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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1013 Session of  
1987

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Report of the Committee of Conference

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To the Members of the House of Representatives and Senate:

We, the undersigned, Committee of Conference on the part of the House of Representatives and Senate for the purpose of considering House Bill No. 1013, entitled:

"An act amending the act of March 10, 1949 (P.L.30, No.14), entitled 'An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto,' \* \* \* FURTHER PROVIDING FOR MINIMUM SALARIES FOR CERTAIN TEACHERS AND FOR REIMBURSEMENTS BY THE COMMONWEALTH; INCREASING THE AMOUNT OF THE COMMONWEALTH'S SHARE OF COMMUNITY COLLEGE COSTS; \* \* \* AND CHANGING THE FORMULA FOR THE DISTRIBUTION OF THE BASIC EDUCATION SUBSIDY,"

respectfully submit the following bill as our report:

RONALD R. COWELL

JAMES J. MANDERINO

SAMUEL E. HAYES, JR.

(Committee on the part of the House of Representatives.)

RALPH W. HESS

F. JOSEPH LOEPER

J. WILLIAM LINCOLN

(Committee on the part of the Senate.)

AN ACT

Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," further providing for subsidies for educational purposes; amending, revising and consolidating provisions relating thereto; and providing for institutional equipment grants.

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

Section 1. Section 513 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 513. Group Insurance Contracts.--\* \* \*

(b.1) (1) School districts, intermediate units and area vocational-technical schools shall give employees and their dependents, upon the employee's retirement, the option of continuing coverage in the group health plan to which they belonged as employees.

(2) Notwithstanding the provisions of Title XXII of the Public Health Service Act (58 Stat. 682, 42 U.S.C. § 300 bb-1 et seq.) and amendments thereto, annuitants of the Public School Employees' Retirement System may continue to purchase that coverage after retirement until sixty-five years of age or until they are covered by another plan.

(3) Purchase of the coverage provided for in this subsection shall equal the cost of the program for active employees and dependents plus an additional two per centum.

\* \* \*

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

Section 680.1. Temporary Continuance of Tax on Landfill or Resource Recovery Facilities.--Notwithstanding the provisions of

1 the act of July 28, 1988 (P.L.556, No.101), known as the  
2 "Municipal Waste Planning, Recycling and Waste Reduction Act,"  
3 any school district that initially imposed a tax on a municipal  
4 waste landfill or resource recovery facility on or before June  
5 30, 1988, but after December 31, 1987, may continue to collect  
6 such tax at the rate in effect on July 1, 1988, during the 1988-  
7 1989 school year only.

8 Section 3. Section 914.1-A(b) of the act, amended December  
9 17, 1982 (P.L.1378, No.316), is amended to read:

10 Section 914.1-A. Contracts with Private Residential  
11 Rehabilitative Institutions.--\* \* \*

12 (b) The actual cost, not to exceed one and one-quarter times  
13 the tuition charges of the school district in which such private  
14 residential rehabilitative institution is located, shall be  
15 borne [by the school district of the child's residence.] as  
16 follows:

17 (1) The full tuition charge of the school district in which  
18 the private residential rehabilitative institution is located  
19 shall be paid by the school district of the child's residence.

20 (2) Any additional charges not to exceed one-quarter of the  
21 tuition charge under clause (1) shall be paid by the  
22 Commonwealth. In the event that the funds appropriated for  
23 payments by the Commonwealth are insufficient to provide for  
24 full payment of any additional charges the amount per school  
25 shall be prorated. If the school district of residence of the  
26 child cannot be determined, the costs shall be borne by the  
27 Department of Education. The department shall promulgate audit  
28 standards which shall be used by the contracting parties in  
29 determining the actual costs which are subject to reimbursement  
30 to the private residential rehabilitative institution. The audit

1 standards, promulgated by the department, shall specify as  
2 reasonable costs associated with the operation of the  
3 educational program offered. The department shall effectuate  
4 necessary procedures for the transfer of funds from the school  
5 district of residence to the school district or intermediate  
6 unit in which the private residential rehabilitative institution  
7 is located. In effectuating the transfer of funds, the  
8 department may deduct the appropriate amount from the basic  
9 instructional subsidy of any school district which had resident  
10 students that were provided educational services by a private  
11 residential rehabilitative institution.

12 \* \* \*

13 Section 4. The act is amended by adding a section to read:

14 Section 1142.1. Minimum Salaries for Teachers.--(a)  
15 Notwithstanding the provisions of section 1142, the minimum  
16 salary paid to full-time teachers for the school term 1988-1989  
17 and each school term thereafter, shall be eighteen thousand five  
18 hundred dollars (\$18,500) as provided in this section.

