auxiliary services provided by any other school districts within
13 such intermediate units.

14 (d) Allocations. In July of 1977 and annually thereafter in
15 July, the Secretary of Education shall allocate to each
16 intermediate unit an amount equal to the number of nonpublic
17 school students as of October 1 of the preceding school year who
18 are enrolled in nonpublic schools within the intermediate unit
19 times seventy-two dollars (\$72). The Secretary of Education
20 shall increase this figure on a proportionate basis whenever
21 there is an increase in the median actual instruction expense
22 per WADM as defined in clause (12.1) of section 2501 of this
23 act. The Commonwealth shall pay to each intermediate unit
24 fifteen per centum (15%) of its allocation on August 1, seventy-
25 five per centum (75%) on October 1, and the remaining ten per
26 centum (10%) on the first day of February.

27 (e) Limitations. The intermediate unit shall not use more
28 than six per centum (6%) of the funds it receives for
29 administration or eighteen per centum (18%) for rental of
30 facilities. The Department of Education shall not use more than

1 one per centum (1%) of the funds it allocates under this section
2 for administrative expenses. If all funds allocated by the
3 intermediate units to administration, or rental facilities are
4 not expended for those purposes, such funds may be used for the
5 program costs.

6 (f) Interest. There shall be no adjustment in the allocation
7 as provided in subsection (d) because of interest earned on the
8 allocations by the intermediate units. Interest so earned shall
9 be used for the purpose of this section but shall not be subject
10 to the limitations of subsection (e).

11 (g) Preliminary Budget. Annually, each intermediate unit
12 shall submit to the secretary a preliminary budget on or before
13 January 31 and a final budget on or before June 15, for the
14 succeeding year; and shall file a final financial report on or
15 before October 31 for the preceding year.

16 SECTION 3.1. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

17 SECTION 1005.1. SUPERINTENDENT COMPLIANCE WITH ACTION BY
18 BOARD OF SCHOOL DIRECTORS.--THE SECRETARY OF EDUCATION MAY NOT
19 IMPOSE SANCTIONS AGAINST A SUPERINTENDENT OR ASSISTANT
20 SUPERINTENDENT FOR ADMINISTERING IN GOOD FAITH AN ACTION TAKEN
21 OR DIRECTED BY THE BOARD OF SCHOOL DIRECTORS, IF THE
22 SUPERINTENDENT REASONABLY BELIEVED HIS ACTIONS WERE IN
23 COMPLIANCE WITH THE PROVISIONS OF THIS ACT, THE REGULATIONS
24 PROMULGATED UNDER THIS ACT AND THE LAWS OF THIS COMMONWEALTH.

25 Section ~~3.1~~ 3.2. Article XII-A of the act is repealed. <—

26 SECTION 3.3. SECTION 1302 OF THE ACT, AMENDED JUNE 22, 2001 <—
27 (P.L.530, NO.35), IS AMENDED TO READ:

28 SECTION 1302. RESIDENCE AND RIGHT TO FREE SCHOOL
29 PRIVILEGES.--(A) A CHILD SHALL BE CONSIDERED A RESIDENT OF THE
30 SCHOOL DISTRICT IN WHICH HIS PARENTS OR THE GUARDIAN OF HIS

1 PERSON RESIDES. FEDERAL INSTALLATIONS ARE CONSIDERED A PART OF
2 THE SCHOOL DISTRICT OR DISTRICTS IN WHICH THEY ARE SITUATE AND
3 THE CHILDREN RESIDING ON SUCH INSTALLATIONS SHALL BE COUNTED AS
4 RESIDENT PUPILS OF THE SCHOOL DISTRICT. WHEN A RESIDENT OF ANY
5 SCHOOL DISTRICT KEEPS IN HIS HOME A CHILD OF SCHOOL AGE, NOT HIS
6 OWN, SUPPORTING THE CHILD GRATIS AS IF IT WERE HIS OWN, SUCH
7 CHILD SHALL BE ENTITLED TO ALL FREE SCHOOL PRIVILEGES ACCORDED
8 TO RESIDENT SCHOOL CHILDREN OF THE DISTRICT, INCLUDING THE RIGHT
9 TO ATTEND THE PUBLIC HIGH SCHOOL MAINTAINED IN SUCH DISTRICT OR
10 IN OTHER DISTRICTS IN THE SAME MANNER AS THOUGH SUCH CHILD WERE
11 IN FACT A RESIDENT SCHOOL CHILD OF THE DISTRICT, AND SHALL BE
12 SUBJECT TO ALL THE REQUIREMENTS PLACED UPON RESIDENT SCHOOL
13 CHILDREN OF THE DISTRICT. BEFORE SUCH CHILD MAY BE ACCEPTED AS A
14 PUPIL, SUCH RESIDENT SHALL FILE WITH THE SECRETARY OF THE BOARD:

15 (1) APPROPRIATE LEGAL DOCUMENTATION TO SHOW DEPENDENCY OR
16 GUARDIANSHIP; OR

17 (2) A SWORN STATEMENT THAT HE IS A RESIDENT OF THE DISTRICT,
18 THAT HE IS SUPPORTING THE CHILD GRATIS, THAT HE WILL ASSUME ALL
19 PERSONAL OBLIGATIONS FOR THE CHILD RELATIVE TO SCHOOL
20 REQUIREMENTS, AND THAT HE INTENDS TO SO KEEP AND SUPPORT THE
21 CHILD CONTINUOUSLY AND NOT MERELY THROUGH THE SCHOOL TERM. THE
22 SCHOOL BOARD, PURSUANT TO GUIDELINES ISSUED BY THE DEPARTMENT OF
23 EDUCATION, MAY REQUIRE OTHER REASONABLE INFORMATION TO BE
24 SUBMITTED BY THE RESIDENT TO SUBSTANTIATE THE SWORN STATEMENT.
25 THE FORM CONTAINING THE SWORN STATEMENT SHALL INCLUDE NOTICE IN
26 LARGE PRINT OF THE PENALTY FOR PROVIDING FALSE INFORMATION IN
27 THE SWORN STATEMENT.

28 (B) IF IT IS FOUND THAT INFORMATION CONTAINED IN THE SWORN
29 STATEMENT IS FALSE, THE CHILD MUST BE REMOVED FROM THE SCHOOL
30 AFTER NOTICE OF AN OPPORTUNITY TO APPEAL THE REMOVAL PURSUANT TO

1 THE APPROPRIATE GRIEVANCE POLICY OF THE SCHOOL DISTRICT.

2 (C) A PERSON WHO KNOWINGLY PROVIDES FALSE INFORMATION IN THE
3 SWORN STATEMENT FOR THE PURPOSE OF ENROLLING A CHILD IN A SCHOOL
4 DISTRICT FOR WHICH THE CHILD IS NOT ELIGIBLE COMMITS A
5 MISDEMEANOR OF THE THIRD DEGREE AND SHALL, UPON CONVICTION,
6 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, BE SENTENCED TO PAY
7 A FINE OF NO MORE THAN THREE HUNDRED DOLLARS (\$300) FOR THE
8 BENEFIT OF THE SCHOOL DISTRICT IN WHICH THE PERSON RESIDES AND
9 COURT COSTS, AND IN DEFAULT OF PAYMENT THEREOF, MAY BE SENTENCED
10 TO A TERM OF IMPRISONMENT FOR NOT MORE THAN THIRTY (30) DAYS. IN
11 ADDITION, THE PERSON SHALL BE LIABLE TO THE SCHOOL DISTRICT FOR
12 AN AMOUNT EQUAL TO THE COST TO THE DISTRICT OF EDUCATING THE
13 CHILD DURING THE PERIOD OF ENROLLMENT.

