

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1049 Session of  
1997

INTRODUCED BY RHOADES, TOMLINSON, JUBELIRER, AFFLERBACH, COSTA,  
STOUT, GERLACH, SCHWARTZ, MELLOW, WHITE AND KASUNIC,  
JUNE 26, 1997

REFERRED TO EDUCATION, JUNE 26, 1997

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," providing for the establishment,  
6 membership and powers and duties of the Community College  
7 Coordinating Board; and further providing for payments to  
8 community colleges.

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

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

14 Section 1901-A. Definitions.--The following words and  
15 phrases, as used in this article, shall, unless a different  
16 meaning is plainly required by the context, have the following  
17 meaning:

18 \* \* \*

19 (11) "Coordinating board" shall mean the Community College  
20 Coordinating Board established under section 1902.1-A.

Section 2. Section 1902-A of the act, added July 1, 1985  
(P.L.103, No.31), is amended to read:

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

(1) To adopt such policies, standards, rules and regulations  
formulated by the Council of Higher Education, as may be  
necessary to provide for the establishment, operation and  
maintenance of community colleges, including minimum  
requirements for physical facilities and equipment, curriculum,  
faculty, standards and professional requirements, qualifications  
for admission and advancement of students, student enrollment,  
student population of the area to be served by the community  
college, requirements for satisfactory completion of a two-year  
program and the degrees or diplomas or certificates to be  
awarded therefor, and, in consultation with the coordinating  
board, means of financing and financial resources for the  
establishment and support of the community college, and all  
matters necessary to effectuate the purposes of this act.

(2) To approve or disapprove plans for the establishment or  
operation of a community college.

(3) To approve or disapprove petitions of school districts  
or municipalities applying for participation in an established  
community college. No petition may be approved unless it is  
accompanied by the consent of the governing bodies of the  
majority of the members of the local sponsor of the established  
community college to the participation of the petitioning school  
district or municipality.

(b) In determining such policies, standards, rules and  
regulations, the State Board of Education may consider relevant

1 all minimum requirements established by statute or by regulation  
2 with respect to the State colleges and universities of the  
3 Commonwealth and may consider relevant such minimum requirements  
4 established by statute or by regulation with respect to  
5 secondary and special education programs in the school district  
6 or districts of the area to be served by the community college.

7 (c) In approving or disapproving such plans, the State Board  
8 of Education shall consider the needs of areas adjacent to the  
9 areas to be served by the community college and of the State  
10 with respect to higher education and long range plans therefor  
11 established by the State Board of Education. Other school  
12 districts and municipalities may petition the State Board of  
13 Education to become a part of a local sponsor as hereafter in  
14 this act provided.

15 (d) No plan for the establishment of a community college  
16 shall be approved unless the State Board of Education determines  
17 that the local sponsor has a population of a sufficient number  
18 to assure a sustained minimum enrollment, has sufficient wealth  
19 to financially support such college and is not adequately served  
20 by established institutions of higher learning. No plan for the  
21 establishment of a community college shall be approved unless it  
22 contains an estimate of operating cost for administration,  
23 instruction, operation and maintenance and such other accounts  
24 as the State Board of Education may, from time to time,  
25 determine. No plan for the establishment of a community college  
26 shall be approved unless it contains an estimate of any proposed  
27 capital improvements for the next following ten years which has  
28 been reviewed and approved by the coordinating board.

29 (e) To confer with the coordinating board and obtain the  
30 approval of the Governor's Office as to the number of community

1 colleges which can be approved for participation during the  
2 ensuing fiscal period.

3 (f) Wherever in this act the approval of the State Board of  
4 Education is required in any matter, the State Board of  
5 Education may require the Department of Education to make and  
6 report its findings and recommendations on such matter to the  
7 Council of Higher Education for the formulation of policies,  
8 standards, rules and regulations for consideration by the State  
9 Board of Education.

