

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1606

PRINTER NO. 3723

AMOUNT

\$1,666,433,000

FUND

General Fund

DATE INTRODUCED

October 8, 2015

PRIME SPONSOR

Representative Christiana

DESCRIPTION AND PURPOSE OF BILL

House Bill 1606 amends the Public School Code and contains the following provisions:

SchoolWATCH

Requires the Department of Education to post annual financial information related to public school entities on its website to promote accountability and transparency.

Internet Posting of School District Policies

Requires school districts to post policies that are required to be adopted under state and Federal law on their publicly accessible Internet websites.

Data Collection Reduction

Requires the State Board to establish an advisory committee for the purpose of identifying and issuing a report regarding redundant, overly burdensome or unnecessary public school entity data collection requirements.

Bereavement Leave

Adds grandchild to the list of near relatives for whose funeral day a professional or temporary professional employee of a school district may be absent with pay.

Substitute Teachers

Permits an individual who does not hold a teaching permit to teach as a substitute for 20 days per school year in a school district, intermediate unit or area vocational-technical school, if the individual provides verification of his or her enrollment in a teacher preparation program in a Pennsylvania college or university and completion of 60 credit hours and has met the requirements relating to background clearances. Requires a report by the Department of Education on the use of the option. The program will sunset in 5 years.

Provisional Vocational Education Certificates

Authorizes the Department of Education to grant provisional education certificates to individuals who present the Department with satisfactory evidence of good moral character and have completed work in vocational education as required by the standards of the State Board of Education. The certificate entitles the recipient to teach for eight annual school terms.

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Continuing Professional Education

Allows a professional educator to carry over excess continuing professional education credits or hours into the next compliance period.

Special Education Funding

Includes the following provisions:

1. School District Subsidy – Implements the Special Education Funding Commission's recommended formula 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 contingency fund and for the monies to be awarded to school districts and charter schools for extraordinary special education expenses.
4. Approved Private Schools – Provides for any unspent funds from the appropriation for approved private schools that are returned after the annual audit is submitted to be redistributed to the approved private schools that have exhausted their State allocation to allow for the education of additional students.

Diabetes Care and Management

Permits a student to self-monitor their diabetes care and allows possession and utilization of diabetic medication and monitoring equipment if the student's health care practitioner, parents and school nurse acknowledge the student's competency. Requires the Department of Health, in coordination with the Department of Education, to establish education modules and guidelines for the instruction of school employees in diabetes care and management. Allows a school employee who is not a school nurse or licensed health care provider to receive training to assist diabetic students with administering insulin and glucagon and operating monitoring equipment and provide other diabetes care. Provides that school employees have the right to decline responsibility for care and treatment of a diabetic student.

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Drug and Alcohol Recovery High School Pilot Program

Establishes the Drug and Alcohol Recovery High School Pilot Program to provide instruction meeting State academic standards for students in grades 9 through 12 who are in recovery from drug or alcohol abuse or addiction. Requires the program to be open to no more than 20 students residing in a school district of the first class. If fewer than 20 students residing in a school district of the first class enroll in the program, the remaining slots may be filled by students who reside in other school districts. Establishes the initial tuition rate at \$20,000 per student which will increase by the rate of inflation in successive fiscal years. Provides for the state to pay 60% of the tuition for each student and the school district of residence to pay 40%. Requires the Departments of Education and Drug and Alcohol Programs to assess the program's success and make recommendations for possible extension and expansion by December 19, 2019. Provides for the pilot program to sunset in 2019-20 unless permanently established.

Administrative Partnerships

Provides for administrative partnerships between school entities so that two or more school entities may enter into an agreement to share personnel and administrative services. Establishes the Administrative Partnership Grant Pilot Program to provide financial assistance to facilitate the sharing of administrative functions between school entities. Requires the Department of Education to develop a procedure for awarding grants. Provides that grants may be funded by appropriations made by the General Assembly, general government operations funds of the Department, or \$250,000 annually from undistributed funds from appropriations or grants made to the Department.

Computer Science/Information Technology Credits

Allows students who successfully complete a course in computer science or information technology to use the credit for the course to satisfy a math or science graduation credit requirement.

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.

Charter School and Cyber Charter School Aid Ratio

Clarifies the method used to determine the aid ratio and market value/income aid ratio for charter schools and cyber charter schools.

Career and Technical Education Equipment Grants

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. Makes equipment grant funding language permanent.

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Community College Trustees

Allows a community college located in a county of the third class with a population between 290,000 and 310,000 as of the 2010 census to appoint up to two trustees from a county where a campus is located with no sponsor. This provision applies to Northampton Area Community College.

Community College Funding

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.