14 SECTION 4. THE ACT IS AMENDED BY ADDING A SECTION TO READ:

15 SECTION 1316.1. ATTENDANCE AT SCHOOLS FOR THE PERFORMING
16 ARTS.--THE BOARD OF SCHOOL DIRECTORS OF SCHOOL DISTRICTS OF THE
17 FIRST CLASS A MAY PERMIT ANY NON-RESIDENT PUPIL TO ATTEND A HIGH
18 SCHOOL FOR THE PERFORMING ARTS IN ITS DISTRICT PROVIDED THERE
19 ARE ENROLLMENT VACANCIES AT THE SCHOOL AND NO OTHER QUALIFIED
20 DISTRICT RESIDENTS HAVE APPLIED FOR ENROLLMENT AND UPON SUCH
21 ADDITIONAL TERMS AS IT MAY DETERMINE, SUBJECT TO THE PROVISIONS
22 OF THIS ACT. UPON APPROVAL OF THE BOARD OF SCHOOL DIRECTORS
23 PURSUANT TO SECTION 1608, PAYMENTS DUE FROM A SENDING DISTRICT
24 TO A RECEIVING DISTRICT SHALL BE GOVERNED BY SECTIONS 2561 AND
25 2562, EXCEPT THAT A SENDING DISTRICT'S LIABILITY FOR PAYMENT
26 SHALL BE LIMITED TO THE TUITION CHARGE OF THE RECEIVING DISTRICT
27 OR ITS OWN TUITION CHARGE, WHICHEVER IS LESS.

28 Section 4 5. Section 1376 of the act, amended June 7, 1993
29 (P.L.49, No.16), June 30, 1995 (P.L.220, No.26) and June 22,
30 2001 (P.L.530, No.35), is amended to read:

<—

1 Section 1376. Cost of Tuition and Maintenance of Certain
2 Exceptional Children in Approved Institutions.--(a) When any
3 child between school entry age and twenty-one (21) years of age
4 and resident in this Commonwealth, who is blind or deaf, or has
5 cerebral palsy and/or neurological impairment and/or muscular
6 dystrophy and/or is mentally retarded and/or has a serious
7 emotional disturbance and/or has autism/pervasive developmental
8 disorder and is enrolled, with the approval of the Department of
9 Education, as a pupil in an approved private school approved by
10 the Department of Education, in accordance with standards and
11 regulations promulgated by the State Board of Education, the
12 school district in which such child is resident or, for students
13 placed by a charter school, the charter school in which the
14 student was enrolled shall pay the greater of either twenty per
15 centum (20%) of the actual audited cost of tuition and
16 maintenance of such child in such school, as determined by the
17 Department of Education, or its "tuition charge per elementary
18 pupil" or its "tuition charge per high school pupil," as
19 calculated pursuant to section 2561, and the Commonwealth shall
20 pay, out of funds appropriated to the department for special
21 education, the balance due for the costs of such child's tuition
22 and maintenance, as determined by the department. For the school
23 years 1989-1990, 1990-1991 and 1991-1992, the school district
24 payment shall be no greater than forty percent (40%) of the
25 actual audited costs of tuition and maintenance of such child in
26 such school. For the 1992-1993 school year and each school year
27 thereafter, the school district or charter school payment shall
28 be the greater of forty percent (40%) of the actual audited
29 costs of tuition and maintenance of such child in such school,
30 as determined by the Department of Education, or its "tuition

1 charge per elementary pupil" or its "tuition charge per high
2 school pupil," as calculated pursuant to section 2561, and the
3 Commonwealth shall pay, out of funds appropriated to the
4 department for approved private schools, the balance due for the
5 costs of such child's tuition and maintenance, as determined by
6 the department. The department will credit the district of
7 residence with average daily membership for such child
8 consistent with the rules of procedure developed in accordance
9 with section 2501. If the residence of such child in a
10 particular school district cannot be determined, the
11 Commonwealth shall pay, out of moneys appropriated to the
12 department for special education, the whole cost of tuition and
13 maintenance of such child. [The Department of Education shall be
14 provided with such financial data from approved private schools
15 as may be necessary to determine the reasonableness of costs for
16 tuition and room and board concerning Pennsylvania resident
17 approved reimbursed students. The Department of Education shall
18 evaluate such data and shall disallow any cost deemed
19 unreasonable. Any costs deemed unreasonable by the Department of
20 Education for disallowance shall be considered an adjudication
21 within the meaning of Title 2 of the Pa.C.S. (relating to
22 administrative law and procedure) and regulations promulgated
23 thereunder.]

24 (b) When any person less than school entry age or more than
25 twenty-one (21) years of age and resident in this Commonwealth,
26 who is blind or deaf, or has cerebral palsy and/or has
27 neurological impairment and/or has muscular dystrophy, or has
28 autism/pervasive developmental delay, and is enrolled, with the
29 approval of the Department of Education, as a pupil in an
30 approved private school approved by the Department of Education,

1 the Commonwealth shall pay to such school, out of moneys
2 appropriated to the department for special education, the actual
3 audited cost of tuition and maintenance of such person, as
4 determined by the Department of Education, subject to review and
5 approval in accordance with standards and regulations
6 promulgated by the State Board of Education in accordance with
7 subsection (b.1), and in addition, in the case of any child less
8 than school entry age, who is blind, the cost, as determined by
9 the Department of Education of instructing the parent of such
10 blind child in caring for such child.

11 (b.1) For the 2004-2005 school year and each school year
12 thereafter, an approved private school shall submit to the
13 Department of Education its budgeted costs for the upcoming
14 school year. Based upon this information and the prior year's
15 settled audit, the Department of Education shall develop an
16 interim reimbursement rate for the approved private school. The
17 Department of Education shall provide the approved private
18 school with monthly payments in advance of the final cost
19 settlement as provided for in subsection (c.2). The Department
20 of Education shall adopt final reimbursement rates based on the
21 final cost settlement. The Department of Education may withhold
22 a portion of such payments not exceeding five percent (5%) of
23 such payment, pending final cost settlement. In no event shall
24 either the payments made in advance of the final cost settlement
25 or final reimbursements based on the final cost settlement made
26 by the Department of Education exceed the appropriation
27 available for approved private schools.

28 [(c) Each approved private school, prior to the start of the
29 school year, shall submit to the department such information as
30 the department may require in order to establish an estimate of

1 reimbursable costs. Based upon this information, any other data
2 deemed necessary by the department and in accordance with
3 department standards, the department shall develop for each
4 approved private school an estimate of reimbursable costs. Based
5 upon such estimate, the department shall provide each approved
6 private school with monthly payments in advance of department
7 audit. The department may withhold a portion of such payments
8 not exceeding five percent (5%) of such payment, pending final
9 audit. In no event shall either the advance payments or final
10 reimbursement made by the department following audit exceed the
11 appropriation available for approved private schools.]

