

## AMENDMENTS TO HOUSE BILL NO. 1589

Sponsor: SENATOR CORMAN

Printer's No. 3086

1 Amend Bill, page 2, by inserting between lines 55 and 56

2 Providing for school district debt refinancing bonds;

3 Amend Bill, page 34, by inserting between lines 21 and 22

4 Section 15.1. The act is amended by adding an article to  
5 read:

6 ARTICLE XVII-E.2

7 SCHOOL DISTRICT DEBT REFINANCING BONDS

8 Section 1701-E.2. Definitions.

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

12 "Authority." The Commonwealth Financing Authority.

13 "Cost of a project." The term includes all items  
14 reimbursable under law.

15 "Cost of PlanCon project." Approved reimbursable rentals and  
16 approved reimbursable sinking fund charges, capital grants, any  
17 necessary or appropriate reserves, costs of issuance and any  
18 other financing costs related to a PlanCon project.

19 "Department." The Department of Education of the  
20 Commonwealth.

21 "Finance." The lending or providing of funds to a school  
22 district for payment of the cost of a project and the provision  
23 of funds for a PlanCon project.

24 "Financing Law." The provisions of 64 Pa.C.S. Ch. 15  
25 (relating to Commonwealth Financing Authority).

26 "PlanCon project." The funding of approved reimbursable  
27 rentals for approved leases and approved reimbursable sinking  
28 fund charges authorized under section 2574 of the Public School  
29 Code of 1949 and capital grants for a project authorized to be  
30 approved under section 2574.4 of the Public School Code of 1949.

31 "Project." As defined in 64 Pa.C.S. Ch. 15 (relating to  
32 Commonwealth Financing Authority) or any project of a school  
33 district that is eligible for reimbursement by the Commonwealth  
34 as required under Subarticle (f) of Article XXV of the Public  
35 School Code of 1949 for approved rental or sinking fund charges.

36 "Public School Code of 1949." The act of March 10, 1949  
37 (P.L.30, No.14), known as the Public School Code of 1949.

1 Section 1702-E.2. Bond issuance.

2 (a) Declaration of policy.--The General Assembly finds and  
3 declares that:

4 (1) Funding the payment of reimbursements to school  
5 districts for construction and reconstruction projects,  
6 through the authority, is in the best interest of the  
7 Commonwealth.

8 (2) The Financing Law is to be liberally construed to  
9 effect the legislative and public purposes.

10 (3) One of those stated purposes is the protection of  
11 "the health, safety and general welfare of the people of this  
12 Commonwealth" pursuant to 64 Pa.C.S. § 1503(6) (relating to  
13 findings and declaration of policy).

14 (4) In order to accomplish such a goal "it is desirable  
15 to build, improve and finance facilities owned by  
16 municipalities, municipal authorities and other authorities  
17 and instrumentalities of the Commonwealth," which includes  
18 school districts, pursuant to 64 Pa.C.S. § 1503(7).

19 (b) Authority.--Notwithstanding any other law the authority  
20 shall establish a program to issue bonds on behalf of school  
21 districts to provide reimbursements from the Commonwealth as  
22 required under Article XXV of the Public School Code of 1949 for  
23 approved rental or sinking fund charges.

24 (c) Debt or liability.--

25 (1) Bonds issued under this article shall not be a debt  
26 or liability of the Commonwealth and shall not create or  
27 constitute any indebtedness, liability or obligation of the  
28 Commonwealth.

29 (2) Bond obligations shall be payable solely from  
30 revenues or funds pledged or available for repayment as  
31 authorized under this article.

32 (3) Each bond must contain on its face a statement that:

33 (i) The authority is obligated to pay the principal  
34 of or interest on the bonds only from the revenues or  
35 funds pledged or available for repayment as authorized  
36 under this article.

37 (ii) Neither the Commonwealth nor any school  
38 district is obligated to pay the principal of or interest  
39 on the bonds.

40 (iii) The full faith and credit of the Commonwealth  
41 or of any school district is not pledged to the payment  
42 of the principal of or the interest on the bonds.

43 (d) Review for form and legality.--For the purposes of  
44 issuing bonds under this article, the duties of the Attorney  
45 General under section 204 of the act of October 15, 1980  
46 (P.L.950, No.164), known as the Commonwealth Attorneys Act,  
47 relating to the issuance of bonds may be performed by the first  
48 deputy attorney general.