19 (b) This section shall not require, and shall not be  
20 construed to require, the modification, renegotiation or  
21 reopening of any contract or agreement in effect on the  
22 effective date of this section between a public employer and a  
23 public employe or employe organization pursuant to the act of  
24 July 23, 1970 (P.L.563, No.195), known as the "Public Employe  
25 Relations Act," nor shall the salary or any other terms of any  
26 such contract or agreement be superseded or modified by this  
27 section: Provided that, the board of school directors of a  
28 school district may at any time during the term of such contract  
29 or agreement implement the minimum salary provisions of this  
30 section for the entire school term in the manner provided in

section 1151. Whenever a board of school directors of a school district exercises the power granted by this subsection to implement the minimum salary provisions of this section, it shall implement them by making a supplemental salary payment to each full-time teacher who qualifies for such payment in an amount equal to the difference between eighteen thousand five hundred dollars (\$18,500) and the salary to which such teacher is entitled under the terms of the applicable contract or agreement and shall be entitled to receive the special payment provided by section 2594.

(c) The board of school directors of a school district shall pay to full-time teachers a salary which equals at least eighteen thousand five hundred dollars (\$18,500) for the school term beginning after the expiration of the term of any contract or agreement in effect on the effective date of this section between a public employer and a public employe or employe organization pursuant to the "Public Employe Relations Act," and for each school term thereafter.

(d) For purposes of this section, the following terms shall have the following meanings:

"Board of school directors" shall mean board of school directors, intermediate unit board of directors and area vocational-technical board.

"School district" shall mean school district, intermediate unit and area vocational-technical school.

"Teacher" shall mean classroom teachers and all others included within the definition of "teacher" in section 1141, including speech correctionists and instructional department chairmen employed by a school district.

Section 5. Section 1148 of the act is amended to read:

1       Section 1148. Substitute Teachers.--Substitutes shall be  
2 paid not less than the minimum salary provided for by [this  
3 subdivision] section 1142, or in the event they are employed for  
4 less than a full school year, the proportionate part of such  
5 minimum salary equal to the proportionate part of the school  
6 year during which they were employed, arrived at by dividing the  
7 number of days during which a substitute was employed by the  
8 total number of days the schools of the district were in session  
9 during the school year.

10       Section 6. Section 1913-A(b) and (i) of the act, added July  
11 1, 1985 (P.L.103, No.31), are amended to read:

12       Section 1913-A. Financial Program; Reimbursement or  
13 Payments.--\* \* \*

14       (b) (1) The Commonwealth shall pay to a community college  
15 on behalf of the sponsor on account of its operating costs  
16 during the fiscal year from funds appropriated for that purpose  
17 an amount equal to one-third of such college's approved  
18 operating costs not to exceed [two thousand four hundred dollars  
19 (\$2,400)] three thousand dollars (\$3,000) per student multiplied  
20 by the number of equivalent full-time students determined by an  
21 audit to be made in a manner prescribed by the State Board of  
22 Education.

23       (2) In addition, the Commonwealth shall pay to a community  
24 college, on account of its operating costs for all equivalent  
25 full-time students enrolled in the following categories of two-  
26 year or less than two-year occupational or technical programs, a  
27 stipend as follows:

28       (i) One thousand one hundred dollars (\$1,100) per full-time  
29 equivalent student enrolled in advanced technology programs.

30 Advanced technology programs are programs using new or advanced

1 technologies which hold promise for creating new job  
2 opportunities, including such fields as robotics, biotechnology,  
3 specialized materials and engineering and engineering-related  
4 programs.

5 (ii) One thousand dollars (\$1,000) per full-time equivalent  
6 student enrolled in programs designated as Statewide programs. A  
7 Statewide program is a program which meets one or more of the  
8 following criteria:

9 (A) Program enrollment from out-of-sponsor area is twenty  
10 per cent or more of the enrollment for the program.

11 (B) A consortial arrangement exists with another community  
12 college to cooperatively operate a program or share regions in  
13 order to avoid unnecessary program duplication.

14 (iii) Five hundred dollars (\$500) per full-time equivalent  
15 student enrolled in other occupational or technical programs.

16 (3) The Secretary of Education annually shall establish  
17 criteria to be used to determine eligibility of programs for  
18 each of the above stipend categories, shall approve programs for  
19 funding in the following fiscal year according to these criteria  
20 and shall submit to chairmen of the committees of education in  
21 the House of Representatives and Senate a report setting forth  
22 the established criteria, any programs approved for funding  
23 under these criteria and the recipient community colleges.

24 (4) Each community college shall maintain such accounting  
25 and student attendance records on generally accepted principles  
26 and standards as will lend themselves to satisfactory audit. The  
27 Commonwealth shall pay to a community college on behalf of the  
28 sponsor on account of its capital expenses an amount equal to  
29 one-half of such college's annual capital expenses from funds  
30 appropriated for that purpose to the extent that said capital

1 expenses have been approved as herein provided.

2 (5) For purposes of determining Commonwealth reimbursement  
3 of operating costs, Federally funded expenditures for those  
4 programs in which the Commonwealth participates in the cost  
5 shall be deducted from total operating expenditures to determine  
6 net reimbursable operating costs.

