

Legislative Report – Mrs. Bishop November 2013

The General Assembly returned to Harrisburg Nov. 12, allowing just ten days of voting session before the end of the year. Since they are in the middle of the 2013-14 session, all bills introduced this year will remain active next year.

Yesterday, the Senate Appropriations Committee approved an omnibus amendment to SB 1085, its charter/cyber school reform bill that was already approved by the Senate Education Committee last month. If the amended bill is approved by Appropriations, it will be headed to the Senate Floor. The amended bill authorizes institutions of higher education in PA to approve charter school applications beginning July 1, 2015. It also makes the following funding changes:

- Reduces the state's contributions on behalf of the charter school employees enrolled in the Public School Employees' Retirement System by 50%.
- Excludes 30% of the employer's share of retirement contributions from the calculation of charter school entity funding.
- Provides for direct payment of state funding to charter schools and establishes procedures to resolve funding disputes.
- Provides that a cyber school receive 95% of the amount calculated to be paid by a school district for each student enrolled.

On the surface, some of this may sound good, but upon closer scrutiny, the bill is a "wolf in sheep's clothing," according to a spokesperson for Education Voters for Pennsylvania, because it:

- Removes local control and oversight by school districts by granting public or private colleges and 30 universities (who are subject to undue influence by charter/cyber lobbyists through the power of donations) power to authorize and operate new charters with no say by taxpayers of their elected school boards
- Removes enrollment caps, further eroding school districts' control of their budgets
- Reduces cyber charter payments only by about 5%
- Splits the pension double dip savings 50/50 between the state and school districts
- Creates an 18 member commission, potentially stacked with charter/cyber advocates, to develop a new funding formula.

SB 1085 differs significantly from the more balanced provisions of HB 618 that passed the House in September. Under HB 618, local school taxpayers and school boards would have much more say in how their tax dollars are being spent. PSBA supports HB 618 and opposes SB 1085. On behalf of NA, I and other members of this Board have contacted our State Senator, Randy Vulakovich, urging a “no” vote on SB 1085.

Three times in the past three years, charter school reform legislation has failed to make it through both chambers of the General Assembly. This time, the debate is taking place against the backdrop of a federal indictment against Nick Trombetta, founder of Pennsylvania Cyber Charter School in Midland, who is accused of stealing \$1 million from the charter through a network of shell companies. Last week, it was revealed that another charter school in the Pittsburgh area is being investigated for alleged misuse of taxpayer money. PA Auditor General Eugene DePasquale said his office found “potentially criminal” spending practices at Urban Pathways Charter School in downtown Pittsburgh. He has referred the matter to the FBI to investigate because a state audit uncovered what appeared to be PA taxpayer money going toward building a school in Ohio. The audit also found that the spouse of at least one Board member was getting a free cell phone from the school, which is not permitted. The audit also uncovered other questionable expenses, including a staff trip to Nemaquin Woodlands Resort and meals at pricey restaurants in Pittsburgh.

The need for better oversight of cyber/charter schools is clearly illustrated by the recent news story regarding Solomon Charter School in Philadelphia. Solomon was authorized only for students in grades 6-11, but it enrolled 200 elementary students. Philadelphia school district, with all its financial problems, balked at paying Solomon \$305,000 for those elementary students' tuition. Under current law, Philadelphia must pay the disputed amount to Solomon, then petition the state to refund the disputed funds. To make matters even worse, not only did Solomon enroll ineligible students, but the cyber charter improperly operated as a brick-and-mortar institution, taking up residence in a building that also included a sex-offender clinic. Solomon suspended operations last month in part because of safety concerns. Officials said they didn't know about the treatment center until a patient informed them. In addition to the disputed \$305,000, the district says it had previously overpaid Solomon \$437,000 for the unauthorized elementary students.

Also in the Senate:

- Legislation calling for the complete phase-out of local school property taxes reportedly still has a strong chance of passing the Senate, despite rejection by the House of the Senate's approach. SB 76 would replace school property tax with a combination of higher and broader sales tax and higher personal income tax at the state level. The bill has 24 sponsors in the 50-member Senate. Last month, the House approved and sent to the Senate HB 1189, which would give local school districts the option of replacing all or any portion of school property taxes with higher earned 31 income taxes and local business taxes. The House bill is reportedly not likely to be passed by the Senate.

- The Senate Local Government Committee approved SB 903 to restrict the use of, but not completely ban, the use of interest rate management agreements (swaptions) by local governments, school districts and municipal authorities in PA. The bill was amended to eliminate up-front payments designed to make the transactions more attractive to local officials, limit the size of swaps in relation to debt, set a maximum 10-year expiration date, provide more disclosure on deals and require that outside financial advisers on swaps be free of conflicts of interest. At a hearing last month, committee members heard testimony from school district officials and representatives of financial firms who cautioned against a total ban on swaps." As swaps have proven to be a very effective tool in raising non-tax revenue in a number of districts, eliminating this option and calling for immediate disentanglement would have been extremely detrimental to local school districts and their already lean financial situations," said the Pennsylvania School Boards Association.

- The Senate Education Committee is considering HB 1424, a bill already passed by the House that would encourage, though not require, PA public schools to offer Holocaust education. A prior version of this bill, HB 176, making Holocaust education mandatory, languishes in the House Education Committee.

In the House:

- The public hearing of the House Education Committee has been rescheduled to Dec. 3. On the agenda is HB 1722 regarding employee tenure and furlough reforms; HB 1735 and HB 779 allowing school districts to furlough employees for economic reasons.

- Deliberations stalled in the House on HB 1734, a bill that limits the current extensive interscholastic athletics reporting requirements under Act 82 of 2012. Legislators are receiving resistance from those who view the bill as an attack on the federal Title IX mandate for gender equity in sports. As requested by PSBA, I have e-mailed Mike Turzai advocating for passage of this bill.

- Rep. Rick Saccone led a Capitol rally last week in support of HB 1728, which would require the posting of "In God We Trust" in all PA public schools. The bill passed the House Education Committee 14-9 last month. A spokesman for House Majority Leader Mike Turzai reportedly said that the bill is not expected to be scheduled for a vote on the House floor this fall.

- Yesterday, the Education Committee approved HB 1741, which requires school districts to post any proposed labor agreement with an employee group on the SD website at least 48 hours prior to a Board vote.

- After twice rejecting Governor Corbett's proposed \$2.4 billion transportation funding program to repair Pennsylvania's roads and bridges and improve mass transit, the House finally approved the bill yesterday by a slim but sufficient majority, with House Majority Leader Mike Turzai voting no. The bill carries higher taxes on fuels and increases virtually all vehicle-related fees and fines. The bill now heads back to the Senate, which had already approved an earlier version of the legislation. Governor Corbett had urged the House to pass the package because

transportation is a “core function” of state government required for safe travel and the creation of many new jobs. After the vote, he praised the House for making a dramatic choice to invest in the future of Pennsylvania. Hopefully, both the Governor and the Legislature will now turn their attention to education funding, another “core function” of state government. Restoring the billions of dollars ³² that have been cut from public education funding in recent years will also create many jobs and represent an investment in the future of Pennsylvania—our children, our most precious resource!