

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2633 Session of
1998

INTRODUCED BY D. W. SNYDER, CARONE, STAIRS, COWELL, ROBINSON,
J. TAYLOR, DENT, GRUPPO, HERMAN, NAILOR, DALLY, RUBLEY,
HENNESSEY, BELFANTI, KREBS, ARGALL, HALUSKA, STEVENSON,
McNAUGHTON, WILT, ORIE, E. Z. TAYLOR, C. WILLIAMS, WALKO,
McCALL, CURRY, BATTISTO, ZUG, STEELMAN, TRAVAGLIO, BROWNE,
VAN HORNE, READSHAW, SANTONI, LEH, WOJNAROSKI, OLASZ, ADOLPH,
CALTAGIRONE, MARKOSEK, LAUGHLIN, SEMMEL, DeLUCA, ROONEY,
SERAFINI, MICHLOVIC, L. I. COHEN, SEYFERT, THOMAS, ROHRER AND
FLICK, JUNE 1, 1998

REFERRED TO COMMITTEE ON EDUCATION, JUNE 1, 1998

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2 act relating to the public school system, including certain
3 provisions applicable as well to private and parochial
4 schools; amending, revising, consolidating and changing the
5 laws relating thereto," providing for the establishment,
6 membership and powers and duties of the Community College
7 Coordinating Board; and further providing for payments to
8 community colleges.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Section 1901-A of the act of March 10, 1949
12 (P.L.30, No.14), known as the Public School Code of 1949, is
13 amended by adding a definition to read:

14 Section 1901-A. Definitions.--The following words and
15 phrases, as used in this article, shall, unless a different
16 meaning is plainly required by the context, have the following
17 meaning:

1 * * *

2 (11) "Coordinating board" shall mean the Community College
3 Coordinating Board established under section 1902.1-A.

4 Section 2. Section 1902-A of the act, added July 1, 1985
5 (P.L.103, No.31), is amended to read:

6 Section 1902-A. Powers and Duties of State Board of
7 Education.--(a) The State Board of Education shall have the
8 power, and its duty shall be:

9 (1) To adopt such policies, standards, rules and regulations
10 formulated by the Council of Higher Education, as may be
11 necessary to provide for the establishment, operation and
12 maintenance of community colleges, including minimum
13 requirements for physical facilities and equipment, curriculum,
14 faculty, standards and professional requirements, qualifications
15 for admission and advancement of students, student enrollment,
16 student population of the area to be served by the community
17 college, requirements for satisfactory completion of a two-year
18 program and the degrees or diplomas or certificates to be
19 awarded therefor, and, in consultation with the coordinating
20 board, means of financing and financial resources for the
21 establishment and support of the community college, and all
22 matters necessary to effectuate the purposes of this act.

23 (2) To approve or disapprove plans for the establishment or
24 operation of a community college.

25 (3) To approve or disapprove petitions of school districts
26 or municipalities applying for participation in an established
27 community college. No petition may be approved unless it is
28 accompanied by the consent of the governing bodies of the
29 majority of the members of the local sponsor of the established
30 community college to the participation of the petitioning school

1 district or municipality.

2 (b) In determining such policies, standards, rules and
3 regulations, the State Board of Education may consider relevant
4 all minimum requirements established by statute or by regulation
5 with respect to the State colleges and universities of the
6 Commonwealth and may consider relevant such minimum requirements
7 established by statute or by regulation with respect to
8 secondary and special education programs in the school district
9 or districts of the area to be served by the community college.

10 (c) In approving or disapproving such plans, the State Board
11 of Education shall consider the needs of areas adjacent to the
12 areas to be served by the community college and of the State
13 with respect to higher education and long range plans therefor
14 established by the State Board of Education. Other school
15 districts and municipalities may petition the State Board of
16 Education to become a part of a local sponsor as hereafter in
17 this act provided.

