



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1552

PRINTERS NO. 3373

PRIME SPONSOR: Roae

COST / (SAVINGS)

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

SUMMARY: House Bill 1552 amends the Public School Code concerning the powers and duties of the Secretary of Education and reimbursements to school districts. Effective dates vary by provision.

ANALYSIS: This legislation gives the Secretary of Education the authority and duty to enter into and administer membership in a regional compact and interstate reciprocity agreement for the provision of postsecondary distance education. In states, territories, and districts that are party to such an agreement, institutions that choose to participate provide distance education to students from other states, territories, and districts that are also a party to the agreement.

House Bill 1552 also allows the Department of Education to charge administrative fees to institutions of higher education that choose to participate in the agreement, as long as those charges do not exceed the Department's additional administrative costs of participation. These fees may be deposited in the Postsecondary Distance Education Interstate Reciprocity Agreement Restricted Receipts Account established as a special restricted receipts account within the General Fund of the State Treasury by this legislation. The Department may use this money for all costs related to administering and implementing a Postsecondary Distance Education Interstate Reciprocity Agreement. The account may also accept funds appropriated for this purpose.

In addition, this legislation establishes the new student-weighted basic education funding distribution formula, as developed by the Basic Education Funding Commission, in the Public School Code for use in the 2016-17 fiscal year and each year thereafter. Any increase in basic education funding above what was appropriated for the 2014-15 fiscal year is 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 fiscal year. This is the same formula that was enacted in the Fiscal Code for the 2015-16 fiscal year.

FISCAL IMPACT: According to the Department of Education, there is an annual fee of \$50,000 for Pennsylvania to join an interstate compact of the type described in this legislation. In the first year the Department pays to belong to such a compact, it will need to pay this fee from its

available budget. In subsequent years, this money could be paid from the restricted account established by the legislation.

The basic education formula established by this legislation requires the appropriation of at least as much funding as was provided for basic education in the 2014-15 fiscal year, approximately \$5.524 billion. The bill also makes an appropriation of \$15 million to the Department of Education for the purpose of supplemental payments of basic education funding for the 2015-16 fiscal year.

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House Appropriations Committee (R)

DATE: May 25, 2016

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