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

11 Section 1902.1-A. Community College Coordinating Board.--(a)  
12 Subject to the regulatory powers conferred by law upon the State  
13 Board of Education, there is hereby established a body corporate  
14 and politic constituting a government instrumentality which  
15 shall be known as the Community College Coordinating Board. The  
16 coordinating board shall serve the community colleges by  
17 receiving funds and disbursing such funds to those institutions  
18 organized under this article.

19 (b) The coordinating board shall consist of sixteen members  
20 appointed as follows:

21 (1) Three members of the general public, citizens of this  
22 Commonwealth, appointed by the Governor and confirmed by the  
23 Senate, for terms of four years.

24 (2) One member shall be a community college student at the  
25 time of appointment, appointed by the Governor for a term of  
26 four years.

27 (3) Three members each of whom shall be a trustee of a local  
28 community college governing board at the time of appointment,  
29 recommended by the trustees of the community colleges and  
30 appointed by the Governor for terms of four years.

1     (4) Three members each of whom shall be a president of a  
2     local community college at the time of appointment, recommended  
3     by the presidents of the community colleges and appointed by the  
4     Governor for terms of four years.

5     (5) The Secretary of Education.

6     (6) The Chairperson of the State Board of Education or a  
7     designee.

8     (7) One senator appointed by the President pro tempore of  
9     the Senate who shall be a member at the time of appointment of  
10    either the Appropriations Committee or the Education Committee  
11    of the Senate.

12    (8) One senator appointed by the minority leader of the  
13    Senate who shall be a member at the time of appointment of  
14    either the Appropriations Committee or the Education Committee  
15    of the Senate.

16    (9) One representative appointed by the Speaker of the House  
17    of Representatives who shall be a member at the time of  
18    appointment of either the Appropriations Committee or the  
19    Education Committee of the House of Representatives.

20    (10) One representative appointed by the minority leader of  
21    the House of Representatives who shall be a member at the time  
22    of appointment of either the Appropriations Committee or the  
23    Education Committee of the House of Representatives.

24    (c) The terms of the members of the general public appointed  
25    by the Governor shall be four years, except that among the first  
26    three public members appointed by the Governor, lots shall be  
27    drawn to determine who shall serve an initial one-year term, a  
28    two-year term and a three-year term.

29    (d) In making recommendations for trustees to serve as  
30    members of the coordinating board, the community college

1 trustees shall recommend candidates from which the Governor  
2 shall appoint. For initial appointments one trustee shall serve  
3 for a two-year term, one trustee shall serve for a three-year  
4 term and one trustee shall serve for a four-year term.  
5 Subsequent nominations shall be for four-year terms. No trustee  
6 may serve concurrently with the president of the same  
7 institution.

8 (e) In making recommendations to the Governor for presidents  
9 to serve as members of the board, the community college  
10 presidents shall recommend candidates from which the Governor  
11 shall appoint. For initial appointments one president shall  
12 serve for a two-year term, one president shall serve for a  
13 three-year term and one president shall serve for a four-year  
14 term. Subsequent nominations shall be for four-year terms. No  
15 president may serve concurrently with the trustee of the same  
16 institution.

17 (f) Any appointed member who fails to attend three  
18 consecutive board meetings shall forfeit membership on the board  
19 unless the board chairman upon written request from that member  
20 determines that the board member should be excused from a  
21 meeting or meetings for reasons of illness or death of an  
22 immediate family member.

23 (g) All other members of the coordinating board shall be ex  
24 officio voting members.

25 Section 1902.2-A. Purposes and General Powers of the  
26 Coordinating Board.--The coordinating board at all times shall  
27 ensure that its considerations are centered on enabling  
28 community colleges to provide low cost, accessible and high  
29 quality programs and services designed to meet the needs of the  
30 Commonwealth and its citizens. To carry out its duties the

coordinating board shall have the following powers and responsibilities:

(1) Elect a chairperson from among its members.

