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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 564 Session of  
2003

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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. 564, 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,' REQUIRING SCHOOL DISTRICTS TO REOPEN THEIR 2003-2004 BUDGETS; IMPOSING LIMITATIONS ON CERTAIN UNRESERVED FUND BALANCES; \* \* \* FURTHER PROVIDING FOR PAYMENTS TO INTERMEDIATE UNITS, FOR SPECIAL EDUCATION PAYMENTS TO SCHOOL DISTRICTS AND FOR COMMONWEALTH REIMBURSEMENTS FOR CHARTER SCHOOLS AND CYBER CHARTER SCHOOLS AND FOR POWERS AND DUTIES OF THE STATE BOARD OF EDUCATION; ABROGATING REGULATIONS; AND MAKING APPROPRIATIONS, REPEALS AND AN EDITORIAL CHANGE,"

respectfully submit the following bill as our report:

SAMUEL H. SMITH

JESS M. STAIRS

DWIGHT EVANS

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

DAVID J. BRIGHTBILL

JAMES J. RHOADES

ROBERT J. MELLOW

(Committee on the part of the Senate.)

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," further providing for background  
6 checks of prospective employees; providing for optometric  
7 externs; further providing for management information  
8 reports, for reports to the Secretary of Education, for  
9 withholding of State appropriations, for delinquent taxes and  
10 appointment of collector, for power of board of school  
11 directors to reopen certain budgets, for referendum or public  
12 hearing required prior to construction or lease and for  
13 school police officers; providing for attendance at schools  
14 for the performing arts; further providing for cost of  
15 tuition and maintenance of certain exceptional children in  
16 approved institutions and for actual cost of tuition and  
17 maintenance of certain exceptional children in chartered  
18 schools for the sight and hearing impaired; providing for  
19 agreements with institutions of higher education; further  
20 providing for firefighter and emergency services training and  
21 for educational assistance program; adding provisions  
22 relating to character education program; establishing the  
23 Pennsylvania Athletic Oversight Committee; further providing  
24 for powers of charter schools, for charter school facilities,  
25 for causes for nonrenewal or termination of charter, for  
26 education empowerment districts, for mandate waiver program,  
27 for limitations on education empowerment districts and for  
28 election or appointment and term and organization of boards  
29 of trustees of community colleges; providing for Community  
30 College Nonmandated Capital Restricted Account; further  
31 providing for Board of Governors of the State System of  
32 Higher Education, for educational improvement tax credit, for  
33 small district assistance and for temporary special aid to  
34 school districts; providing for basic education funding for  
35 2003-2004 school year and for payments on account of Limited  
36 English Proficiency programs; and further providing for  
37 payments to intermediate units, for special education  
38 payments to school districts, for Commonwealth reimbursements  
39 for charter schools and cyber charter schools and for  
40 Pennsylvania Accountability grants.

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

43 Section 1. Section 111(c) of the act of March 10, 1949  
44 (P.L.30, No.14), known as the Public School Code of 1949,  
45 amended December 9, 2002 (P.L.1317, No.153), is amended to read:

46 Section 111. Background Checks of Prospective Employees;  
47 Conviction of Employees of Certain Offenses.--\* \* \*

48 (c) Where the applicant has not been a resident of this

1 Commonwealth for at least two (2) years immediately preceding  
2 the date of application for employment, administrators shall  
3 require the applicant to submit with the application for  
4 employment [a report of] a set of fingerprints which may be  
5 submitted to the Federal Bureau of Investigation for Federal  
6 criminal history record information pursuant to the Federal  
7 Bureau of Investigation appropriation of Title II of Public Law  
8 92-544, 86 Stat. 1115[, and the department shall be the  
9 intermediary for the purposes of this section.] or a copy of  
10 such Federal criminal history record. Administrators shall  
11 forward the set of fingerprints for the Federal criminal history  
12 record to the Department of Education. The Department of  
13 Education shall be the intermediary for the purposes of this  
14 section. The Department of Education shall return the Federal  
15 criminal history record to the applicant. When the applicant  
16 provides a copy of the Federal criminal history record, it shall  
17 be no more than one (1) year old. Administrators shall maintain  
18 a copy of the required information and shall require each  
19 applicant to produce a Federal criminal history record that may  
20 not be more than one (1) year old at the time of employment. The  
21 original Federal criminal history record shall be returned to  
22 the applicant.

23 \* \* \*

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

25 Section 115. Optometric Externs.--(a) Notwithstanding the  
26 provisions of section 6 of the act of June 6, 1980 (P.L.197,  
27 No.57), known as the "Optometric Practice and Licensure Act," an  
28 optometric extern who is performing procedures and tests for the  
29 sole purpose of clinical instruction and experience under the  
30 direct supervision of a licensed health care professional in

this Commonwealth shall be defined as a student enrolled in an accredited school or college of optometry in the United States.

(b) An optometric extern may not independently practice optometry.

Section 3. Section 613 of the act, amended or added May 10, 2000 (P.L.44, No.16) and June 22, 2001 (P.L.530, No.35), is amended to read:

Section 613. Management Information Reports.--(a) For the 2000-2001 school year and each school year thereafter, each school district shall report to the Department of Education expenditures of all governmental funds at the school operational unit for:

- (1) classroom instruction;
- (2) instructional student support; and
- (3) facilities and plant management costs.

[(b) For the 2001-2002 school year and each school year thereafter, each school district shall report to the Department of Education:

(1) Expenditures of all governmental funds at the school operational unit level in middle and high schools for subject matter including math, science, language arts and social studies.

(2) Expenditures of all governmental funds at the school operational unit level for each grade level in elementary school.]

(c) For the 2001-2002 school year and each school year thereafter, each school district shall report to the Department of Education districtwide expenditures of all governmental funds for:

- (1) special education noninstructional student support;

(2) professional development; and

(3) technology.

(d) The Department of Education shall issue specific guidelines for the collection, reporting and submission of the information under this section.

(e) As used in this section, a "school operational unit" is defined as any individual school within a district, as reported by the district. A school district is comprised of all the school operational units within the district.

(f) Beginning with the 2001-2002 school year and each school year thereafter, the mandatory reporting requirements of this section shall apply, as prescribed by the department, to area vocational-technical schools, intermediate units and charter schools to the extent that funding is available. Area vocational-technical schools, intermediate units and charter schools shall apply for funding in a form and manner prescribed by the department.

Section 4. Section 633 of the act, amended December 21, 1998 (P.L.1194, No.154), is amended to read:

Section 633. Reports to Secretary of Education; Withholding State Appropriations.--It shall be the duty of the Secretary of Education, to require, as part of the annual financial reports of all of the school districts and charter schools, a list of the amount of bonds or other indebtedness that becomes due during the fiscal year, together with the amount paid on each item of indebtedness. In case of failure on the part of any school district or charter school to furnish such report at the required time after the close of the fiscal year, the Secretary of Education may withhold any State appropriation that may become due to any such school district or charter school until

1 such report covering information regarding the maturities of  
2 indebtedness and payments on same during the preceding fiscal  
3 year, as required herein, and any other information which he may  
4 require of a school district or charter school, has been  
5 received. In all cases where the board of directors of any  
6 school district fails to pay or to provide for the payment of  
7 any indebtedness at date of maturity or date of mandatory  
8 redemption or on any sinking fund deposit date, or any interest  
9 due on such indebtedness on any interest payment date, or on any  
10 sinking fund deposit date in accordance with the schedule under  
11 which the bonds were issued, the Secretary of Education shall  
12 notify such board of school directors of its obligation and  
13 shall withhold out of any State appropriation due such school  
14 district an amount equal to the sum of the principal amount  
15 maturing or subject to mandatory redemption and interest owing  
16 by such school district, or sinking fund deposit due by such  
17 school district, and shall pay over the amount so withheld to  
18 the bank or other person acting as sinking fund depository for  
19 such bond issue.

20 Section 5. Section 686 of the act is amended by adding a  
21 subsection to read:

22 Section 686. Delinquent Taxes; Appointment of Collector;  
23 etc.--\* \* \*

24 (d) (1) Each school district may assign some or all of its  
25 claims for delinquent school taxes, either absolutely or as  
26 collateral security, for an amount to be determined by the  
27 school district and under such terms and conditions upon which  
28 the school district and the assignee may agree in writing. Upon  
29 such an assignment, the following shall apply:

30 (i) The school district or the assignee shall direct the tax

1 claim bureau to record notice of the assignment on the docket.

2 (ii) Assignment shall not be deemed a discharge or  
3 satisfaction of the claim or the taxes giving rise to the claim  
4 and the lien of the assigned claim and taxes giving rise to the  
5 claim shall continue in favor of the assignee.

6 (iii) The assignee shall have and enjoy the same rights,  
7 privileges and remedies as were held by the school district with  
8 respect to the assigned claim and the tax giving rise to the  
9 claim.

10 (iv) An owner of property shall have the same rights and  
11 defenses under all laws applicable to the collection and  
12 enforcement of tax claims that the owner held against the  
13 assignor.

14 (2) A claim assigned pursuant to this subsection may be  
15 further assigned, with the subsequent assignee having and  
16 enjoying the same rights, privileges and remedies as its  
17 assignor had, provided that notice of any subsequent assignment  
18 is recorded pursuant to paragraph (1).

19 Section 6. Section 687(j) of the act, added December 23,  
20 2003 (P.L.304, No.48), is amended to read:

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

23 (j) Notwithstanding any other provisions of this act, the  
24 board of school directors of each school district may reopen its  
25 2003-2004 budget or its 2004-2005 budget to reflect any State  
26 allocations for fiscal year 2003-2004 or fiscal year 2004-2005  
27 provided by the General Assembly through this act.

