



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 227

PRINTERS NO. 1087

PRIME SPONSOR: Eichelberger

### COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	See "Fiscal Impact" below.	

### SUMMARY:

Senate Bill 227, Printer's Number 1087, makes extensive changes to the Public School Code on a variety of topics. Effective dates vary by provision.

### ANALYSIS:

This legislation makes extensive revisions and additions to provisions found throughout the Public School Code. Below is a list of the sections and articles of the School Code added or significantly amended by this legislation.

**Section 121 Keystone Exams** – This section is amended to delay the use of the Keystone Exams as a graduation requirement an additional year until the 2019-2020 school year.

**Section 126 Every Student Succeeds Act State Plan Review** – This new section requires the Department of Education (PDE) to submit to the General Assembly the State plan PDE is required to develop and submit to the US Department of Education for compliance with the Federal Every Student Succeeds Act. PDE must develop the State plan with timely and meaningful consultation with the chair and minority chair of the Education Committee of the Senate and the chair and minority chair of the Education Committee of the House of Representatives, with opportunity for input into the plan's formation, and with regard to initiatives that are newly created or that retain or modify existing law, regulation or PDE policy or directives concerning areas outlined in the bill. It prohibits PDE from submitting an initial State plan, or any future State plan, to the United States Secretary of Education until the Education Committees of the Senate and House of Representatives have been provided at least 15 days to review and comment on the plan, which may include a hearing before the committees if requested. The initial State plan submission and any future submissions by PDE must include the comments submitted by the Education Committees of the Senate and House of Representatives, and PDE must report on a quarterly basis to the Education Committees of the Senate and House of Representatives regarding the progress toward implementation of the State plan and its components.

**Section 328 School Director Training Programs** – This new section requires the Department of Education (PDE) to provide training for school district board members and charter school trustees beginning in the 2018-2019 school year. Newly elected or appointed board members and trustees must take four hours of training and re-elected or reappointed board members and trustees must take two hours of training. The training must be provided at no cost to school districts and charter school

entities, and their board members and trustees. PDE shall approve alternative training programs that may be provided by other providers. To provide the training for school board members, PDE must consult with a statewide organizations representing school directors and school business officials to prepare and offer the programs. To make available training for charter trustees, PDE must consult with statewide organizations representing charter school entities pertaining to the skills and knowledge necessary to serve as a trustee.

**Section 694-A Additional Criteria** – Provisions are added to this section concerning placing districts into financial watch status.

**Section 695-A Financial administrator in financial watch school district** – This new section provides that a school district identified for financial watch status under existing Section 694-A and, in the 2017-2018 fiscal year or any fiscal year thereafter, that receives educational access program funding shall be placed under the supervision of a financial administrator. The qualifications, duties, and powers of that administrator are also enumerated, along with additional requirements for the school district and its financial improvement plan. The financial administrator, in consultation with the Secretary of Education, may remove the school district from financial watch status, making these new provisions no longer applicable to the school district.

**Section 732.1 Limitation on New Applications for Department of Education Approval of Public School Building Projects** - This section is amended to extend the moratorium on the acceptance of new Plancon projects through the 2017-18 fiscal year.

**Section 1006 Reports** – This section is amended concerning when reports from superintendents must be provided to the Secretary of Education.

**Section 1073 Manner of Election or Approval, and Section 1077 Term and Salary of Assistants** - This legislation makes several changes to these sections concerning superintendent and assistant superintendent contracts. It changes the deadline for a school board to make contract renewal decisions for a superintendent or assistant superintendent from 150 days to 90 days prior to the expiration of the contract. It also changes the requirement that this decision be made at a “regular” school board meeting to a “public” school board meeting. Additionally, this legislation limits the automatic renewal of these contracts to one year, one time only, if the renewal notice deadline is missed.

**Section 1124 Causes for Suspension** – Changes to this section allow for the suspension of professional employees for economic reasons. Before it could furlough for economic reasons, the school district would have to meet certain requirements concerning the furlough of administrative employees, requirements that may be waived if the Secretary of Education and the State Board of Education determine that a school district’s operations are already sufficiently streamlined, or the suspension would harm school stability and student programs. In addition, any five administrative staff members, one of whom must be responsible for business operations, selected by the school district may be exempted from the proportionate reduction requirement. Any suspensions must occur by majority vote of the school board at a public meeting. Also, no later than 60 days prior to the date of adoption of a final budget, the school board must adopt a resolution of intent to suspend professional employees in the following year which sets forth certain information concerning the furloughs as enumerated in the legislation. Current law limits a school district’s ability to furlough professional employees to those instances where there is a substantial decrease in pupil enrollment, a curtailment or alteration of an

educational program, or the consolidation of schools. In addition, following the 2021-22 school year, changes to this section require the Legislative Budget and Finance Committee to conduct a study of the effectiveness of the economic furlough and suspension provisions of this bill. The Committee must deliver a written report of its findings, including whether these provisions are being used effectively by school districts to improve efficiency, to the Governor and to the chairs of the House and Senate Education Committees.