49 Section 1703-E.2. Limitations on bond issuance.

50 The authority may issue bonds for a PlanCon project in an  
51 aggregate principal amount not to exceed \$2,500,000,000, unless

1 the authority and the department determine this amount is  
2 insufficient to carry out the purposes of this article, then the  
3 authority shall adopt a resolution to petition the Secretary of  
4 the Budget to increase the maximum aggregate principal amount.  
5 The Secretary of the Budget may approve the petition and, if  
6 approved, shall publish notice of the approval in the  
7 Pennsylvania Bulletin. The authority shall not issue any bonds  
8 for the PlanCon project, except refunding bonds, after June 30,  
9 2025. The authority, in consultation with the department and the  
10 Office of the Budget, shall determine the principal amounts of  
11 taxable and tax-exempt bonds to be issued during a fiscal year.  
12 Notwithstanding any other limitation, the authority, at the  
13 request of the department, may issue refunding bonds at any time  
14 while bonds issued for the PlanCon project are outstanding,  
15 provided that the final maturity of any series of bonds being  
16 refunded shall not be extended. Interest on bonds issued for the  
17 PlanCon project and refunding bonds authorized under this  
18 section shall be payable at such time or times as the authority  
19 shall determine in the resolution authorizing such bonds and  
20 shall otherwise be subject to the other provisions of the  
21 Financing Law. The aggregate principal amount of bonds set forth  
22 in this section shall not be subject to the debt limitations set  
23 forth in 64 Pa.C.S. § 1543 (relating to indebtedness).  
24 Section 1704-E.2. Service agreement authorized.

25 The authority and the department may enter into any agreement  
26 or service agreement to effectuate the purposes of this article,  
27 including an agreement to secure bonds issued for a PlanCon  
28 project, pursuant to which the department shall agree to pay  
29 service charges to the authority in each fiscal year that the  
30 bonds or refunding bonds are outstanding in amounts sufficient  
31 to timely pay in full the debt service and any other financing  
32 costs due on the bonds issued for the PlanCon project. The  
33 department's payment of such service charges shall be subject to  
34 and dependent upon the appropriation of funds by the General  
35 Assembly to the department for payment of the service charges.  
36 The service agreement may be amended or supplemented by the  
37 authority and the department in connection with the issuance of  
38 any series of bonds or refunding bonds authorized in this  
39 section.

40 Section 1705-E.2. Deposit of bond proceeds.

41 The net proceeds of bonds, other than refunding bonds,  
42 exclusive of costs of issuance, reserves and any other financing  
43 charges, shall be transferred by the authority to the State  
44 Treasurer for deposit into a restricted account established in  
45 the State Treasury and held solely for the purpose of paying  
46 costs of a PlanCon project which are due to school districts.  
47 Payment by the department shall follow the process required by  
48 Article VII of the Public School Code of 1949, unless the  
49 department is specifically directed to follow a different  
50 process by this article. The department shall requisition  
51 payments due to school districts from that account. To pay for

1 expenses related to its administration of this program, the  
2 department, with the approval of the Governor and the authority,  
3 may charge a fee against the proceeds deposited in the  
4 restricted account.

5 Section 1706-E.2. Sinking fund charges for school building  
6 projects.

7 The following shall apply:

8 (1) All school districts which submitted completed  
9 applications to the department prior to the effective date of  
10 this section, and which vote to proceed with construction and  
11 awarded bids on their construction contracts no later than  
12 July 1, 2019, shall, as permitted by law, either be awarded a  
13 one-time capital grant, if available, for the approved  
14 project in lieu of approved reimbursement payments or, if not  
15 available, shall receive payments in the form of  
16 reimbursements.

17 (2) The department shall administer the payments due and  
18 payable under this section, and shall determine the amount of  
19 the capital grant due each school district which shall not  
20 exceed the maximum reimbursable project amount.

21 Section 1707-E.2. Limitation on new applications for Department  
22 of Education approval of public school building  
23 projects.

24 For the 2015-2016 and 2016-2017 school years, the Department  
25 of Education shall not accept or approve new building  
26 construction or reconstruction project applications. Completed  
27 school building construction or reconstruction project  
28 applications received by the Department of Education by May 15,  
29 2016, are not subject to this subsection.