18 (d) No plan for the establishment of a community college
19 shall be approved unless the State Board of Education determines
20 that the local sponsor has a population of a sufficient number
21 to assure a sustained minimum enrollment, has sufficient wealth
22 to financially support such college and is not adequately served
23 by established institutions of higher learning. No plan for the
24 establishment of a community college shall be approved unless it
25 contains an estimate of operating cost for administration,
26 instruction, operation and maintenance and such other accounts
27 as the State Board of Education may, from time to time,
28 determine. No plan for the establishment of a community college
29 shall be approved unless it contains an estimate of any proposed
30 capital improvements for the next following ten years which has

1 been reviewed and approved by the coordinating board.

2 (e) To confer with the coordinating board and obtain the
3 approval of the Governor's Office as to the number of community
4 colleges which can be approved for participation during the
5 ensuing fiscal period.

6 (f) Wherever in this act the approval of the State Board of
7 Education is required in any matter, the State Board of
8 Education may require the Department of Education to make and
9 report its findings and recommendations on such matter to the
10 Council of Higher Education for the formulation of policies,
11 standards, rules and regulations for consideration by the State
12 Board of Education.

13 Section 3. The act is amended by adding sections to read:

14 Section 1902.1-A. Community College Coordinating Board.--(a)
15 Subject to the regulatory powers conferred by law upon the State
16 Board of Education, there is hereby established a body corporate
17 and politic constituting a government instrumentality which
18 shall be known as the Community College Coordinating Board. The
19 coordinating board shall serve the community colleges by
20 receiving funds and disbursing such funds to those institutions
21 organized under this article.

22 (b) The coordinating board shall consist of seventeen
23 members appointed as follows:

24 (1) Three members of the general public, citizens of this
25 Commonwealth, appointed by the Governor and confirmed by the
26 Senate, for terms of four years.

27 (2) One member shall be a community college student at the
28 time of appointment, appointed by the Governor for a term of two
29 years.

30 (3) Three members each of whom shall be a trustee of a local

1 community college governing board at the time of appointment,
2 recommended by the trustees of the community colleges and
3 appointed by the Governor for terms of four years.

4 (4) Three members each of whom shall be a president of a
5 local community college at the time of appointment, recommended
6 by the presidents of the community colleges and appointed by the
7 Governor for terms of four years.

8 (5) One member shall be a full-time faculty member of a
9 local community college at the time of appointment, appointed by
10 the Governor for a term of four years.

11 (6) The Secretary of Education.

12 (7) The Chairperson of the State Board of Education or a
13 designee.

14 (8) One senator appointed by the President pro tempore of
15 the Senate who shall be a member at the time of appointment of
16 either the Appropriations Committee or the Education Committee
17 of the Senate.

18 (9) One senator appointed by the minority leader of the
19 Senate who shall be a member at the time of appointment of
20 either the Appropriations Committee or the Education Committee
21 of the Senate.

22 (10) One representative appointed by the Speaker of the
23 House of Representatives who shall be a member at the time of
24 appointment of either the Appropriations Committee or the
25 Education Committee of the House of Representatives.

26 (11) One representative appointed by the minority leader of
27 the House of Representatives who shall be a member at the time
28 of appointment of either the Appropriations Committee or the
29 Education Committee of the House of Representatives.

30 (c) The terms of the members of the general public appointed

1 by the Governor shall be four years, except that among the first
2 three public members appointed by the Governor, lots shall be
3 drawn to determine who shall serve an initial one-year term, a
4 two-year term and a three-year term.

5 (d) In making recommendations for trustees to serve as
6 members of the coordinating board, the community college
7 trustees shall recommend candidates from which the Governor
8 shall appoint. For initial appointments one trustee shall serve
9 for a two-year term, one trustee shall serve for a three-year
10 term and one trustee shall serve for a four-year term.
11 Subsequent nominations shall be for four-year terms. No trustee
12 may serve concurrently with the president of the same
13 institution.

14 (e) In making recommendations to the Governor for presidents
15 to serve as members of the board, the community college
16 presidents shall recommend candidates from which the Governor
17 shall appoint. For initial appointments one president shall
18 serve for a two-year term, one president shall serve for a
19 three-year term and one president shall serve for a four-year
20 term. Subsequent nominations shall be for four-year terms. No
21 president may serve concurrently with the trustee of the same
22 institution.