28 Section 7. Section 701.1 of the act, added June 27, 1973  
29 (P.L.75, No.34), is amended to read:

30 Section 701.1. Referendum or Public Hearing Required Prior



1 to Construction or Lease.--Except where the approval of the  
2 electors is obtained to incur indebtedness to finance the  
3 construction of a school project, the board of school directors  
4 of any school district of the second, third or fourth classes,  
5 shall not construct, enter into a contract to construct or enter  
6 into a contract to lease a new school building or substantial  
7 addition to an existing school building without the consent of  
8 the electors obtained by referendum or without holding a public  
9 hearing as hereinafter provided. In the event that a new school  
10 building or a substantial addition to an existing building is to  
11 be constructed or leased, the school board shall, by a majority  
12 vote of all its members, authorize a maximum project cost and a  
13 maximum building construction cost to be financed by the  
14 district or amortized by lease rentals to be paid by the  
15 district. Building construction cost shall consist of the cost  
16 of all building construction including general construction  
17 costs, plumbing, heating, electrical, ventilating and other  
18 structural costs, equipment and fixtures and architectural and  
19 engineering fees relating thereto, but not including costs for  
20 site acquisition and development, rough grading to receive the  
21 building, sewage treatment facilities or equivalent capital  
22 contributions, and architectural and engineering fees relating  
23 thereto. In all cases, a public hearing shall be held not later  
24 than thirty (30) days before the school district submits the  
25 initial building construction cost estimates to the Department  
26 of Education for approval. Notice of the hearing shall be given  
27 not later than twenty (20) days before the date of the scheduled  
28 hearing. In the event that the maximum building construction  
29 cost authorization exceeds the aggregate building expenditure  
30 standard hereinafter specified, the aforesaid authorization of

1 the school board shall be submitted to the electors of the  
2 school district for their approval within six (6) months prior  
3 to submission of the final building construction cost bids to  
4 the Department of Education for approval. Such referendum shall  
5 be held in the same manner as provided by law for the approval  
6 of the incurring of indebtedness by referendum. The question as  
7 submitted shall specify the maximum project cost, the maximum  
8 building construction cost and the annual sinking fund charge or  
9 lease rental to be incurred by the school district and the  
10 portion of such charge or rental expected to be reimbursed by  
11 the Commonwealth. If the final building construction cost bids  
12 to be submitted to the Department of Education for approval are  
13 less than the aggregate building expenditure standard hereafter  
14 specified but exceed by eight (8) per cent or more the initial  
15 building construction cost estimates submitted to the Department  
16 for approval, a second public hearing shall be held before the  
17 Department shall give its final approval.

18 The applicable aggregate building expenditure standard shall  
19 be a total amount calculated for each building or substantial  
20 addition by multiplying the rated pupil capacity under the  
21 approved room schedule by the following: two thousand eight  
22 hundred dollars (\$2,800) for each pupil of rated elementary  
23 capacity; four thousand two hundred dollars (\$4,200) for each  
24 pupil of rated secondary capacity in grades seven, eight and  
25 nine and five thousand two hundred dollars (\$5,200) for each  
26 pupil of rated secondary capacity in grades ten, eleven and  
27 twelve and five thousand two hundred dollars (\$5,200) for each  
28 pupil of rated vocational-technical capacity in grades ten,  
29 eleven and twelve to not include the cost of equipment and  
30 fixtures in such vocational-technical schools: Provided,

1 however, That each of the preceding per pupil amounts shall be  
2 adjusted by the Department of Education on July 1, 1974; and  
3 annually thereafter through July 1, 2003, by multiplying said  
4 amounts by the ratio of the composite construction cost index  
5 compiled and published by the United States Department of  
6 Commerce for the preceding calendar year to such index for the  
7 next preceding calendar year[.]; and Further Provided, however,  
8 That each of the preceding per pupil amounts shall be adjusted  
9 by the Department of Education on July 1, 2004; and annually  
10 thereafter by multiplying said amounts by the ratio of the  
11 Building Cost Index published by the McGraw-Hill Companies for  
12 the preceding calendar year to such index for the next preceding  
13 calendar year. Rated elementary pupil capacity or rated  
14 secondary pupil capacity for any school building shall be the  
15 rated pupil capacity determined on the basis of the method used  
16 by the Department for school building reimbursement purposes  
17 during the school year 1971-1972.

18 For purposes of this section:

19 (1) "Site acquisition" includes the cost of land and mineral  
20 rights, demolition and clearing, rights-of-way and related  
21 utility relocations, surveys and soils analysis, and the cost of  
22 all fees relating thereto.

23 (2) "Site development" includes excavation, grouting or  
24 shoring, special foundations for buildings, access roads to  
25 site, utilities on site, extension of utilities to site.

26 (3) "Equipment and fixtures" means property fixed or movable  
27 which is incidental and necessary to conduct the educational  
28 program, and includes, but is not limited to movable equipment  
29 such as desks, chairs, tables, portable physical education  
30 equipment, audio-visual equipment and science, homemaking,

1 industrial art and business equipment and instructional  
2 materials and fixtures such as casework, laboratory equipment,  
3 kitchen equipment, auditorium seating and any other special  
4 fixtures or equipment required to conduct a particular  
5 educational program.

6 (4) "Substantial addition" means more than twenty (20) per  
7 centum of the area and replacement value of the structure to  
8 which the improvement is to be added.

9 Section 8. Section 778 of the act is amended by adding  
10 subsections to read:

11 Section 778. School Police Officers.--\* \* \*

12 (a.1) Any school district which employs a school police  
13 officer under this section shall report annually to the  
14 Department of Education, Office of Safe Schools, the following  
15 information regarding school police officers receiving training  
16 as required under 53 Pa.C.S. Ch. 21 Subch. D (relating to  
17 municipal police education and training):

18 (1) The identity of the school district and the number of  
19 school police officers it employs.

20 (2) The municipalities comprising the school district.

21 (3) The date and type of training provided to each school  
22 police officer.

23 \* \* \*

24 (b.1) Every school police officer who has been granted  
25 powers under subsection (c)(2) or (3) or has been authorized to  
26 carry a firearm must, before entering upon the duties of his  
27 office, successfully complete training as set forth in 53  
28 Pa.C.S. Ch. 21 Subch. D.

29 \* \* \*

30 Section 9. The act is amended by adding a section to read:

1     Section 1316.1. Attendance at Schools for the Performing  
2     Arts.--The board of school directors of school districts of the  
3     first class A may permit any non-resident pupil to attend a high  
4     school for the performing arts in its district provided there  
5     are enrollment vacancies at the school and no other qualified  
6     district residents have applied for enrollment and upon such  
7     additional terms as it may determine, subject to the provisions  
8     of this act. Upon approval of the board of school directors  
9     pursuant to section 1608, payments due from a sending district  
10    to a receiving district shall be governed by sections 2561 and  
11    2562, except that a sending district's liability for payment  
12    shall be limited to the tuition charge of the receiving district  
13    or its own tuition charge, whichever is less.

14     Section 10. Sections 1376 and 1376.1 of the act, amended  
15     December 23, 2003 (P.L.304, No.48), are amended to read:

16     Section 1376. Cost of Tuition and Maintenance of Certain  
17     Exceptional Children in Approved Institutions.--(a) When any  
18     child between school entry age and twenty-one (21) years of age  
19     and resident in this Commonwealth, who is blind or deaf, or has  
20     cerebral palsy and/or neurological impairment and/or muscular  
21     dystrophy and/or is mentally retarded and/or has a serious  
22     emotional disturbance and/or has autism/pervasive developmental  
23     disorder and is enrolled, with the approval of the Department of  
24     Education, as a pupil in an approved private school approved by  
25     the Department of Education, in accordance with standards and  
26     regulations promulgated by the State Board of Education, the  
27     school district in which such child is resident or, for students  
28     placed by a charter school, the charter school in which the  
29     student was enrolled shall pay the greater of either twenty per  
30     centum (20%) of the actual audited cost of tuition and

1 maintenance of such child in such school, as determined by the  
2 Department of Education, or its "tuition charge per elementary  
3 pupil" or its "tuition charge per high school pupil," as  
4 calculated pursuant to section 2561, and the Commonwealth shall  
5 pay, out of funds appropriated to the department for special  
6 education, the balance due for the costs of such child's tuition  
7 and maintenance, as determined by the department. For the school  
8 years 1989-1990, 1990-1991 and 1991-1992, the school district  
9 payment shall be no greater than forty percent (40%) of the  
10 actual audited costs of tuition and maintenance of such child in  
11 such school. For the 1992-1993 school year [and each school year  
12 thereafter] through the 2003-2004 school year, the school  
13 district or charter school payment shall be the greater of forty  
14 percent (40%) of the actual audited costs of tuition and  
15 maintenance of such child in such school, as determined by the  
16 Department of Education, or its "tuition charge per elementary  
17 pupil" or its "tuition charge per high school pupil," as  
18 calculated pursuant to section 2561, and the Commonwealth shall  
19 pay, out of funds appropriated to the department for approved  
20 private schools, the balance due for the costs of such child's  
21 tuition and maintenance, as determined by the department. For  
22 the 2004-2005 school year and each school year thereafter, the  
23 school district or charter school payment shall be the greater  
24 of forty percent (40%) of the approved tuition rate as  
25 established pursuant to subsection (c.3) or (c.5) or the school  
26 district or charter school's "tuition charges per elementary  
27 pupil" or "tuition charges per secondary pupil" as calculated  
28 under section 2561, and the Commonwealth shall pay, out of funds  
29 appropriated to the department for approved private schools, the  
30 balance of the approved tuition rate due for the cost of such

1 child's tuition and maintenance. The department will credit the  
2 district of residence with average daily membership for such  
3 child consistent with the rules of procedure developed in  
4 accordance with section 2501. If the residence of such child in  
5 a particular school district cannot be determined, the  
6 Commonwealth shall pay[, out of moneys appropriated to the  
7 department for special education,] the whole cost of tuition and  
8 maintenance of such child[.] as established under subsection  
9 (c.3) or (c.5).

10 (a.1) For the 2004-2005 school year, the following shall  
11 apply:

12 (1) The Department of Education shall determine the payment  
13 amount for each approved private school for all students  
14 enrolled in an approved private school for the 2003-2004 school  
15 year based on the average of:

16 (i) The preliminary budget submitted to the Department of  
17 Education by the approved private school for the 2004-2005  
18 school year.

19 (ii) The mid-year budget submitted to the Department of  
20 Education by the approved private school for the 2003-2004  
21 school year.

22 (iii) The audit issued by the Governor's Office of the  
23 Budget for the 2002-2003 school year, excluding questioned  
24 costs.

25 (2) Where the 2002-2003 audit is not available, the  
26 Department of Education shall use the claim form submitted to it  
27 by the approved private school for the 2002-2003 school year. In  
28 the event that an approved private school has not submitted a  
29 claim form for the 2002-2003 school year, the Department of  
30 Education shall use the audit or, where the audit is not

1 available, the claim form for the 2001-2002 school year.

2 (3) For the purposes of determining the payment under  
3 paragraph (1) for an approved private school that was not in  
4 operation for the 2002-2003 school year, the Department of  
5 Education shall utilize the approved private school's  
6 preliminary budget for the 2004-2005 school year instead of the  
7 audit identified under paragraph (1)(iii).

8 (4) No later than August 10, 2004, the Department of  
9 Education shall notify each school district of residence or  
10 charter school of a child enrolled in an approved private school  
11 of its payment amount under subsection (a).

12 (5) The Department of Education shall pay each approved  
13 private school the total amount calculated pursuant to this  
14 subsection divided into twelve (12) monthly payments. The  
15 Department of Education shall withhold the school district or  
16 charter school payment amount calculated under subsection (a)  
17 from the amount of any and all State payments made to the school  
18 district or charter school. In no event shall the sum of the  
19 Commonwealth's share of payments to approved private schools  
20 under this subsection exceed the appropriation for approved  
21 private schools.