**Section 1125.1 Persons to be Suspended** – Changes to this section require suspensions of professional employees be based upon employee performance ratings, except in cases where the employees have the same rating, in which case seniority will be the basis. This eliminates the requirement that only seniority be considered when teachers are furloughed. If teachers are reinstated, it must be in the reverse order in which they were suspended.

**Section 1131 Appeals to Secretary of Education** – Changes to this section would require that a professional employee aggrieved by a school board action file an appeal with the Secretary of Education within 15 days, not 30 days as in current law.

**Section 1204 Granting Provisional College Certificates** – This section is amended to require the Department of Education (PDE) to process applications for provisional college certifications submitted by members of the United State Armed Forces, veterans, or their spouses within 14 days of the date the department receives the completed application.

**Section 1216 Evaluation of Applications for Certification** – Changes to this section prohibit teacher preparation programs approved by the Department of Education from requiring a passing score on certain teacher certification assessments as a condition of program completion or graduation. Scores from these assessments may also not be used as a component of a student’s grade in any course. The bill also requires a teacher preparation program to recommend applicants for certification who meet certain grade point average standards.

**Section 1337 Nonprofit School Food Program** – Changes to this section provide certain rules concerning students who do not have money to pay for their school meals. Schools must provide a meal to a student who requests one, regardless of whether the student has money to pay for the meal or owes money for school meals, unless the student’s parent or guardian has given written permission for the school withhold the meal. The changes further require districts to implement policies for determining if children are eligible for free or reduced price meals, and defines methods for notifying parents of the situation. In addition, schools are prohibited from publically identifying or stigmatizing students, making students do chores, or discarding a meal that has already been served to a student, if the student cannot pay for their meals.

**Article XIV-A Drug and Alcohol Recovery High School Pilot Program** - This article is amended with date changes to allow for the establishment of the pilot program beginning in the 2017-18 school year.

**Section 1547 Alcohol, Chemical and Tobacco Abuse Program** – This legislation makes several changes to this section. It requires, beginning in the 2018-19 school year, for students in grades six through twelve, that instruction under this section include instruction related to the prevention of opioid abuse, with an emphasis on the prescription drug epidemic and the connection between prescription opioid abuse and addiction to other drugs, including heroin. Not later than 2018-19, the Departments of

Education and Health must jointly develop a model curriculum for this purpose and post this curriculum on their websites. This curriculum must also be revised when necessary with the most current information.

Beginning with the 2018-19 school year the Departments of Education and Health must jointly develop and make available to Commonwealth schools in-service training programs based upon the model curriculum for students. These programs must also be revised when necessary with the most current information. In addition, school districts must incorporate this training into their in-service training plans at least every three years, and this training will count towards teachers' continuing professional education requirements.

Finally, beginning September 1, 2020, and by September 1 every five years thereafter, the Departments of Education and Health must report to the General Assembly on the previous year's activities concerning this model curriculum and in-service training. The report must include a description of efforts to develop and disseminate the curriculum and training, and an evaluation of its effectiveness.

**Section 1549 Agricultural Education** - This bill amends this section that addresses agricultural education which requires the PDE and the Department of Agriculture (PDA) to provide educational resources and programming to kindergarten through secondary schools. The amendments add forestry to the list of topics in agricultural education, and make other technical changes.

**Section 1549.1 Commission for Agricultural Education Excellence** - The legislation adds a new Section 1549.1 to create a Commission for Agricultural Education Excellence that will serve as a departmental administrative commission under the concurrent authority of the PDA and PDE. The commission shall assist in developing a statewide plan for agricultural education and coordinate the implementation of related agricultural education programming with the departments.

The commission shall be administratively housed within the Department of Agriculture and supported by both the PDA and PDE, as provided under this section. An agreement shall be executed between both departments and the commission to define and delineate roles and responsibilities related to the use of staff, land, buildings, quarters, facilities and equipment.