23 (f) Any appointed member who fails to attend three
24 consecutive board meetings shall forfeit membership on the board
25 unless the board chairman upon written request from that member
26 determines that the board member should be excused from a
27 meeting or meetings for reasons of illness or death of an
28 immediate family member.

29 (g) All other members of the coordinating board shall be ex
30 officio voting members.

1 Section 1902.2-A. Purposes and General Powers of the
2 Coordinating Board.--The coordinating board at all times shall
3 ensure that its considerations are centered on enabling
4 community colleges to provide low cost, accessible and high
5 quality programs and services designed to meet the needs of the
6 Commonwealth and its citizens. To carry out its duties the
7 coordinating board shall have the following powers and
8 responsibilities:

9 (1) Elect a chairperson from among its members.

10 (2) Employ a director and other such staff as shall be
11 necessary to carry out the duties and responsibilities of the
12 coordinating board.

13 (3) Coordinate and plan with other State agencies to advance
14 the interests of the Commonwealth in enhancing the use of
15 community colleges within its educational structure and for the
16 purposes of continuing economic development.

17 (4) Work to ensure that funds adequate to defined State
18 priorities are provided.

19 (5) Develop and administer a process for annually submitting
20 to the Governor and the General Assembly a Statewide,
21 consolidated operating budget and capital expenditure budget
22 request on behalf of the community colleges.

23 (6) Receive and allocate State funds appropriated annually
24 for the community colleges.

25 (7) Develop an allocation process which shall be initially
26 approved by the General Assembly and allocate State-appropriated
27 funds to the community colleges according to the approved
28 process.

29 (8) Develop and administer a uniform process for
30 coordinating, reviewing and approving the capital expenditure

1 requests of the community colleges.

2 (9) Assist the community colleges in fulfilling their
3 mission as defined in section 1901-A(4).

4 (10) Develop and administer a process for the Statewide
5 collection, analysis and dissemination of data appropriate to
6 the responsibilities of the coordinating board.

7 (11) Seek ways in which community colleges can be better
8 used by the Commonwealth in such areas as work force
9 development, partnerships with business and industry and as
10 providers of the first two years of public collegiate education.

11 (12) Enter into contracts with and receive funds from other
12 entities, including, but not limited to, the Federal Government.

13 (13) Maintain liaison with the Department of Education, the
14 Department of Labor and Industry and the Department of Community
15 and Economic Development on matters concerning the financing of
16 post-secondary education and work force development.

17 (14) Ensure the accountability of the community colleges to
18 this Commonwealth, including maintaining liaison with the Office
19 of the Budget with respect to auditing the financial operations
20 of the community colleges.

21 (15) The coordinating board shall coordinate, review, and
22 consolidate the annual capital budget requirements of the
23 community colleges, the annual operating budgets of the
24 individual institutions and the operating budget of the
25 executive office of the board. The board shall return such
26 budget requests, recommending approval or disapproval with
27 comments, if any, to the secretary prior to their submission to
28 the Secretary of the Budget. The board shall also submit its
29 budget recommendations and findings to the General Assembly
30 subsequent to the submission of the Governor's budget to the

1 General Assembly.

2 (16) Submit an annual financial report and recommendations
3 concerning the financial status and requirements of the
4 community colleges to the Governor, the General Assembly and the
5 community colleges, not later than one hundred twenty (120) days
6 following the close of the State fiscal year. Such report shall
7 include any changes which have been made by the coordinating
8 board in the allocation process.

9 (17) Retain and reallocate to the community colleges any
10 unobligated operating funds appropriated to the coordinating
11 board under section 1902.3-A.

12 (18) Actions of the coordinating board shall not interfere
13 with the powers and duties of the boards of trustees of
14 community colleges.

15 Section 1902.3-A. Allocation Process.--(a) The coordinating
16 board shall develop a process to formulate an annual
17 consolidated budget request and, beginning with the fiscal year
18 July 1, 2000, to June 30, 2001, and each fiscal year thereafter,
19 shall allocate State funds to the community colleges when
20 appropriated.

21 (b) In developing an allocation process, the coordinating
22 board shall define and calculate the cost of the core operating
23 functions of each community college.