12 (c.1) Any funds remaining from the appropriation line items
13 "for special education - approved private schools" or for
14 Pennsylvania Charter Schools for the Deaf and Blind from the
15 general appropriations acts for fiscal years 1978-1979 and each
16 fiscal year thereafter shall be transferred by the State
17 Treasurer into a restricted account (continuing appropriation)
18 for audit resolution which is hereby established. The Department
19 of Education shall also deposit into this restricted account any
20 funds returned to or recovered by the department from approved
21 private schools or chartered schools for overpayments during
22 fiscal years 1978-1979 and each fiscal year thereafter. The
23 funds in the restricted account are hereby appropriated upon
24 approval of the Governor to the Department of Education for
25 payments to approved private schools for audit resolutions for
26 fiscal years 1978-1979 and each fiscal year thereafter. Funds in
27 this restricted account shall not be subject to the limitations
28 in subsection [(c)] (b.1) which prohibit advance payments and
29 final reimbursement from exceeding the appropriation available
30 for approved private schools. During the 1995-1996 fiscal year

1 and during each fiscal year thereafter, the Department of
2 Education shall review the activity in the restricted account
3 and may recommend that the Governor authorize the lapsing into
4 the General Fund of any funds that are estimated not to be
5 needed for audit resolution.

6 (c.2) The Department of Education shall establish procedures
7 and audit standards to govern the scope of reportable costs, the
8 methods used to examine costs and determine allowability and
9 timeliness of cost reporting. For the 2004-2005 school year and
10 each school year thereafter, cost reports shall be prepared by
11 an approved private school and audited by the approved private
12 school's independent public accountant. Such cost reports shall
13 be prepared in accordance with established procedures and audit
14 standards and delivered to the Department of Education within
15 six (6) months after the conclusion of the school year. The
16 Department of Education shall have six (6) months to process
17 these cost reports and settle any outstanding payments due to or
18 from the approved private school. Nothing in this subsection
19 shall be construed to preclude the Department of Education from
20 conducting its own audits on a periodic basis. Where the
21 Department of Education conducts such audits, the audits must be
22 completed within one (1) year of the cost report deadline and
23 may not delay the allowable period for settlement of any
24 payments due to or from the approved private school. Audits of
25 cost reports submitted for school years prior to the 2004-2005
26 school year shall be completed in a manner consistent with prior
27 audit practices.

28 (d) No private institution receiving payment in accordance
29 with this section shall impose any charge on the student and/or
30 parents who are Pennsylvania approved reimbursable residents for

1 a program of individualized instruction and maintenance
2 appropriate to the child's needs; except that charges for
3 services not part of such program may be made if agreed to by
4 the parents.

5 [(e) (1) The Education Committees of the Senate and House
6 of Representatives are directed to jointly examine the issues of
7 the funding of approved private schools and special education
8 students' access to approved private schools as part of the full
9 continuum of special education placements. The committees'
10 examination should address, at a minimum, the following issues:

11 (i) The funding methodology which supports the school
12 district's responsibility for individualized, appropriate
13 educational services to special education students through
14 access to the most comprehensive continuum of educational
15 options and settings.

16 (ii) The role of the approved private school in the mandated
17 continuum of special education services available to students in
18 Pennsylvania.

19 (iii) The relative roles of the Department of Education and
20 school districts to ensure free appropriate public education
21 (FAPE) through adequate funding and appropriate distribution of
22 comprehensive services.

23 (iv) The provisions of the Individuals with Disabilities
24 Education Act (IDEA) (P.L.101-476), the Cordero Court Orders,
25 this act and 22 Pa. Code Chs. 14 and 342 as they relate to the
26 provision of programs and services to special education students
27 should be carefully reviewed as they pertain to approved private
28 schools, continuum of placement options, funding, FAPE and other
29 pertinent issues.

30 (2) The committees shall report back to the General Assembly

1 by November 15, 1993, with legislative and/or administrative
2 recommendations. The committees may hold such meetings and
3 hearings as they deem appropriate to accomplish the provisions
4 of this subsection.]

5 Section ~~5~~ 6. The act is amended by adding a section to read: <—

6 Section 1550. Firefighter and Emergency Service Training.--

7 (a) Beginning with the 2003-2004 school year and each school
8 year thereafter, a school district may offer firefighter and
9 emergency service training as credit-earning courses to students
10 of the age of sixteen (16) years or older. Such courses may
11 include:

12 (1) Training as a Firefighter I from the National Board on
13 Fire Service Professional Qualifications.

14 (2) Training as an emergency medical technician by the
15 Department of Health under the act of July 3, 1985 (P.L.164,
16 No.45), known as the "Emergency Medical Services Act."

17 (b) A school district that offers firefighter and emergency
18 service training as credit-earning courses shall provide
19 transportation to and supervision during any firefighter and
20 emergency service training program that takes place off school
21 grounds. Supervision of training shall be conducted as a
22 cooperative education program in accordance with the provisions
23 of 22 Pa. Code § 11.28 (relating to out-of-school programs).

24 Section ~~6~~ 7. Section 1501-C of the act, amended June 29, <—
25 2002 (P.L.524, No.88), is reenacted to read:

26 Section 1501-C. Definitions.

27 The following words and phrases when used in this article
28 shall have the meanings given to them in this section unless the
29 context clearly indicates otherwise:

30 "Department." The Department of Education of the

1 Commonwealth.

2 "Eligible student." A resident of this Commonwealth who is
3 enrolled in third, fourth, fifth or sixth grade in a school
4 entity and is deemed eligible pursuant to section 1502-C(b).

5 "Eligibility test." The Pennsylvania System of School
6 Assessment or a commercially prepared, standardized achievement
7 test approved by the Department of Education. A list of approved
8 tests under this article shall be published annually in the
9 Pennsylvania Bulletin.

10 "Grant." A grant awarded to a grant recipient under this
11 article.

12 "Grant recipient." A resident of this Commonwealth who is a
13 parent, guardian or person in parental relation to an eligible
14 student.

15 "Program." The Education Support Services Program
16 established in section 1502-C.

17 "Provider." A school entity, an institution of higher
18 education, a nonprofit or for-profit organization or a certified
19 teacher employed by a school entity, that is approved by the
20 Department of Education to provide education support services.

21 "School entity." Any of the following located in this
22 Commonwealth: a school district, intermediate unit, joint school
23 district, area vocational-technical school, charter school,
24 independent school, licensed private academic school, accredited
25 school, a school registered under section 1327(b), the Scotland
26 School for Veterans' Children or the Scranton School for the
27 Deaf.

28 Section 7 8. Sections 1502-C, 1503-C and 1504-C, of the act, <—
29 added May 17, 2001 (P.L.4, No.4), are reenacted to read:

30 Section 1502-C. Establishment of program.

1 (a) Establishment.--The Education Support Services Program
2 is established within the department to provide individual or
3 small group instruction in reading and mathematics to strengthen
4 the skills that an eligible student needs to achieve the
5 standards in 22 Pa. Code Ch. 4 (relating to academic standards
6 and assessment), which shall be provided at a time other than
7 the regularly scheduled school hours.

8 (b) Eligibility.--The department shall utilize the
9 Pennsylvania System of School Assessment test or other test
10 results to identify eligible students under this article. Scores
11 used to determine eligible students in each grade shall be
12 published annually in the Pennsylvania Bulletin.

13 (c) Approval.--A provider must be approved by the department
14 in order to provide education support services under this
15 article.

16 Section 1503-C. Application and approval.

17 (a) Application.--A prospective grant recipient shall apply
18 annually to the department for a grant to purchase education
19 support services for an eligible student from an approved
20 provider in a time and manner prescribed by the department.

21 (b) Required information.--An application submitted under
22 this section shall include verification of the eligibility test
23 results and such other information as the department may
24 require.