7 \* \* \*

8 (i) The amount payable to each community college Board of  
9 Trustees on behalf of the sponsor shall be paid in the year in  
10 which the costs and expenses are incurred in quarterly  
11 installments and the Secretary of Education shall draw his  
12 requisition quarterly upon the State Treasurer in favor of each  
13 community college for the amount of reimbursement to which it is  
14 entitled. Reimbursement or payment by the Commonwealth for the  
15 operational expenses and capital equipment and the furnishings  
16 shall be made on or before the end of the fiscal quarters ended  
17 on September 30, December 31, March 31 and June 30 of each  
18 Commonwealth fiscal year. Reimbursements or payments shall be  
19 made semi-annually for the Commonwealth's share of the annual  
20 rentals to an authority or the sponsor or sinking fund or debt-  
21 service payments and other leases upon submission of a community  
22 college requisition in the form required by the Commonwealth,  
23 the reimbursement or payment to be made from funds appropriated  
24 for that purpose. Money that is appropriated under this  
25 subsection but not expended by a community college board of  
26 trustees shall not be distributed to a local sponsor.

27 Section 7. The act is amended by adding a section to read:

28 Section 2114. Prohibitions.--(a) No school district of the  
29 first class may close any location for the delivery of early  
30 intervention programs or school-sponsored day care services



1 which were in existence on May 1, 1988.

2 (b) No school district of the first class may discontinue  
3 transportation services to nonpublic school students which were  
4 in effect on May 1, 1988, as long as said district continues to  
5 provide transportation services to public school students at  
6 corresponding grade levels.

7 Section 8. Sections 2501(19) and 2502.5(b) and (e) of the  
8 act, amended July 10, 1987 (P.L.286, No.50), are amended to  
9 read:

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

12 \* \* \*

13 (19) "Factor for Educational Expense." For the school years  
14 1982-1983 and 1983-1984, the factor for educational expense used  
15 to compute school district entitlements to payments on account  
16 of instruction, as provided for in subsection (d) of section  
17 2502, shall be one thousand six hundred fifty-six dollars  
18 (\$1,656) unless later changed by statute. For the school year  
19 1983-1984, the Factor for Educational Expense shall be one  
20 thousand seven hundred twenty-five dollars (\$1,725), unless  
21 later changed by statute, for those school districts  
22 participating, during the 1984-1985 school year, in a Statewide  
23 program for testing and remediation which is designed to  
24 identify and provide remediation services to individual students  
25 pursuant to section 1511.1. For the 1984-1985 school year,  
26 notwithstanding any other provisions of this act to the  
27 contrary, the Factor for Educational Expense used to compute all  
28 school districts' entitlements to payments on account of  
29 instruction, as provided for in subsection (d) of section 2502,  
30 shall be one thousand eight hundred seventy-five dollars

1 (\$1,875). For the 1985-1986 school year, the Factor for  
2 Educational Expense used to compute all school districts'  
3 entitlements to payments on account of instruction, as provided  
4 for in subsection (d) of section 2502, shall be one thousand  
5 nine hundred seventy dollars (\$1,970). For the 1986-1987 school  
6 year [and each school year thereafter], the Factor for  
7 Educational Expense used to compute all school districts'  
8 entitlements to payments on account of instruction, as provided  
9 for in subsection (d) of section 2502, shall be two thousand one  
10 hundred twenty-five dollars (\$2,125). For the school year 1987-  
11 1988 and each school year thereafter, the Factor for Educational  
12 Expense used to compute all school districts' entitlements to  
13 payments on account of instruction, as provided for in  
14 subsection (d) of section 2502, shall be two thousand two  
15 hundred thirty dollars (\$2,230).

16 Section 2502.5. Limitation of Certain Payments.--\* \* \*

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

1 school year thereafter, no school district shall be paid under  
2 subsections (d) and (e) of section 2502, subsection (e) of this  
3 section, sections 2502.11 and 2502.13 an amount in excess of one  
4 hundred percent (100%) of the total reimbursable instructional  
5 expenditures of the school district. For the 1982-1983 school  
6 year, all school districts qualifying for payments under  
7 subsections (d) and (e) of section 2502 and section 2502.11  
8 shall be limited to an increase payment on account of those  
9 sections which shall not exceed nine percent (9%) over the sums  
10 received on account of section 2502.9 for the 1981-1982 school  
11 year, nor shall any school district receive an increase of less  
12 than two percent (2%) of the 1982-1983 school year payments on  
13 account of the 1981-1982 school year. For the 1984-1985 school  
14 year, each school district qualifying for payments under  
15 subsections (d) and (e) of section 2502 and section 2502.11  
16 shall be limited to an increase payment on account of those  
17 sections which shall not exceed eight and forty-five one  
18 hundredths percent (8.45%) over the sums received on account of  
19 such sections for the school year 1983-1984, nor shall any  
20 school district receive an increase of less than two percent  
21 (2%) of such payments for the school year 1983-1984: Provided,  
22 however, That such payments for the school year 1983-1984 shall  
23 be computed using a Factor for Educational Expense of one  
24 thousand six hundred fifty-six dollars (\$1,656) and a maximum  
25 payment increase of seven and forty-five one hundredths percent  
26 (7.45%) and a minimum payment increase of two percent (2%) and  
27 the eighty percent (80%) guarantee provided for in section  
28 2502.5(e). For the 1985-1986 school year, each school district  
29 qualifying for payments under subsections (d) and (e) of section  
30 2502, subsection (e) of this section and section 2502.11 shall