The commission will consist of the Secretary of Education and Secretary of Agriculture or their designees, and chairmanship shall rotate between the two on an annual basis, starting with the Secretary of Education. The following members will be jointly appointed by the Secretaries from lists submitted by the legislature: two farmers; a representative of the agricultural processing and agricultural marketing industries; two representatives of agricultural sciences, not more than one of whom shall be a faculty member of the College of Agricultural Sciences of the Pennsylvania State University; a representative of the State System of Higher Education with a background in or knowledge of agricultural education; two teachers of vocational agriculture; a representative of a community college with a background in or knowledge of agricultural education; an administrator of a school entity which conducts an agricultural education program; a member of a school district occupational advisory committee; and two members of the business community with knowledge of agricultural education. Members of the committee shall not receive compensation or reimbursement for services.

The commission shall keep a record of official actions and may promulgate policies, procedures and guidelines as necessary to perform the following duties, such as investigating, reviewing and issuing an annual report by May 1 each year on the status of agricultural education in the Commonwealth with recommendations to improve agricultural education based on work force trends and program needs.

Both departments shall provide staff to assist the Commission with its duties who may be full-time or part-time and may be assigned to other duties within either agency. The bill requires an executive director for the commission, along with staff to be assigned five other specific duties, including curriculum specialist, program approval specialist, FFA program specialist, work force development specialist, and agricultural education support specialist.

The bill states that the costs of the commission shall be paid from general government operations funding for both PDA and PDE. The departments may also use funds appropriated by the General Assembly and accept donations from public and private sources, including the Federal Government, to pay for costs.

**Section 1913-A Financial Program; Reimbursement of Payments** – This section is amended to provide for a community college funding formula for the 2017-18 fiscal year. This formula distributes the funding provided for community colleges in the same amounts that were provided for the 2016-17 fiscal year. Changes to this section also eliminate a requirement that PDE annually approve high-priority and high-instructional cost occupation programs, high priority occupation programs, and noncredit workforce development courses.

**Section 1918-A Annual Report** – The elimination of this section repeals an annual reporting requirement by PDE regarding community colleges.

**Section 1906-G Establishment** – This section is amended to provide that the board of trustees of the rural regional college may later change the college's name or adopt a fictitious name for the purpose of conducting business.

**Section 2006-B Limitations** – This section currently provides for a total of \$125 million in Educational Improvement Tax Credits (EITC) and a total of \$50 million in Opportunity Scholarship Tax Credits (OSTC). This legislation increases the amount of tax credits available under the EITC program to \$145 million, a total increase in Educational Tax Credits of \$20 million. The additional \$20 million in tax credits made available under the EITC program is provided as follows: (1) \$12 million for contributions to scholarship organizations; (2) \$6 million for contributions to educational improvement organizations; and (3) \$2 million for contributions to pre-kindergarten scholarship organizations.

**Section 2001-C Definitions, Section 2002-C Duties of public institutions of higher education, Section 2004-C Transfer and Articulation Oversight Committee** – Changes to these sections require public institutions of higher education to adopt and make public uniform standards for determining and awarding academic credit for prior learning. This includes college-level credit granted toward the award of a degree or certificate for learning that can be demonstrated, through various means of assessment, to be the equivalent of learning gained through formal collegiate instruction. The means of assessment include Advanced Placement Exams, International Baccalaureate Diploma Program Exams, College-Level Examination Program Exams, and Dantes Subject Standardized Tests.

The standards will be developed by public institutions through their work on the existing Transfer and Articulation Oversight Committee. The public institutions involved include the universities of the Pennsylvania State System of Higher Education (PASSHE), Pennsylvania's Community Colleges, and other Pennsylvania colleges and universities that choose to participate. Reporting requirements concerning these standards are added to the duties of the Committee as well.

**Section 2321 State Aid for Fiscal Year 2017-2018** – This new section provides for a library funding formula for the 2017-18 fiscal year which distributes funding in the same manner as in the 2016-17 fiscal year. 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.

**Section 2502.53 Student-Weighted Basic Education Funding** – This section is amended to require that the data used in the basic education funding formula be fixed as of the first day of June preceding the school year in which the allocation occurs. Data fixed on the first day of June must be revised by the PDE during the allocation year if it is subsequently found to be incorrect. A definition for "current expenditures" is also added which clarifies that, beginning with the 2016-17 school year, it will not include tuition from patrons. In addition, changes are made to the definition of "Local tax-related revenue" to clarify that, beginning with the 2016-2017 school year, it includes revenues received by a school district from the sales and use tax and cigarette tax.

**Section 2509.1 Payments to Intermediate Units** – This section provides for the distribution of funding for intermediate units for the 2017-18 fiscal year.