25 Section 1504-C. Powers and duties of the department.

26 The department shall:

27 (1) Establish criteria to annually identify eligible
28 students in grades three, four, five and six to participate
29 in the program under section 1502-C.

30 (2) Approve providers of education support services.

1 (3) Adopt standards, procedures and guidelines to be
2 used to approve providers of education support services under
3 this article.

4 (4) Award grants to a grant recipient in an amount not
5 to exceed \$500 per fiscal year for each eligible student.

6 (5) Establish minimum qualifications for individuals
7 utilized by providers of education support services.

8 (6) Establish periods during which applications will be
9 reviewed to accommodate the dates when results of approved
10 eligibility tests become available.

11 Section ~~8~~ 9. Section 1505-C of the act, amended June 29,
12 2002 (P.L.524, No.88), is reenacted to read:

13 Section 1505-C. Providers.

14 A prospective provider shall submit an application to the
15 department for approval to provide education support services
16 under this article. The application shall include a description
17 of the services to be provided, the cost of the services, the
18 qualification of all individuals providing those services,
19 including evidence of compliance with section 111 and with 23
20 Pa.C.S. § 6355 (relating to requirement), and such other
21 information as may be required by the department.

22 Section ~~9~~ 10. Sections 1506-C, 1507-C, 1508-C, 1509-C, 1510-
23 C and 1511-C of the act, added May 17, 2001 (P.L.4, No.4), are
24 reenacted to read:

25 Section 1506-C. Notification of program.

26 A school entity in this Commonwealth with students enrolled
27 in third, fourth, fifth or sixth grade shall notify parents of
28 the availability of education support services at such time as
29 the parents receive the results of any eligibility test.

30 Section 1507-C. Payment of grants.

1 (a) Certificates.--A certificate for education support
2 services under this article shall be issued by the department in
3 an amount authorizing up to \$500 for each eligible student
4 identified on the certificate. The certificate shall be issued
5 to the grant recipient and shall be valid only for the fiscal
6 year in which it is issued. After receiving the certificate from
7 a grant recipient, the provider shall include the following
8 information on the certificate: name of eligible student served,
9 type of instruction, date and length of instruction and cost of
10 instruction provided to the eligible student. When the amount of
11 the certificate has been utilized or when the eligible student
12 is no longer receiving education support services from the
13 provider, the provider shall return the completed certificate to
14 the grant recipient for submission to the department for
15 payment. The department shall make payment directly to the grant
16 recipient for the amount due. Grant recipients must send all
17 outstanding certificates to the department for payment no later
18 than 90 days after receiving the completed certificate from the
19 provider.

20 (b) Penalty for grant recipients.--A grant recipient who
21 knowingly defrauds the Commonwealth by receiving reimbursement
22 for education support services not rendered to the eligible
23 student and grant recipient identified on the certificate
24 commits a misdemeanor of the third degree and shall, upon
25 conviction, be sentenced to pay a fine of not more than \$1,000
26 per violation and shall be disqualified from eligibility for an
27 additional grant for a period of not less than five years.

28 (c) Penalty for providers.--A provider that knowingly
29 violates section 1509-C or knowingly defrauds the Commonwealth
30 by receiving reimbursement for education support services not

1 rendered to the eligible student and grant recipient identified
2 on the certificate commits a misdemeanor of the third degree and
3 shall, upon conviction, be sentenced to pay a fine of not more
4 than \$1,000 per violation and shall be barred from participation
5 in the program for not less than five years.

6 Section 1508-C. Limitations.

7 (a) Amount.--The amount of grants provided under this
8 article in a fiscal year shall be limited to the funds
9 appropriated for that purpose. No more than 10% of the total
10 funds appropriated for this program in any fiscal year shall be
11 awarded to grant recipients within a specific school district
12 except that, if the department determines that all school
13 entities in the Commonwealth have had an opportunity to
14 participate in the program and that funds remain available, it
15 may waive the 10% limitation under this subsection.

16 (b) Availability of funds.--In the event that the funds
17 appropriated in any fiscal year are insufficient to provide
18 grants to all grant recipients, grants shall be awarded on a
19 first-come, first-served basis. The department shall hold a
20 portion of the funds in reserve to ensure that money is
21 available for each application period established under section
22 1504-C(6).

23 Section 1509-C. Confidentiality.

24 Nothing in this article shall authorize the department, a
25 school entity or a provider to release or otherwise utilize
26 student identifiable information or individual student test
27 scores for purposes other than the administration of this
28 article.

29 Section 1510-C. Nontaxable income.

30 A grant received by a grant recipient shall not be considered

1 to be taxable income for the purposes of Article III of the act
2 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
3 1971.

4 Section 1511-C. Applicability.

5 Services provided under this article do not constitute
6 tutoring or instruction under the act of January 28, 1988
7 (P.L.24, No.11), known as the Private Academic Schools Act.

8 SECTION 10.1. SECTION 1613(A) OF THE ACT, AMENDED JUNE 22, <—
9 2001 (P.L.530, NO.35), IS AMENDED TO READ:

10 SECTION 1613. HIGH SCHOOL CERTIFICATES.--(A) THE BOARD OF
11 SCHOOL DIRECTORS, JOINT BOARD OR JOINT SCHOOL COMMITTEE
12 OPERATING ANY HIGH SCHOOL SHALL ISSUE A CERTIFICATE TO EACH
13 PUPIL SATISFACTORILY COMPLETING THE PRESCRIBED COURSE OF
14 INSTRUCTION IN THE HIGH SCHOOL AND SHALL HAVE THE SOLE AUTHORITY
15 TO DETERMINE WHAT SHALL BE AFFIXED OR DENOTED ON THE DIPLOMA
16 AND/OR TRANSCRIPTS.

17 Section ~~10~~ 11. Section 1705-B(h)(4) of the act, amended June <—
18 29, 2002 (P.L.524, No.88) and December 9, 2002 (P.L.1472,
19 No.187), is amended to read:

20 Section 1705-B. Education Empowerment Districts.--* * *

21 (h) * * *

22 (4) The department may utilize up to \$2,000,000 of
23 undistributed funds not expended, encumbered or committed from
24 appropriations for grants and subsidies made to the department
25 to assist school districts certified as an education empowerment
26 district under paragraph (3). There is hereby established a
27 restricted account from which payments under this paragraph
28 shall be paid. Funds shall be transferred by the Secretary of
29 the Budget to the restricted account to the extent necessary to
30 make payments under this paragraph. Funds in the restricted

1 account are hereby appropriated to carry out the purposes of
2 this paragraph. The subsidy payment from this account shall be
3 utilized to supplement the operational budget of the eligible
4 school districts. This paragraph shall apply to fiscal years
5 2000-2001, 2001-2002 [and], 2002-2003 and 2003-2004 and shall
6 expire June 30, [2003] 2004.

7 Section ~~11~~ 12. Section 1709-B of the act, added May 10, 2000 <—
8 (P.L.44, No.16), is reenacted to read:

9 Section 1709-B. School Improvement Grants.--(a) The
10 department shall establish a program of annual school
11 improvement grants for school districts on the education
12 empowerment list or certified as an education empowerment
13 district to assist in the implementation of their school
14 district improvement plans.

15 (b) Grants shall be limited to the amount appropriated for
16 that purpose.