24 (c) In addition to the core operating functions referenced
25 in subsection (b), the coordinating board shall take into
26 consideration State priorities when developing an allocation
27 process. Such priorities may include, but shall not be limited
28 to, the following:

29 (1) Headcount and full-time equivalent enrollments.

30 (2) Credit and noncredit programs and enrollments.

1 (3) State program priorities; program growth and development
2 and program costs.

3 (4) Technical and transfer programs and enrollments.

4 (5) Fiscal capacity of sponsoring area to support a
5 community college.

6 (6) Maintaining or increasing local funding support.

7 (7) Capital costs and commitments.

8 (d) The Commonwealth's annual allocation shall include the
9 sum of the core operating functions established under subsection
10 (b) and State priorities as established in subsection (c).

11 Section 1902.4-A. Funding of Coordinating Board.--No more
12 than one-half of one percent (.5%) of the total annual
13 appropriation to the community colleges, not exceeding seven
14 hundred fifty thousand dollars (\$750,000) for the first full
15 year of its operation, shall be allocated for operation of the
16 coordinating board. Funds not expended or encumbered in any
17 fiscal year shall remain in the account of the coordinating
18 board and must be reallocated to the community colleges.

19 Section 1902.5-A. Allocation Process Implementation Date.--

20 (a) The effective date of the application of allocation process
21 developed under section 1902.3-A shall be no earlier than July
22 1, 2000.

23 (b) Effective July 1, 2000, any funds appropriated by the
24 General Assembly and approved by the Governor for the community
25 colleges shall be appropriated to the account of the
26 coordinating board and shall be allocated to the community
27 colleges in accordance with the procedures established by the
28 coordinating board.

29 Section 4. Section 1913-A of the act, amended or added July
30 1, 1985 (P.L.103, No.31), October 20, 1988 (P.L.827, No.110),

1 June 7, 1993 (P.L.49, No.16) and July 11, 1996 (P.L.633,
2 No.107), is amended to read:

3 Section 1913-A. Financial Program; Reimbursement or
4 Payments.--(a) The plan submitted by the local sponsor shall
5 set forth a financial program for the operation of the community
6 college. The plan shall provide that the local sponsor shall
7 appropriate or provide to the community college an amount at
8 least equal to the community college's annual operating costs
9 less the student tuition as determined in section 1908-A(a) less
10 the Commonwealth's payment as determined [in subsection (b)(1)
11 of this section.] by the coordinating board. The plan shall also
12 provide that one-half of the annual capital expenses shall be
13 appropriated or provided by the local sponsor to the community
14 college. The local sponsor's appropriation for annual operating
15 costs and annual capital expenses may in part be represented by
16 real or personal property or services made available to the
17 community college. The plan shall indicate whether the
18 appropriation shall come from general revenues, loan funds,
19 special tax levies or from other sources, including student
20 tuitions.

21 (b) [(1) For the 1993-1994 fiscal year and for each fiscal
22 year thereafter, the Commonwealth shall pay to a community
23 college on behalf of the sponsor on account of its operating
24 costs during the fiscal year from funds appropriated for that
25 purpose an amount equal to the lesser of such college's variable
26 State share ceiling as determined in clause (1.3) or such
27 college's equivalent full-time student reimbursement as
28 determined in clause (1.4).

29 (1.2) The Secretary of Education, in consultation with the
30 community colleges, shall promulgate standards for credit

1 courses and for noncredit courses that will be eligible for
2 Commonwealth reimbursement. The standards shall specifically
3 exclude from eligibility for reimbursement any course or program
4 in a vocational or recreational pursuits. The standards shall be
5 promulgated by the beginning of the 1994-1995 fiscal year. Until
6 such standards are promulgated, no community college will be
7 reimbursed for any credit course which was offered by such
8 college as a noncredit course during the college's 1992-1993
9 fiscal year.

10 (1.3) The variable State share ceiling of a community
11 college shall be determined as follows:

12 (i) Subtract the taxable income per person of the local
13 sponsor from the highest taxable income per person of any county
14 in the Commonwealth.

15 (ii) Divide the amount determined under subclause (i) by the
16 difference between the highest taxable income per person of any
17 county in the Commonwealth and the lowest taxable income per
18 person of any county in the Commonwealth.