1 be limited to an increase payment on account of those sections  
2 which shall not exceed seven percent (7%) over the sums received  
3 on account of such sections for the school year 1984-1985, nor  
4 shall any school district receive an increase less than two  
5 percent (2%) of such payments for the school year 1984-1985. For  
6 the 1986-1987 school year [and each school year thereafter],  
7 each school district qualifying for payments under subsections  
8 (d) and (e) of section 2502, subsection (e) of this section and  
9 section 2502.11 shall be limited to an increase payment on  
10 account of those sections which shall not exceed eight percent  
11 (8%) over the sums received on account of such sections and  
12 section 2502.14 for the school year 1985-1986, nor shall any  
13 school district receive an increase less than two percent (2%)  
14 of such payment for the school year 1985-1986. For the 1987-1988  
15 school year and each school year thereafter, each school  
16 district qualifying for payments under subsections (d) and (e)  
17 of section 2502, subsection (e) of this section and section  
18 2502.11 shall be limited to an increase payment on account of  
19 those sections which shall not exceed eight percent (8%) over  
20 the sums received on account of such sections and section  
21 2502.15 for the school year 1986-1987, nor shall any school  
22 district receive an increase less than two percent (2%) of such  
23 payments for the school year 1986-1987.

24 (e) For the school years 1983-1984 and 1984-1985, no school  
25 district shall be paid under subsections(d) and (e) of section  
26 2502 and under section 2502.11 less than eighty percent (80%) of  
27 the total amount to which it is entitled under said sections,  
28 notwithstanding any limitations on increases in such payments  
29 enacted by the General Assembly to the contrary. For the school  
30 year 1985-1986, no school district shall be paid under

1 subsections (d) and (e) of section 2502 and under section  
2 2502.11 less than eighty-five percent (85%) of the total amount  
3 to which it is entitled under said sections, notwithstanding any  
4 limitations on increases in such payments enacted by the General  
5 Assembly to the contrary. For the school year 1986-1987 [and  
6 each school year thereafter], no school district shall be paid  
7 under subsections (d) and (e) of section 2502 and under section  
8 2502.11 less than ninety percent (90%) of the total amount to  
9 which it is entitled under said sections, notwithstanding any  
10 limitations on increases in such payments enacted by the General  
11 Assembly to the contrary. For the school year 1987-1988 and each  
12 school year thereafter, no school district shall be paid under  
13 subsections (d) and (e) of section 2502 and under section  
14 2502.11 less than ninety-five percent (95%) of the total amount  
15 to which it is entitled under said sections, notwithstanding any  
16 limitations on increases in such payments enacted by the General  
17 Assembly to the contrary. For the school year 1983-1984,  
18 payments under this subsection shall be computed using a Factor  
19 for Educational Expense of one thousand six hundred fifty-six  
20 dollars (\$1,656) and a maximum payment increase of seven and  
21 forty-five one hundredths percent (7.45%) and a minimum payment  
22 increase of two percent (2%). For the school year 1984-1985 and  
23 each school year thereafter, payments under this subsection  
24 shall be computed using the Factor for Educational Expense as  
25 defined in section 2501(19) and minimum and maximum increase  
26 limits provided for in subsection (b) of this section. No school  
27 district shall, as a result of this subsection, be paid an  
28 amount in excess of one hundred percent (100%) of the total  
29 reimbursable instructional expenditures of the school district.

30 Section 9. Section 2502.10(c) of the act, added June 25,

1 1982 (P.L.643, No.182), is amended to read:

2 Section 2502.10. Temporary Special Aid to School Districts  
3 Due to Real Property Reassessments.--\* \* \*

4 (c) The special aid authorized by this section shall be paid  
5 from undistributed basic instruction subsidy funds to the extent  
6 that such funds are available. Beginning with payments made  
7 during the 1987-1988 school year and each school year  
8 thereafter, the special aid authorized by this section shall be  
9 paid from any funds not expended, encumbered or committed from  
10 appropriations for grants and subsidies made to the Department  
11 of Education: Provided, that, no funds available from  
12 appropriations for library-related activities may be used for  
13 these payments.