(2) Employ a director and other such staff as shall be necessary to carry out the duties and responsibilities of the coordinating board.

(3) Coordinate and plan with other State agencies to advance the interests of the Commonwealth in enhancing the use of community colleges within its educational structure and for the purposes of continuing economic development.

(4) Work to ensure that funds adequate to defined State priorities are provided.

(5) Develop and administer a process for annually submitting to the Governor and the General Assembly a Statewide, consolidated operating budget and capital expenditure budget request on behalf of the community colleges.

(6) Receive and allocate State funds appropriated annually for the community colleges.

(7) Develop an allocation process and allocate State-appropriated funds to the community colleges.

(8) Develop and administer a uniform process for coordinating, reviewing and approving the capital expenditure requests of the community colleges.

(9) Assist the community colleges in fulfilling their mission as defined in section 1901-A(4).

(10) Develop and administer a process for the Statewide collection, analysis and dissemination of data appropriate to the responsibilities of the coordinating board.

(11) Seek ways in which community colleges can be better used by the Commonwealth in such areas as work force

development, partnerships with business and industry and as providers of the first two years of public collegiate education.

(12) Enter into contracts with and receive funds from other entities, including, but not limited to, the Federal Government.

(13) Maintain liaison with the Department of Education, the Department of Labor and Industry and the Department of Community and Economic Development on matters concerning the financing of post-secondary education and work force development.

(14) Ensure the accountability of the community colleges to this Commonwealth, including maintaining liaison with the Office of the Budget with respect to auditing the financial operations of the community colleges.

(15) The coordinating board shall coordinate, review, and consolidate the annual capital budget requirements of the community colleges, the annual operating budgets of the individual institutions and the operating budget of the executive office of the board. The board shall return such budget requests, recommending approval or disapproval with comments, if any, to the secretary prior to their submission to the Secretary of the Budget. The board shall also submit its budget recommendations and findings to the General Assembly subsequent to the submission of the Governor's budget to the General Assembly.

(16) Submit an annual financial report and recommendations concerning the financial status and requirements of the community colleges to the Governor, the General Assembly and the community colleges, not later than one hundred twenty (120) days following the close of the State fiscal year.

(17) Retain and reallocate to the community colleges any unobligated operating funds appropriated to the coordinating



1 board under section 1902.3-A.

2 Actions of the board shall not interfere with the powers and  
3 duties of the boards of trustees of community colleges.

4 Section 1902.3-A. Allocation Process.--The coordinating  
5 board shall develop a process to formulate an annual  
6 consolidated budget request and, beginning with the fiscal year  
7 July 1, 1999, to June 30, 2000, and each fiscal year thereafter  
8 to allocate State funds to the community colleges when  
9 appropriated. Any means for distributing State funds shall be  
10 based on an allocation system. In developing an allocation  
11 process, the coordinating board shall take into consideration at  
12 a minimum the following:

13 (1) Headcount and full-time equivalent enrollments.

14 (2) Credit and noncredit programs and enrollments.

15 (3) State program priorities.

16 (4) Technical and transfer programs and enrollments.

17 (5) Base costs of maintaining a community college.

18 (6) Program growth and development.

19 (7) Fiscal capacity of sponsoring area to support a  
20 community college.

21 (8) Incentives for maintaining or increasing local funding  
22 support.

23 (9) Fiscal stability of community colleges.

24 (10) Capital costs and commitments.

25 Section 1902.4-A. Funding of Coordinating Board.--No more  
26 than one-half of one percent (.5%) of the total annual  
27 appropriation to the community colleges, not exceeding seven  
28 hundred fifty thousand dollars (\$750,000) for the first full  
29 year of its operation, shall be allocated for operation of the  
30 coordinating board. Funds not expended or encumbered in any

fiscal year shall remain in the account of the coordinating board and must be reallocated to the community colleges.