19 (iii) Multiply the quotient determined under subclause (ii)
20 by one-sixth.

21 (iv) Add one-third to the product determined under paragraph
22 (iii).

23 (v) Multiply the sum determined under subclause (iv) by the
24 community college's operating costs in the year for which
25 reimbursement is being claimed.

26 (vi) The taxable income per person data used in the
27 preceding calculation shall be data certified to the Secretary
28 of Education by the Secretary of Revenue under section 2501(9.1)
29 for school district local sponsors or data otherwise published
30 by the Secretary of Revenue for a municipal local sponsor.

1 (1.4) The equivalent full-time student reimbursement of a
2 community college shall be the sum of credit course, noncredit
3 course and stipend reimbursements. These reimbursements shall be
4 calculated using a reimbursement factor of one thousand and
5 forty dollars (\$1,040) for the 1993-1994 fiscal year, of one
6 thousand eighty dollars (\$1,080) for the 1994-1995 fiscal year
7 and of one thousand one hundred eighty dollars (\$1,180) for the
8 1995-1996 fiscal year and one thousand and two hundred and ten
9 dollars (\$1,210) for the 1996-1997 fiscal year and for each year
10 thereafter and shall be determined as follows:

11 (i) Credit course reimbursement shall be calculated by
12 multiplying the reimbursement factor by the number of equivalent
13 full-time students enrolled in credit courses as determined by
14 an audit to be made in a manner prescribed by the State Board of
15 Education.

16 (ii) Noncredit course reimbursement shall be calculated as
17 follows:

18 (A) eighty percent (80%) of the reimbursement factor
19 multiplied by the number of equivalent full-time students
20 enrolled in eligible noncredit courses for the 1993-1994 fiscal
21 year, as determined by the audit referred to in paragraph (i);

22 (B) seventy percent (70%) of the reimbursement factor
23 multiplied by the number of equivalent full-time students
24 enrolled in eligible noncredit courses for the 1994-1995 fiscal
25 year and for each year thereafter, as determined by the audit
26 referred to in paragraph (i); or

27 (C) one hundred percent (100%) of the reimbursement factor
28 multiplied by the number of equivalent full-time students
29 enrolled in eligible noncredit public safety courses that
30 provide training for volunteer firefighters and emergency

1 medical services for the 1995-1996 fiscal year and for each year
2 thereafter, as determined by the audit referred to in paragraph
3 (i).

4 (iii) Stipend reimbursement on account of a community
5 college's operating costs for all equivalent full-time students
6 enrolled in the following categories of two-year or less than
7 two-year occupational or technical programs, shall be the sum of
8 the following:

9 (A) One thousand one hundred dollars (\$1,100) per full-time
10 equivalent student enrolled in advanced technology programs. For
11 the fiscal year 1995-1996 and each year thereafter, the
12 reimbursement rate shall be calculated at one thousand one
13 hundred seventy-five dollars (\$1,175) per full-time equivalent
14 student enrolled in advanced technology programs. Advanced
15 technology programs are programs using new or advanced
16 technologies which hold promise for creating new job
17 opportunities, including such fields as robotics, biotechnology,
18 specialized materials and engineering and engineering-related
19 programs.

20 (B) One thousand dollars (\$1,000) per full-time equivalent
21 student enrolled in programs designated as Statewide programs.
22 For the fiscal year 1995-1996 and each year thereafter, the
23 reimbursement rate shall be calculated at one thousand seventy-
24 five dollars (\$1,075) per full-time equivalent student enrolled
25 in programs designated as Statewide programs. A Statewide
26 program is a program which meets one or more of the following
27 criteria:

28 (I) Program enrollment from out-of-sponsor area is twenty
29 per cent or more of the enrollment for the program.

30 (II) A consortial arrangement exists with another community

1 college to cooperatively operate a program or share regions in
2 order to avoid unnecessary program duplication.

3 (C) Five hundred dollars (\$500) per full-time equivalent
4 student enrolled in other occupational or technical programs.
5 For the fiscal year 1995-1996 and each year thereafter, the
6 reimbursement rate shall be calculated at five hundred seventy-
7 five dollars (\$575) per full-time equivalent student enrolled in
8 other occupational or technical programs.]

