

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 499 Session of 2003

INTRODUCED BY RHOADES, JUBELIRER, BRIGHTBILL, PICCOLA, EARLL,
M. WHITE, KUKOVICH, LAVALLE, COSTA, WONDERLING, RAFFERTY,
ORIE, WAUGH AND KASUNIC, MARCH 17, 2003

REFERRED TO EDUCATION, MARCH 17, 2003

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 limitations on school
6 district unreserved fund balances.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Section 687 of the act of March 10, 1949 (P.L.30,
10 No.14), known as the Public School Code of 1949, is amended by
11 adding a subsection to read:

12 Section 687. Annual Budget; Additional or Increased
13 Appropriations; Transfer of Funds.--* * *

14 (j) (1) For the 2003-2004 school year and each school year
15 thereafter, no school district shall adopt an annual budget that
16 includes an estimated ending unreserved fund balance in excess
17 of ten per centum (10%) of its total budgeted expenditures for
18 that school year.

19 (2) For the 2003-2004 school year and each school year

1 thereafter, any school district with an actual ending unreserved
2 fund balance for the immediately preceding school year in excess
3 of ten per centum (10%) of its total expenditures shall reduce
4 such unreserved fund balance by:

5 (i) utilizing such funds in its unreserved fund balance in
6 excess of ten per centum (10%) of its total expenditures as
7 necessary to offset any increases in real property taxes over
8 and above real property taxes levied for the immediately
9 preceding school year;

10 (ii) after applying subparagraph (i), utilizing any
11 remaining funds in its unreserved fund balance in excess of ten
12 percentum (10%) of its total expenditures to abate real property
13 taxes. Such abatement may take the form of rebates of taxes
14 levied on real property for the current school year or credits
15 against taxes levied on real property for the current school
16 year. Rebates or credits under this paragraph shall be provided
17 in equal amounts to all real property taxpayers and shall be
18 calculated by dividing the total dollar amount of real property
19 tax abatement by the number of real property taxpayers in the
20 school district. As of the effective date of this subsection, no
21 school district shall expend funds in an unreserved fund balance
22 or reclassify funds in an unreserved fund balance in order to
23 avoid compliance with this subsection; and

24 (iii) utilizing a portion of such unreserved fund balance to
25 offset any reasonable administrative costs incurred in order to
26 comply with this subsection.

27 (3) Any school district required to reduce its unreserved
28 fund balance pursuant to paragraph (2) shall mail notices to
29 affected taxpayers no later than August 15, 2003, and each
30 school year thereafter, explaining any offset in real property

1 tax increases, or any real property tax rebates or credits.

2 (4) By August 15, 2003, and each school year thereafter,
3 each school district shall provide the Department of Education
4 with information certifying compliance with this subsection.

5 Such information shall be provided in a form and manner
6 prescribed by the Department of Education and shall include:

7 (i) the school district's actual ending unreserved fund
8 balance for the immediately preceding school year;

9 (ii) the school district's estimated ending unreserved fund
10 balance for the current school year;

11 (iii) a description of the method utilized by the school
12 district to reduce its actual ending unreserved fund balance if
13 such reduction is required pursuant to paragraph (2);

14 (iv) the offset in real property tax increases, or the
15 dollar value per taxpayer of any real property tax rebates or
16 credits required pursuant to paragraph (2); and

17 (v) the dollar value of any reasonable administrative costs
18 incurred by the school district in order to reduce its actual
19 ending unreserved fund balance if such reduction is required
20 pursuant to paragraph (2).

21 (5) As used in this subsection, "unreserved fund balance"
22 shall mean funds categorized as undesignated and unreserved as
23 defined by the Department of Education and held in the general
24 fund accounts of a school district.

25 Section 2. Section 1714-B(g) of the act, added May 10, 2000
26 (P.L.44, No.16), is amended to read:

27 Section 1714-B. Mandate Waiver Program.--* * *

28 (g) The following provisions of this act shall not be
29 subject to waiver pursuant to this section: sections 108, 110,
30 111, 321, 322, 323, 324, 325, 326, 327, 431, 436, 437, 440.1,

1 443, 510, 513, 518, 527, 687(h) and (j), 701.1, 708, 736, 737,
2 738, 739, 740, 741, 752, 753, [755,] 771, 776, 777, 808, 809,
3 810, 1303(a), 1310, 1317, 1317.1, 1317.2, 1318, 1327, 1327.1,
4 1330, 1332, 1361, 1366, 1501, 1502, 1513, 1517, 1518, 1521,
5 1523, 1546 and 1547; provisions prohibiting discrimination;
6 Articles VI, XI, XI-A, XII, XIII-A, XIV and XVII-A and this
7 article.

8 * * *

9 Section 3. The act is amended by adding a section to read:

10 Section 2502.41. Penalty for Excessive Unreserved Fund
11 Balances.--For the 2003-2004 school year and each school year
12 thereafter, any school district that fails to comply with
13 section 687(j) shall be ineligible to receive any basic
14 education subsidy allocation under this article after August 15
15 of the school year in which such payments are to be made.

16 Section 4. This act shall take effect immediately.