

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 6

PRINTER NO. 1124

AMOUNT

\$1,060,000

FUND

General Fund

DATE INTRODUCED

May 12, 2015

PRIME SPONSOR

Senator Smucker

DESCRIPTION

Senate Bill 6 establishes a new Article VI-B (Achievement School District) in the Public School Code of 1949 to provide for the Achievement School District (ASD) to operate as statewide as a school district.

Establishes a board of directors for the ASD consisting of seven members, one appointed by the Governor, two by the President Pro Tempore and two by the Speaker of the House, one by the Minority Leader of the Senate and one by the Minority Leader of the House. Requires the ASD board to appoint an executive director and provides the executive director with the power to authorize the transfer of an eligible school to the jurisdiction of the ASD and authorize charter schools.

Permits the ASD to convert a school under its jurisdiction to a charter school. Requires the ASD to adopt criteria for converting a school to a charter school consistent with national standards. Requires the ASD to annually take one or more of the following actions with at least five, but not more than 15 schools within its jurisdiction: (1) replace the principal and at least 50% of the professional staff; (2) contract with a nonprofit or for-profit management entity to operate the school; (3) convert the school to a charter school; (4) close the school and facilitate the transfer of students to higher performing schools; or (5) authorize a new charter school and provide admission preference to students who reside in the area being served by the eligible school.

Limits the number of schools under the ASD's jurisdiction to not more than 75 at any one time. Permits the ASD to revoke or opt not to renew a charter school in its jurisdiction. Permits appeals directly to the Commonwealth Court. Permits the ASD to directly operate a school or contract with for-profit or nonprofit entities to manage the day-to-day operations of a school, including providing direct services. Permits intermediate unit (IU) support if the ASD requires it. Requires the ASD to reimburse the IU for actual costs.

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Permits the ASD to apply to the Secretary of Education for a waiver of regulations or statutory provisions that inhibit the ability of the school to increase student achievement, except in the case of rules relating to Federal and state civil rights, health and safety, open records, possession of weapons on school grounds, background checks, special education requirements, student due process, parental rights and student assessment, which may not be waived.

Provides for the following schools to be eligible for transfer to the ASD: (1) a school whose academic performance as measured by the School Performance Profile (SPP) for two consecutive years beginning in school year 2013-2014 is in the lowest 1% of elementary schools and the lowest 1% of secondary schools; (2) a school which qualifies as an intervention school for three consecutive years beginning in school year 2013-2014; and, (3) an intervention school for which more than 50% of the parents or guardians of students attending the school have signed a petition in support of transfer to the ASD. Requires an ASD school to remain under the jurisdiction of the ASD for a minimum of five years. Permits the ASD to transfer a school back to its school district of origin, if, for two consecutive years, it does not meet the criteria as an intervention school. Permits the ASD board to meet twice a year to identify eligible schools to transfer and permits the school district of the eligible school to object. Permits a charter school to object to its transfer. Requires a public hearing within 60 days and requires the ASD to make a final determination within 60 days of the hearing. Permits appeals of the decision to Commonwealth Court.

Provides for the following schools to be ineligible for transfer to the ASD: (1) a school governed by a receiver; (2) a school that has been converted to a charter school within the last three years; (3) school initially opened in the last three years; (4) a school that exclusively serves a historically underserved population, such as truants, homeless students, students with disabilities or adjudicated minors; (5) a school that has a college matriculation rate that meets or exceeds the local school district average; or (a) school that is a charter school whose academic performance measured by the SPP exceeds the average SPP for schools in the authorizing district.

Establishes intervention schools which are defined as those whose academic performance is in the lowest 5% of elementary schools and lowest 5% of secondary schools and is not under the jurisdiction of the ASD as measured by the School Performance Profile. States that a cyber-charter school that is an intervention school is subject to nonrenewal or revocation.

Grants school boards and the School Reform Commission with jurisdiction over intervention schools the following powers to: (1) enter into agreements with management organizations to operate or provide services to an intervention school; (2) employ professional staff and senior management employees who do not hold State certification if the person's qualifications have been approved by the board; (3) close or reconstitute an intervention school, including reassignment, suspension or dismissal professional employees, including suspension without regard to seniority; and, (4) transfer a school to the ASD.

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Within 30 days of transfer to an ASD school or within 30 days of a school's designation as an intervention school, a community advisory committee shall be appointed consisting of three parents of students attending the ASD school or intervention school and three residents of the area served by the ASD school or intervention school to provide recommendations and feedback.

Provides for funding and establishes a formula based on the charter school funding formula. Permits the ASD to accept donations of money, property or securities from any source for the benefit of the ASD and ASD schools. Permits the ASD to seek funding from Federal sources and grants. States that the ASD has no authority to levy taxes. Requires the General Assembly to appropriate funds to pay the costs of implementation and ongoing operation of the ASD.

Permits the ASD to use any school building and all facilities of the ASD school prior to its transfer and permits access to additional facilities as were typically available to the school prior to its transfer. Provides that extensive repairs to a school are capital expenses and shall be the responsibility of the transferring school district.

Provides that employees hired to work for the ASD shall be deemed employees of the ASD and shall be under the exclusive control of the ASD. Permits the ASD to determine if current employees of the school may remain as employees of the ASD. Requires that employees who do not remain with the ASD shall be retained as employees of the transferring school district. Permits a teacher who accepts a position with the ASD, at the discretion of the transferring school district, to return to the district. Requires 75% of the professional staff to hold appropriate state certification. Permits employees of the ASD to organize under the Public Employee Relations Act and permits collective bargaining which shall be separate from the transferring school district. Provides for retirement, health care benefits and sick leave. Permits a public school employee of a school entity to request a leave of absence for up to five years to work at the ASD. Maintains tenure at the discretion of the transferring school district and permits seniority to accrue. Permits professional employees of the ASD to be dismissed and establishes a process for dismissal.

Requires an annual report to the General Assembly including a listing and description of the status of each school in the ASD and a justification for each school determined to be an eligible school that is not transferred to the ASD.

The legislation is scheduled to become effective in 60 days.

FISCAL IMPACT:

Senate Bill 6 establishes the ASD as a free-standing educational agency for which the General Assembly is required to appropriate funds as it deems necessary to pay costs for its implementation and ongoing operations. For fiscal year 2015-2016, the ASD is estimated to cost the Commonwealth approximately \$1.06 million. The costs are based on an estimate of 5 employees. This includes the following: (1) start-up costs for furniture, office equipment, communications equipment, electronics equipment and office-fit-out amounting to \$275,000; (2) annual payroll and benefits costs amounting to \$628,000; and (3) annual operating costs of \$156,000.

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Funding for the operation of schools transferred to the ASD will be provided through a tuition payment made by the student's school district of residence equal to the total expenditure per average daily membership for the prior year for nonspecial and special education students minus deductions for services provided by the school district similar to the charter school funding formula. The legislation contemplates the ASD charging a 3% administrative fee against the basic education funding revenue it receives which is to be used to offset administrative costs in future years.

Future costs for the ASD will be dependent on the extent to which it expands and transfers additional schools to its jurisdiction.