Section 1902.5-A. Allocation Process Implementation Date.--

(a) The effective date of the application of allocation process developed under section 1902.3-A shall be no earlier than July 1, 1999.

(b) Effective July 1, 1999, any funds appropriated by the General Assembly and approved by the Governor for the community colleges shall be appropriated to the account of the coordinating board and shall be allocated to the community colleges in accordance with the procedures established by the coordinating board.

Section 4. Section 1908-A of the act, added July 1, 1985 (P.L.103, No.31), is amended to read:

Section 1908-A. Tuition.--(a) The normal tuition charged by each community college shall be an amount fixed by the board of trustees of the community college, in accordance with policies, standards, rules and regulations of the State Board of Education[, determined by apportioning among the students enrolled in such college not more than one-third of its annual operating costs].

(b) A student who is not a resident in the area of the local sponsor of the community college in which he is enrolled and who enrolled himself in such college with the approval of the board of trustees of the community college established in the area in which he resides, if there be one, shall pay the normal tuition charge of the college he attends, but the board of trustees of the college established in his area of residence shall pay on behalf of such student to the college in which he is enrolled an amount equal to the amount established by the board of trustees

1 of the attended college as its own sponsor share of the cost per  
2 equivalent full-time student. [The community college at which  
3 the student registers shall be entitled to State reimbursement  
4 on behalf of that student in the same manner as a student  
5 resident in the sponsorship area as hereinafter provided.] The  
6 community college at which the student registers shall be  
7 entitled to count such student as an enrolled student for the  
8 purpose of receiving allocations from the coordinating board.

9 (c) A student who is a resident of the Commonwealth in an  
10 area which is not a local sponsor of a community college and who  
11 is enrolled in a community college in accordance with the  
12 policies, standards, rules and regulations of the State Board of  
13 Education shall pay a tuition charge fixed by the board of  
14 trustees of the college attended. [Such tuition shall total the  
15 amount representing the difference between total operating cost  
16 per equivalent full-time student and the amount payable by the  
17 State on behalf of each equivalent full-time student enrolled.  
18 The community college enrolling such student shall be entitled  
19 to State reimbursement as hereinafter provided.] Such tuition  
20 charge shall be no more than twice the normal tuition of the  
21 college for students who are residents of its sponsoring areas.  
22 The community college at which the student registers shall be  
23 entitled to count such student as an enrolled student for the  
24 purpose of receiving allocations from the coordinating board.

25 (d) A student who is not a resident in the area of the local  
26 sponsor of the community college in which he is enrolled and who  
27 has enrolled himself in such college without the approval of the  
28 board of trustees of the community college established in the  
29 area in which he resides, if there is one, shall pay a tuition  
30 charge which shall be equal to twice the normal tuition charge

1 of the community college in which he is enrolled. The community  
2 college at which the student registers shall be entitled to  
3 [State reimbursement on behalf of that student in the same  
4 manner as a student resident in the sponsorship area as  
5 hereinafter provided.] count such student as an enrolled student  
6 for the purpose of receiving allocations from the coordinating  
7 board.

8 (e) A student who is not a resident of the Commonwealth and  
9 who is enrolled in a community college in accordance with the  
10 policies, standards, rules and regulations of the State Board of  
11 Education shall pay such tuition charge as is [approved by the  
12 Department of Education.] established by the Board of Trustees  
13 of the community college.

14 Section 5. Section 1913-A of the act, amended or added July  
15 1, 1985 (P.L.103, No.31), October 20, 1988 (P.L.827, No.110),  
16 June 7, 1993 (P.L.49, No.16) and July 11, 1996 (P.L.633,  
17 No.107), is amended to read:

18 Section 1913-A. Financial Program; Reimbursement or  
19 Payments.--(a) The plan submitted by the local sponsor shall  
20 set forth a financial program for the operation of the community  
21 college. The plan shall provide that the local sponsor shall  
22 appropriate or provide to the community college an amount at  
23 least equal to the community college's annual operating costs  
24 less the student tuition as determined in section 1908-A(a) less  
25 the Commonwealth's payment as determined [in subsection (b)(1)  
26 of this section.] by the coordinating board. The plan shall also  
27 provide that one-half of the annual capital expenses shall be  
28 appropriated or provided by the local sponsor to the community  
29 college. The local sponsor's appropriation for annual operating  
30 costs and annual capital expenses may in part be represented by

1 real or personal property or services made available to the  
2 community college. The plan shall indicate whether the  
3 appropriation shall come from general revenues, loan funds,  
4 special tax levies or from other sources, including student  
5 tuitions.

6 (b) [(1) For the 1993-1994 fiscal year and for each fiscal  
7 year thereafter, the Commonwealth shall pay to a community  
8 college on behalf of the sponsor on account of its operating  
9 costs during the fiscal year from funds appropriated for that  
10 purpose an amount equal to the lesser of such college's variable  
11 State share ceiling as determined in clause (1.3) or such  
12 college's equivalent full-time student reimbursement as  
13 determined in clause (1.4).

14 (1.2) The Secretary of Education, in consultation with the  
15 community colleges, shall promulgate standards for credit  
16 courses and for noncredit courses that will be eligible for  
17 Commonwealth reimbursement. The standards shall specifically  
18 exclude from eligibility for reimbursement any course or program  
19 in avocational or recreational pursuits. The standards shall be  
20 promulgated by the beginning of the 1994-1995 fiscal year. Until  
21 such standards are promulgated, no community college will be  
22 reimbursed for any credit course which was offered by such  
23 college as a noncredit course during the college's 1992-1993  
24 fiscal year.

25 (1.3) The variable State share ceiling of a community  
26 college shall be determined as follows:

27 (i) Subtract the taxable income per person of the local  
28 sponsor from the highest taxable income per person of any county  
29 in the Commonwealth.

30 (ii) Divide the amount determined under subclause (i) by the

1 difference between the highest taxable income per person of any  
2 county in the Commonwealth and the lowest taxable income per  
3 person of any county in the Commonwealth.

4 (iii) Multiply the quotient determined under subclause (ii)  
5 by one-sixth.

6 (iv) Add one-third to the product determined under paragraph  
7 (iii).

8 (v) Multiply the sum determined under subclause (iv) by the  
9 community college's operating costs in the year for which  
10 reimbursement is being claimed.

11 (vi) The taxable income per person data used in the  
12 preceding calculation shall be data certified to the Secretary  
13 of Education by the Secretary of Revenue under section 2501(9.1)  
14 for school district local sponsors or data otherwise published  
15 by the Secretary of Revenue for a municipal local sponsor.

16 (1.4) The equivalent full-time student reimbursement of a  
17 community college shall be the sum of credit course, noncredit  
18 course and stipend reimbursements. These reimbursements shall be  
19 calculated using a reimbursement factor of one thousand and  
20 forty dollars (\$1,040) for the 1993-1994 fiscal year, of one  
21 thousand eighty dollars (\$1,080) for the 1994-1995 fiscal year  
22 and of one thousand one hundred eighty dollars (\$1,180) for the  
23 1995-1996 fiscal year and one thousand and two hundred and ten  
24 dollars (\$1,210) for the 1996-1997 fiscal year and for each year  
25 thereafter and shall be determined as follows:

26 (i) Credit course reimbursement shall be calculated by  
27 multiplying the reimbursement factor by the number of equivalent  
28 full-time students enrolled in credit courses as determined by  
29 an audit to be made in a manner prescribed by the State Board of  
30 Education.