22 (a.2) For the 2005-2006 school year and each school year  
23 thereafter, the Department of Education shall determine the  
24 payment amount for each approved private school for all students  
25 enrolled in an approved private school for the prior school year  
26 as follows:

27 (1) (i) Multiply the payment determined for the immediate  
28 preceding school year by one hundred and twenty-five percent  
29 (125%) of the percentage increase in the appropriation for  
30 special education for the fiscal year prior to the fiscal year



1 in which payments under this subsection are made.

2 (ii) Add the product from subparagraph (i) to the payment  
3 determined for the immediate preceding school year.

4 (2) No later than May 10, 2005, and no later than May 10 of  
5 each year thereafter, the Department of Education shall notify  
6 each school district of residence or charter school of a child  
7 enrolled in an approved private school of its payment amount  
8 under subsection (a).

9 (3) The Department of Education shall pay each approved  
10 private school the total amount calculated pursuant to this  
11 subsection divided into twelve (12) monthly payments. The  
12 Department of Education shall withhold the school district or  
13 charter school payment amount calculated under subsection (a)  
14 from the amount of any and all State payments made to the school  
15 district or charter school. In no event shall the sum of the  
16 Commonwealth's share of payments to approved private schools  
17 under this subsection exceed the appropriation for approved  
18 private schools.

19 (b) When any person less than school entry age or more than  
20 twenty-one (21) years of age and resident in this Commonwealth,  
21 who is blind or deaf, or has cerebral palsy and/or has  
22 neurological impairment and/or has muscular dystrophy, or has  
23 autism/pervasive developmental delay, and is enrolled, with the  
24 approval of the Department of Education, as a pupil in an  
25 approved private school approved by the Department of Education,  
26 the Commonwealth shall pay to such school[, out of moneys  
27 appropriated to the department for special education, the actual  
28 audited cost of tuition and maintenance of such person, as  
29 determined by the Department of Education, subject to review and  
30 approval in accordance with standards and regulations

1 promulgated by the State Board of Education in accordance with  
2 subsection (b.1)] the approved tuition rate for such child's  
3 tuition and maintenance, and in addition, in the case of any  
4 child less than school entry age, who is blind, the cost, as  
5 determined by the Department of Education of instructing the  
6 parent of such blind child in caring for such child.

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

25 (c.1) Any funds remaining from the appropriation line items  
26 "for special education - approved private schools" or for  
27 Pennsylvania Charter Schools for the Deaf and Blind from the  
28 general appropriations acts for fiscal years 1978-1979 and each  
29 fiscal year thereafter shall be transferred by the State  
30 Treasurer into a restricted account (continuing appropriation)

1 for audit resolution which is hereby established. The Department  
2 of Education shall also deposit into this restricted account any  
3 funds returned to or recovered by the department from approved  
4 private schools or chartered schools for overpayments during  
5 fiscal years 1978-1979 and each fiscal year thereafter. The  
6 funds in the restricted account are hereby appropriated upon  
7 approval of the Governor to the Department of Education for  
8 payments to approved private schools for audit resolutions for  
9 fiscal years 1978-1979 [and each fiscal year thereafter. Funds  
10 in this restricted account shall not be subject to the  
11 limitations in subsection (b.1) which prohibit advance payments  
12 and final reimbursement from exceeding the appropriation  
13 available for approved private schools] through 2003-2004.

14 During the 1995-1996 fiscal year and during each fiscal year  
15 thereafter, the Department of Education shall review the  
16 activity in the restricted account and may recommend that the  
17 Governor authorize the lapsing into the General Fund of any  
18 funds that are estimated not to be needed for audit resolution.

19 (c.2) Beginning with payments made in the 2004-2005 school  
20 year and each school year thereafter, the Department of  
21 Education shall establish procedures and audit standards to  
22 govern the scope of reportable costs [and the methods used to  
23 examine and determine allowability of costs. Cost reports], the  
24 format of the audit, and the standards and methods used by the  
25 Commonwealth to audit attendance. Each approved private school  
26 shall submit a cost report of its expenditures for the prior  
27 fiscal year to the Department of Education no later than August  
28 1, 2004, and no later than August 1 of each year thereafter.  
29 Audit reports of expenditures for the prior fiscal year prepared  
30 by an independent certified public accountant shall be prepared

1 in accordance with the established procedures and audit  
2 standards and submitted by the approved private school to the  
3 Department of Education [after the conclusion of the school  
4 year. The Department of Education shall process these cost  
5 reports and settle any outstanding payments due to or from the  
6 approved private school within one (1) year of the cost report  
7 submission. If the cost reports are subject to any appeals or  
8 postsettlement resolution, the Department of Education shall  
9 have an additional three (3) months to settle.] by November 1,  
10 2005, and no later than November 1 of each year thereafter. For  
11 payments in the 2004-2005 school year, the Department of  
12 Education shall issue guidelines for budget and audit standards  
13 no later than October 15, 2004. For payments in the 2005-2006  
14 school year and each school year thereafter, the Department of  
15 Education shall annually issue guidelines for budget and audit  
16 standards at least three months prior to the date that the  
17 approved private schools must submit their budget information  
18 pursuant to subsection (c.4). These guidelines shall include  
19 provisions for audit methodology and a definition of allowable  
20 administrative expenditures. Allowable administrative  
21 expenditures shall not exceed ten percent (10%) of each approved  
22 private school's budget. Each audit shall identify expenditures  
23 and include all spending on students for whom payment is made  
24 pursuant to subsection (a) or (b) and shall identify the source  
25 and amount of all revenue used to educate students for whom  
26 payment is made pursuant to subsection (a) or (b). Work papers  
27 pertaining to the audit of an approved private school by an  
28 independent certified public accountant shall be made available  
29 to the Department of Education upon request. Audits of cost  
30 reports submitted for school years prior to the 2004-2005 school

1 year shall be completed in a manner consistent with prior audit  
2 practices. An approved private school may submit an audit for  
3 the 2003-2004 school year prepared by an independent certified  
4 public accountant provided the following have occurred:

5 (1) The Department of Education has failed to process and  
6 settle the cost reports within twelve (12) months from  
7 submission by the approved private school.

8 (2) The Department of Education has failed to settle any  
9 appeals or postsettlement resolution within fifteen (15) months  
10 from submission by the approved private school.

11 (3) The approved private school has responded to reasonable  
12 requests for information and documents by the Department of  
13 Education.

14 Upon receipt of the independent audit for the 2003-2004 school  
15 year, the Department of Education shall have three (3) months to  
16 review the audit and settle any outstanding payments due to or  
17 from the approved private school.

18 (c.3) For payments made during the 2004-2005 school year,  
19 the Department of Education shall establish an approved tuition  
20 rate for each approved private school by dividing the amount  
21 calculated under subsection (a.1) by the full-time equivalent  
22 enrollment for the approved private school for the 2003-2004  
23 school year. This calculation shall be adjusted for residential  
24 and non-residential students. The approved tuition rate  
25 multiplied by the full-time equivalent enrollment shall not  
26 exceed the amount calculated under subsection (a.1).

27 (c.4) Beginning August 15, 2004, and no later than August 15  
28 of each year thereafter, each approved private school shall  
29 submit budget information for the current school year on forms  
30 and in a manner determined by the Department of Education. The

1 budget information shall include a proposed tuition rate or  
2 rates and projected full-time equivalent enrollment for the  
3 current year. An approved private school may submit separate  
4 proposed tuition rates for up to three levels of services and  
5 for day and residential students, pursuant to the guidelines  
6 established under subsection (c.7).

7 (c.5) For payments made during the 2005-2006 school year and  
8 each school year thereafter, beginning January 15, 2005, and no  
9 later than January 15 of each year thereafter, the Department of  
10 Education shall establish an approved tuition rate or rates and  
11 full-time equivalent enrollment for each approved private school  
12 for the current school year. Where an approved private school  
13 has submitted one tuition rate, the approved tuition rate shall  
14 be determined by dividing the amount calculated under subsection  
15 (a.2) by the full-time equivalent enrollment for the approved  
16 private school for the prior school year. Where an approved  
17 private school has submitted more than one tuition rate, the sum  
18 of the products of each approved tuition rate and corresponding  
19 full-time equivalent enrollment for the approved private school  
20 for the prior school year shall equal the amount calculated  
21 under subsection (a.2). An approved private school may enroll  
22 students in excess of the approved full-time equivalent  
23 enrollment. Where an approved private school enrolls students in  
24 excess of the approved full-time equivalent enrollment, it must  
25 show a corresponding decrease in its approved tuition rate.

26 (c.6) No later than May 1, 2005, and May 1 of each school  
27 year thereafter, the department shall annually publish a report  
28 on the department's publicly accessible World Wide Web site that  
29 shall include, but not be limited to:

30 (1) The approved tuition rate or rates for each approved

1 private school for the current school year.

2 (2) A description of the exceptionalities each approved  
3 private school is approved to serve.

4 (3) A description of all programs and services offered by  
5 each approved private school.

6 (c.7) No later than November 1, 2004, the Department of  
7 Education shall issue guidelines establishing the levels of  
8 services to assist each approved private school in determining  
9 its proposed tuition rate or rates. The guidelines shall allow  
10 an approved private school to establish approved tuition rates  
11 for up to three levels of services and for day and residential  
12 students.

13 (d) No private institution receiving payment in accordance  
14 with this section shall impose any charge on the student and/or  
15 parents who are Pennsylvania approved reimbursable residents for  
16 a program of individualized instruction and maintenance  
17 appropriate to the child's needs; except that charges for  
18 services not part of such program may be made if agreed to by  
19 the parents.

20 (e) [As used in this section, "independent] The following  
21 words and phrases as used in this section shall have the  
22 meanings given to them in this subsection unless the context  
23 clearly indicates otherwise:

24 "Approved full-time equivalent enrollment" means the full-  
25 time equivalent enrollment set by the Department of Education  
26 pursuant to the provisions of subsection (c.3) or (c.5).

27 "Approved tuition rate" means the final tuition rate set by  
28 the Department of Education pursuant to the provisions of  
29 subsection (c.3) or (c.5).

30 "Audit" for the purpose of subsection (a.1), means the fiscal

1 audit issued by the Governor's Office of the Budget, excluding  
2 questioned costs.

3 "Claim form" for the purpose of subsection (a.1), means the  
4 form that each approved private school submitted following the  
5 end of the fiscal year showing the final costs claimed for the  
6 fiscal year.

7 "Current school year" means the year in which payment is  
8 being made.

9 "Full-time equivalent enrollment" means the number of  
10 students enrolled in an approved private school pursuant to  
11 subsection (a) or (b).

12 "Independent certified public accountant" means a member of  
13 the American Institute of Certified Public Accountants that has  
14 a minimum of five (5) years' verifiable experience in performing  
15 audits of government funds for nonprofit organizations with a  
16 comparable or larger annual budget.

17 "Mid-year budget" for the purpose of subsection (a.1), means  
18 the adjusted budget for the 2003-2004 school year submitted by  
19 each approved private school in January 2004.