9 (2) For the 1993-1994 fiscal year, each community college
10 shall be reimbursed under clause (1) in an amount which is at
11 least equal to a one percent (1%) increase over its 1992-1993
12 operating cost and stipend reimbursement. In no case shall a
13 community college's 1993-1994 reimbursement under clause (1) per
14 full-time equivalent student, insofar as said reimbursement does
15 not include a proportionate share attributable to stipend
16 reimbursement under clause (1.4)(iii), exceed its 1992-1993
17 operating cost reimbursement per full-time equivalent student by
18 more than ten percent (10%).

19 (2.1) For the 1994-1995 fiscal year, each community college
20 shall be reimbursed under clause (1) in an amount which is at
21 least equal to a one percent (1%) increase over its 1993-1994
22 reimbursement under clause (1). In no case shall a community
23 college's 1994-1995 reimbursement under clause (1) per full-time
24 equivalent student, insofar as said reimbursement does not
25 include the proportionate share attributable to stipend
26 reimbursement under clause (1.4)(iii), exceed its 1993-1994
27 reimbursement under clause (1) per full-time equivalent student,
28 insofar as said reimbursement does not include the proportionate
29 share attributable to stipend reimbursement under clause
30 (1.4)(iii) by more than ten percent (10%).

1 (2.2) For the 1995-1996 fiscal year, each community college
2 shall be reimbursed under clause (1) in an amount which is at
3 least equal to its 1994-1995 reimbursement under clause (1).

4 [(3) The Secretary of Education annually shall establish
5 criteria to be used to determine eligibility of programs for
6 each of the above stipend categories, shall approve programs for
7 funding in the following fiscal year according to these criteria
8 and shall submit to chairmen of the committees of education in
9 the House of Representatives and Senate a report setting forth
10 the established criteria, any programs approved for funding
11 under these criteria and the recipient community colleges.

12 (4) Each community college shall maintain such accounting
13 and student attendance records on generally accepted principles
14 and standards as will lend themselves to satisfactory audit. The
15 Commonwealth shall pay to a community college on behalf of the
16 sponsor on account of its capital expenses an amount equal to
17 one-half of such college's annual capital expenses from funds
18 appropriated for that purpose to the extent that said capital
19 expenses have been approved as herein provided.

20 (5) For purposes of determining Commonwealth reimbursement
21 of operating costs, Federally funded expenditures for those
22 programs in which the Commonwealth participates in the cost
23 shall be deducted from total operating expenditures to determine
24 net reimbursable operating costs.]

25 (c) Capital expenses shall mean only such expenses as are
26 incurred with the approval of the [Department of Education]
27 coordinating board for amortization of the purchase of lands;
28 purchase, construction or improvement of buildings for
29 administrative and instructional purposes, including libraries;
30 the lease of lands or buildings, or for rentals to an authority

1 for the same purpose; and for the purchase, lease or rental of
2 capital equipment and furniture used for instructional or
3 administrative purposes. Capital expenses shall include library
4 books and complementary audio-visual equipment purchased during
5 the first five years after establishment. [For the purpose of
6 calculating the Commonwealth's share of operating, and capital
7 costs incurred prior to the actual admission of students to a
8 community college, all such costs shall be interpreted as
9 capital costs.] No costs and expenses incurred in the
10 establishment, construction, operation or maintenance of
11 dormitories, or the equipment or furnishings for such purposes,
12 shall be included in capital expenses or operating costs for
13 purposes of Commonwealth reimbursement. The provisions of this
14 subsection shall not prevent the Commonwealth from reimbursing a
15 community college for capital expenses incurred prior to the
16 effective date of this act. Such reimbursement must have
17 approval of the [Secretary of Education] coordinating board.

18 (d) The [State Board of Education] coordinating board shall
19 adopt policies, standards, rules and regulations for determining
20 reimbursable capital expenses and [operating costs, and the
21 Department of Education] the coordinating board shall approve
22 such expenses and costs for the purpose of reimbursement by the
23 Commonwealth.