1 (ii) Noncredit course reimbursement shall be calculated as  
2 follows:

3 (A) eighty percent (80%) of the reimbursement factor  
4 multiplied by the number of equivalent full-time students  
5 enrolled in eligible noncredit courses for the 1993-1994 fiscal  
6 year, as determined by the audit referred to in paragraph (i);

7 (B) seventy percent (70%) of the reimbursement factor  
8 multiplied by the number of equivalent full-time students  
9 enrolled in eligible noncredit courses for the 1994-1995 fiscal  
10 year and for each year thereafter, as determined by the audit  
11 referred to in paragraph (i); or

12 (C) one hundred percent (100%) of the reimbursement factor  
13 multiplied by the number of equivalent full-time students  
14 enrolled in eligible noncredit public safety courses that  
15 provide training for volunteer firefighters and emergency  
16 medical services for the 1995-1996 fiscal year and for each year  
17 thereafter, as determined by the audit referred to in paragraph  
18 (i).

19 (iii) Stipend reimbursement on account of a community  
20 college's operating costs for all equivalent full-time students  
21 enrolled in the following categories of two-year or less than  
22 two-year occupational or technical programs, shall be the sum of  
23 the following:

24 (A) One thousand one hundred dollars (\$1,100) per full-time  
25 equivalent student enrolled in advanced technology programs. For  
26 the fiscal year 1995-1996 and each year thereafter, the  
27 reimbursement rate shall be calculated at one thousand one  
28 hundred seventy-five dollars (\$1,175) per full-time equivalent  
29 student enrolled in advanced technology programs. Advanced  
30 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 (B) One thousand dollars (\$1,000) per full-time equivalent  
6 student enrolled in programs designated as Statewide programs.  
7 For the fiscal year 1995-1996 and each year thereafter, the  
8 reimbursement rate shall be calculated at one thousand seventy-  
9 five dollars (\$1,075) per full-time equivalent student enrolled  
10 in programs designated as Statewide programs. A Statewide  
11 program is a program which meets one or more of the following  
12 criteria:

13 (I) Program enrollment from out-of-sponsor area is twenty  
14 per cent or more of the enrollment for the program.

15 (II) A consortial arrangement exists with another community  
16 college to cooperatively operate a program or share regions in  
17 order to avoid unnecessary program duplication.

18 (C) Five hundred dollars (\$500) per full-time equivalent  
19 student enrolled in other occupational or technical programs.  
20 For the fiscal year 1995-1996 and each year thereafter, the  
21 reimbursement rate shall be calculated at five hundred seventy-  
22 five dollars (\$575) per full-time equivalent student enrolled in  
23 other occupational or technical programs.]

24 (2) For the 1993-1994 fiscal year, each community college  
25 shall be reimbursed under clause (1) in an amount which is at  
26 least equal to a one percent (1%) increase over its 1992-1993  
27 operating cost and stipend reimbursement. In no case shall a  
28 community college's 1993-1994 reimbursement under clause (1) per  
29 full-time equivalent student, insofar as said reimbursement does  
30 not include a proportionate share attributable to stipend



1 reimbursement under clause (1.4)(iii), exceed its 1992-1993  
2 operating cost reimbursement per full-time equivalent student by  
3 more than ten percent (10%).

4 (2.1) For the 1994-1995 fiscal year, each community college  
5 shall be reimbursed under clause (1) in an amount which is at  
6 least equal to a one percent (1%) increase over its 1993-1994  
7 reimbursement under clause (1). In no case shall a community  
8 college's 1994-1995 reimbursement under clause (1) per full-time  
9 equivalent student, insofar as said reimbursement does not  
10 include the proportionate share attributable to stipend  
11 reimbursement under clause (1.4)(iii), exceed its 1993-1994  
12 reimbursement under clause (1) per full-time equivalent student,  
13 insofar as said reimbursement does not include the proportionate  
14 share attributable to stipend reimbursement under clause  
15 (1.4)(iii) by more than ten percent (10%).

16 (2.2) For the 1995-1996 fiscal year, each community college  
17 shall be reimbursed under clause (1) in an amount which is at  
18 least equal to its 1994-1995 reimbursement under clause (1).