14 \* \* \*

15 Section 10. Section 2502.11(b) of the act, added December  
16 20, 1983 (P.L.267, No.73), is amended to read:

17 Section 2502.11. Economic Supplement.--\* \* \*

18 (b) For the school [year 1982-1983 and each school year  
19 thereafter] years 1982-1983 through 1986-1987, each qualifying  
20 school district shall be paid on account of children in low-  
21 income families an amount in accordance with the following  
22 table:

23	Percentage of Low-Income Pupils	Grant Per
24	In Average Daily Membership	Low-Income Pupil
25	10 - 19.9	\$100
26	20 - 39.9	\$300
27	40 or over	\$500

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

1	<u>Percentage of Low-Income Pupils</u>	<u>Grant Per</u>
2	<u>In Average Daily Membership</u>	<u>Low-Income Pupil</u>
3	<u>8 - 14.9</u>	<u>\$128</u>
4	<u>15 - 29.9</u>	<u>\$357</u>
5	<u>30 or over</u>	<u>\$587</u>

6 For the school year 1988-1989 and each school year  
7 thereafter, each qualifying school district shall be paid on  
8 account of children in low-income families an amount in  
9 accordance with the following table:

10	<u>Percentage of Low-Income Pupils</u>	<u>Grant Per</u>
11	<u>In Average Daily Membership</u>	<u>Low-Income Pupil</u>
12	<u>8 - 14.9</u>	<u>6% of the factor for educational</u>
13		<u>expense used to make payments on</u>
14		<u>account of instruction, as</u>
15		<u>provided for in section 2501(19).</u>
16	<u>15 - 29.9</u>	<u>16% of the factor for educational</u>
17		<u>expense used to make payments on</u>
18		<u>account of instruction, as</u>
19		<u>provided for in section 2501(19).</u>
20	<u>30 or over</u>	<u>27% of the factor for educational</u>
21		<u>expense used to make payments on</u>
22		<u>account of instruction, as</u>
23		<u>provided for in section 2501(19).</u>

24 For the 1982-1983 school year and each school year thereafter,  
25 low-income pupils are defined for purposes of this section as  
26 children aged five (5) to seventeen (17) years, inclusive, in  
27 families receiving a grant in excess of two thousand dollars  
28 (\$2,000) from the Commonwealth on account of dependent children  
29 under Title IV of the Federal Social Security Act.

30 \* \* \*

Section 11. Section 2502.13 of the act, amended July 10, 1987 (P.L.286, No.50), is amended to read:

Section 2502.13. Small District Assistance.--For the 1984-1985 [school year and each school year thereafter] and 1985-1986 school years, the Commonwealth shall pay[,] to each school district which has an average daily membership of one thousand five hundred (1,500) or less and has a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater, an amount equal to fifty dollars (\$50) multiplied by that district's average daily membership. For the 1985-1986 school year, no school district shall receive less on account of this section than it did for the 1984-1985 school year. For the school year 1986-1987 [and each school year thereafter], the Commonwealth shall pay to each school district which has an average daily membership of one thousand five hundred (1,500) or less and has a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater, or received payments under this section for the 1985-1986 school year, an amount equal to seventy-five dollars (\$75) multiplied by that district's average daily membership. For the school year 1987-1988, and each school year thereafter, the Commonwealth shall pay to each school district which has an average daily membership of one thousand five hundred (1,500) or less and a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater, or received payments under this section for the 1986-1987 school year, an amount equal to eighty-five dollars (\$85) multiplied by that district's average daily membership. For the 1987-1988 school year and each school year thereafter, no school district shall receive less on account of this section than it did for the 1986-1987 school year.



1 Section 12. Section 2502.16(c) of the act, added July 10,  
2 1987 (P.L.286, No.50), is amended and the section is amended by  
3 adding subsections to read:

4 Section 2502.16. Temporary Special Aid to School Districts  
5 Suffering Loss of Tax Revenue Due to Bankruptcy of Businesses in  
6 the School District.--\* \* \*

7 (c) The temporary special aid provided for in this section  
8 shall be paid from undistributed equalized subsidy for basic  
9 education funds to the extent that such funds are available.  
10 Beginning with payments made during the 1987-1988 school year  
11 and each school year thereafter, the special aid authorized by  
12 this section shall be paid from any funds not expended,  
13 encumbered or committed from appropriations for grants and  
14 subsidies made to the Department of Education: Provided, that,  
15 no funds available from appropriations for library-related  
16 activities may be used for these payments.

17 \* \* \*

18 (f) The special payments authorized by this section and  
19 section 2502.10 shall be paid from a restricted revenue account,  
20 which is hereby established, for such payments. Funds shall be  
21 transferred by the Secretary of the Budget only to the extent  
22 necessary to make the payments authorized by this section and  
23 section 2502.10.