30 Section 1708-E.2. Public School Building Construction and  
31 Reconstruction Advisory Committee.

32 (a) Establishment.--There is established an advisory  
33 committee.

34 (b) Duties.--The committee shall review and make findings  
35 and recommendations related to the program for State  
36 reimbursement for construction and reconstruction and lease of  
37 public school buildings.

38 (c) Membership.--The advisory committee shall consist of the  
39 following:

40 (1) The Secretary of Education or a designee.

41 (2) One member appointed by the President pro tempore of  
42 the Senate and the Speaker of the House of Representatives.

43 (3) A representative from each of the following:

44 (i) The Pennsylvania Association of School Business  
45 Officials.

46 (ii) The Pennsylvania School Boards Association.

47 (4) The chairperson and minority chairperson of the  
48 Appropriations Committee and Education Committee of the  
49 Senate and the chairperson and minority chairperson of the  
50 Appropriations Committee and Education Committee of the House  
51 of Representatives.

1       (5) One member appointed by the President pro tempore of  
2       the Senate.

3       (6) One member appointed by the Minority Leader of the  
4       Senate.

5       (7) One member appointed by the Speaker of the House of  
6       Representatives.

7       (8) One member appointed by the Minority Leader of the  
8       House of Representatives.

9       (d) First meeting.--The committee shall hold its first  
10      meeting within 30 days of the effective date of this section  
11      regardless of whether all of the committee members have been  
12      appointed to the committee. At the first meeting, the Department  
13      of Education shall present its report relating to the Statewide  
14      analysis of school facilities and capital needs as required  
15      under section 732.1 of the Public School Code of 1949.

16      (e) Chairperson.--The committee shall appoint a member to  
17      serve as chairperson of the committee.

18      (f) Call of chairperson.--The committee shall hold meetings  
19      at the call of the chairperson.

20      (g) Reimbursement.--The members may not receive compensation  
21      for their services, but shall be reimbursed for all necessary  
22      travel and other reasonable expenses incurred in connection with  
23      the performance of their duties as members of the committee.

24      (h) Support.--The General Assembly shall provide  
25      administrative support, meeting space and any other assistance  
26      required by the committee to carry out its duties under this  
27      section in cooperation with the department. The department shall  
28      provide the committee with data, research and other information  
29      upon request.

30      (i) Report.--The committee shall issue a report not later  
31      than May 15, 2017, of the committee's findings to the Governor,  
32      the President pro tempore of the Senate, the Majority Leader and  
33      Minority Leader of the Senate, the Appropriations Committee and  
34      Education Committee of the Senate, the Speaker of the House of  
35      Representatives, the Majority Leader and Minority Leader of the  
36      House of Representatives, the Appropriations Committee and  
37      Education Committee of the House of Representatives and the  
38      Secretary of Education.

39      Section 1709-E.2. Public school building lease and debt service  
40      reimbursements for fiscal year 2015-2016.

41      (a) General rule.--For the 2015-2016 fiscal year, the  
42      Department of Education shall utilize undistributed funds not  
43      expended as of April 15, 2016, from appropriations for payment  
44      on account of annual rental or sinking fund charges on school  
45      buildings, including charter schools, to make reimbursements for  
46      school building leases and debt service necessary to make  
47      payments in fiscal year 2015-2016 under this article.

48      (b) Exclusion.--This section shall not include reimbursement  
49      for debt service meeting the criteria for bond issuance under  
50      this article.

51      Section 1710-E.2. Posting of information by department.

1 No later than July 1, 2016, and every 90 days thereafter, the  
2 Department of Education shall post and update on its publicly  
3 accessible Internet website in a searchable and sortable format  
4 the following information related to public school construction  
5 and reconstruction projects, building purchases and lease  
6 reimbursements submitted for the approval of, or approved by,  
7 the department:

8 (1) The type of project, elementary school, middle  
9 school, intermediate school, high school, charter school or  
10 vocational technical school by school entity.

11 (2) The scope of project, new construction, renovation,  
12 addition, purchase or lease.

13 (3) The date of receipt of each application.

14 (4) The date of department approval of each application.

15 (5) The date of approval or denial of any waiver or  
16 exception granted by the department.