20 "Preliminary budget" for the purpose of subsection (a.1),  
21 means the budget for the 2004-2005 school year submitted by each  
22 approved private school in June 2004.

23 "Prior school year" means the year for which payment is made  
24 during the current year.

25 "Proposed tuition rate" means the amount submitted by each  
26 approved private school to the Department of Education to be  
27 used in establishing the cost that the approved private school  
28 incurred to provide instructional and residential services for  
29 each full-time equivalent student. An approved private school  
30 may submit information to establish costs for up to three (3)



1 levels of services and for day and residential students.

2 Section 1376.1. Actual Cost of Tuition and Maintenance of  
3 Certain Exceptional Children in the Four Chartered Schools for  
4 Education of the Deaf and the Blind.--(a) The following term,  
5 whenever used or referred to in this section, shall have the  
6 following meaning. "Chartered school" shall mean any of the four  
7 (4) chartered schools for the education of the deaf or the  
8 blind: the Pennsylvania School for the Deaf; the Overbrook  
9 School for the Blind; the Western Pennsylvania School for Blind  
10 Children; and the Western Pennsylvania School for the Deaf.

11 (b) When any child of school age resident in this  
12 Commonwealth, who is blind or deaf, is enrolled with the  
13 approval of the Department of Education as a pupil in any of the  
14 four (4) chartered schools in accordance with standards and  
15 regulations promulgated by the State Board of Education, the  
16 school district in which such child is resident shall pay the  
17 greater of either twenty percent (20%) of the actual cost of  
18 tuition and maintenance of such child in such institution, as  
19 determined by the [Department of Education] department; or its  
20 "tuition charge per elementary pupil" or its "tuition charge per  
21 high school pupil," and the Commonwealth shall pay, out of funds  
22 appropriated to the department for special education, the  
23 balance due for the costs of such child's tuition and  
24 maintenance, as determined by the department. For the school  
25 years 1989-90, 1990-91 and 1991-92, the school district payment  
26 shall be no greater than forty percent (40%) of the actual  
27 audited costs of tuition and maintenance of such child in such  
28 school. For the 1992-1993 school year [and each school year  
29 thereafter] through the 2003-2004 school year, the school  
30 district payment shall be the greater of forty percent (40%) of

1 the actual audited costs of tuition and maintenance of such  
2 child in such school, as determined by the [Department of  
3 Education] department, or its "tuition charge per elementary  
4 pupil" or its "tuition charge per high school pupil," and the  
5 Commonwealth shall pay out of funds appropriated to the  
6 department for chartered schools the balance due for the costs  
7 of such child's tuition and maintenance, as determined by the  
8 department. For the 2004-2005 school year and each school year  
9 thereafter, the school district or charter school payment shall  
10 be the greater of forty percent (40%) of the approved tuition  
11 rate established in subsection (f.1) or (f.3) or the school  
12 district's or charter school's "tuition charges per elementary  
13 pupil" or "tuition charges per secondary pupil" as calculated  
14 under section 2561; and the Commonwealth shall pay, out of funds  
15 appropriated to the department for chartered schools, the  
16 balance of the approved tuition rate due for such child's  
17 tuition and maintenance. The department will credit the district  
18 of residence with average daily membership for such child  
19 consistent with the rules of procedure developed in accordance  
20 with section 2501. If the residence of such child in a  
21 particular school district cannot be determined, the  
22 Commonwealth shall pay[, out of moneys appropriated to the  
23 department for special education,] the whole cost of tuition and  
24 maintenance of such child as established under subsection (f.1)  
25 or (f.3).

26 (b.1) For the 2004-2005 school year, the following apply:

27 (1) The department shall determine the payment amount for  
28 each chartered school for all students enrolled in a chartered  
29 school for the 2003-2004 school year based on the average of:

30 (i) The preliminary budget submitted to the department by

the chartered school for the 2004-2005 school year.

(ii) The mid-year budget submitted to the department by the chartered school for the 2003-2004 school year.

(iii) The audit issued by the Governor's Office of the Budget for the 2002-2003 school year, excluding questioned costs. If the 2002-2003 audit is not available, the department shall use the claim form submitted by the chartered school for the 2002-2003 school year.

(2) No later than August 10, 2004, the department shall notify each school district of residence or charter school of a child enrolled in a chartered school of its payment amount under subsection (b).

(3) The department shall pay each chartered school the total amount calculated pursuant to this subsection divided into twelve (12) monthly payments. The department shall withhold the school district or charter school payment amount calculated under subsection (b) from the amount of State payments made to the school district or charter school. In no event shall the sum of the Commonwealth's share of payments to chartered schools under this subsection exceed the appropriation for chartered schools.

(b.2) Payments are as follows:

(1) For the 2005-2006 school year and each school year thereafter, the department shall determine the payment amount for each chartered school for all students enrolled in a chartered school for the prior school year as follows:

(i) Multiply the payment determined for the immediate preceding school year by one hundred and twenty-five percent (125%) of the percentage increase in the appropriation for special education for the fiscal year prior to the fiscal year

1 in which payments under this subsection are made.

2 (ii) Add the product under subparagraph (i) to the payment  
3 determined for the immediately preceding school year.

4 (2) No later than May 10, 2005, and no later than May 10 of  
5 each school year thereafter, the department shall notify each  
6 school district of residence or charter school of a child  
7 enrolled in a chartered school of its payment amount under  
8 subsection (b).

9 (3) The department shall pay each chartered school the total  
10 amount calculated pursuant to this subsection divided into  
11 twelve (12) monthly payments. The department shall withhold the  
12 school district or charter school payment amount calculated  
13 under subsection (b) from the amount of any and all State  
14 payments made to the school district or charter school. In no  
15 event shall the sum of the Commonwealth's share of payments to  
16 chartered schools under this subsection exceed the appropriation  
17 for chartered schools.

18 (c) When any person less than school age resident in this  
19 Commonwealth who is blind or deaf is enrolled, with the approval  
20 of the [Department of Education] department, as a residential  
21 pupil in any of the four (4) chartered schools, the Commonwealth  
22 shall pay to the school[, out of moneys appropriated to the  
23 department for special education, the actual cost of tuition and  
24 maintenance of such person, as determined by the Department of  
25 Education, subject to review and approval in accordance with  
26 standards and regulations promulgated by the State Board of  
27 Education in accordance with subsection (e)] the approved  
28 tuition rate for such child's tuition and maintenance, and in  
29 addition, in the case of any child less than school age, who is  
30 blind, the cost, as determined by the [Department of Education]

1 department of instructing the parent of such blind child in  
2 caring for such child.

3 (d) None of the chartered schools receiving payment in  
4 accordance with this section shall impose any charge on the  
5 student and/or parents who are approved reimbursable residents  
6 for a program of instruction and maintenance appropriate to the  
7 child's needs; except that charges for programs not part of the  
8 normal school year may be made.

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

27 (f) Beginning with payments made in the 2004-2005 school  
28 year and each school year thereafter, the [Department of  
29 Education] department shall establish procedures and audit  
30 standards to govern the scope of reportable costs [and the

1 methods used to examine and determine allowability of costs.  
2 Cost reports], the format of the audit and the standards and  
3 methods used by the Commonwealth to audit attendance. Each  
4 chartered school shall submit a cost report of its expenditures  
5 for the prior fiscal year to the department no later than August  
6 1, 2004, and each August 1 thereafter. Audit reports of  
7 expenditures for the prior fiscal year prepared by an  
8 independent certified public accountant shall be prepared in  
9 accordance with established procedures and audit standards and  
10 submitted by the chartered school to the [Department of  
11 Education after the conclusion of the school year. The  
12 Department of Education shall process these cost reports and  
13 settle any outstanding payments due to or from the chartered  
14 school within one (1) year of the cost report submission. If the  
15 cost reports are subject to any appeals or postsettlement  
16 resolution, the Department of Education shall have an additional  
17 three (3) months to settle.] department by November 1, 2005, and  
18 no later than November 1 of each year thereafter. For payments  
19 in the 2004-2005 school year, the department shall issue  
20 guidelines for budget and audit standards no later than October  
21 15, 2004. For payments in the 2005-2006 school year and each  
22 school year thereafter, the department shall annually issue  
23 guidelines for budget and audit standards at least three months  
24 prior to the date that the chartered schools must submit their  
25 budget information pursuant to subsection (f.2). The guidelines  
26 shall include provisions for audit methodology and a definition  
27 of allowable administrative expenditures. Allowable  
28 administrative expenditures shall not exceed ten percent (10%)  
29 of each chartered school's budget. Each audit shall identify  
30 expenditures, shall include all spending on students for whom

1 payment is made pursuant to subsection (b) or (c) and shall  
2 identify the source and amount of all revenue used to educate  
3 students for whom payment is made pursuant to subsection (b) or  
4 (c). Work papers pertaining to the audit of a chartered school  
5 by an independent certified public accountant shall be made  
6 available to the department upon request. Audits of cost reports  
7 submitted for school years prior to the 2004-2005 school year  
8 shall be completed in a manner consistent with prior audit  
9 practices. A chartered school may submit an audit for the 2003-  
10 2004 school year prepared by an independent certified public  
11 accountant provided the following have occurred:

12 (1) The [Department of Education] department has failed to  
13 process and settle the cost reports within twelve (12) months  
14 from submission by the chartered school.

15 (2) The [Department of Education] department has failed to  
16 settle any appeals or postsettlement resolution within fifteen  
17 (15) months from submission by the chartered school.

18 (3) The chartered school has responded to reasonable  
19 requests for information and documents by the [Department of  
20 Education] department.

21 Upon receipt of the independent audit for the 2003-2004 school  
22 year, the [Department of Education] department shall have three  
23 (3) months to review the audit and settle any outstanding  
24 payments due to or from the chartered school.

25 (f.1) For payments made during the 2004-2005 school year,  
26 the department shall establish an approved tuition rate for each  
27 chartered school by dividing the amount calculated under  
28 subsection (b.1) by the full-time equivalent enrollment for the  
29 chartered school for the 2003-2004 school year. This calculation  
30 shall be adjusted for residential and non-residential students.

The approved tuition rate multiplied by the full-time equivalent enrollment shall not exceed the amount calculated under subsection (b.1).

(f.2) Beginning August 15, 2004, and no later than August 15 of each year thereafter, each chartered school shall submit budget information for the current school year on forms and in a manner determined by the [Department of Education] department. The budget information shall include a proposed tuition rate and projected full-time equivalent enrollment for the current year.

(f.3) For payments made during the 2005-2006 school year and each school year thereafter, beginning January 15, 2005, and no later than January 15 of each year thereafter, the department shall establish an approved tuition rate and full-time equivalent enrollment for each chartered school for the current school year. The approved tuition rate shall be determined by dividing the amount calculated under subsection (b.2) by the full-time equivalent enrollment for the chartered school for the prior school year. This calculation shall be adjusted for residential and non-residential students. A chartered school may enroll students in excess of the approved full-time equivalent enrollment. Where a chartered school enrolls students in excess of the approved full-time equivalent enrollment, it must show a corresponding decrease in its approved tuition rate.