24 (g) The Secretary of the Budget shall provide to the  
25 Chairman and Minority Chairman of the Senate Appropriations  
26 Committee and the Chairman and Minority Chairman of the House  
27 Appropriations Committee information concerning the  
28 appropriation from which funds have been transferred and the  
29 amounts transferred. The Department of Education shall have a  
30 written policy concerning the method for making payments to

1 school districts, including the date by which payments shall be  
2 made each fiscal year.

3 Section 13. The act is amended by adding sections to read:

4 Section 2594. Special Payments on Account of Minimum Salary  
5 Increases.--(a) For the school year 1988-1989 and each school  
6 year thereafter beginning before the expiration of the term of  
7 any contract or agreement effective on or before the effective  
8 date of this section between a public employer and a public  
9 employe or employe organization pursuant to the act of July 23,  
10 1970 (P.L.563, No.195), known as the "Public Employe Relations  
11 Act," each school district, intermediate unit and area  
12 vocational-technical school which elects to increase minimum  
13 salaries pursuant to section 1142.1, shall be paid in the manner  
14 provided in subsection (b), in addition to any other payments to  
15 which it is entitled, a special payment to cover the cost of  
16 implementing section 1142.1.

17 (b) For the school year 1988-1989, the amount paid to each  
18 school district, intermediate unit and area vocational-technical  
19 school shall be the difference between the salary paid to each  
20 full-time teacher at the beginning of the school term 1988-1989  
21 that is less than eighteen thousand five hundred dollars  
22 (\$18,500) and an amount equal to eighteen thousand five hundred  
23 dollars (\$18,500). For the school year 1989-1990 and each school  
24 year thereafter, the amount paid shall be the difference between  
25 the salary payable to each full-time teacher at the beginning of  
26 the school term under the terms of the contract or agreement in  
27 effect on the effective date of this section which is less than  
28 eighteen thousand five hundred dollars (\$18,500) and an amount  
29 equal to eighteen thousand five hundred dollars (\$18,500). The  
30 amount so calculated shall be paid to each qualifying school

district, intermediate unit and area vocational-technical school  
by the Department of Education during each school year for which  
each school district, intermediate unit and area vocational-  
technical school qualifies out of the funds appropriated to the  
department for this purpose.

(c) For each school year for which a school district,  
intermediate unit and area vocational-technical school qualifies  
for a special payment under subsection (a), the entire  
employer's share of contributions to the Public School Employee's  
Retirement Fund and Social Security attributable to the salary  
increase implemented pursuant to section 1142.1 shall be paid  
for each school district, intermediate unit and area vocational-  
technical school out of funds appropriated to the Department of  
Education for such purposes.

Section 2595. School Performance Incentives.--(a) The  
purpose of this section is to establish a program of school  
performance incentives to reward significant educational  
improvements, to evoke further school performance improvement  
and to foster collegial participation by school employees in  
improving school performance.

(b) Any public elementary school, secondary school or area  
vocational-technical school is eligible to participate in the  
school performance program.

(c) (1) School performance will be determined by  
improvements in student accomplishment using the following  
criteria:

(i) student achievement as measured by performance on tests  
developed or approved by the State board through regulation and  
pursuant to this act;

(ii) dropout rates as measured by the increase in the

proportion of students continuing their education in grades  
seven through twelve; or

(iii) students prepared to go on to higher education as  
measured by an increase in the proportion of high school  
students taking the Scholastic Aptitude Tests and an increase in  
the average scores on Scholastic Aptitude Tests.

(2) Improvements in school performance shall be calculated  
on performance levels during the year prior to the year in which  
incentive payments are made compared to performance levels  
during either the immediately preceding year or the average of  
the two immediately preceding years.

(3) All data submissions from the schools shall be subject  
to audit and any incentive payment amounts subsequently  
determined to be excessive due to inappropriate data shall be  
deducted from subsequent Equalized Subsidy for Basic Education  
payments.

(4) The Secretary of Education shall monitor and evaluate  
the criteria for selection of schools and shall annually  
determine and publish the required level of performance  
improvement for schools to be awarded incentive payments.  
Beginning with payments to be made during the 1990-1991 fiscal  
year, any revisions shall be proposed on or before September 1  
of the fiscal year prior to the fiscal year in which the  
incentive payments are to be distributed.

(d) The Secretary of Education shall award on account of  
each school that meets the required level of performance  
improvement an amount determined by dividing the total full-time  
equivalent professional employees of the qualifying schools into  
the amount annually appropriated for the school performance  
incentives. The incentive awards will be distributed to the

1 school districts based on the number of full-time equivalent  
2 professional employees at the qualifying school. Each school  
3 performance incentive payment shall be made in a single payment,  
4 and the Secretary of Education shall draw his requisition upon  
5 the State Treasurer in favor of each school district with  
6 qualifying schools.