17 (6) The reason for approval or denial of any waiver or  
18 exception granted by the department.

19 (7) The date of submission of the application for each  
20 step of the reimbursement process.

21 (8) The date of approval of the application for each  
22 step of the reimbursement process.

23 (9) The anticipated total project cost.

24 (10) Whether the project reached the maximum  
25 reimbursable project amount.

26 (11) The anticipated term of State reimbursement.

27 (12) The anticipated total reimbursement amount.

28 (13) The temporary reimbursable percentage.

29 (14) The permanent reimbursable percentage.

30 (15) The dates of expected State payments.

31 (16) The dates of expected school district payments.

32 (17) Whether the project was financed by cash.

33 (18) The date a project was voided, if applicable.

34 (19) A summary of the terms of the project's debt  
35 service or lease.

36 (20) An analysis of the callability of the project's  
37 debt service.

38 Section 1711-E.2. Documentation requirements.

39 Notwithstanding any other provision of law, the following  
40 shall apply to school building construction and reconstruction  
41 projects for which reimbursement from the appropriation for  
42 payments on account of annual rental or sinking fund charges on  
43 school buildings or charter schools is being sought:

44 (1) For a school district that has received approval  
45 from the department for reimbursement but fails to submit all  
46 additional project documentation requested within 90 days of  
47 the request, the department shall move the project back in  
48 the reimbursement order until such time as the school  
49 district complies with the information request and shall move  
50 other projects up in the reimbursement order.

51 (2) The Secretary of Education may grant waivers to

school districts that fail to submit requested documentation under paragraph (1) and are in the process of reconciling financial records, or are facing litigation or bond refinancing delays.

Amend Bill, page 39, lines 21 through 25, by striking out all of said lines

Amend Bill, page 51, by inserting between lines 16 and 17

(17.1) If the fiscal year 2015-2016 appropriation for basic education funding exceeds the amount appropriated for basic education funding in fiscal year 2014-2015, the Commonwealth shall pay to each school district a basic education funding allocation which shall consist of the following:

(i) An amount equal to the school district's basic education funding allocation for the 2013-2014 school year.

(ii) A student-based allocation to be calculated as follows:

(A) Multiply the school district's student-weighted average daily membership by the median household income index and local effort capacity index.

(B) Multiply the product in clause (A) by the difference between the amount appropriated for the allocation of basic education funding to school districts and the amount appropriated for the allocation in subparagraph (i).

(C) Divide the product in clause (B) by the sum of the products in clause (A) for all school districts.

(iii) For the purpose of subparagraph (ii):

(A) Student-weighted average daily membership for a school district shall be the sum of the following:

(I) The average of the school district's three most recent years' average daily membership.

(II) The acute poverty average daily membership calculated as follows:

(a) Multiply the school district's acute poverty percentage by its average daily membership.

(b) Multiply the product in unit (a) by 0.6.

(III) The poverty average daily membership calculated as follows:

(a) Multiply the school district's

1 poverty percentage by its average daily  
2 membership.  
3 (b) Multiply the product in unit (a) by  
4 0.3.  
5 (IV) The concentrated poverty average daily  
6 membership for qualifying school districts with  
7 an acute poverty percentage equal to or greater  
8 than 30%, to be calculated as follows:  
9 (a) Multiply the school district's acute  
10 poverty percentage by its average daily  
11 membership.  
12 (b) Multiply the product in unit (a) by  
13 0.3.  
14 (V) The number of the school district's  
15 limited English-proficient students multiplied by  
16 0.6.  
17 (VI) The average daily membership for the  
18 school district's students enrolled in charter  
19 schools and cyber charter schools multiplied by  
20 0.2.  
21 (VII) The sparsity/size adjustment for  
22 qualifying school districts with a sparsity/size  
23 ratio greater than the sparsity/size ratio that  
24 represents the 70th percentile sparsity/size  
25 ratio for all school districts calculated as  
26 follows:  
27 (a) Divide the school district's  
28 sparsity/size ratio by the sparsity/size  
29 ratio that represents the 70th percentile for  
30 all school districts.  
31 (b) Subtract one from the quotient in  
32 unit (a).  
33 (c) Multiply the sum of subclauses (I),  
34 (II), (III), (IV), (V) and (VI) by the amount  
35 in unit (b).  
36 (d) Multiply the product in unit (c) by  
37 0.7.  
38 (B) Local effort index for a school district  
39 shall be calculated as follows:  
40 (I) Determine the school district's local  
41 effort factor calculated as follows:  
42 (a) Multiply the school district's  
43 median household income by its number of  
44 households.  
45 (b) Divide the school district's local  
46 tax-related revenue by the product in unit  
47 (a).  
48 (c) Multiply the quotient in unit (b) by  
49 1,000.  
50 (d) Divide the product in unit (c) by  
51 the Statewide median of unit (c).