(f.4) No later than May 1, 2005, and May 1 of each school year thereafter, the department shall annually issue a report for publication on the department's publicly accessible World Wide Web site that shall include, but not be limited to:

(1) The approved tuition rate for each chartered school for the current school year.

(2) A description of the exceptionalities each chartered



1 school is approved to serve.

2 (3) A description of all programs and services offered by  
3 each chartered school.

4 [(g) As used in this section, "independent]

5 (g) The following words and phrases shall have the meanings  
6 given to them in this subsection unless the context clearly  
7 indicates otherwise:

8 "Approved full-time equivalent enrollment" means the full-  
9 time equivalent enrollment set by the Department of Education  
10 pursuant to the provisions of subsection (f.3)

11 "Approved tuition rate" means the final tuition rate set by  
12 the Department of Education pursuant to the provisions of  
13 subsections (f.1) and (f.3).

14 "Audit" for the purposes of subsection (b.1), means the  
15 fiscal audit issued by the Governor's Office of the Budget,  
16 excluding questioned costs.

17 "Claim form" for the purposes of subsection (b.1), means the  
18 form that each chartered school submitted following the end of  
19 the fiscal year showing the final costs claimed for the fiscal  
20 year.

21 "Current school year" means the year in which payment is  
22 being made.

23 "Full-time equivalent enrollment" means the number of  
24 students enrolled in a chartered school pursuant to subsection  
25 (b) or (c).

26 "Independent certified public accountant" means a member of  
27 the American Institute of Certified Public Accountants that has  
28 a minimum of five (5) years' verifiable experience in performing  
29 audits of government funds for nonprofit organizations with a  
30 comparable or larger annual budget.

1     "Mid-year budget" for the purposes of subsection (b.1), means  
2     the adjusted budget for the 2003-2004 school year submitted by  
3     each chartered school in January 2004.

4     "Preliminary budget" for the purposes of subsection (b.1),  
5     means the budget for the 2004-2005 school year submitted by each  
6     chartered school in June 2004.

7     "Prior school year" means the year for which payment is made  
8     during the current year.

9     "Proposed tuition rate" means the amount submitted by each  
10    chartered school to the Department of Education to be used in  
11    establishing the cost that the chartered school incurred to  
12    provide instructional and residential services for each full-  
13    time equivalent student.

14    Section 11. The act is amended by adding a section to read:

15    Section 1525. Agreements with Institutions of Higher  
16    Education.--Notwithstanding any other provision of law to the  
17    contrary, a school district may enter into an agreement with one  
18    or more institutions of higher education approved to operate in  
19    this Commonwealth in order to allow resident students to attend  
20    such institutions of higher education while the resident  
21    students are enrolled in the school district. The agreement may  
22    be structured so that high school students may receive credits  
23    toward completion of courses at the school district and at  
24    institutions of higher education approved to operate in this  
25    Commonwealth.

26    Section 12. Section 1550 of the act, added December 23, 2003  
27    (P.L.304, No.48), is amended to read:

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

29    (a) Beginning with the 2003-2004 school year and each school  
30    year thereafter, a school district may offer firefighter and

1 emergency service training as credit-earning courses to students  
2 of the age of sixteen (16) years or older. Such courses may  
3 include:

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

6 (2) Training as an emergency medical technician [by the  
7 Department of Health under] pursuant to the act of July 3, 1985  
8 (P.L.164, No.45), known as the "Emergency Medical Services Act."

9 (b) A school district that offers firefighter and emergency  
10 service training as credit-earning courses shall provide  
11 transportation to and supervision during any firefighter and  
12 emergency service training program that takes place off school  
13 grounds. Supervision of training shall be conducted as a  
14 cooperative education program in accordance with the provisions  
15 of 22 Pa. Code § 11.28 (relating to out-of-school programs).

16 Section 13. The definition of "eligible school entity" in  
17 section 1501-C of the act, amended December 23, 2003 (P.L.304,  
18 No.48), is amended to read:

19 Section 1501-C. Definitions.

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

23 \* \* \*

24 "Eligible school entity." For the purposes of the  
25 Educational Assistance Program operated pursuant to sections  
26 1502-C and 1512-C, a school entity with one or more schools  
27 identified by the Department of Education as having failed to  
28 meet one or more academic performance targets in the 2002-2003  
29 school year.

30 \* \* \*

1 Section 14. Section 1512-C(g) of the act, added December 23,  
2 2003 (P.L.304, No.48), is amended and the section is amended by  
3 adding a subsection to read:

4 Section 1512-C. Educational Assistance Program.

5 \* \* \*

6 (g) Educational assistance funding.--

7 (1) During the 2003-2004 and 2004-2005 school years, the  
8 department shall provide each eligible school entity with  
9 educational assistance funding calculated by:

10 (i) Dividing the number of Pennsylvania System of  
11 School Assessment tests administered in the eligible  
12 school entity on which students scored below proficient  
13 in reading or mathematics by the total number of  
14 Pennsylvania System of School Assessment tests  
15 administered in the eligible school entity in reading and  
16 mathematics during the [immediate preceding] 2002-2003  
17 school year.

18 (ii) Multiplying the quotient from subparagraph (i)  
19 by the average daily membership of the eligible school  
20 entity during the [immediate preceding] 2002-2003 school  
21 year.

22 (iii) Multiplying the product from subparagraph (ii)  
23 by the dollar value of funds appropriated to the  
24 Department of Education for the Educational Assistance  
25 Program.

26 (iv) Dividing the product from subparagraph (iii) by  
27 the sum of the products of subparagraph (ii) for all  
28 eligible school entities that qualify for grant funds  
29 under this subsection.

30 (2) The amount of educational assistance funding

provided under this article shall be limited to funds appropriated for this purpose.

(h.1) Redistribution of funds.--For the 2004-2005 school year, an eligible school entity that chooses not to receive educational assistance funding under subsection (g) shall forfeit the right to such funds. Such funds shall then be distributed on a pro rata basis among all other eligible school entities choosing to receive educational assistance funding under subsection (g).

\* \* \*

Section 15. The act is amended by adding an article to read:

#### ARTICLE XV-E

##### CHARACTER EDUCATION PROGRAM

##### Section 1501-E. Definitions.

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

"Character education." A course of instruction designed to educate and assist students in developing basic civic values and character traits, a service ethic and community outreach and thus to improve the school environment and student achievement and learning.

"Character education program" or "program." A program designed and implemented by a school district to provide a course of character education to students in that school district. This term includes, but is not limited to:

(1) Professional education for professional educators for the delivery of character education.

(2) Participation in professional education programs by members of the Character Education Advisory Group.

1 "Department." The Department of Education of the  
2 Commonwealth.

3 "Grant program." The Character Education Grant Program  
4 established by section 1504-E.

5 "Professional educator." An individual who holds a  
6 Pennsylvania teacher, educational specialist or administrative  
7 certification or letter of eligibility.

8 "Secretary." The Secretary of Education of the Commonwealth.  
9 Section 1502-E. Character education program.

10 (a) Authorization.--The board of school directors of a  
11 school district may establish and implement a character  
12 education program in its schools.

13 (b) Curriculum contents.--The program may include and teach  
14 the following basic civil values and character traits:

15 (1) Trustworthiness, including honesty, integrity,  
16 reliability and loyalty.

17 (2) Respect, including regard for others, tolerance and  
18 courtesy.

19 (3) Responsibility, including hard work, economic self-  
20 reliance, accountability, diligence, perseverance and self-  
21 control.

22 (4) Fairness, including justice, consequences of bad  
23 behavior, principles of nondiscrimination and freedom from  
24 prejudice.

25 (5) Caring, including kindness, empathy, compassion,  
26 consideration, generosity and charity.

27 (6) Citizenship, including love of country, concern for  
28 the common good, respect for authority and the law and  
29 community mindedness.

30 (c) Additional elements.--The program may also include and

1 teach the importance of a service ethic and community outreach.

2 (d) Character education advisory group.--

3 (1) If a board of school directors elects to establish  
4 the program, the board of school directors shall develop the  
5 program in consultation with a character education advisory  
6 group. The board of directors of a school district shall  
7 appoint the members of the character education advisory  
8 group.

9 (2) A character education advisory group shall consult  
10 with and advise the board of school directors in the  
11 development of the program. The members of the character  
12 education advisory group shall elect a chairperson of the  
13 group.

14 (3) The board of school directors shall appoint to the  
15 character education advisory group no less than two  
16 representatives from each of the following groups:

17 (i) Parents and legal guardians of students in the  
18 school district.

19 (ii) Teachers and administrators employed by the  
20 school district.

21 (iii) Other members of the community where the  
22 school district is located, including social, cultural,  
23 business and religious leaders.

24 (4) The board of school directors shall:

25 (i) Cooperate and consult with the character  
26 education advisory group.

27 (ii) Provide assistance and relevant materials to  
28 the character education advisory group.

29 (5) (i) The character education advisory group shall  
30 consult with and advise the board of school directors

1       until such time that the program is fully developed and  
2       deemed completed.

3           (ii) The board of school directors shall have the  
4       sole authority to determine the completion of the  
5       program, and may elect to continue the duration of the  
6       character education advisory group for up to two  
7       additional years for the purpose of receiving  
8       consultation and advice from the character education  
9       advisory group regarding the school district's  
10       implementation of the program.

11       (e) Integration of concepts into total curriculum.--The  
12       program shall be integrated into the school procedures and  
13       environment and structured to instruct primarily through  
14       example. Classroom instruction may also be used to supplement  
15       the program.

16       Section 1503-E. Department duties and powers.

17       The department shall:

18           (1) Establish criteria and guidelines for the  
19       establishment and implementation of programs that are  
20       consistent with this article. These guidelines shall also  
21       include methods of evaluating the programs and curricula.

22           (2) Provide resources and technical assistance to boards  
23       of directors of school districts regarding the establishment  
24       and implementation of successful programs, upon the request  
25       of the board of directors of the school district.

26           (3) Identify and analyze effective programs and  
27       practices and related professional development for  
28       professional educators and provide such information to a  
29       school district upon request of the board of directors of the  
30       school district.



1       (4) Collect and disseminate among school districts  
2 information regarding programs and practices and potential  
3 support sources, including character education programs that  
4 have been successfully established and implemented in other  
5 states.

6       (5) Provide resources and technical assistance to boards  
7 of school directors of school districts that support the  
8 professional development of professional educators in the  
9 establishment and implementation of the program.

10       (6) Collect and disseminate among school districts  
11 information regarding effective professional education for  
12 professional educators regarding the establishment and  
13 implementation of the program.