7 (e) (1) Incentive funds shall be paid to the school  
8 district for use only by schools which qualify pursuant to  
9 subsection (c). Payments received by school districts with  
10 qualifying schools may be applied to one or more of the  
11 following uses:

12 (i) teaching materials, including books, audio-visual aids  
13 and computer software;

14 (ii) initiatives which reach to families to evoke home  
15 support of the work of the school and otherwise involve families  
16 in the school;

17 (iii) assistance in the introduction or advancement of  
18 curricular and instructional improvements;

19 (iv) other uses reasonably expected to improve school  
20 performance or to enhance teaching and learning or the  
21 educational climate of the school.

22 (2) Uses of incentive funds, as provided for in paragraph  
23 (1) of this subsection, in each school shall be determined by  
24 the regular full-time and part-time school employees in the  
25 school through a selection process of their choice. The plan of  
26 the school employees regarding uses of the incentive funds shall  
27 be presented to the board of school directors and shall be  
28 implemented unless the board of school directors disapproves  
29 within sixty days of its receipt. If the plan is disapproved,  
30 the school employees may resubmit a new plan which the board of

1 school directors shall consider as provided herein.

2 (f) Incentive funds provided pursuant to this section shall  
3 be used to supplement and not to supplant any other sources of  
4 funds for the operation of the qualifying schools and the  
5 instructional program of such schools.

6 (g) (1) Each school district receiving a school performance  
7 incentive payment shall report to the Secretary of Education no  
8 later than October 31 of the fiscal year following the year in  
9 which such funds were expended on the use of the funds, the  
10 results of the use of such funds and the maintenance of the  
11 fiscal effort on behalf of qualifying school buildings of such  
12 school districts. Reports by school districts, as provided for  
13 in this subsection, shall be submitted in a form determined by  
14 the Secretary of Education.

15 (2) The Secretary of Education shall annually file with the  
16 Education Committee of the House of Representatives and the  
17 Education Committee of the Senate a report on the operation of  
18 the school performance incentives program provided for herein,  
19 including any recommendations for changes in the selection  
20 criteria.

21 (3) By September 15, 1992, the Secretary of Education shall  
22 report to the Chairman and Minority Chairman of the Education  
23 Committee of the House of Representatives and to the Chairman  
24 and Minority Chairman of the Education Committee of the Senate  
25 on: The identification of exemplary educational programs  
26 initiated in various schools which resulted in superior  
27 performance improvement; recommendations of methods of  
28 encouraging replication of these programs; and evaluation and  
29 recommendations on whether these programs should be continued or  
30 altered.

1     (h) Nothing in this section shall be construed to deprive  
2     any employe, any employe organization or any public employer of  
3     any rights, including rights of representation, enjoyed under  
4     the act of July 23, 1970 (P.L.563, No.195), known as the "Public  
5     Employe Relations Act," or under other provisions of this act.

6     Section 2596. Special Study on the Revenue Impact of Out-of-  
7     State Tax Credits.--(a) The Department of Education shall  
8     undertake a special study to assess the revenue impact on  
9     Pennsylvania school districts of residents who work in bordering  
10    states. Particular emphasis shall be placed on districts meeting  
11    the following criteria:

12    (1) Districts that levy a local earned income tax under the  
13    act of December 31, 1965 (P.L.1257, No.511), known as "The Local  
14    Tax Enabling Act;" and

15    (2) Districts that include as resident taxpayers individuals  
16    who are subject to State and/or local income taxes at their out-  
17    of-State place of employment and who, therefore, claim tax  
18    credits in Pennsylvania as a result of these levies.

19    (b) The assessment shall include:

20    (1) Identification of all districts which meet the above  
21    criteria.

22    (2) Compilation of data indicating, on a per district basis,  
23    the number of resident tax payers claiming a tax credit for out-  
24    of-State payments.

25    (3) Analysis of the individual taxpayer data in order to  
26    assess the effect on the local and State revenues for each  
27    affected school district.

28    (c) The Secretary of Education shall present a report  
29    summarizing the results of this study to the Chairman and the  
30    Minority Chairman of the House Education Committee and the

Chairman and the Minority Chairman of the Senate Education  
Committee no later than April 1, 1989.

Section 14. The act is amended by adding an article to read:

ARTICLE XXVI-C

INSTITUTIONAL EQUIPMENT GRANTS

Section 2601-C. Definitions.--When used in this article the  
following words and phrases shall have the following meanings:

"Community colleges" shall mean institutions now, or  
hereafter, created pursuant to the act of August 24, 1963  
(P.L.1132, No.484), known as the "Community College Act of 1963"  
or Article XIX-A of this act.

"Department" shall mean the Department of Education of the  
Commonwealth.

"Educational equipment" shall mean tangible property used by  
institutions of higher education in support of instruction. The  
term shall not include equipment used in support of sectarian  
and denominational instruction or for any other sectarian and  
denominational purpose or activity.