17 (c) Grants shall be provided annually to the school district
18 for use as directed by the school district empowerment team or
19 the board of control in implementing the school district
20 improvement plan developed pursuant to sections 1703-B and 1706-
21 B as follows:

22 (1) To purchase instructional materials, including
23 textbooks, technology and related educational materials and
24 supplies.

25 (2) To reduce class size in kindergarten through grade
26 three.

27 (3) To establish after-school, summer and weekend programs.

28 (4) To establish or expand full-day kindergarten program.

29 (5) To fund curriculum development.

30 (6) To fund enhanced staff professional development.

1 (7) To fund any other program contained in the school
2 district improvement plan.

3 (d) Subject to the requirements of this section, each
4 qualifying school district shall receive a base annual grant of
5 four hundred fifty thousand dollars (\$450,000) and an additional
6 grant of up to seventy-five dollars (\$75) per average daily
7 membership for the prior school year of the school district. The
8 school district or the board of control shall give priority in
9 allocating the grant funding received under this section to the
10 individual schools identified pursuant to sections 1703-B(b) and
11 1706-B(b).

12 (e) The department shall set forth the specific allowable
13 uses for grant funds and place conditions, as necessary, on the
14 use of grant funds. The department shall establish
15 accountability procedures and auditing guidelines to ensure that
16 grant funds are utilized in accordance with the allowable uses
17 and conditions.

18 (f) A school district receiving a grant under this section
19 shall be required to maintain separate accounts in that school
20 district's budget to facilitate monitoring the use of these
21 grant funds. In no case shall a school district use more than
22 five per centum of the grant funds for administrative costs.

23 (g) The department shall reduce the amount of a State
24 subsidy payment to a school district by the amount of any grant
25 funds provided under this section if the school district does
26 not use the grant funds in accordance with the allowable uses
27 and conditions set forth by the department.

28 Section ~~12~~ 13. Section 1714-B(g) of the act, added May 10,
29 2000 (P.L.44, No.16), is amended to read:

30 Section 1714-B. Mandate Waiver Program.--* * *

1 (g) The following provisions of this act shall not be
2 subject to waiver pursuant to this section: sections 108, 110,
3 111, 321, 322, 323, 324, 325, 326, 327, 431, 436, 437, 440.1,
4 443, 510, 513, 518, 527, 687, 688, 701.1, 708, 736, 737, 738,
5 739, 740, 741, 752, 753, 755, 771, 776, 777, 808, 809, 810,
6 1303(a), 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1327.1, 1330,
7 1332, 1361, 1366, 1501, 1502, 1513, 1517, 1518, 1521, 1523, 1546
8 and 1547; provisions prohibiting discrimination; Articles VI,
9 XI, XI-A, XII, XIII-A, XIV and XVII-A and this article.

10 * * *

11 Section ~~13~~ 14. The definition of "~~educational improvement~~" <—
12 ~~organization" and "scholarship organization"~~ DEFINITIONS OF <—
13 "EDUCATIONAL IMPROVEMENT ORGANIZATION," "SCHOLARSHIP
14 ORGANIZATION" AND "SCHOLARSHIP PROGRAM" in section 2002-B of the
15 act, added May 17, 2001 (P.L.4, No.4), are amended to read:
16 Section 2002-B. Definitions.

17 The following words and phrases when used in this article
18 shall have the meanings given to them in this section unless the
19 context clearly indicates otherwise:

20 * * *

21 "Educational improvement organization." A nonprofit entity
22 which:

23 (1) is exempt from Federal taxation under section
24 501(c)(3) of the Internal Revenue Code of 1986 (Public Law
25 99-514, 26 U.S.C. § 1 et seq.); and

26 (2) contributes at least 80% of its annual receipts as
27 grants to a public school for innovative educational
28 programs.

29 ~~For purposes of this definition, a nonprofit entity~~ ARTICLE, AN <—
30 EDUCATION IMPROVEMENT ORGANIZATION "contributes" its annual cash

receipts when it expends or otherwise irrevocably encumbers
those funds for expenditure during the then current fiscal year
of the ~~nonprofit entity~~ ORGANIZATION or during the next <—
succeeding fiscal year of the ~~nonprofit entity~~ ORGANIZATION. <—

* * *

"Scholarship organization." A nonprofit entity which:

(1) is exempt from Federal taxation under section
501(c)(3) of the Internal Revenue Code of 1986 (Public Law
99-514, 26 U.S.C. § 1 et seq.); and

(2) contributes at least 80% of its annual cash receipts
to a scholarship program.

For purposes of this definition, a ~~nonprofit entity~~ ARTICLE, A <—
SCHOLARSHIP ORGANIZATION "contributes" its annual cash receipts
to a scholarship program when it expends or otherwise
irrevocably encumbers those funds for distribution during the
then current fiscal year of the ~~nonprofit entity~~ ORGANIZATION or <—
during the next succeeding fiscal year of the ~~nonprofit entity~~ <—
ORGANIZATION. <—

"SCHOLARSHIP PROGRAM." A PROGRAM TO PROVIDE TUITION TO <—
ELIGIBLE STUDENTS TO ATTEND A SCHOOL LOCATED IN THIS
COMMONWEALTH. A SCHOLARSHIP PROGRAM MUST INCLUDE AN APPLICATION
AND REVIEW PROCESS FOR THE PURPOSE OF MAKING AWARDS TO ELIGIBLE
STUDENTS. THE AWARD OF SCHOLARSHIPS TO ELIGIBLE STUDENTS SHALL
BE MADE WITHOUT LIMITING AVAILABILITY TO ONLY STUDENTS OF ONE
SCHOOL. FOR THE PURPOSES OF THIS ARTICLE, A CONTRIBUTION TO A
SCHOLARSHIP PROGRAM SHALL INCLUDE A CONTRIBUTION FROM A
SCHOLARSHIP ORGANIZATION FOR THE PURPOSE OF ADDRESSING SAFETY
CONCERNS OF THE SCHOOL.

* * *

SECTION 15. SECTIONS 2005-B AND 2006-B OF THE ACT, ADDED MAY <—

1 17, 2001 (P.L.4, NO.4), ARE AMENDED TO READ:

2 SECTION 2005-B. TAX CREDIT.

3 (A) GENERAL RULE.--IN ACCORDANCE WITH SECTION 2006-B(A), THE
4 DEPARTMENT OF REVENUE SHALL GRANT A TAX CREDIT AGAINST ANY TAX
5 DUE UNDER ARTICLE IV, VI, VII, VII-A, VIII, VIII-A, IX OR XV OF
6 THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX REFORM
7 CODE OF 1971, TO A BUSINESS FIRM PROVIDING PROOF OF A
8 CONTRIBUTION TO A SCHOLARSHIP ORGANIZATION OR EDUCATIONAL
9 IMPROVEMENT ORGANIZATION IN THE TAXABLE YEAR IN WHICH THE
10 CONTRIBUTION IS MADE WHICH SHALL NOT EXCEED 75% OF THE TOTAL
11 AMOUNT CONTRIBUTED DURING THE TAXABLE YEAR BY THE BUSINESS FIRM.
12 SUCH CREDIT SHALL NOT EXCEED [\$100,000] \$200,000 ANNUALLY PER
13 BUSINESS FIRM.