14       (7) Seek, apply for and accept grants or contributions  
15 of funds from any public or private source, including the  
16 acceptance of Federal funds appropriated by the General  
17 Assembly for the purposes of this article.

18       (8) To the extent that funds are available, establish  
19 and award grants under the grant program to assist school  
20 districts in establishing and implementing programs.

21       (9) Maintain a list of school districts that have  
22 established and implemented the program pursuant to this  
23 article.

24       (10) Prepare and submit an annual report to the  
25 Education Committee of the Senate and the Education Committee  
26 of the House of Representatives regarding the administration  
27 and operation of programs and grants awarded under the grant  
28 program. The report shall include:

29           (i) A summary of the guidelines and criteria  
30       established by the department and the establishment and

operation of the grant program.

(ii) A listing of the sources of funding sought by the department for use in the grant program.

(iii) A listing of the number of school districts that established and implemented programs.

(iv) A description of each school district's program and the integration into the curriculum.

(v) A description of measures utilized by school districts to provide parent, professional educator and community involvement.

Section 1504-E. Character Education Grant Program.

(a) Establishment.--There is hereby established in the department the Character Education Grant Program for the purpose of funding the establishment and implementation of a program by a school district.

(b) Eligibility.--A school district, that establishes and implements the program in compliance with the requirements established under section 1502-E and with department criteria and guidelines established under section 1503-E, may apply to the department for a grant. Grants shall be awarded to eligible school districts from funds appropriated and funds received by the department for this purpose.

(c) Permitted uses.--The grant shall be used by a school district to fund the establishment and implementation of the program.

(d) Adoption of application procedures.--The secretary shall adopt such procedures, rules and form as may be necessary to implement this grant program by regulation.

(e) Application forms.--Applications shall be made to the department in such form and at such time as the secretary may

1 prescribe by regulation.

2 (f) Other funding sources.--Funds received under the grant  
3 program may be used in conjunction with funds received from any  
4 other public or private source.

5 Section 1505-E. Prohibited instruction.

6 Nothing in this article shall be construed to authorize a  
7 board of school directors of a school district to establish and  
8 implement the program in such a manner that it instructs,  
9 proselytizes or indoctrinates students in a specific religious  
10 or political belief.

11 Section 1506-E. Local control.

12 Nothing in this article shall be construed to require a board  
13 of school directors of a school district to establish and  
14 implement the program or to apply for any grant from the  
15 Commonwealth or any other source for the purposes of funding the  
16 establishment or implementation of the program.

17 Section 16. The act is amended by adding a section to read:

18 Section 1605-A. Pennsylvania Athletic Oversight Committee.--

19 (a) The Pennsylvania Athletic Oversight Committee is hereby  
20 established.

21 (b) The committee shall have six voting members, who shall  
22 serve at the pleasure of the appointing authority and be  
23 appointed as follows:

24 (1) Three members of the Senate, of whom two shall be  
25 appointed by the President pro tempore of the Senate and one  
26 shall be appointed by the Minority Leader of the Senate. To the  
27 greatest extent possible, appointees should have some experience  
28 in interscholastic athletics or shall be parents of students  
29 involved in interscholastic athletics.

30 (2) Three members of the House of Representatives, of whom

1 two shall be appointed by the Speaker of the House of  
2 Representatives and one shall be appointed by the Minority  
3 Leader of the House of Representatives. To the greatest extent  
4 possible, appointees should have some experience in  
5 interscholastic athletics or shall be parents of students  
6 involved in interscholastic athletics.

7 (3) A chairman and vice chairman shall be elected from among  
8 the members appointed under this subsection.

9 (c) The committee shall meet at least once each year for the  
10 purpose of reviewing the association's continued compliance with  
11 the criteria listed in section 1604-A(a) and (b) and responding  
12 to issues related to the activities of the association referred  
13 to the committee. The committee shall issue an annual report of  
14 its findings to the President pro tempore of the Senate and the  
15 Speaker of the House of Representatives.

16 Section 17. Section 1714-A of the act, added June 19, 1997  
17 (P.L.225, No.22), is amended to read:

18 Section 1714-A. Powers of Charter Schools.--(a) A charter  
19 school established under this act is a body corporate and shall  
20 have all powers necessary or desirable for carrying out its  
21 charter, including, but not limited to, the power to:

22 (1) Adopt a name and corporate seal; however, any name  
23 selected shall include the words "charter school."

24 (2) Sue and be sued, but only to the same extent and upon  
25 the same condition that political subdivisions and local  
26 agencies can be sued.

27 (3) Acquire real property from public or private sources by  
28 purchase, lease, lease with an option to purchase or gift for  
29 use as a charter school facility.

30 (4) Receive and disburse funds for charter school purposes

1 only.

2 (5) Make contracts and leases for the procurement of  
3 services, equipment and supplies.

4 (6) Incur temporary debts in anticipation of the receipt of  
5 funds.

6 (6.1) Incur debt for the construction of school facilities.

7 (7) Solicit and accept any gifts or grants for charter  
8 school purposes.

9 (b) A charter school shall have such other powers as are  
10 necessary to fulfill its charter and which are not inconsistent  
11 with this article.

12 (c) Any indebtedness incurred by a charter school in the  
13 exercise of the powers specified in this section shall not  
14 impose any liability or legal obligation upon a school entity or  
15 upon the Commonwealth.

16 Section 18. Section 1722-A(c) of the act is repealed.

17 Section 19. Section 1729-A(i) of the act, added June 19,  
18 1997 (P.L.225, No.22), is amended to read:

19 Section 1729-A. Causes for Nonrenewal or Termination.--\* \* \*

20 (i) When a charter is revoked [or is], not renewed,  
21 forfeited, surrendered or otherwise ceases to operate, the  
22 charter school shall be dissolved. After the disposition of any  
23 liabilities and obligations of the charter school, any remaining  
24 assets of the charter school, both real and personal, shall be  
25 distributed on a proportional basis to the school entities with  
26 students enrolled in the charter school for the last full or  
27 partial school year of the charter school. In no event shall  
28 such school entities or the Commonwealth be liable for any  
29 outstanding liabilities or obligations of the charter school.

30 \* \* \*

1 Section 20. Section 1705-B(a) and (h)(4) of the act, amended  
2 November 22, 2000 (P.L.672, No.91) and December 23, 2003  
3 (P.L.304, No.48), are reenacted or amended and the section is  
4 amended by adding a subsection to read:

5 Section 1705-B. Education Empowerment Districts.--(a)  
6 Except as provided in subsection (a.1) or (h), a school district  
7 on the education empowerment list that does not meet the goals  
8 for improving educational performance set forth in the school  
9 district improvement plan and maintains a history of low test  
10 performance at the end of the third school year following the  
11 date of its placement on the list shall be certified by the  
12 department as an education empowerment district, and a board of  
13 control shall be established. The department may allow the  
14 school district to remain on the education empowerment list for  
15 an additional school year prior to certifying the school  
16 district as an education empowerment district if the department  
17 determines that the additional year will enable the school  
18 district to improve test performance and meet other goals set  
19 forth in the school district improvement plan.

20 (a.1) Notwithstanding the provisions of subsection (a),  
21 beginning June 1, 2004, a school district that does not meet the  
22 goals for improving educational performance set forth in the  
23 school district improvement plan and maintains a history of low  
24 test performance at the end of the third school year following  
25 the date of its placement on the list shall remain on the  
26 education empowerment list until the school district no longer  
27 has a history of low test performance and meets the goals set  
28 forth in the school district improvement plan.

29 \* \* \*

30 (h) \* \* \*

1       (4) The department may utilize up to \$2,000,000 of  
2 undistributed funds not expended, encumbered or committed from  
3 appropriations for grants and subsidies made to the department  
4 to assist school districts certified as an education empowerment  
5 district under paragraph (3). There is hereby established a  
6 restricted account from which payments under this paragraph  
7 shall be paid. Funds shall be transferred by the Secretary of  
8 the Budget to the restricted account to the extent necessary to  
9 make payments under this paragraph. Funds in the restricted  
10 account are hereby appropriated to carry out the purposes of  
11 this paragraph. The subsidy payment from this account shall be  
12 utilized to supplement the operational budget of the eligible  
13 school districts. This paragraph shall apply to fiscal years  
14 2000-2001, 2001-2002, 2002-2003 [and], 2003-2004 and 2004-2005  
15 and shall expire June 30, [2004] 2005.

16       Section 21. Sections 1714-B(g) and 1714.1-B of the act,  
17 amended or added December 23, 2003 (P.L.304, No.48), are amended  
18 to read:

19       Section 1714-B. Mandate Waiver Program.--\* \* \*

20       (g) The following provisions of this act shall not be  
21 subject to waiver pursuant to this section: sections 108, 110,  
22 111, 321, 322, 323, 324, 325, 326, 327, 431, 436, 437, 440.1,  
23 443, 510, 513, 518, 527, 688, 701.1, 708, 736, 737, 738, 739,  
24 740, 741, 752, 753, 755, 771, 776, 777, 778, 808, 809, 810,  
25 1303(a), 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1327.1, 1330,  
26 1332, 1361, 1366, 1501, 1502, 1513, 1517, 1518, 1521, 1523, 1546  
27 and 1547; provisions prohibiting discrimination; Articles VI,  
28 XI, XI-A, XII, XIII-A, XIV and XVII-A and this article.

29       \* \* \*

30       Section 1714.1-B. Limitation.--Notwithstanding any other

1 provision of this article, no school district shall be placed on  
2 the education empowerment list under section 1703-B or certified  
3 as an education empowerment district under section 1705-B or  
4 1707-B on or after [July] June 1, 2004. Any placement or  
5 certification that occurs on or after June 1, 2004, shall be  
6 null and void.

7 Section 22. Section 1904-A of the act is amended by adding a  
8 subsection to read:

9 Section 1904-A. Election or Appointment; Term and  
10 Organization of Board of Trustees.--\* \* \*

11 (d) Notwithstanding the provisions of subsections (a) and  
12 (b), the board of trustees of a community college may appoint a  
13 trustee from each county where a campus or satellite classroom  
14 is located for which no local sponsor exists. The trustee shall  
15 be selected by the board of trustees of the community college.  
16 Trustees appointed under the provisions of this subsection shall  
17 be appointed for terms of two years.

18 Section 23. The act is amended by adding a section to read:

19 Section 1916-A. Community College Nonmandated Capital  
20 Restricted Account.--(a) There is hereby established the  
21 Community College Nonmandated Capital Restricted Account for the  
22 purpose of making payments to community colleges for certain  
23 nonmandated capital projects.

24 (b) The sources of the restricted account may include:

25 (1) With the approval of the Secretary of the Budget, in  
26 consultation with the Secretary of Education, reimbursements  
27 repaid by community colleges to the Commonwealth pursuant to  
28 audits under section 1913-A and regulations under that section.

29 (2) Appropriations.

