

Legislative Report – Mr. Mahler June 2014

State Budget – Yesterday the budget-making process took a step forward as the House Appropriations Committee House Bill 2328 (Rep. Adolph, R- Delaware), a 2014-15 General Fund budget bill, by inserting the House Republican Caucus spending plan. The amended bill was passed on a party-line vote with all Democrats opposing the measure, and House Bill 2328 is now positioned for a vote on the House floor. Additional amendments will be offered before the plan is passed in the House and moves to the Senate, where more changes can be expected.

While it is understood that the House Republican plan is not the final budget, the actions taken bring the process closer to getting the budget completed, perhaps by the June 30 deadline. However, it appears unlikely that all sides will reach agreement by that time.

As amended yesterday, House Bill 2328 provides \$29.1 billion for the new budget, which is an increase of 1.9% over the 2013-14 budget, and scaled back from the proposal offered by Gov. Corbett in February. The plan provides some increases for education, but does not include the \$241 million proposed by the governor for a “Ready to Learn Block Grant” program, or the \$10 million for the proposed “Hybrid Learning Grant.”

But the legislation, described as a “vehicle,” contains no specific line items or revenue sources to close a budget deficit estimated at roughly \$1.5 billion. Gov. Corbett has said he is willing to push the budget settlement beyond the end of the fiscal year on June 30 to win passage of two key priorities: pension reform and liquor privatization. In addition, Corbett said “I’ve told [legislative] leaders that I will not talk about revenue until we deal with cost drivers, and the pensions are cost drivers. Let me see what they’re willing to do with the pensions, I think that’s what has to be done.”

Pension Reform – The House last week failed to consider any of the 100+ pension reform amendments drafted to **HB 1353**, including a proposal recently outlined Rep. Mike Tobash (R-Berks/Schuylkill) and Rep. Warren Kampf (R-Chester/Montgomery). That plan, a hybrid pension reform plan, would **not** change benefits for current employees, but would place new employees in a “stacked” pension system, including both a defined benefit (DB) and a defined contribution (DB) component.

House Republican leaders and the governor apparently are continuing to meet with rank-and-file House Republicans to gather sufficient votes for a pension reform plan. To date, House leaders continue to separate the reform issue from any action to taper the collars to provide short-term relief to the state and school districts.

EITC – It is reported in newspapers around the state as well as from other sources, that the EITC program and other tax credit programs are “on the table” for significant cuts. On June 4, 2014 an article appeared in The Morning Call that includes the proposal to, among other things, “save” \$31 million by eliminating or reducing four tax credit programs...“Most of the tax credit changes would come from a \$20 million reduction...in the Educational Improvement Tax Credit businesses can get for donating to private and nonprofit educational institutions.” NA received about \$12,500 through this program in 2013-2014.

Revenue Shortfall – The Independent Fiscal Office certified last week that the state, for the current fiscal year, came up \$572 million short in revenue against estimates. That deficit, with the anticipated revenues for 2014-15, means a projected revenue deficit through 2014-15 of \$1.442 billion.

Special Education Funding Reform – Last Tuesday the Senate approved an amendment to **SB 1316**, a bill that would make changes to the way new special education funds would be distributed based on recommendations from the Special Education Funding Commission.

In an attempt to help charter schools, whose managers and representatives insisted that the bill's provisions would close charter schools and "kill choice" in Pennsylvania, Senate Majority Leader Pileggi proposed the amendment that includes a "hold-harmless" provision guaranteeing special education funding rates to charters at the 2013-14 level, despite clear data that showed that, in 2012-13, charter schools received from school districts over \$350 million in special education tuition but spent only \$156 million on special education instruction. The amendment also creates an appeals process that would permit charter and cyber charter schools to appeal PDE findings that a charter/cyber charter student was not properly classified for reporting and reimbursement purposes.

PlanCon Bill Update – The Senate has not yet considered **HB 2124**, which the House recently amended and passed. The bill amends the Public School Code to streamline and automate the PlanCon process, allow districts ineligible for reimbursement due to the moratorium to remain eligible for reimbursement, allow for an examination of refinancing with the State Public School Building Authority and allow the Department to prioritize funding to those districts that have submitted all required paperwork.