"Eligible institution" shall mean an independent institution  
of higher education, a State-owned institution or a State-  
related institution, any of which is approved by the department  
for equipment grants pursuant to the provisions of this act. It  
shall not mean an institution which is determined by the  
department to be a community college, a theological seminary or  
school of theology or a sectarian and denominational  
institution.

"Equipment grant" shall mean an amount determined by dividing  
the funds appropriated pursuant to this act, less reasonable  
administrative expenses, by the total of all certified full-time  
equivalent students from all eligible institutions applying for



1 grants.

2 "Full-time equivalent students" shall mean the enrollment in  
3 programs at eligible institutions expressed in terms of full-  
4 time students as determined by the Department of Education.

5 "Independent institution of higher education" shall mean an  
6 institution of higher education which is operated not-for-  
7 profit, located in and incorporated or chartered by the  
8 Commonwealth, entitled to confer degrees as set forth in section  
9 211 of the act of May 5, 1933 (P.L.289, No.105), known as the  
10 "Nonprofit Corporation Law," and entitled to apply to itself the  
11 designation "college" or "university" as provided for by  
12 standards and qualifications prescribed by the State Board of  
13 Education pursuant to the act of May 7, 1937 (P.L.585, No.150),  
14 entitled, as amended, "An act prohibiting the use of the  
15 designation of 'college' by any institution not conforming to  
16 the standards of a college prescribed by the State Board of  
17 Education; and providing for injunctions, and penalties."

18 "Pennsylvania based" shall mean educational equipment  
19 manufactured or assembled within this Commonwealth, or sold,  
20 leased or otherwise provided to an eligible institution by a  
21 vendor which has a place of business in this Commonwealth.

22 "State-owned institutions" shall mean those institutions  
23 which are part of the State System of Higher Education pursuant  
24 to the act of April 9, 1929 (P.L.177, No.175), known as "The  
25 Administrative Code of 1929."

26 "State-related institutions" shall mean the Pennsylvania  
27 State University, the University of Pittsburgh, Temple  
28 University and Lincoln University and their branch campuses.

29 Section 2602-C. Certification of Recipients.--From the  
30 information it receives from colleges and universities or, in

1 the case of State-owned institutions, from the State System of  
2 Higher Education, the department shall certify the number of  
3 full-time equivalent students attending each eligible  
4 institution during the most recent year for which data is  
5 available.

6 Section 2603-C. Institutional Equipment Grants.--For the  
7 academic year beginning on or about September 1, 1988, the  
8 department shall allot a one-time equipment grant on behalf of  
9 each full-time equivalent student attending the eligible  
10 institution as certified pursuant to section 2602-C. The  
11 allotment shall be made to each eligible institution or, in the  
12 case of State-owned institutions, to the State System of Higher  
13 Education from the funds appropriated to the department pursuant  
14 to this article. Following an initial allocation and allotment,  
15 if any funds appropriated have not been and cannot be allocated  
16 to one or more institutions otherwise eligible for funds, the  
17 department shall reallocate these funds to the remaining  
18 eligible institutions so that all funds appropriated under this  
19 article have been allotted.

20 Section 2604-C. Use of Moneys.--The moneys appropriated  
21 shall be used only for, or in connection with, expenses incurred  
22 by the eligible institution to purchase, lease or otherwise  
23 acquire educational equipment which is Pennsylvania based. If  
24 the eligible institution purchases, leases or otherwise acquires  
25 educational equipment which is not Pennsylvania based, it must  
26 file with the department a statement of justification as to why  
27 Pennsylvania-based educational equipment was not obtained.

28 Section 2605-C. Forfeiture.--Any eligible institution which  
29 refuses to submit such information for audit as required by this  
30 article or knowingly submits misrepresentations or false

1 statements with the intention of fraudulently obtaining moneys  
2 from the department shall be denied status as an eligible  
3 institution under the provisions of this article.

4 Section 2606-C. Expiration.--This article shall expire on  
5 June 30, 1989.

6 Section 15. Notwithstanding any other provisions of the act  
7 of March 10, 1949 (P.L.30, No.14), known as the "Public School  
8 Code of 1949," the board of school directors of each school  
9 district is authorized to and may reopen its 1988-1989 budget  
10 during the months of October and November 1988 to make any  
11 revisions in the budget and tax levies heretofore adopted to  
12 reflect anticipated increases in subsidies payable to the school  
13 district during its 1988-1989 fiscal year under provisions of  
14 this act.

15 Section 16. This act shall be retroactive as follows:

16 (1) Except with respect to section 15 of this amendatory  
17 act and the amendments to sections 2502.10(c) and 2502.16(c)  
18 of the act, this amendatory act shall be retroactive to July  
19 1, 1988.

20 (2) The amendments to sections 2502.10(c) and 2502.16(c)  
21 shall be retroactive to May 31, 1988.

22 Section 17. This act shall take effect as follows:

23 (1) Section 513(b.1) of the act shall take effect July  
24 1, 1989.

25 (2) The remainder of this act shall take effect  
26 immediately.