24 (e) The [State Board of Education] coordinating board shall
25 apply for, receive and administer, subject to any applicable
26 regulations or laws of the Federal Government or any agency
27 thereof, any Federal grants, appropriations, allocations and
28 programs to fulfill the purpose of this act.

29 (f) All administrative personnel, faculty, and other
30 employees of the community colleges in the Commonwealth shall be

1 eligible for inclusion in the Public School Employees'
2 Retirement System of Pennsylvania, the Pennsylvania State
3 Employees' Retirement System, or any independent retirement
4 program approved by the Board of Trustees of a community
5 college, and the [Secretary of Education] coordinating board.

6 (g) The community college in the Commonwealth shall be
7 eligible for participation in the act of July 5, 1947 (P.L.1217,
8 No.498), known as the "State Public School Building Authority
9 Act," and the act of May 2, 1945 (P.L.382, No.164), known as the
10 "Municipality Authorities Act of 1945."

11 (h) In all cases where the board of trustees of any
12 community college fails to pay or provide for the payment of any
13 rental or rentals due the State Public School Building Authority
14 or any municipality authority for any period in accordance with
15 the terms of any lease entered into between the board of
16 trustees of any community college and the State Public School
17 Building Authority or any municipality authority, or fails to
18 pay or to provide for the payment of any other indebtedness when
19 due, upon written notice thereof from the State Public School
20 Building Authority or any municipality authority, or in such
21 cases where an audit reveals any unpaid indebtedness due, the
22 Secretary of Education shall notify the board of trustees of its
23 obligation and shall withhold out of any State appropriation
24 that may be due to such community college an amount equal to the
25 amount of rental or rentals owing by such board of trustees to
26 the State Public School Building Authority or any municipality
27 authority, or an amount equal to the amount of any other
28 indebtedness owing by such board of trustees, and shall pay over
29 the amount or amounts so withheld to the State Public School
30 Building Authority or any municipality authority or to

1 whomsoever any other indebtedness is due and owing.

2 (i) The amount payable to each community college Board of
3 Trustees on behalf of the sponsor shall be paid in the year in
4 which the costs and expenses are incurred in quarterly
5 installments and the [Secretary of Education] chief executive
6 officer of the coordinating board shall draw his requisition
7 quarterly upon the State Treasurer in favor of each community
8 college for the amount of [reimbursement] payment for operating
9 expenses to which it is entitled. [Reimbursement or payment]
10 Payment by the Commonwealth for the operational expenses and
11 capital equipment and the furnishings shall be made on or before
12 the end of the fiscal quarters ended on September 30, December
13 31, March 31 and June 30 of each Commonwealth fiscal year.
14 [Reimbursements or payments] Payments shall be made semi-
15 annually for the Commonwealth's share of the annual rentals to
16 an authority or the sponsor or sinking fund or debt-service
17 payments and other leases upon submission of a community college
18 requisition in the form required by the Commonwealth, the
19 [reimbursement or] payment to be made from funds appropriated
20 for that purpose. Money that is appropriated under this
21 subsection but not expended by a community college Board of
22 Trustees shall not be distributed to a local sponsor.

23 (j) In no event shall the payments [or final reimbursement]
24 made by the [department] coordinating board following audit
25 exceed the appropriation available for community colleges.

26 (k) (1) Unless otherwise prescribed by the State Board of
27 Education, the Commonwealth's fiscal audits of community
28 colleges under this section shall be conducted in accordance
29 with "Government Auditing Standards," latest revision,
30 promulgated by the United States General Accounting Office.

1 Written audit reports will be produced and will be sent to the
2 community college by the Commissioner of Postsecondary/Higher
3 Education. Any cost disallowed under findings contained in the
4 audit report shall be considered an adjudication within the
5 meaning of 2 Pa.C.S. (relating to administrative law and
6 procedure) and regulations promulgated thereunder.