1 (II) Determine the school district's excess  
2 spending factor, to be calculated as follows:

3 (a) Divide the school district's current  
4 expenditures by the sum of its average daily  
5 membership and the amounts in clause (A)(II),  
6 (III), (IV), (V), (VI) and (VII).

7 (b) Divide the quotient in unit (a) by  
8 the Statewide median of unit (a).

9 (c) Divide one by the quotient in unit  
10 (b).

11 (III) Multiply the school district's local  
12 effort factor by the lesser of one or the school  
13 district's excess spending factor.

14 (C) Local capacity index for a qualifying school  
15 district shall be calculated as follows:

16 (I) Divide the school district's local tax-  
17 related revenue by the sum of its market value  
18 and personal income valuation.

19 (II) Multiply the sum of the school  
20 district's market value and personal income  
21 valuation by the Statewide median of subclause  
22 (I).

23 (III) Determine the school district's local  
24 capacity per student by dividing the product in  
25 subclause (II) by the sum of its average daily  
26 membership and the amounts in clause (A)(II),  
27 (III), (IV), (V), (VI) and (VII).

28 (IV) If the school district's local capacity  
29 per student is less than the Statewide median of  
30 subclause (III):

31 (a) Divide the school district's local  
32 capacity per student by the Statewide median.

33 (b) Subtract the quotient in unit (a)  
34 from one.

35 (c) Local effort capacity index for a  
36 school district shall equal the sum of its  
37 local effort index and local capacity index.

38 (d) The data used to calculate the  
39 factors and indexes in this section shall be  
40 based on the most recent years for which data  
41 is available as determined by the Department  
42 of Education.

43 (iv) As used in subparagraph (ii), the following  
44 words and phrases shall have the meanings given to them  
45 in this subparagraph unless the context clearly indicates  
46 otherwise:

47 "Acute poverty percentage." The number of children  
48 six to 17 years of age living in a household where the  
49 ratio of income to poverty is less than 100% of the  
50 Federal poverty guidelines divided by the total number of  
51 children six to 17 years of age as determined by the most

1 recent five-year estimate of the United States Census  
2 Bureau's American Community Survey.

3 "Households." The number of households in each  
4 school district as determined by the most recent five-  
5 year estimate of the United States Census Bureau's  
6 American Community Survey.

7 "Local tax-related revenue." The sum of school  
8 district revenues for State property tax reduction  
9 allocation, taxes levied and assessed, delinquencies on  
10 taxes levied and assessed, revenue from local government  
11 units, and other local revenues not specified elsewhere,  
12 as designated in the Manual of Accounting and Financial  
13 Reporting for Pennsylvania Public Schools.

14 "Median household income." The median household  
15 income for school districts and the State as determined  
16 by the most recent five-year estimate of the United  
17 States Census Bureau's American Community Survey.

18 "Median household income index." A number calculated  
19 as follows:

20 (1) Divide a school district's median household  
21 income by the State median household income.

22 (2) Divide one by the quotient in paragraph (1).

23 "Poverty percentage." The number of children six to  
24 seventeen years of age living in a household where the  
25 ratio of income to poverty is between 100% and 184% of  
26 the Federal poverty guidelines divided by the total  
27 number of children six to 17 years of age as determined  
28 by the most recent five-year estimate of the United  
29 States Census Bureau's American Community Survey.

30 "Size ratio." A number calculated as follows:

31 (1) Divide the average of a school district's  
32 three most recent years' average daily membership by  
33 the Statewide average of the three most recent years'  
34 average daily membership for all school districts.

35 (2) Multiply the amount in paragraph (1) by 0.5.

36 (3) Subtract the amount in paragraph (2) from  
37 one.

