



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 1281

PRINTERS NO. 2296

PRIME SPONSOR: Corman

### COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	See "Fiscal Impact" below.	

### SUMMARY:

Senate Bill 1281 amends the Public School Code concerning the following:

- The posting of school district financial data on the internet, or SchoolWATCH;
- The development of a school building construction and lease database;
- School construction reimbursement, or ARC Con;
- The Office of Safe Schools;
- The declaration of weather emergencies.

It would take effect in 60 days.

### ANALYSIS:

#### SchoolWATCH

Senate Bill 1281 adds a new subarticle to Article I of the Public School Code concerning public school web accountability and transparency. This new subarticle seeks to improve access to school financial data in the Commonwealth using the internet. It requires the Pennsylvania Department of Education (PDE) to post on its internet website the annual financial statements and final adopted budgets of school districts, charter schools, regional charter schools, cyber charter schools, and area vocational-technical schools.

The Department must also convene an advisory committee to develop a plan for both the establishment of a searchable internet database and an expenditure and performance measure. The internet database will allow members of the public to search the receipts, expenditures, and other financial data elements of public school entities, and will be known as "SchoolWATCH". The expenditure and performance measure will be an annual measure comparing a public school entity's instructional expenditures to the entity's academic performance. The committee will consist of representatives from each category of public school entity as well as the chairs of the House and Senate Education Committees, and two members selected by the Secretary of Education from among the citizens of this Commonwealth. The minimum contents of the database and other elements the advisory committee may consider for inclusion in the database and the performance measure are enumerated in the bill.

No public school entity will be required to provide any additional information not specifically required or permitted by the underlying legislation, and no public school entity shall be required to provide additional information beyond the information required to be provided by any other public school entity.

Once the advisory committee has completed its work, the PDE is required to establish and maintain the searchable internet database on its publicly accessible website. The internet database must be completed within two years of the effective date of this legislation, with the option to extend this deadline to a third year at PDE's request. The performance measure must be completed within four years of the effective date of this act.

A public school entity that fails to comply with the provisions of this act would be subject to penalties, including the withholding of school entity funds in escrow until the entity complies. The legislation provides for an appeals process as well.

### **School Building Construction and Lease Database**

Senate Bill 1281 amends the Public School Code to provide the Department of Education with additional powers and duties with respect to construction or reconstruction of public school buildings. Within six months of the effective date of the legislation, the Department must establish an electronic database on its website for the purpose of providing public access to information on public school construction and reconstruction projects, building purchases and charter school lease reimbursements submitted for the approval of, or approved by, the Department. Language is also added providing that school districts need not seek Commonwealth approval for a construction project if the district is not seeking Commonwealth reimbursement for that project.

### **ARC Con**

Senate Bill 1281 adds a new section to the Public School Code to be known as Section 731.2, "Accountability and Reducing Costs in Construction Process." It requires that, no later than July 1, 2016, the Department must develop and implement a process, including standardized forms and procedures, to be used by school districts to apply for Commonwealth reimbursement for school construction and reconstruction projects. It will be called the Accountability and Reducing Costs in Construction, or "ARC Con" Process. In developing this process, the Department must separate the process into five benchmark steps which are detailed in the bill. School district projects must be reimbursed by the Department in the order received, with one exception. Projects from school districts in financial recovery status may be given priority over other projects.

This new section requires school districts to develop a complete districtwide facility study of all district educational facilities, including the district administrative offices. This must be completed prior to, and within five years of, the initial date of submission to the PDE of an application for Commonwealth reimbursement of a school construction project. The content of the study is detailed in the legislation.

In order to receive reimbursement through ARC Con school districts must complete and submit to PDE a cost-benefit analysis of each project. This analysis must present substantial evidence of

the necessity of a new building, if a new building is proposed, as compared to a building expansion or renovation.

Under this new section, once a school district receives reimbursement through ARC Con for a construction project on a school building the district is not eligible to seek reimbursement again on the same building for 30 years. However, exceptions to this rule are provided for natural disaster, fire, flood, mold contamination or an extraordinary and unanticipated increase in student enrollment.

School districts will not be eligible for Commonwealth reimbursement of school construction or reconstruction project costs for any existing building where the cost of expansion or renovation of the building, excluding costs for building purchase, movable fixtures and equipment, asbestos abatement, roof replacement, site development, and architect fees, is less than 40% of the replacement value of the entire building. In current law this is at 20%.

The ARC Con process must be automated as much as possible so documents can be submitted electronically and there can be no requirement that documents be submitted on microfilm.

The Department must develop rules and guidelines within one year for this program.

### **The Office of Safe Schools**

Senate Bill 1281 amends the Public School Code by adding to the powers and duties of the Office of Safe Schools. It would give the Office the power and duty to develop, subject to funding appropriated by the General Assembly for this purpose, telephone hotlines and Internet notification systems to be used by students, parents, teachers, school employees and members of the community to anonymously report potential or actual violence or possession of weapons on school property.

### **Weather Emergencies**

Senate Bill 1281 adds a new section to the School Code concerning payments or reimbursements relating to the Secretary of Education's declaration of a weather emergency. It would give the Secretary of Education the power to declare a weather emergency on a school district, county, or statewide basis. This would provide the school entities included in the declaration greater flexibility in scheduling to meet the 180 instructional day requirement without jeopardizing any of their payments or reimbursements from the state.

### **FISCAL IMPACT:**

#### **SchoolWATCH**

Enactment of School WATCH could have a fiscal impact on the Commonwealth, but it is not possible to estimate the extent of that impact at this time. The legislation requires the searchable internet database and performance measure be developed by the PDE in consultation with the advisory committee established in the bill, a process that will take place over a four-year period beginning with the effective date of the bill. Numerous decisions will be made during this process that will have a direct impact on the cost of database and performance measure development and maintenance. Development costs could range from an amount small enough

to be handled within the Department's budget to as high as \$2 million according to the PDE, with continuing annual maintenance costs as well.

### **School Building Construction and Lease Database**

The implementation of an internet database to provide public access to information on public school construction and reconstruction projects, building purchases and charter school lease reimbursements will have a fiscal impact on the Commonwealth. The Department estimates implementing this database within six months will cost approximately \$1 million.

### **ARC Con**

The ARC Con process is essentially a streamlined version of the PlanCon process in current law. The goal is to make the approval and reimbursement process more efficient for PDE and school districts. This should ultimately produce administrative cost savings for all parties involved, but data are not available to produce a reliable estimate of those savings at this time.

### **The Office of Safe Schools**

The changes related to the Office of Safe Schools will not require the expenditure of Commonwealth funds unless the General Assembly appropriates money for this purpose.

### **Weather Emergencies**

Enactment of the provisions related to weather emergencies will have no adverse impact on Commonwealth funds.

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**DATE:** September 22, 2014

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