7 [(2) The Secretary of Education is hereby specifically
8 authorized and shall be required to resolve audit findings
9 involving disallowed costs that are contested by community
10 colleges except for audit findings that involve mathematical
11 errors, violation of regulations or alleged illegal activities.
12 The proposed resolution of the Secretary of Education shall not
13 be subject to the provisions of 2 Pa.C.S. The Secretary of
14 Education's notice to resolve audit findings shall be sent to
15 the community college in writing. The Secretary of Education may
16 resolve the audit findings by reducing the disallowed costs
17 related thereto in whole or in part.

18 (3) The Secretary of Education's notice to resolve an audit
19 finding by reducing or eliminating the disallowed costs must be
20 made contingent upon the community college developing and
21 implementing a corrective action plan to address the audit
22 finding. The community college must submit a corrective action
23 plan to the Secretary of Education within 60 days after receipt
24 of the Secretary of Education's written notice to resolve the
25 audit finding. The Secretary of Education shall approve, reject
26 or alter the plan submitted by the community college within
27 thirty (30) days of submission. After the community college
28 receives written notice of approval or agrees in writing to the
29 Secretary of Education's alterations of the corrective action
30 plan, said plan shall be implemented and shall be binding on the

1 community college. Implementation of the approved or agreed upon
2 corrective action plan will be verified by an audit conducted by
3 the department no later than the end of the fiscal year
4 following the fiscal year during which the plan is implemented.
5 If no agreed upon corrective action plan is in place within one
6 year after the date of the Secretary of Education's written
7 notice to resolve audit findings or if the agreed upon
8 corrective action has not been implemented within one year after
9 the date of the Secretary of Education's written notice to
10 resolve the audit findings, then the Secretary of Education is
11 authorized to adjust payments to the community college to
12 collect any amounts due based upon the findings contained in the
13 audit report that was issued to the college by the commissioner.

14 (4) The department shall deduct any amounts due the
15 Commonwealth as a result of audit findings that are resolved
16 under this subsection from any future payment due to the
17 community college from the Commonwealth. The Secretary of
18 Education is authorized to approve a payment schedule in cases
19 where immediate repayment of the full amount due the
20 Commonwealth would jeopardize the ability of the community
21 college to continue operations.

22 (5) Resolution authority provided to the Secretary of
23 Education in this subsection shall be limited to disallowed cost
24 findings relating to policy and/or administrative practices. The
25 resolution authority shall not be used for audit findings in
26 which the audited community college data and documentation is in
27 error, where a violation of applicable law or regulation is
28 found or where criminal violations are suspected by the
29 Commonwealth auditors and brought to the Secretary of
30 Education's attention in writing. Notwithstanding the

1 limitations of this subsection, until June 30, 1995, the
2 Secretary of Education is authorized to resolve audit findings
3 involving disallowed costs for fiscal years prior to and
4 including 1992-1993 when such disallowed costs result from
5 violation of regulations.]

6 (6) The [department, through the Secretary of Education,]
7 coordinating board is authorized to issue guidelines for the
8 operation of the community college educational and financial
9 programs. [The department shall amend these guidelines on an
10 annual basis to reflect the department's position on issues that
11 require resolution under this subsection.]

12 (7) The provisions of subsection (d) are repealed insofar as
13 they are inconsistent with the provisions of this subsection.

14 [(1) For the fiscal year 1992-1993, if insufficient funds
15 are appropriated to make Commonwealth payments pursuant to this
16 section, such payments shall be made on a pro rata basis.]

17 Section 5. The act is amended by adding a section to read:

18 Section 1914-A. General Provisions.--(a) The coordinating
19 board shall make all reasonable rules and regulations necessary
20 to carry out the purposes of this article and the duties of the
21 board.

22 (b) All powers, rights, privileges, duties and obligations,
23 statutory, contractual or otherwise, of the individual community
24 colleges, their boards of trustees and their local sponsors
25 heretofore existing and not otherwise changed or repealed by
26 this act, shall continue in full force and effect.

27 Section 6. This act shall take effect as follows:

28 (1) The amendment of section 1913-A(b)(1.2), (1.3),
29 (1.4), (3), (4) and (5) and (k)(2), (3), (4) and (5) of the
30 act shall take effect July 1, 2000.

1 (2) This section shall take effect immediately.

2 (3) The remainder of this act shall take effect July 1,

3 1999.