38 "Sparsity ratio." A number calculated as follows:

39 (1) Divide the average of a school district's  
40 three most recent years' average daily membership by  
41 its total square miles as reported in the latest  
42 decennial census as reported by United States Census  
43 Bureau.

44 (2) Divide the State total average daily  
45 membership by the State total square miles.

46 (3) Divide the quotient in paragraph (1) by the  
47 quotient in paragraph (2).

48 (4) Multiply the quotient in paragraph (3) by  
49 0.5.

50 (5) Subtract the product in paragraph (4) from  
51 one.

1 "Sparsity/size ratio." A number calculated by adding  
2 the following amounts:

3 (1) The sparsity ratio multiplied by 0.4.

4 (2) The size ratio multiplied by 0.6.

5 (17.2) The department shall deduct from payments to  
6 school districts made under paragraph (17.1) which occur  
7 after April 15, 2016, the difference between the following if  
8 the difference as calculated is a positive amount:

9 (i) The amount distributed to school districts from  
10 the appropriation in the General Appropriation Act of  
11 2015 for ready-to-learn block grants.

12 (ii) The amount to be distributed under paragraph  
13 (21).

14 (17.3) Notwithstanding any provision of the General  
15 Appropriation Act of 2015 and the act of March 28, 2016 (P.L.  
16 , No.1A), known as the Supplement to the General  
17 Appropriation Act of 2015, to the contrary, any amounts  
18 deducted under paragraph (17.2) from payments to school  
19 districts made under paragraph (17.1) shall be used to make  
20 payments under paragraph (21) to school entities, if the  
21 difference between the following is calculated as a negative  
22 amount:

23 (i) The amount distributed to school entities from  
24 the appropriation in the General Appropriation Act of  
25 2015 for ready-to-learn block grants.

26 (ii) The amount to be distributed under paragraph  
27 (21).

28 Amend Bill, page 54, line 1, by striking out "THE" and  
29 inserting

30 If payments to school entities are made under paragraphs  
31 (17.1) and (21), the

32 Amend Bill, page 54, lines 12 and 13, by striking out all of  
33 said lines and inserting

34 (21) From the appropriation for the Ready to Learn Block  
35 Grant, funds shall be distributed to school entities as  
36 follows:

37 (i) Each school entity shall receive:

38 (A) An amount equal to the amount paid during  
39 the 2013-2014 school year under section 2599.2 of the  
40 Public School Code of 1949.

41 (B) A Ready to Learn Block Grant subsidy equal  
42 to the amount paid during the 2014-2015 school year  
43 under section 1722-J(21)(ii).

44 (C) For each school district, an amount  
45 determined as follows:

46 (I) Multiply the amount of funding the  
47 school district received under section 1722-J(21)

1 (ii) by the difference between the amount of the  
2 appropriation for the Ready to Learn Block Grant  
3 in fiscal year 2015-2016 and fiscal year 2014-  
4 2015.

5 (II) Divide the product in subclause (I) by  
6 the sum of the amounts under section 1722-J(21)  
7 (ii) for all school districts.

8 (ii) If insufficient funds are appropriated pursuant  
9 to subparagraph (i), payments shall be made on a pro rata  
10 basis.

11 (iii) Funding received by a school entity under  
12 subparagraph (i) (A) shall be used in accordance with  
13 section 2599.2 of the Public School Code of 1949, or as  
14 allowed under subparagraph (v).

15 (iv) To be eligible to receive funding under  
16 subparagraph (i) (B) and (C), each school entity shall  
17 submit a plan for approval to the Department of Education  
18 outlining how the funding will be used to maintain and  
19 improve academic performance.

20 (v) Funds distributed under subparagraph (i) (B) and  
21 (C) shall be used for the purposes described in section  
22 1722-J(21) (v) (A) through (L).

23 (vi) For the purpose of this paragraph, a school  
24 entity shall be a school district, charter school, cyber  
25 charter school or regional charter school.

26 (22) Notwithstanding any provision of law to the  
27 contrary, the revenues received by a school district under  
28 paragraph (21) (i) (B) shall not be included in the school  
29 district's budgeted total expenditure per average daily  
30 membership used to calculate the amount to be paid to a  
31 charter school under section 1725-A(a) (2) and (3) of the  
32 Public School Code of 1949.