14 (B) ADDITIONAL AMOUNT.--THE DEPARTMENT OF REVENUE SHALL
15 GRANT A TAX CREDIT OF UP TO 90% OF THE TOTAL AMOUNT CONTRIBUTED
16 DURING THE TAXABLE YEAR IF THE BUSINESS FIRM PROVIDES A WRITTEN
17 COMMITMENT TO PROVIDE THE SCHOLARSHIP ORGANIZATION OR
18 EDUCATIONAL IMPROVEMENT ORGANIZATION WITH THE SAME AMOUNT OF
19 CONTRIBUTION FOR TWO CONSECUTIVE TAX YEARS. THE BUSINESS FIRM
20 MUST PROVIDE THE WRITTEN COMMITMENT UNDER THIS SUBSECTION TO THE
21 DEPARTMENT AT THE TIME OF APPLICATION.

22 SECTION 2006-B. LIMITATIONS.

23 (A) AMOUNT.--THE TOTAL AGGREGATE AMOUNT OF ALL TAX CREDITS
24 APPROVED SHALL NOT EXCEED [\$30,000,000] \$50,000,000 IN A FISCAL
25 YEAR. NO LESS THAN [\$20,000,000] \$33,333,335 OF THE TOTAL
26 AGGREGATE AMOUNT SHALL BE USED TO PROVIDE TAX CREDITS FOR
27 CONTRIBUTIONS FROM BUSINESS FIRMS TO SCHOLARSHIP ORGANIZATIONS.
28 NO LESS THAN [\$10,000,000] \$16,666,665 OF THE TOTAL AGGREGATE
29 AMOUNT SHALL BE USED TO PROVIDE TAX CREDITS FOR CONTRIBUTIONS
30 FROM BUSINESS FIRMS TO EDUCATIONAL IMPROVEMENT ORGANIZATIONS.

1 (B) ACTIVITIES.--NO TAX CREDIT SHALL BE APPROVED FOR
2 ACTIVITIES THAT ARE A PART OF A BUSINESS FIRM'S NORMAL COURSE OF
3 BUSINESS.

4 (C) TAX LIABILITY.--A TAX CREDIT GRANTED FOR ANY ONE TAXABLE
5 YEAR MAY NOT EXCEED THE TAX LIABILITY OF A BUSINESS FIRM.

6 (D) USE.--A TAX CREDIT NOT USED IN THE TAXABLE YEAR THE
7 CONTRIBUTION WAS MADE MAY NOT BE CARRIED FORWARD OR CARRIED BACK
8 AND IS NOT REFUNDABLE OR TRANSFERABLE.

9 (E) NONTAXABLE INCOME.--A SCHOLARSHIP RECEIVED BY AN
10 ELIGIBLE STUDENT SHALL NOT BE CONSIDERED TO BE TAXABLE INCOME
11 FOR THE PURPOSES OF ARTICLE III OF THE ACT OF MARCH 4, 1971
12 (P.L.6, NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

13 Section ~~14~~ 16. Section 2502.8 of the act, amended June 22, <—
14 2001 (P.L.530, No. 35), is reenacted AND AMENDED to read: <—

15 Section 2502.8. Payments on Account of Pupils Enrolled in
16 Vocational Curriculumms.--(a) For the purpose of reimbursement
17 in accordance with this section, vocational curriculumms are
18 agriculture education, distributive education, health
19 occupations education, home economics education (gainful),
20 business education, technical education, trade and industrial
21 education, or any other occupational oriented program approved
22 by the Secretary of Education.

23 (b) For the 1981-1982 school year through the 1984-1985
24 school year, each school district so entitled shall be paid, in
25 addition to any other subsidy to which it is entitled, an amount
26 on account of resident pupils enrolled in vocational
27 curriculumms; for the 1985-1986 school year through the 1999-2000
28 school year, each school district and area vocational-technical
29 school shall be paid an amount on account of students enrolled
30 in vocational curriculumms; for the 2000-2001 school year and

1 each school year thereafter, each school district, area
2 vocational-technical school and charter school shall be paid an
3 amount on account of students enrolled in vocational
4 curriculums, determined as follows:

5 (1) Determine the increase in the weighted average daily
6 membership by multiplying the number of students in average
7 daily membership in vocational curriculums in area vocational-
8 technical schools by twenty-one hundredths (.21) and the number
9 of students in average daily membership in school district and
10 charter school vocational curriculums by seventeen hundredths
11 (.17).

12 (2) Multiply the lesser of the district's actual instruction
13 expense per weighted average daily membership or the base earned
14 for reimbursement by the market value/income aid ratio or by
15 three hundred seventy-five thousandths (.375), whichever is
16 greater.

17 (3) Multiply the increase in weighted average daily
18 membership determined in clause (1) by the result of clause (2).

19 (4) For the 1985-1986 through 1999-2000 school years, the
20 Commonwealth shall pay the amount required by this section to
21 the school district or area vocational-technical school which
22 provides the program upon which reimbursement is based.

23 (5) For the 2000-2001 school year and each school year
24 thereafter, the Commonwealth shall pay the amount required under
25 this section to the school district, area vocational-technical
26 school or charter school which provides the programs upon which
27 reimbursement is based.

28 (c) For the school year 1998-1999, any additional funding
29 provided by the Commonwealth over the amount provided for the
30 school year 1997-1998 will be distributed to area vocational-

1 technical schools and to school districts with eight (8) or more
2 vocational programs based on subsection (b).

3 (d) For the school year 1999-2000, any additional funding
4 provided by the Commonwealth over the amount provided for the
5 school year 1998-1999 will be distributed to area vocational-
6 technical schools, to school districts with eight (8) or more
7 vocational programs and to school districts offering a
8 vocational agricultural education program, based on subsection
9 (b).

10 (e) For the school year 2000-2001 [and each school year <—
11 thereafter], any additional funding provided by the Commonwealth <—
12 over the amount provided for the school year 1998-1999 will be
13 distributed to area vocational-technical schools, to school
14 districts and charter schools with eight (8) or more vocational
15 programs and to school districts and charter schools offering a
16 vocational agricultural education program based on subsection
17 (b).

18 (F) FOR THE SCHOOL YEAR 2002-2003 AND EACH SCHOOL YEAR <—
19 THEREAFTER, ANY ADDITIONAL FUNDING PROVIDED BY THE COMMONWEALTH
20 OVER THE AMOUNT PROVIDED FOR THE SCHOOL YEAR 2000-2001 WILL BE
21 DISTRIBUTED TO AREA VOCATIONAL-TECHNICAL SCHOOLS, TO SCHOOL
22 DISTRICTS AND CHARTER SCHOOLS WITH AT LEAST ONE VOCATIONAL
23 PROGRAM AND TO SCHOOL DISTRICTS AND CHARTER SCHOOLS OFFERING A
24 VOCATIONAL AGRICULTURAL EDUCATION PROGRAM BASED ON SUBSECTION
25 (B).

