



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 224

PRINTERS NO. 2180

PRIME SPONSOR: Christiana

### COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	See "Fiscal Impact" below.	

**SUMMARY:** House Bill 224 makes numerous changes and adds sections to the Public School Code, including provisions implementing the 2015-16 appropriations contained in Senate Bill 1000. It would take effect immediately.

**ANALYSIS:** Below is a list of the sections of the School Code added or amended by this legislation, including an analysis of the fiscal impact where necessary.

**Article VI-B School Watch** - This new article 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 data from annual financial statements and final adopted budgets of school districts, charter schools, regional charter schools, cyber charter schools, and area vocational-technical schools, to the extent the information is available to the Department.

No public school entity will be required to provide any additional information not specifically required as of the effective date of the 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.

The Department is required to provide a link to the public school entity's fiscal information from the School Performance Profile the Department compiles annually for each public school entity. This must be done within 90 days of the effective date of this legislation and by May 31 of each year thereafter.

**Section 1372 Exceptional Children; Education and Training** - This section is amended to require PDE to annually adjust the dollar ranges for which it collects special education cost information from school districts, by the Consumer Price Index.

**Section 1703-A Definitions** - This legislation moves the definition of the phrases "aid ratio" and "market value/income aid ratio" from its current location in Section 1724-A of the School Code (relating to School Staff) to Section 1703-A (relating to Definitions).

**Section 1724-A School Staff** - This section is amended to make permanent the Commonwealth's discontinuation of pension reimbursement payments to charter schools.

**Section 1855 Vocational Education Equipment Grants** -- This section is amended to provide for the distribution of funding based on a formula that provides a base amount of \$3,000 to each area vocational-technical school or school district with an approved program and distributes the remainder of funding based on average daily membership. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. *Senate Bill 1000 provides \$1 million for this purpose.*

**Section 1913-A Financial Program; Reimbursement of Payments** - This section is amended to provide for a community college funding formula for the 2015-16 fiscal year. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. *This formula distributes the \$74,046,000 provided in Senate Bill 1000 for community colleges.*

**Section 1902-C and 1902-E Applications and Contract with Private Alternative Education Institutions** -- These sections are amended so alternative education providers will pay annual application and renewal fees to augment the Department's costs for administration and oversight activities. It establishes initial and renewal application fees of \$400 for public school entities and \$1,000 for private providers. *The fees are estimated to generate \$162,000 in additional revenues annually, which will be used to offset Department of Education expenses for oversight activities.*

**Section 2320 State Aid for Fiscal Year 2015-2016** - This new section provides for a library funding formula for the 2015-2016 fiscal year which distributes funding in the same manner as in the 2014-15 fiscal year. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. It also allows the State Librarian, in the event of a change in direct service area from one library to another, upon agreement of the affected libraries, to redistribute the local library share of aid to the library currently servicing the area. *The formula distributes the \$18,157,000 provided in Senate Bill 1000 for libraries.*

**Section 2502.53 Student-Weighted Basic Education Funding** - This new section establishes a new student-weighted basic education funding distribution formula, as developed by the Basic Education Funding Commission. Only an increase in basic education funding over what was appropriated in 2014-15 would be distributed through this formula. All other basic education funding is distributed to school districts in the same manner as funding was distributed in the 2014-15 school year. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. The section also provides for the deposit of any undistributed funds into the Financial Recovery School District Transitional Loan Account. *This formula will distribute the \$1,876,693,000 provided in Senate Bill 1000 for basic education.*

**Section 2509.1 Payments to Intermediate Units** - This section maintains the manner of distribution that was in place for the 2014-15 fiscal year. *Senate Bill 1000 provides \$19,558,275, or 5.5% of the total State special education appropriation, for this purpose.*

**Section 2509.5 Special Education Payments to School Districts** – This section is amended to provide each school district with the same amount of special education funding as in fiscal year 2013-14 and distributes any increase under the Special Education Funding Commission formula that considers student costs, wealth, tax effort and the sparsity ratio. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. *Senate Bill 1000 provides \$355,605,000 for special education funding.*

**Section 2509.8 Extraordinary Special Education Program Expenses** – This section is amended to distribute 1% of the special education appropriation to school districts and charter schools for extraordinary special education expenses according to a methodology developed by the Special Education Funding Commission, which was first implemented in the 2014-15 school year through the 2014 Fiscal Code. It also permanently repeals Section 2509.14, the previous School Code provision distributing such funding that was in effect prior to the development of a new methodology by the Special Education Funding Commission, which was originally repealed in the 2014 Fiscal Code.

**Section 2510.3 Assistance to School District Declared to be in Financial Recovery Status or Identified for Financial Watch Status** – This section is amended to extend through the 2015-16 fiscal year an existing provision of law that allows PDE to utilize up to \$4,500,000 in unencumbered funds to pay for technical assistance to Financial Watch and Financial Recovery School Districts.

**Section 2599.6 Ready to Learn Block Grant Distribution Formula** – This new section provides for distribution of a grant program first established in the 2014 Fiscal Code to be used to maintain and improve academic performance. Distribution amounts will be the same as the 2014-15 fiscal year. If not enough money is appropriated to run this formula, payments will be made on a pro rata basis. *Senate Bill 1000 provides \$66,667,000 for the Ready to Learn Block Grant.*

**FISCAL IMPACT:** The Department of Education already complies with the School Watch requirements in HB 224, so enactment of these provisions should have no additional fiscal impact on the Department. Enactment of this legislation will ensure the Department continues to maintain this information on its website. The legislation also states that only information already submitted to PDE can be required for posting, so it should impose no additional costs on public school entities. House Bill 224 also requires the Department of Education to make payments to school district for basic education, special education, Ready to Learn Block Grants, and Career and Technology Equipment Grants, as well as to libraries and community colleges. However, payments for these appropriations will only be made to the extent funds are appropriated.

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**DATE:** September 24, 2015

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