



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1307

PRINTERS NO. 1543

PRIME SPONSOR: Milne

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$0	\$0

SUMMARY: House Bill 1307 amends various sections of the Public School Code concerning subsidies for services, financial reports, salaries, the wearing of military uniforms at graduation ceremonies, and audits of school districts. It would take effect in 60 days.

ANALYSIS: This legislation requires the Department of Education to annually prepare a report on the finances of Intermediate Units (IUs), including funds received and contracts and agreements executed by the IUs. The Department will develop the form for reporting the information and post it on the Department's website. The format for IUs must be consistent with what the Department posts for other local education agencies.

The bill also makes school districts of the first class that are in distress subject to Section 1075 of the Public School Code, which concerns salary. Section 1075 is then amended to prohibit any form of annual compensation for a superintendent or assistant superintendent, except for annual salary, in a school district declaring financial distress under section 691. It would prohibit bonuses and incentive payments as well. It would not prohibit medical benefits and severance payments for individuals who are not terminated, but bans severance payments for individuals who are terminated.

A new section, section 1616, Wearing of Military Uniform at Graduation Ceremony is also added to the Public School Code. The section would give a high school student the right to wear a military dress uniform at a graduation ceremony if the student has fulfilled all requirements and is otherwise eligible to participate in the ceremony, and has completed basic training for, and is an active member of, a branch of the United States Armed Forces.

Finally, another new section, section 2411, is added to the Public School Code concerning Audits of School Districts. It requires the Auditor General to audit school districts certified as distressed under section 691 of the School Code every four years. The audit shall determine that state funds are spent properly. If the audit determines that funds have been spent improperly, the school district will be denied any further state funding until the impropriety is corrected.

In addition, the Treasury Department must annually submit to the Auditor General a list of appropriations made to each school district and the fund or account from which the appropriation was released.

FISCAL IMPACT: Enactment of this legislation will have no adverse impact on Commonwealth funds. The Department of Education indicates the added reporting requirements concerning IUs will not impact their budget. Concerning the new section on audits, under current law the Auditor General audits each school district once every three years, whether or not the district is in financial distress. Therefore, these new requirements will not impact the Auditor General's budget. The changes concerning superintendent salaries and the wearing of military uniforms at graduation will also have no fiscal impact at the state level.

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House Appropriations Committee (R)

DATE: June 23, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.