26 Section ~~15~~ 17. Section 2502.13 of the act, amended June 29, <—
27 2002 (P.L.524, No.88), is amended to read:

28 Section 2502.13. Small District Assistance.--For the 1984-
29 1985 and 1985-1986 school years, the Commonwealth shall pay to
30 each school district which has an average daily membership of

1 one thousand five hundred (1,500) or less and has a market
2 value/income aid ratio of five thousand ten-thousandths (0.5000)
3 or greater, an amount equal to fifty dollars (\$50) multiplied by
4 that district's average daily membership. For the 1985-1986
5 school year, no school district shall receive less on account of
6 this section than it did for the 1984-1985 school year. For the
7 school year 1986-1987, the Commonwealth shall pay to each school
8 district which has an average daily membership of one thousand
9 five hundred (1,500) or less and has a market value/income aid
10 ratio of five thousand ten-thousandths (0.5000) or greater, or
11 received payments under this section for the 1985-1986 school
12 year, an amount equal to seventy-five dollars (\$75) multiplied
13 by that district's average daily membership. For the school year
14 1987-1988, the Commonwealth shall pay to each school district
15 which has an average daily membership of one thousand five
16 hundred (1,500) or less and a market value/income aid ratio of
17 five thousand ten-thousandths (0.5000) or greater, or received
18 payments under this section for the 1986-1987 school year, an
19 amount equal to eighty-five dollars (\$85) multiplied by that
20 district's average daily membership. For the school year 1988-
21 1989, the Commonwealth shall pay to each school district which
22 has an average daily membership of one thousand five hundred
23 (1,500) or less and a market value/income aid ratio of five
24 thousand ten thousandths (0.5000) or greater, or received
25 payments under this section for the 1987-1988 or 1988-1989
26 school year, an amount equal to one hundred five dollars (\$105).
27 For the school year 1989-1990, the Commonwealth shall pay to
28 each school district which has an average daily membership of
29 one thousand five hundred (1,500) or less and a market
30 value/income aid ratio of five thousand ten-thousandths (0.5000)

1 or greater, or received payments under this section for the
2 1987-1988 school year, an amount equal to one hundred fifteen
3 dollars (\$115) multiplied by the district's average daily
4 membership as provided for in section 212 of the act of July 1,
5 1990 (P.L.1591, No.7A), known as the "General Appropriation Act
6 of 1990." For the school year 1990-1991, the Commonwealth shall
7 pay to each school district which has an average daily
8 membership of one thousand five hundred (1,500) or less and a
9 market value/income aid ratio of five thousand ten-thousandths
10 (0.5000) or greater, or received payments under this section for
11 the prior school year, an amount equal to one hundred seventy
12 dollars (\$170) multiplied by that district's average daily
13 membership. For the school year 1990-1991, each school district
14 with a population per square mile of less than ninety (90),
15 which otherwise meets the average daily membership and market
16 value/income aid ratio requirements of this section, or received
17 payments under this section for the prior school year, shall
18 instead receive an amount equal to one hundred ninety dollars
19 (\$190) multiplied by that district's average daily membership.
20 For the 1987-1988 school year through the 1990-1991 school year,
21 no school district shall receive less on account of this section
22 than it did for the prior school year. For the school year 1994-
23 1995, the Commonwealth shall pay to each school district which
24 has an average daily membership of one thousand five hundred
25 (1,500) or less and a market value/income aid ratio of five
26 thousand ten-thousandths (0.5000) or greater, an amount equal to
27 ninety five dollars (\$95) multiplied by that district's average
28 daily membership. For each of the school years 1997-1998 through
29 1999-2000, the Commonwealth shall pay to each school district
30 which has an average daily membership of one thousand five

1 hundred (1,500) or less and a market value/income aid ratio of
2 five thousand ten-thousandths (0.5000) or greater an amount
3 equal to seventy-five dollars (\$75) multiplied by that
4 district's average daily membership. For the school years 2000-
5 2001 ~~{and}, 2001-2002 and 2002-2003~~ AND 2001-2002, the <—
6 Commonwealth shall pay to each school district which has an
7 average daily membership of one thousand five hundred (1,500) or
8 less an amount equal to seventy-five dollars (\$75) multiplied by
9 that district's average daily membership. FOR THE SCHOOL YEARS <—
10 2002-2003, THE COMMONWEALTH SHALL PAY TO EACH SCHOOL DISTRICT
11 WHICH HAS AN AVERAGE DAILY MEMBERSHIP OF ONE THOUSAND FIVE
12 HUNDRED (1,500) OR LESS AN AMOUNT EQUAL TO ONE HUNDRED DOLLARS
13 (\$100) MULTIPLIED BY THAT DISTRICT'S AVERAGE DAILY MEMBERSHIP.

14 Section ~~16~~ 18. The act is amended by adding a section to <—
15 read:

16 Section 2502.41. Basic Education Funding for 2002-2003
17 School Year.--For the 2002-2003 school year, the Commonwealth
18 shall pay to each school district a basic education funding
19 allocation which shall consist of the following:

20 (1) An amount equal to the basic education funding
21 allocation for the 2001-2002 school year pursuant to sections
22 2502.13 and 2502.40.

23 (2) A base supplement calculated as follows:

24 (i) Multiply the school district's 2003-2004 market
25 value/income aid ratio by its 2002-2003 average daily
26 membership.

27 (ii) Multiply the product from subparagraph (i) by fifty
28 million dollars (\$50,000,000).

29 (iii) Divide the product from subparagraph (ii) by the sum
30 of the products of the 2003-2004 market value/income aid ratio

multiplied by the 2002-2003 average daily membership for all school districts.

(3) A poverty supplement calculated for qualifying school districts as follows:

(i) To qualify for the poverty supplement, a school district's 2003-2004 market value/income aid ratio shall be equal to or greater than 0.6500 and its personal income valuation when divided by its 2002-2003 average daily membership shall be equal to or less than one hundred three thousand five hundred seventy-one dollars (\$103,571).

(ii) The poverty supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2002-2003 average daily membership by thirty million dollars (\$30,000,000).

(B) Divide the product from clause (A) by the sum of the 2002-2003 average daily membership for all qualifying school districts.

(4) A tax effort supplement calculated for qualifying school districts as follows:

(i) To qualify for the tax effort supplement, a school district's 2001 equalized millage must be equal to or greater than 20.6 equalized mills.

(ii) The tax effort supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2002-2003 average daily membership by fifteen million dollars (\$15,000,000).

(B) Divide the product from clause (A) by the sum of the 2002-2003 average daily membership for all qualifying school districts.

(5) A growth supplement calculated for qualifying school

1 districts as follows:

2 (i) To qualify for the growth supplement, a school
3 district's 2002-2003 average daily membership must be greater
4 than its 2001-2002 average daily membership.

5 (ii) The growth supplement shall be calculated for
6 qualifying school districts as follows:

7 (A) Subtract the school district's 2001-2002 average daily
8 membership from its 2002-2003 average daily membership.

9 (B) Multiply the difference from clause (A) by five million
10 dollars (\$5,000,000).

11 (C) Divide the product from clause (B) by the sum of the
12 differences from clause (A) for all qualifying school districts.

13 (6) Each school district shall receive additional funding as
14 necessary so that the sum of the amounts under section 2502.13
15 and under paragraphs (2), (3), (4), (5) and this paragraph will
16 equal at least two percent (2%) of the amount in paragraph (1).

17 Section ~~17~~ 19. Sections 2509.1 and 2509.5 of the act are
18 amended by adding subsections to read:

19 Section 2509.1. Payments to Intermediate Units.--* * *

20 (b.11) Up to nine million five hundred thousand dollars
21 (\$9,500,000) may be utilized for programs administered and
22 operated by intermediate units during the 2003-2004 school year
23 for institutionalized children as established in subsection
24 (b.1).

25 * * *

26 Section 2509.5. Special Education Payments to School
27 Districts.--* * *

28 (11) During the 2003-2004 school year, each school district
29 shall be paid the amount it received during the 2002-2003 school
30 year under subsection (kk).

