

Legislative Report
Submitted by Linda Bishop
May 23, 2012

Most of the activity in the state legislature this month is focused on the adoption of a state budget for the fiscal year beginning July 1, 2012. Last week, the Senate approved a budget plan crafted by Senate Republican leadership and approved by the Senate Appropriations Committee (SB 1466) that increases spending about 2% above the budget introduced by Governor Corbett in February. The rationale for the increased spending proposal is that the state's receipts are actually running about \$500 million higher than expected as of April.

- The amended plan restores \$500 million in cuts to higher and basic education and social services. With respect to higher education, the Senate plan adds enough funding to the state system and state-related universities to provide funding for next year at the same level as this year. At the Senate's request, the universities agreed that they would not raise tuition more than the rate of inflation. With respect to K-12 education, the Senate plan restores half the funding (\$50 million) for the Accountability Block Grant program, as well as \$50 million in supplemental funding for distressed school districts. The Senate plan rejects Governor Corbett's proposed "Student Achievement Education Block Grant" method of funding public schools, reverting instead to the traditional separate line items and calculation formulas for basic subsidy, transportation subsidy and social security subsidy payments. The Senate plan also restores some funding to early childhood education and increases the pupil transportation subsidy by \$4.3 million. The budget legislation has now moved to the State House for consideration and deliberations. It was reported this week that legislative leaders are seeking to pass the budget by 6/13.
- Most of the education-related bills that I have reported on in previous months are still awaiting action in the legislature. This list includes SB 1115 which revises the special education funding formula, SB 209 requiring disclosure of interscholastic athletic opportunities and booster group finances, SB 1309 restricting school district appeals of under-assessed property, HB 1329 regarding Prevailing Wage, HB 2028 on single contract, and HB 855 allowing districts to furlough on the basis of economic considerations. It is unclear if any of these bills will be moved forward for action at this time.
- There are two noteworthy bills, however, that seem to be moving forward. The first, HB 1776, was the subject of a public hearing this week in the House Finance Committee. This is a comprehensive tax reform proposal that would eliminate property taxes, raise sales and use tax, and authorize the imposition of PIT or EIT by school districts subject to voter approval.

- The second is SB 1307, a Republican-sponsored bill that would pave the way for state takeovers of financially distressed districts with immediate impact on Duquesne, Chester-Upland, Harrisburg and York. Under the proposal, a state-appointed receiver ultimately would have the power to undo labor contracts and convert schools into charters. The Senate Education Committee voted yesterday to send it to the full Senate. The legislation is spurred by fears of a wave of collapsing districts and is being fast-tracked so it can receive quicker consideration in the House if it passes in the Senate. Governor Corbett supports the bill. It has been reported that York City Schools is planning to address their \$19 million deficit for next year by eliminating half-day kindergarten, all sports, guidance counselors, K-12 art instruction, K-8 physical education, and band and choir K-12.
- As we are all aware, the financial distress that Pennsylvania districts are experiencing is a direct result of the state budget cuts approved by the legislature and the Governor last year and the staggering increases in the mandatory employer contribution rates to the state retirement system. As we saw earlier this evening during the budget presentation, North Allegheny's contribution to PSERS will increase \$2.4 million next year and will continue to increase by even larger amounts every year for the next decade. At last, Governor Corbett has begun to talk about the need for public sector pension reform, finally identifying this issue as a critical problem that must be addressed at the state level. However, he has also said that the legislature will not begin to tackle the issue for at least another year, which is very disappointing.