**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 increase, for the 2017-18 fiscal year, the amount of unencumbered funds PDE may utilize to pay for technical assistance to Financial Watch and Financial Recovery School Districts. The amount is increased from \$4.5 million to \$5 million.

**Section 2599.6 Ready to Learn Block Grant Distribution Formula** – This section is amended to provide for the distribution of the Ready to Learn Block Grant for the 2017-18 fiscal year. Distribution amounts will be the same as the 2016-17 fiscal year.

**Section 2603-B Powers and Duties of the Board** – This section is amended to change the time frames for the adoption of state master plans for higher education and basic education from every five years to every ten years.

#### **FISCAL IMPACT:**

The implementation of Article XIV-A will have a fiscal impact on the Commonwealth. The initial tuition rate for the program is set at \$20,000 per student for fiscal year 2017-18. For each successive fiscal year the tuition rate will increase by the rate of inflation and be rounded to the nearest hundred. If the rate of inflation is zero or negative, the tuition rate will remain the same as the previous year and not decrease. The inflationary increase is also capped at three percent. The state will pay 60 percent of the tuition for each student and the school district of residence will pay 40 percent. Assuming a full enrollment of 20 students for 2017-18 would put the cost of the program at \$240,000 for the state. The budget for 2017-18 contains an appropriation of \$250,000 for this purpose. Assuming the maximum

annual inflationary increase of 3%, the total cost to the state for the remaining years of the program would be as follows: \$247,200 for 2018-19; \$254,400 for 2019-20; and \$261,600 for 2020-21. The total cost per fiscal year for the school district of the first class, assuming that district fills all 20 student slots would be as follows: \$160,000 for 2017-18; \$164,800 for 2018-19; \$169,600 for 2019-20; and \$174,400 for 2020-21.

The changes to Section 1913-A, the formula for community colleges, require at least \$226,450,000, the amount appropriated for 2017-18.

While the addition of Section 1549.1 establishes the Commission for Agricultural Education Excellence in the Public School Code to assist with agricultural education as defined in Section 1549, many of these additional duties and costs are covered under existing operations. For example, the PDA and PDE currently have an Agriculture Education Advisory Committee comprised of stakeholders similar to those outlined in the bill to meet the objectives of Section 1549. This advisory committee provides consultation and recommendations for agricultural education as part of an annual report process, but the committee is not formally established in law.

Both departments shall provide staff to assist the commission with its duties who may be full-time or part-time and may be assigned to other duties within either agency. All staffing costs shall be paid through agency general government operations funding. However, it is possible there could be additional administrative and staffing costs if one or more of the outlined positions are not currently filled or additional support is necessary to meet the needs of the commission.

The bill also provides that the departments may use funds appropriated by the General Assembly to meet the requirements of Section 1549 and operate the commission. Lastly, the departments are permitted to accept donations from public and private sources, including the Federal Government, to provide an additional revenue source to pay for these costs. Whether donations come from educational organizations or agricultural industries, such augmenting revenue could be deposited into a restricted account or special fund for agricultural education.

Concerning Section 2006-B, based on information provided by the Department of Revenue, approximately 75% of the Educational Tax Credits awarded in a fiscal year are claimed on a tax return filed within that same fiscal year. Assuming that the full amount of tax credits are awarded, enactment of this legislation will result in a reduction of revenues estimated to be \$15 million in 2017-18 and \$20 million a year thereafter.

The changes to Sections 2001-C, 2002-C, and 2004-C will have no direct adverse fiscal impact on Commonwealth funds. However, these changes may result in some increased costs to Pennsylvania's Community Colleges associated with the data and reporting requirements. At this time, it is not possible to estimate these costs, as they will depend on the details of the reporting system specified by the Department of Education after enactment.

The State System of Higher Education indicates this bill would have a fiscal impact on the System. It would be necessary to assess existing practices and establish methods, policies, and procedures for assessing prior learning. Faculty union meet and discuss meetings on this topic would also be necessary. Training would then be necessary throughout every university in registrar offices, admissions offices, and for all faculty and staff who advise students. Changes to information

technology systems would also be necessary to meet reporting requirements. In total, PASSHE estimates this would cost approximately \$1.9 million.

The library funding formula for 2017-18 in Section 2320 requires the expenditure of \$54,470,000.

The Ready to Learn Block Grant formula in Section 2599.6 requires \$250,000,000 for 2017-18.

The other provisions of this legislation will have a minimal impact on Commonwealth funds.

**PREPARED BY:** Jeff Miller  
House Appropriations Committee (R)

**DATE:** July 10, 2017

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