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

27 (4) Each community college shall maintain such accounting  
28 and student attendance records on generally accepted principles  
29 and standards as will lend themselves to satisfactory audit. The  
30 Commonwealth shall pay to a community college on behalf of the

1 sponsor on account of its capital expenses an amount equal to  
2 one-half of such college's annual capital expenses from funds  
3 appropriated for that purpose to the extent that said capital  
4 expenses have been approved as herein provided.

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

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

1 effective date of this act. Such reimbursement must have  
2 approval of the [Secretary of Education] coordinating board.

3 (d) The [State Board of Education] coordinating board shall  
4 adopt policies, standards, rules and regulations for determining  
5 reimbursable capital expenses and [operating costs, and the  
6 Department of Education] the coordinating board shall approve  
7 such expenses and costs for the purpose of reimbursement by the  
8 Commonwealth.

9 (e) The [State Board of Education] coordinating board shall  
10 apply for, receive and administer, subject to any applicable  
11 regulations or laws of the Federal Government or any agency  
12 thereof, any Federal grants, appropriations, allocations and  
13 programs to fulfill the purpose of this act.

14 (f) All administrative personnel, faculty, and other  
15 employees of the community colleges in the Commonwealth shall be  
16 eligible for inclusion in the Public School Employees'  
17 Retirement System of Pennsylvania, the Pennsylvania State  
18 Employees' Retirement System, or any independent retirement  
19 program approved by the Board of Trustees of a community  
20 college, and the [Secretary of Education] coordinating board.

21 (g) The community college in the Commonwealth shall be  
22 eligible for participation in the act of July 5, 1947 (P.L.1217,  
23 No.498), known as the "State Public School Building Authority  
24 Act," and the act of May 2, 1945 (P.L.382, No.164), known as the  
25 "Municipality Authorities Act of 1945."

26 (h) In all cases where the board of trustees of any  
27 community college fails to pay or provide for the payment of any  
28 rental or rentals due the State Public School Building Authority  
29 or any municipality authority for any period in accordance with  
30 the terms of any lease entered into between the board of

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

17 (i) The amount payable to each community college Board of  
18 Trustees on behalf of the sponsor shall be paid in the year in  
19 which the costs and expenses are incurred in quarterly  
20 installments and the [Secretary of Education] chief executive  
21 officer of the coordinating board shall draw his requisition  
22 quarterly upon the State Treasurer in favor of each community  
23 college for the amount of [reimbursement] payment for operating  
24 expenses to which it is entitled. [Reimbursement or payment]  
25 Payment by the Commonwealth for the operational expenses and  
26 capital equipment and the furnishings shall be made on or before  
27 the end of the fiscal quarters ended on September 30, December  
28 31, March 31 and June 30 of each Commonwealth fiscal year.  
29 Reimbursements or payments shall be made semi-annually for the  
30 Commonwealth's share of the annual rentals to an authority or

1 the sponsor or sinking fund or debt-service payments and other  
2 leases upon submission of a community college requisition in the  
3 form required by the Commonwealth, the reimbursement or payment  
4 to be made from funds appropriated for that purpose. Money that  
5 is appropriated under this subsection but not expended by a  
6 community college Board of Trustees shall not be distributed to  
7 a local sponsor.

8 (j) In no event shall the payments or final reimbursement  
9 made by the department following audit exceed the appropriation  
10 available for community colleges.

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

22 [(2) The Secretary of Education is hereby specifically  
23 authorized and shall be required to resolve audit findings  
24 involving disallowed costs that are contested by community  
25 colleges except for audit findings that involve mathematical  
26 errors, violation of regulations or alleged illegal activities.  
27 The proposed resolution of the Secretary of Education shall not  
28 be subject to the provisions of 2 Pa.C.S. The Secretary of  
29 Education's notice to resolve audit findings shall be sent to  
30 the community college in writing. The Secretary of Education may

1 resolve the audit findings by reducing the disallowed costs  
2 related thereto in whole or in part.