Financial Watch Status

Requires a school district that receives education access program funding equal to or greater than \$2,000,000 in any one year to be identified as a financial watch school district and receive technical assistance from the department. Requires the school district to develop a plan to improve its finances for approval by the Secretary. Requires the school district to annually report on the status of the plan, meet with the Secretary to review the report and its finances and hold an annual public hearing regarding the plan. Requires the plan and annual reports to be posted on the school district's publically accessible Internet website and be transmitted to the chairmen of the Appropriations and Education Committees in the Senate and House of Representatives.

Alternative Education Program Applications

Reenacts provisions contained in the Fiscal Code requiring alternative education programs to submit application and renewal fees to the Department of Education. Similar provisions were included in the Fiscal Code in 2015-2016.

Rural Regional College for Underserved Counties

Reestablishes the rural regional college and specifies the organization, administration and operations of such college in a multi-county rural area that is under-served by comprehensive college education and workforce development. Provisions are currently contained in the Fiscal Code.

Libraries

Provides for each library to receive a pro rata share of funding based on its prior year allocation.

Ready-to-Learn Block Grants

Provides for the distribution of Ready-to-Learn Block Grants to each school entity in the same amount as was allocated in fiscal year 2015-2016.

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.

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Payments on Account of School Employees Social Security

Provides for the Social Security payments to be made on a quarterly basis. Requires employers to submit a report to the Department documenting all wages for which payments are calculated on the 20th day of the month following the end of the quarter and for the Department to make payment of the fourth Tuesday of the month following the end of the quarter.

Public School Building Construction and Reconstruction Advisory Committee

Provides for the committee to review and report on whether the Commonwealth should implement a comprehensive public school building safety program.

Educational Tax Credits

Reenacts the Education Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) which are currently in the Tax Reform Code in the School Code and makes the following changes: (1) increases the EITC tax credit from \$100 million to \$125 million; (2) Provides for the first \$10 million in tax credits available for reallocation to be set aside initially for pre-kindergarten scholarship organizations; (3) requires the Department of Community and Economic Development to give written notice of reallocation application approvals to businesses within 30 days of receiving an application; and (4) provides that the application date for a preferred tax credit is the same date as an alternative tax credit when the preferred credit is not available.

Hybrid Learning Grants

Establishes the E—achievement Program to award grants on a competitive basis to school entities that wish to establish hybrid learning programs that blend digital resources with traditional classroom teaching. Provides for school entities to receive a planning grant that may not exceed \$50,000 and implementation grants that may not exceed \$250,000 annually. Grants require a local match of 25%, and a school entity may not receive more than three implementation grants within a five-year period. Provides that E—achievement grants cannot be counted as expenditures when calculating a school district's charter school payment amount and provides that at least 15% of the funds appropriated for the program be used to support schools in the lowest 5% based on academic performance.

Assignment of Pupils to a School District of the First Class A

Provides for a School District of the First Class A to enter into an agreement with an adjacent school district that has experienced a decline in enrollment and a decline in revenues due to decline in assessed value of taxable real estate for the assignment of elementary and secondary students. Provides that the assigned students shall be considered students residing in the school district of the First Class A for the following purposes: (1) enforcement of compulsory attendance; (2) provision of the program for exceptional students; (3) disruptive student programs; and, (4) career and technical education. Provides that if the adjacent school district fails to make payments that the Secretary of Education shall deduct and pay the amounts due to the School District of the First Class A. This provision applies to the agreement between Wilksburg School District and the School District of Pittsburgh.

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Mercantile or Business Privilege Tax Shift

Provides for a school district that is coterminous with a home rule municipality that is a city of the second class A to levy a payroll tax to replace a mercantile or business privilege tax at a rate not to exceed a rate sufficient to produce revenues equal to that collected by the mercantile or business privilege tax.

FISCAL IMPACT:

The enactment of House Bill 1660 provides for the distribution of \$1,666,433,000. This includes the following General Fund appropriations: Special Education Funding (\$1,096,815,000); Ready-to-Learn Block Grants (\$250,000,000); Community Colleges (\$232,111,000), the Public Library Subsidy (\$54,470,000), and Career and Technical Education Equipment Grants (\$3,000,000).

The Department of Education has estimated that the provisions related to implementing SchoolWatch will cost \$47,000 annually.

The Commonwealth's share of tuition paid for the maximum number of students enrolled in the Drug and Alcohol Recovery High School Pilot Program will be \$240,000 in Fiscal Year 2016-2017.

Allows for the use of \$4,500,000 in unexpended funds to be used for school districts in financial distress and financial watch status and for the use of \$250,000 in unexpended funds to be used for the Administrative Partnership Grant Pilot Program. Expenditure of these funds will be dependent on funds within the Department being available for use.

Increasing the EITC credit from \$100 million to \$125 million will cost the Commonwealth \$25 million in Fiscal year 2016-2017 and each year thereafter.