30 (3) Earnings on money in the restricted account.



1     (c) The restricted account shall be used for nonmandated  
2     capital projects in community colleges. The Department of  
3     Education shall develop guidelines for disbursement in  
4     consultation with community colleges.

5     (d) The money in the restricted account is hereby  
6     appropriated to the department on a continuing basis for the  
7     purposes identified in this section.

8     Section 24. Section 2004-A(c) of the act, amended June 23,  
9     1988 (P.L.457, No.77), is amended to read:

10    Section 2004-A. Board of Governors.--\* \* \*

11    (c) (1) The Governor or his designee, and the Secretary of  
12    Education or his designee, and the members of the General  
13    Assembly shall be members of the board and shall be entitled to  
14    attend all meetings of the board and shall have the right to  
15    speak on all matters before the board, and to vote, but shall  
16    not be elected as an officer of the board.

17    (2) A member of the General Assembly appointed under  
18    subsection (a) may designate an official representative to  
19    attend any meetings of the board, the executive committee of the  
20    board and any committee to which the member of the General  
21    Assembly is assigned. Such official representative shall have  
22    the right to speak on all matters before the board, the  
23    executive committee and any committee to which the member of the  
24    General Assembly is assigned but shall not have the right to  
25    vote on behalf of the member of the General Assembly.

26    \* \* \*

27    Section 25. Sections 2005-B(d) and 2502.13 of the act,  
28    amended December 23, 2003 (P.L.304, No.48), are amended to read:  
29    Section 2005-B. Tax credit.

30    \* \* \*

1 (d) Combination of tax credits.--A business firm may receive  
2 [a tax credit from the Department of Revenue for a contribution  
3 under subsection (a) or (c), or both.] tax credits from the  
4 Department of Revenue in any tax year for any combination of  
5 contributions under subsections (a) or (b) or (c). In no case  
6 may a business firm receive tax credits in any tax year in  
7 excess of \$200,000 for contributions under subsections (a) and  
8 (b). In no case shall a business firm receive tax credits in any  
9 tax year in excess of \$100,000 for contributions under  
10 subsection (c).

11 Section 2502.13. Small District Assistance.--For the 1984-  
12 1985 and 1985-1986 school years, the Commonwealth shall pay to  
13 each school district which has an average daily membership of  
14 one thousand five hundred (1,500) or less and has a market  
15 value/income aid ratio of five thousand ten-thousandths (0.5000)  
16 or greater, an amount equal to fifty dollars (\$50) multiplied by  
17 that district's average daily membership. For the 1985-1986  
18 school year, no school district shall receive less on account of  
19 this section than it did for the 1984-1985 school year. For the  
20 school year 1986-1987, the Commonwealth shall pay to each school  
21 district which has an average daily membership of one thousand  
22 five hundred (1,500) or less and has a market value/income aid  
23 ratio of five thousand ten-thousandths (0.5000) or greater, or  
24 received payments under this section for the 1985-1986 school  
25 year, an amount equal to seventy-five dollars (\$75) multiplied  
26 by that district's average daily membership. For the school year  
27 1987-1988, the Commonwealth shall pay to each school district  
28 which has an average daily membership of one thousand five  
29 hundred (1,500) or less and a market value/income aid ratio of  
30 five thousand ten-thousandths (0.5000) or greater, or received

1 payments under this section for the 1986-1987 school year, an  
2 amount equal to eighty-five dollars (\$85) multiplied by that  
3 district's average daily membership. For the school year 1988-  
4 1989, the Commonwealth shall pay to each school district which  
5 has an average daily membership of one thousand five hundred  
6 (1,500) or less and a market value/income aid ratio of five  
7 thousand ten thousandths (0.5000) or greater, or received  
8 payments under this section for the 1987-1988 or 1988-1989  
9 school year, an amount equal to one hundred five dollars (\$105).  
10 For the school year 1989-1990, the Commonwealth shall pay to  
11 each school district which has an average daily membership of  
12 one thousand five hundred (1,500) or less and a market  
13 value/income aid ratio of five thousand ten-thousandths (0.5000)  
14 or greater, or received payments under this section for the  
15 1987-1988 school year, an amount equal to one hundred fifteen  
16 dollars (\$115) multiplied by the district's average daily  
17 membership as provided for in section 212 of the act of July 1,  
18 1990 (P.L.1591, No.7A), known as the "General Appropriation Act  
19 of 1990." For the school year 1990-1991, the Commonwealth shall  
20 pay to each school district which has an average daily  
21 membership of one thousand five hundred (1,500) or less and a  
22 market value/income aid ratio of five thousand ten-thousandths  
23 (0.5000) or greater, or received payments under this section for  
24 the prior school year, an amount equal to one hundred seventy  
25 dollars (\$170) multiplied by that district's average daily  
26 membership. For the school year 1990-1991, each school district  
27 with a population per square mile of less than ninety (90),  
28 which otherwise meets the average daily membership and market  
29 value/income aid ratio requirements of this section, or received  
30 payments under this section for the prior school year, shall

1 instead receive an amount equal to one hundred ninety dollars  
2 (\$190) multiplied by that district's average daily membership.  
3 For the 1987-1988 school year through the 1990-1991 school year,  
4 no school district shall receive less on account of this section  
5 than it did for the prior school year. For the school year 1994-  
6 1995, the Commonwealth shall pay to each school district which  
7 has an average daily membership of one thousand five hundred  
8 (1,500) or less and a market value/income aid ratio of five  
9 thousand ten-thousandths (0.5000) or greater, an amount equal to  
10 ninety five dollars (\$95) multiplied by that district's average  
11 daily membership. For each of the school years 1997-1998 through  
12 1999-2000, the Commonwealth shall pay to each school district  
13 which has an average daily membership of one thousand five  
14 hundred (1,500) or less and a market value/income aid ratio of  
15 five thousand ten-thousandths (0.5000) or greater an amount  
16 equal to seventy-five dollars (\$75) multiplied by that  
17 district's average daily membership. For the school years 2000-  
18 2001, 2001-2002 and 2002-2003, the Commonwealth shall pay to  
19 each school district which has an average daily membership of  
20 one thousand five hundred (1,500) or less an amount equal to  
21 seventy-five dollars (\$75) multiplied by that district's average  
22 daily membership. For the school year 2003-2004, the  
23 Commonwealth shall pay to each school district which has an  
24 average daily membership of one thousand five hundred (1,500) or  
25 less an amount equal to seventy-five dollars (\$75) multiplied by  
26 that district's average daily membership. For the school year  
27 2003-2004, the Commonwealth shall pay an additional amount to  
28 each school district which has an average daily membership of  
29 one thousand five hundred (1,500) or less and a market  
30 value/income aid ratio of five thousand ten-thousandths (0.5000)

or greater an amount equal to fifty dollars (\$50) multiplied by that district's average daily membership.

Section 26. Section 2502.30 of the act, amended December 23, 2003 (P.L.304, No.48), is reenacted and amended to read:

Section 2502.30. Temporary Special Aid to School Districts [Suffering Loss of Tax Revenue Due to Reduction in Assessed Valuation of Taxable Property].--(a) Temporary special aid shall be paid in fiscal years 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2001-2002, 2002-2003 and 2003-2004 to school districts experiencing a severe reduction in local revenue due to a decline in the assessed value of taxable properties. The allocation to these districts shall be determined by multiplying the reduction in assessed value between 1985-1986 and 1992-1993 by the 1992-1993 real estate millage rate. This aid shall be paid from undistributed funds not expended, encumbered or committed from appropriations for grants and subsidies made to the Department of Education. No other funds shall be used for assistance under this section. These funds shall be sufficient to provide temporary relief to seven school districts in fiscal year 1995-1996 at seventy-five per centum (75%) of the funds received in fiscal year 1994-1995, in fiscal year 1996-1997 at fifty per centum (50%) of the funds received in fiscal year 1994-1995, in fiscal year 1997-1998, 1998-1999 and in fiscal year 1999-2000 at twenty-five per centum (25%) of the funds received in fiscal year 1994-1995. For fiscal years 2001-2002, 2002-2003 and 2003-2004 to the extent funds are available as determined by the Secretary of the Budget, qualifying school districts shall receive twenty-five per centum (25%) of the funds received in fiscal year 1994-1995.

(a.1) (1) Temporary special aid shall be paid in fiscal

1 year 2004-2005 out of the appropriation for basic education  
2 funding to school districts to certain school districts that  
3 have experienced severe increases in average daily membership  
4 and in market value/income aid ratio. To qualify for temporary  
5 special aid under this subsection, the school district's 2004-  
6 2005 market value/income aid ratio must be greater than five  
7 thousand two hundred ten thousandths (0.5200), the increase from  
8 the school district's 1991-1992 average daily membership to its  
9 2003-2004 average daily membership must be equal to or greater  
10 than eighteen per centum (18%) and the increase from the school  
11 district's 1991-1992 market value/income aid ratio to its 2003-  
12 2004 market value/income aid ratio must be equal to or greater  
13 than fifteen per centum (15%).

14 (2) The allocation to a qualifying school district under  
15 this subsection shall be determined by:

16 (i) Subtracting the school district's 1991-1992 average  
17 daily membership from its 2003-2004 average daily membership.

18 (ii) Multiplying the difference from subparagraph (i) by  
19 eight million five hundred thousand dollars (\$8,500,000).

20 (iii) Dividing the product from subparagraph (ii) by the sum  
21 of the differences from subparagraph (i).

22 (a.2) (1) Temporary special aid shall be paid in fiscal  
23 year 2004-2005 out of the appropriation for basic education  
24 funding to school districts to certain school districts that  
25 have extremely high local tax effort. To qualify for temporary  
26 special aid under this subsection, the school district's 2002  
27 equalized millage rate must be equal to or greater than thirty-  
28 three (33) equalized mills and its 2004-2005 market value/income  
29 aid ratio must be equal to or greater than six thousand four  
30 hundred ten thousandths (0.6400).

1     (2) The allocation to a qualifying school district under  
2 this subsection shall be determined by:

3     (i) Multiplying the school district's 2003-2004 average  
4 daily membership by seven hundred fifty thousand dollars  
5 (\$750,000).

6     (ii) Dividing the product from subparagraph (i) by the 2003-  
7 2004 average daily membership for all qualifying school  
8 districts.

9     (b) Payments made pursuant to subsection (a) shall be paid  
10 from a restricted receipt account, which is hereby established,  
11 for such payments. Funds shall be transferred by the Secretary  
12 of the Budget to the restricted account only to the extent  
13 necessary to make the payments authorized by this section. The  
14 money in the restricted account is hereby appropriated from the  
15 account for purposes of this section.

16     (c) This section shall expire [October 1, 2004] June 30,  
17 2005.