3 (3) The Secretary of Education's notice to resolve an audit  
4 finding by reducing or eliminating the disallowed costs must be  
5 made contingent upon the community college developing and  
6 implementing a corrective action plan to address the audit  
7 finding. The community college must submit a corrective action  
8 plan to the Secretary of Education within 60 days after receipt  
9 of the Secretary of Education's written notice to resolve the  
10 audit finding. The Secretary of Education shall approve, reject  
11 or alter the plan submitted by the community college within  
12 thirty (30) days of submission. After the community college  
13 receives written notice of approval or agrees in writing to the  
14 Secretary of Education's alterations of the corrective action  
15 plan, said plan shall be implemented and shall be binding on the  
16 community college. Implementation of the approved or agreed upon  
17 corrective action plan will be verified by an audit conducted by  
18 the department no later than the end of the fiscal year  
19 following the fiscal year during which the plan is implemented.  
20 If no agreed upon corrective action plan is in place within one  
21 year after the date of the Secretary of Education's written  
22 notice to resolve audit findings or if the agreed upon  
23 corrective action has not been implemented within one year after  
24 the date of the Secretary of Education's written notice to  
25 resolve the audit findings, then the Secretary of Education is  
26 authorized to adjust payments to the community college to  
27 collect any amounts due based upon the findings contained in the  
28 audit report that was issued to the college by the commissioner.

29 (4) The department shall deduct any amounts due the  
30 Commonwealth as a result of audit findings that are resolved

1 under this subsection from any future payment due to the  
2 community college from the Commonwealth. The Secretary of  
3 Education is authorized to approve a payment schedule in cases  
4 where immediate repayment of the full amount due the  
5 Commonwealth would jeopardize the ability of the community  
6 college to continue operations.

7 (5) Resolution authority provided to the Secretary of  
8 Education in this subsection shall be limited to disallowed cost  
9 findings relating to policy and/or administrative practices. The  
10 resolution authority shall not be used for audit findings in  
11 which the audited community college data and documentation is in  
12 error, where a violation of applicable law or regulation is  
13 found or where criminal violations are suspected by the  
14 Commonwealth auditors and brought to the Secretary of  
15 Education's attention in writing. Notwithstanding the  
16 limitations of this subsection, until June 30, 1995, the  
17 Secretary of Education is authorized to resolve audit findings  
18 involving disallowed costs for fiscal years prior to and  
19 including 1992-1993 when such disallowed costs result from  
20 violation of regulations.]

21 (6) The [department, through the Secretary of Education,]  
22 coordinating board is authorized to issue guidelines for the  
23 operation of the community college educational and financial  
24 programs. [The department shall amend these guidelines on an  
25 annual basis to reflect the department's position on issues that  
26 require resolution under this subsection.]

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

29 [(1) For the fiscal year 1992-1993, if insufficient funds  
30 are appropriated to make Commonwealth payments pursuant to this

1 section, such payments shall be made on a pro rata basis.]

2 Section 6. The act is amended by adding a section to read:

3 Section 1914-A. General Provisions.--(a) The coordinating  
4 board shall make all reasonable rules and regulations necessary  
5 to carry out the purposes of this article and the duties of the  
6 board.

7 (b) All powers, rights, privileges, duties and obligations,  
8 statutory, contractual or otherwise, of the individual community  
9 colleges, their boards of trustees and their local sponsors  
10 heretofore existing and not otherwise changed or repealed by  
11 this act, shall continue in full force and effect.

12 Section 7. This act shall take effect as follows:

13 (1) The amendment of section 1913-A(b), (1.2), (1.3),  
14 (1.4), (3), (4) and (5) and (k)(2), (3), (4) and (5) shall  
15 take effect July 1, 1999.

16 (2) This section shall take effect immediately.

17 (3) The remainder of this act shall take effect July 1,  
18 1998.