

**SENATE APPROPRIATIONS COMMITTEE  
FISCAL NOTE**

**BILL NO.** House Bill 762

**PRINTER NO.** 1999

**AMOUNT**

\$6,776,053,000

**FUND**

General Fund

**DATE INTRODUCED**

March 10, 2015

**PRIME SPONSOR**

Representative Roae

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 762 makes the following changes to the Public School Code of 1949:

Higher Education Distance Learning Compact

Requires the Secretary of Education to enter into and administer membership in a regional compact and an interstate reciprocity agreement for the provision of postsecondary distance learning.

Charter School Pension and School Employees' Social Security

Precludes charter and cyber charter schools from receiving funds from the appropriations for social security costs and school employees' retirement costs.

School Construction Reimbursements

Requires certain school districts that have not yet received reimbursements from the state under the PlanCon program, to refinance the reimbursable portion of their debt for construction or reconstruction projects through the State Public School Building Authority. Authorizes the Authority to issue bonds to provide the required reimbursements to the school districts. Provides that the bonds shall not be considered a debt of the Commonwealth nor any school district. Requires school districts receiving reimbursements from the Authority to relinquish any future claims on payments for debt reimbursed through the bond issuance and requires the Commonwealth to annually appropriate funds necessary to cover the debt payments of the Authority.

Establishes the Public School Building Construction & Reconstruction Advisory Committee to review and make recommendations regarding construction and reconstruction of public schools buildings, including planning, financing and Commonwealth reimbursement.

Provides for payment of leases and debt service reimbursements for payments necessary in Fiscal Year 2015-2016 but not subject to the new financing provisions.

# SENATE APPROPRIATIONS COMMITTEE

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Provides for the Department of Education to not accept or approve new building or construction project applications during the 2015-2016 school year. Completed project applications received by the department by August 15, 2015 are not subject to this provision.

Reenacts provisions contained in the Fiscal Code for 2014-2015 requiring the department to move projects back in reimbursement order when a district fails to submit required paperwork in a timely manner for reimbursement.

### Rural Regional College for Underserved Counties

Reestablishes a rural regional college and specifies the organizational administration and operations of such college in a multicounty rural area that is underserved by comprehensive college education and workforce development.

### Special Education Funding

The bill includes the following provisions: (1) School District Subsidy – Reenacts the formula recommended by the Special Education Funding Commission currently contained in the Fiscal Code. The formula considers a weighted student count based on student costs, wealth, tax effort and sparsity/size; (2) IU Funding – Provides for intermediate units to be funded at an amount equal to 5.5% of the Special Education Funding appropriation; (3) Contingency Fund – Provides 1% of the Special Education Funding appropriation to be set-aside for the fund and for funds to be awarded to school districts and charter schools for extraordinary special education expenses.

Basic Education Funding – Provides for the formula recommended by the Basic Education Funding Commission to be implemented for the 2014-2015 school year. Each school district would receive the amount it received in fiscal year 2014-2015 and a distribution of any future funding increases. The formula considers a weighted student count based on student factors, wealth, tax effort/capacity and sparsity/size. Provides for any remaining funds to be deposited in the Financial Recovery School District Transition Loan Account.

### Community Colleges

Provides for community colleges to receive the same allocation as the current year and a pro rata share of any additional funding based each college's share of full-time equivalent students.

### Libraries

Provides for libraries to receive the same allocation as the current year and a pro rata share of any additional funding.

### Use of Undistributed Funds

Allows the Department of Education to use up to \$4,500,000 in undistributed funds to assist school districts in financial distress or identified for financial watch status.

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

Vocational Education Equipment Grant

Provides 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.

Ready to Learn/Accountability Block Grants

Provides for the allocation of funds to school districts, charter schools and cyber charter schools in the same amount as fiscal year 2014-2015.

**FISCAL IMPACT:**

The enactment of House Bill 762 provides for the distribution of \$6,776,053,000. This includes the following General Fund Appropriations: Basic Education Funding (\$5,530,079,000); Special Education Funding (\$1,066,815,000); Ready to Learn/Accountability Block Grants (\$200,000,000); Community Colleges (\$222,137,000), Public Library Subsidy (\$54,470,000); and, Career and Technical Education Equipment Grants (\$3,000,000).

The Department of Education estimates the annual fee for the Commonwealth to enter into the interstate reciprocity agreement to be \$50,000. Costs after the first year of participation will be minimal as the department should recover its costs from the fees paid by the participating institution of higher education.

The provisions related refinancing the reimbursable portion school district's debt for construction or reconstruction projects through the State Public School Building Authority save the Commonwealth \$306,198,000 in Fiscal Year 2015-2015 and may result in additional savings for school districts through reduced principal and interest payments.

The operations of the Rural Regional College will cost \$1,200,000 in Fiscal Year 2015-2016.

Allows for the use of \$4,500,000 in unexpended funds to be used for school districts in financial distress and financial watch status.