

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1615

PRINTER NO. 2268

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

June 11, 2019

PRIME SPONSOR

Representative Turzai

DESCRIPTION

Special Education Funding Commission

Provides for the reconstitution of the Special Education Funding Commission to review the funding formula to provide special education payments to school districts. It requires the commission to be constituted no later than August 15, 2019 and issue its reports not later than November 30, 2019.

School District Report

Provides for a school district's' budget, including the amount held in excess of its total budgeted expenditures, to be posted on the Department of Education's publically accessible Internet website.

PLANCON Moratorium

Extends the PLANCON moratorium prohibiting the Department of Education from approving new school building construction or reconstruction applications for fiscal year 2019-20.

School Superintendent Qualifications

Provides that a person that has served as a chief recovery officer or financial administrator is eligible for election or appointment as a superintendent or assistant superintendent.

Compulsory School Age

Reduces the compulsory school age from 8 years of age to 6 years of age. Increases the upper age requirement that a child must remain in school from 17 years of age to 18 years of age, unless the child holds a certificate of graduation.

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School Food Programs

Provides that if a student is not eligible for participation in the school food program and owes more than \$50 in a school year for meals, a school may provide alternative meals to the student until the student's unpaid balance for school meals is paid or a payment plan has been established.

Recovery Schools

Provides for the Department of Education to pay for conducting an audit of the recovery school.

Innovation School Programs

Provides for the designation of two (2) innovation schools to study and evaluate innovative approaches to serving the needs of economically disadvantaged students in the areas of workforce development, mentoring services, before-school and after-school programs, prevention measures and social wrap around services. Requires the designated schools to be in the bottom 5% of schools in the Commonwealth based on income, have a special education population greater than 20%, have either partnered with behavioral health specialists or provided integrated health services and be located in a federally designated Promise Zone.

Community College Funding

Provides for community colleges to receive the same allocation as in fiscal year 2018-19 and a pro rata share of any increase based upon the audited full-time equivalent enrollment of each community colleges. The General Fund budget includes \$243,855,000 for community colleges, an increase of \$4,781,000, or 2%, over fiscal year 2018-19.

Education Improvement Tax Credits

Increases the amount of tax credits available for scholarship organizations under the Educational Improvement Tax Credit Program (EITC) by \$25 million, from \$160 million to \$185 million. Increases the maximum annual household income allowed for scholarship eligibility from \$85,000 to \$90,000.

Adds a Qualified Subchapter S Trust to the definition of a "pass-through entity" and provides preference for tax credits submitted on July 1 for a two-year commitment by a business firm that was denied credits in the prior fiscal year.

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Provides for a new \$5 million tax credit to increase the award amount for opportunity scholarships received through the Opportunity Scholarship Tax Credit Program (OSTC) by students attending economically disadvantaged schools by up to \$1,000. It also increases the maximum scholarship amount for a student attending an economically disadvantaged school from \$8,500 to \$9,500 and a student with disabilities attending an economically disadvantaged school from \$15,000 to \$16,000.

Sexual Harassment and Sexual Violence Policy and Online Reporting

Requires institutions of higher education to adopt a written policy on sexual harassment and violence that informs a victim of their rights. Provides that the policy specify that a victim or witness who reports an incident in good faith shall not be sanctioned for admitting in the report to a violation of the institution's student conduct policy on the use of drugs or alcohol. Requires the Department of Education to develop a model policy that an institution of higher education may adopt as its policy.

Requires institutions of higher education to establish and maintain online reporting systems to receive complaints of sexual harassment and sexual violence from students and employees. Provides that a postsecondary institution may not fail to or refuse to investigate an anonymous report because it is anonymous. Requires the institutions to provide information regarding the online reporting system to students and employees and about organizations representing victims. Provides for restrictions on access to data collected in the reporting system.

Ready-to-Succeed Scholarships

Requires students to demonstrate a grade point average of at least 3.25 on a 4.0 school to be eligible for a grant under the program.

State Aid for Libraries

Provides for each library to receive a pro rata share of funding based on its allocation in fiscal year 2019-20. The General Fund budget includes \$59,470,000 for the library subsidy, an increase of \$5,000,000, or 9.2%, over fiscal year 2018-19.