1 (mm) During the 2003-2004 school year, thirty-six million
2 one hundred forty-nine thousand five hundred eighty-seven
3 dollars (\$36,149,587) of the funds appropriated to the
4 Department of Education for special education shall be used to
5 provide supplemental funding for special education to all school
6 districts. The supplemental funding shall be calculated as
7 follows:

8 (1) multiply each school district's 2003-2004 market
9 value/income aid ratio by sixteen per centum (16%) of its 2002-
10 2003 average daily membership;

11 (2) multiply the product from paragraph (1) by thirty-six
12 million one hundred forty-nine thousand five hundred eighty-
13 seven dollars (\$36,149,587); and

14 (3) divide the resultant product from paragraph (2) by the
15 sum of the products of the 2003-2004 market value/income aid
16 ratio multiplied by sixteen per centum (16%) of the 2002-2003
17 average daily membership for all school districts.

18 Section ~~18~~ 20. Section 2591.1 of the act, added June 29, <—
19 2002 (P.L.524, No.88), is amended to read:

20 Section 2591.1. Commonwealth Reimbursements for Charter
21 Schools and Cyber Charter Schools.--(a) For the 2001-2002
22 school year, the Commonwealth shall pay to each school district
23 with resident students enrolled in a charter school, a charter
24 school approved under section 1717-A or 1718-A which provides
25 instruction through the Internet or other electronic means or a
26 cyber charter school as defined pursuant to Article XVII-A an
27 amount equal to thirty percent (30%) of the total funding
28 required under section 1725-A(a). If insufficient funds are
29 appropriated to make Commonwealth reimbursements under this
30 section, the reimbursements shall be made on a pro rata basis.

1 (b) For the 2002-2003 school year, the Commonwealth shall
2 pay to each school district that received funding under
3 subsection (a) for the 2001-2002 school year and that had
4 resident students enrolled in a charter school, a charter school
5 approved under section 1717-A or 1718-A which provides
6 instruction through the Internet or other electronic means or a
7 cyber charter school as defined under Article XVII-A during the
8 2002-2003 school year an amount equal to the lesser of:

9 (1) the payment received for the 2001-2002 school year
10 pursuant to subsection (a); or

11 (2) thirty percent (30%) of the total funding required under
12 section 1725-A(a).

13 (c) For the 2002-2003 school year, the Commonwealth shall
14 pay to each school district that did not receive funding under
15 subsection (a) for the 2001-2002 school year and that had
16 resident students enrolled in a charter school, a charter school
17 approved under section 1717-A or 1718-A which provides
18 instruction through the Internet or other electronic means or a
19 cyber charter school as defined under Article XVII-A during the
20 2002-2003 school year an amount equal to thirty percent (30%) of
21 the total funding required under section 1725-A(a).

22 SECTION 21. ALL REGULATIONS OR PARTS OF REGULATIONS ARE <—
23 HEREBY ABROGATED INSOFAR AS THEY ARE INCONSISTENT WITH THE
24 AMENDMENT OF SECTION 1613(A) OF THE ACT.

25 Section ~~19~~ 22. The following amounts are hereby appropriated <—
26 from the General Fund to the Department of Education for the
27 fiscal period July 1, 2003, to June 30, 2004, as follows:

28 (1) The sum of \$25,000,000 is hereby appropriated for
29 payments to any school district of the first class which has
30 been declared distressed pursuant to section 691(c) of the

1 act of March 10, 1949 (P.L.30, No.14), known as the Public
2 School Code of 1949, provided that such school district
3 submits a quarterly itemization of all Federal, State and
4 local funds distributed to each school in the school
5 district, including schools governed by agreements currently
6 in effect pursuant to section 696(i)(2) of the Public School
7 Code of 1949 and schools designated as partnership schools
8 under the School Reform Commission Resolution Number 10 of
9 April 17, 2002, to the Department of Education and to the
10 chairman and minority chairman of the Education Committee of
11 the Senate and to the chairman and minority chairman of the
12 Education Committee of the House of Representatives. If the
13 Department of Education determines that the report is not
14 being submitted in accordance with the requirements of this
15 paragraph, the Department of Education shall withhold from
16 any and all payments to which that school district of the
17 first class may be entitled under the act an amount equal to
18 the funds received from this appropriation.

19 (2) The sum of \$56,762,000 is hereby appropriated for
20 payments on account of vocational education as provided for
21 under section 2502.8 of the Public School Code of 1949,
22 provided that any amounts expended by the Department of
23 Education pursuant to the former State appropriation in the
24 amount of \$55,378,000 for vocational education under section
25 212 of the act of March 20, 2003 (P.L. , No.1A), known as
26 the General Appropriation Act of 2003, shall be deducted from
27 the sum appropriated in this paragraph.

28 (3) The sum of ~~\$896,177,000~~ \$897,453,000 is hereby <—
29 appropriated for payments on account of special education of
30 exceptional children, provided that this amount includes

1 \$563,000 for community support services which is not to be
2 included in the base calculations of the special education
3 program components, and provided further that this amount
4 includes \$500,000 for payments to Pennsylvania charter
5 schools for the deaf and blind, and provided further that
6 this amount includes ~~\$500,000~~ \$1,776,000 for special <—
7 education-approved private schools, and provided further that
8 any amounts expended by the Department of Education pursuant
9 to the former State appropriation in the amount of
10 \$874,319,000 for payments on account of special education of
11 exceptional children under section 212 of the General
12 Appropriation Act of 2003 shall be deducted from the sum
13 appropriated in this paragraph.

14 (4) The sum of \$4,204,406,906 is hereby appropriated for
15 basic education funding to school districts, provided that
16 the Secretary of Education, with the approval of the
17 Governor, may make payments from this appropriation in
18 advance of the due date prescribed by law to school districts
19 which are financially handicapped whenever the Secretary of
20 Education shall deem it necessary to make such advance
21 payments to enable the school districts to keep their schools
22 open.

23 (5) The sum of \$25,380,000 is hereby appropriated for
24 school improvement grants as provided for under section 1709-
25 B of the Public School Code of 1949.

26 (6) The sum of \$15,000,000 is hereby appropriated for
27 education support services as provided for under Article XV-C
28 of the Public School Code of 1949.

29 (7) The sum of \$73,991,328 is hereby appropriated for
30 services to nonpublic schools as provided under section

1 922.1-A of the Public School Code of 1949, provided that any
2 amounts expended by the Department of Education pursuant to
3 the former State appropriation in the amount of \$71,976,000
4 for services to nonpublic schools under section 212 of the
5 General Appropriation Act of 2003, shall be deducted from the
6 sum appropriated in this paragraph.

7 Section ~~20~~ 23. The following acts and parts of acts are <—
8 repealed to the extent specified:

9 Section 2509.8 of the act of March 10, 1949 (P.L.30, No.14),
10 known as the Public School Code of 1949.

11 As much as relates to the State appropriations in the amount
12 of \$55,378,000 for vocational education and in the amount of
13 \$874,319,000 for payments on account of special education of
14 exceptional children, and in the amount of \$71,976,000 for
15 services to nonpublic schools in section 212 of the act of March
16 20, 2003 (P.L. , No.1A), known as the General Appropriation
17 Act of 2003.

18 ~~Section 21. This act shall take effect immediately.~~ <—

19 SECTION 24. THIS ACT SHALL TAKE EFFECT AS FOLLOWS: <—

20 (1) THE AMENDMENT OF SECTION 1316.1 SHALL TAKE EFFECT IN
21 60 DAYS.

22 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT
23 IMMEDIATELY.