18     Section 27. The act is amended by adding sections to read:

19     Section 2502.43. Basic Education Funding for 2003-2004  
20 School Year.--For the 2003-2004 school year, the Commonwealth  
21 shall pay to each school district a basic education funding  
22 allocation which shall consist of the following:

23     (1) An amount equal to the basic education funding  
24 allocation for the 2002-2003 school year pursuant to sections  
25 2502.13 and 2502.41.

26     (2) Where the school district received a grant under section  
27 1709-B during the 2003-2004 school year, but is not eligible to  
28 receive such a grant during the 2004-2005 school year, an amount  
29 equal to the grant amount it received during the 2003-2004  
30 school year multiplied by fifty percent (50%).

(3) Where the school district received funds pursuant to section 2502.30(a) during the 2003-2004 school year, an amount equal to the amount it received during the 2003-2004 school year.

(4) A base supplement calculated as follows:

(i) If the school district's 2004-2005 market value/income aid ratio is equal to or greater than seven thousand ten thousandths (.7000):

(A) Multiply the school district's 2004-2005 market value/income aid ratio by its 2003-2004 average daily membership.

(B) Multiply the product from clause (A) by seven million five hundred thousand dollars (\$7,500,000).

(C) Divide the product from clause (B) by the sum of the products of the 2004-2005 market value/income aid ratio multiplied by the 2003-2004 average daily membership for all qualifying school districts.

(ii) If the school district's 2004-2005 market value/income aid ratio is equal to or greater than four thousand ten thousandths (.4000) and less than seven thousand ten thousandths (.7000):

(A) Multiply the school district's 2004-2005 market value/income aid ratio by its 2003-2004 average daily membership.

(B) Multiply the product from clause (A) by thirty-four million dollars (\$34,000,000).

(C) Divide the product from clause (B) by the sum of the products of the 2004-2005 market value/income aid ratio multiplied by the 2003-2004 average daily membership for all qualifying school districts.



(iii) If the school district's 2004-2005 market value/income aid ratio is less than four thousand ten thousandths (.4000):

(A) Multiply the school district's 2004-2005 market value/income aid ratio by its 2003-2004 average daily membership.

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

(C) Divide the product from clause (B) by the sum of the products of the 2004-2005 market value/income aid ratio multiplied by the 2003-2004 average daily membership for all qualifying school districts.

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

(i) To qualify for the poverty supplement, a school district's 2004-2005 market value/income aid ratio must be equal to or greater than six thousand five hundred ten thousandths (0.6500) and its personal income valuation when divided by its 2003-2004 average daily membership must be equal to or less than one hundred three thousand five hundred seventy-one dollars (\$103,571).

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

(A) Multiply the school district's 2003-2004 average daily membership by thirty-three million dollars (\$33,000,000).

(B) Divide the product from clause (A) by the sum of the 2003-2004 average daily membership for all qualifying school districts.

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

(i) To qualify for the tax effort supplement, a school

district's 2002 equalized millage must be equal to or greater than 20.0 equalized mills.

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

(A) Multiply the school district's 2003-2004 average daily membership by ten million dollars (\$10,000,000).

(B) Divide the product from clause (A) by the sum of the 2003-2004 average daily membership for all qualifying school districts.

(7) A growth supplement calculated for qualifying school districts as follows:

(i) To qualify for the growth supplement, a school district's 2003-2004 average daily membership must be greater than its 2002-2003 average daily membership.

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

(A) Subtract the school district's 2002-2003 average daily membership from its 2003-2004 average daily membership and multiply the difference by its 2004-2005 market value/income aid ratio.

(B) Multiply the difference from clause (A) by thirteen million dollars (\$13,000,000).

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

(8) Each school district shall receive additional funding as necessary so that the sum of the amounts under section 2502.13 and paragraphs (4), (5), (6), (7) and this paragraph will equal at least two percent (2%) of the amount in paragraph (1).

Section 2504.4. Payments on Account of Limited English Proficiency Programs.--(a) To qualify for limited English

proficiency payments under this section, a school district's  
2004-2005 market value income aid ratio must be greater than or  
equal to 0.3000 and the number of enrolled students identified  
as limited English proficient in the 2002-2003 school year must  
be no less than 2% of the school district's 2002-2003 average  
daily membership. The allocation to a qualified school district  
under this section shall be paid in fiscal year 2004-2005 out of  
the appropriation for basic education funding to school  
districts and determined by:

(1) multiplying the number of enrolled students identified  
as Limited English Proficient in the 2002-2003 school year in a  
qualified school district by \$11,135,070; and

(2) dividing the product from paragraph (1) by the total  
number of enrolled students identified as Limited English  
Proficient in all qualified school districts.

(b) Funds received by a school district under this section  
shall only be used to support instructional programs for  
students identified as Limited English Proficient. A school  
district shall not place any funds received under this section  
into any reserve account.

Section 28. Sections 2509.1 and 2509.5 of the act are  
amended by adding subsections to read:

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

(b.12) Up to nine million seven hundred and fifty thousand  
dollars (\$9,750,000) may be utilized for programs administered  
and operated by intermediate units during the 2004-2005 school  
year for institutionalized children as established in subsection  
(b.1).

\* \* \*

Section 2509.5. Special Education Payments to School

1 Districts.--\* \* \*

2 (nn) During the 2004-2005 school year, each school district  
3 shall be paid the amount it received during the 2003-2004 school  
4 year under subsections (ll) and (mm).

5 (oo) During the 2004-2005 school year, eighteen million,  
6 four hundred eighty thousand, seven hundred eighty-one dollars  
7 (\$18,480,781) of the funds appropriated to the Department of  
8 Education for special education shall be used to provide  
9 supplemental funding for special education to school districts.

10 (1) Each school district shall receive a funding supplement  
11 calculated as follows:

12 (i) multiply each school district's 2004-2005 market  
13 value/income aid ratio by sixteen percent (16%) of its 2003-2004  
14 average daily membership;

15 (ii) multiply the product from clause (i) by sixteen  
16 million, seven hundred thousand dollars (\$16,700,000); and

17 (iii) divide the resultant product from clause (ii) by the  
18 sum of the products of the 2004-2005 market value/income aid  
19 ratio multiplied by sixteen per cent (16%) of the 2003-2004  
20 average daily membership for all school districts.

21 (2) Each school district for which the supplement under  
22 paragraph (1) provides an amount less than two per cent (2%) of  
23 the sum of the amounts provided under subsections (ll) and (mm)  
24 shall receive additional funding as necessary so that the sum of  
25 the amounts provided under paragraph (1) and this paragraph  
26 equals two per cent (2%) of the sum of the amounts provided  
27 under subsections (ll) and (mm).

28 Section 29. Section 2591.1(d) of the act, amended December  
29 23, 2003 (P.L.304, No.48), is amended and the section is amended  
30 by adding a subsection to read:

Section 2591.1. Commonwealth Reimbursements for Charter  
Schools and Cyber Charter Schools.--\* \* \*

(c.1) For the 2003-2004 school year and each school year  
thereafter, the Commonwealth shall pay to each school district  
with resident students enrolled during the immediately preceding  
school year in a charter school, a charter school approved under  
section 1717-A or 1718-A which provides instruction through the  
Internet or other electronic means or a cyber charter school as  
defined under Article XVII-A, an amount equal to thirty percent  
(30%) of the total funding required under section 1725-A(a).

(d) For the fiscal year 2003-2004 and each fiscal year  
thereafter, if insufficient funds are appropriated to make  
Commonwealth payments pursuant to this section, such payments  
shall be made on a pro rata basis.

Section 30. Section 2599.2(c)(1) and (d) of the act, added  
December 23, 2003 (P.L.304, No.48), are amended to read:

Section 2599.2. Pennsylvania Accountability Grants.--\* \* \*

(c) (1) No later than April 10, 2004 and April 10, 2005,  
the department shall notify each school district of the grant  
amount it will receive under subsection (d).

\* \* \*

(d) During the 2004-2005 and 2005-2006 school [year] years,  
the department shall pay to each school district a Pennsylvania  
Accountability grant equal to the sum of the amounts calculated  
under paragraphs (1) and (2) as follows:

(1) Each school district shall receive an amount based on  
the percentage of its students scoring below proficient on the  
PSSA tests, calculated as follows:

(i) Divide the number of PSSA tests administered in the  
school district on which students scored below proficient in

1 reading or mathematics during the 2002-2003 school year by the  
2 total number of PSSA tests scored in reading and mathematics in  
3 the school district during the 2002-2003 school year.

4 (ii) Multiply the quotient from subparagraph (i) by the  
5 average daily membership of the school district for the 2002-  
6 2003 school year.

7 (iii) Multiply the product from subparagraph (ii) by the  
8 market value/income aid ratio of the school district for the  
9 2003-2004 school year.

10 (iv) Multiply the product from subparagraph (iii) by [one  
11 hundred thirty-one million two hundred fifty thousand dollars  
12 (\$131,250,000)] one hundred fifty million dollars  
13 (\$150,000,000).

14 (v) Divide the product from subparagraph (iv) by the sum of  
15 the products of subparagraph (iii) for all school districts.

16 (2) Each school district shall receive an amount based on  
17 the percentage of its students scoring at or above proficient on  
18 the PSSA tests, calculated as follows:

19 (i) Divide the number of PSSA tests administered in the  
20 school district on which students scored at or above proficient  
21 in reading or mathematics during the 2002-2003 school year by  
22 the total number of PSSA tests scored in reading and mathematics  
23 in the school district during the 2002-2003 school year.

24 (ii) Multiply the quotient from subparagraph (i) by the  
25 average daily membership of the school district for the 2002-  
26 2003 school year.

27 (iii) Multiply the product from subparagraph (ii) by the  
28 market value/income aid ratio of the school district for the  
29 2003-2004 school year.

30 (iv) Multiply the product from subparagraph (iii) by [forty-

1 three million seven hundred fifty thousand dollars  
2 (\$43,750,000)] fifty million dollars (\$50,000,000).

3 (v) Divide the product from subparagraph (iv) by the sum of  
4 the products of subparagraph (iii) for all school districts.

5 (3) Grants awarded under this section shall be paid to  
6 school districts on the last Thursday of July.

7 \* \* \*

8 Section 31. The provisions of this act are severable. If any  
9 provision of this act or its application to any person or  
10 circumstance is held invalid, the invalidity shall not affect  
11 the remaining provisions or applications.

12 Section 32. The following shall apply:

13 (1) The amendment or addition of section 1705-B(a) and  
14 (a.1) of the act shall apply retroactively to June 1, 2004.

15 (2) The reenactment and amendment of section 1705-  
16 B(h)(4) of the act shall apply retroactively to June 29,  
17 2003.

18 (3) The amendment of section 1714.1-B of the act shall  
19 apply retroactively to June 1, 2004.

20 (4) The reenactment of section 2502.30 of the act shall  
21 apply retroactively to September 30, 2003.

22 Section 33. This act shall take effect as follows:

23 (1) The addition of section 778(a.1) and (b.1) of the  
24 act shall take effect in one year.

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