Career and Technical Funding

Provides for the secondary career and technical education subsidy to be fully funded and not prorated by the Department of Education. Full funding will provide an estimated \$66,574,000 for career and technical education programs offered at school district and area career and technical centers, an increase of \$6,934,000, or 11.6%, over the amount provided in fiscal year 2018-19.

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Basic Education Funding and Social Security Payments to School Districts

Includes provisions to distribute \$6,255,079,000 for basic education funding to school districts, which includes \$5,556,412,000 in base payments and \$698,667,000 to be distributed through the student-weighted basic education funding formula. The amount to be distributed provides for an increase of \$160,000,000, or 2.6%, over 2018-19.

Provides the disbursement of funds to make payments for the Commonwealth's share of school employees' Social Security and Medicare contributions from the appropriation for Basic Education Funding. The formula which determines the Commonwealth's share of payments as provided for in 24 Pa C.S. 8329 is not changed. Provisions are included to identify shortfalls in payments prior to the end of fiscal year and to distribute any excess funds through the student-weighted basic education funding formula. The amount budgeted for the Commonwealth's share school employees' Social Security and Medicare contributions in the General Fund Appropriations Act is \$487,759,000.

Special Education Funding - Intermediate Unit Funding

Provides for intermediate units to be funded at an amount equal to 5.5% (\$65,275,000) of the Special Education Funding appropriation, the same percentage amount as in fiscal year 2018-19.

Use of Undistributed Funds

Allows the Department of Education to use up to \$7,000,000 in undistributed funds to assist school districts in financial distress or identified for financial watch status.

Ready-to-Learn Block Grants

Provides for the distribution of Ready-to-Learn Block Grants to each school entity in an amount not less than the amount received from the 2018-19 appropriation for Ready-to-Learn Block Grants (\$268,000,000).

Foster Child Tuition and Fee Waiver

Establishes a tuition and fee waiver program for youth who are or were in foster care who are residents of the Commonwealth and eligible for the Federal Pennsylvania Chafee Education and Training Grant Program under the Federal Foster Care Independence Act of 1999 beginning with the fall 2020 semester. Provides for the Commonwealth's institutions of higher education to award a tuition and mandatory fee waiver for undergraduate courses equal to the amount of the tuition and mandatory fees at the institution of higher education, minus the amount of any grants or scholarships the eligible student receives.

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Pennsylvania System of School Accountability and Truancy

Provides that the score for students that are habitually truant, 20% of the days during the school year, shall not be included in the school accountability performance calculation.

Advanced Placement and International Baccalaureate Exams

Provides for advanced placement (AP) and International Baccalaureate (IB) fee assistance to students in financial need.

FISCAL IMPACT:

The enactment of House Bill 1615 provides for spending across multiple programs totaling \$7,417,158,000 in fiscal year 2019-20.

House Bill 1615 provides for the distribution of \$7,379,438,000 in educational subsidies. This includes amounts from General Fund appropriations as follows: Basic Education Funding, including the Commonwealth's share of school employees' Social Security and Medicare Contributions (\$6,742,838,000); Ready-to-Learn Block Grants (\$268,000,000); Community Colleges (\$243,855,000); Special Education Funding - Intermediate Unit Set Aside (\$65,275,000); Career and Technical Education Funding (\$66,574,000) and the Public Library Subsidy (\$59,470,000).

The provisions that increase tax credits available for scholarships under the Educational Improvement Tax Credit program and Opportunity Scholarship Tax Credit Programs will reduce revenue to the Commonwealth's General Fund by \$30 million.

The requirement for the Department of Education to provide for an audit for the recovery school is estimated to cost \$20,000.

The provision providing for the reconstitution of the Special Education Funding Commission are be minimal and can be accomplished within the Department of Education's existing general government operations appropriation.

The legislation allows for the use of \$7,000,000 in unexpended funds for school districts in financial distress and financial watch status. Expenditure of these funds will be dependent on funds within the Department of Education being available for use.

The institutions of higher education have indicated that the cost for providing for tuition and fee waivers for youth who are or were in foster care are minor as the amount of state, federal, and institutional aid currently provided to students eligible for this program is sufficient to cover most expenses related to tuition and fees.

It is estimated that the Advanced Placement (AP) and International Baccalaureate (IB) exam fee assistance program will cost approximately \$700,000 in FY 2019-20. The Department of Education funded a similar fee exam waiver in fiscal year 2018-19 from appropriations for the Pennsylvania Assessment at a cost \$700,000.