Legislative News

Few bills were considered recently either in committee or on the floor, as most everything is in a holding pattern until House and Senate Republican leaders and Gov. Corbett come to some kind of agreement on and sufficient votes for the budget and a myriad of bills, including those focused on education issues.

Enacted:

Basic Education Funding Commission - HB 1738: signed by the Governor as Act 51 of 2014. The act creates a Basic Education Funding Commission to examine current basic education funding and make recommendations on a new formula for the distribution of basic education funding. The Commission's recommendations must be provided within one year of the effective date of the act.

Passed – The final bills have been passed by both the House and Senate and are awaiting the governor's signature:

Holocaust Instruction - HB 1424. The bill amends the Public School Code to require school entities provide age appropriate instruction beginning in the 2015-16 school year on the Holocaust, genocide and human rights violations as part of the social studies, language arts and other applicable areas of study.

Suicide Awareness Training - HB 1559. The bill amends the Public School Code to create a suicide awareness and prevention training program for professional educators of students in grades 6-12. The bill as amended requires school districts to adopt policy concerning youth suicide and awareness, requires the district professional development plan to include four hours of training in youth suicide awareness and prevention, requires the PDE to provide online a model policy and associated resources, and gives each school entity the option of developing an age-appropriate child exploitation awareness education program for use within the existing curriculum for students in grades K-8.

School Board Vacancies - HB 2013. The bill amends the Public School Code to state that a temporary vacancy on a school board shall be declared and filled as appropriate when an elected school board member is called to active duty in the military or naval forces.

HB 1738: The bill amends the Public School Code to create a Basic Education Funding Commission to examine current basic education funding and make recommendations on a new formula for the distribution of basic education funding. The Commission's recommendations must be provided within one year of the effective date of the bill.

Dyslexia Pilot Program - HB 198: House concurred in Senate amendments, 197-0; sent to the Governor. The bill amends the Public School Code to establish a Dyslexia and Early Literacy Intervention Pilot Program in at least three school districts that have between 3,000 and 15,000 students and offer full-day kindergarten. PDE, through the pilot program, will evaluate the effectiveness of evidence-based early reading assistance programs, with the goal of reducing future special education costs.

Colleges and Universities - SB 1205: passed by the House as amended; Senate concurred in House amendments; sent to the governor. The bill amends the Public School Code to allow private non-profit institutions of higher education that offer bachelor's or graduate degrees to change their designation from "college" to "university.")

Pending

Funds for Approved Private Schools - HB 1284: approved by the House Education Committee. The bill amends the Public School Code to allow unused money appropriated for approved private schools during a fiscal year to be re-appropriated for the next fiscal year.

Tax Appeals - HB 2348: amended and passed by House Finance Committee. The bill, which was added to the committee calendar the night before consideration, eliminates a taxing jurisdiction's ability to engage in reverse assessments and prevents them from appealing an assessment following sale of a property unless there is a countywide reassessment.

Right-to-Know Records - SB 444: approved by the Senate State Government Committee. The bill provides changes to the Right-to-Know Law, including adding a new fee structure for commercial requests (allowing agencies to charge more for such requests), clarifying that, if a public record exists in a certain format, the agency must provide the record in that format upon request. The bill also allows agencies to require pre-payment if record duplication costs are expected to exceed \$50, and gives agencies 10 days to respond to a request from the date of postmark if the request was sent by mail. (Senate Majority Leader Pileggi has said that the bill will continue to be worked on over the summer, with the goal of moving it in the fall.)

This Week's House Floor Agenda – The following bills are on this week's House calendar for possible action this week:

Tax Appeals - HB 2348: Eliminates a taxing jurisdiction's ability to engage in reverse assessments and prevents them from appealing an assessment following sale of a property unless there is a countywide reassessment.

Community College Funding - SB 874: Amends the Public School Code to require that the governing body of a community college that has enrollment in excess of 20,000 students, consists of more than 4 campuses, and is approved by PDE and the Middle States Association of Colleges and Schools, negotiate with local sponsors for its annual operating costs and capital expenses. The amount negotiated must not exceed an amount equal to the community college's operating expenses minus student tuition, the state's share, and 50% of the annual capital expenses of the college. The bill affects the Harrisburg Area Community College.

Local Security Agreements - SB 1194: Amends the Public School Code to allow school districts that do not have a municipal police department to enter into cooperative police service agreements with an adjacent municipality that has full-time police coverage.

This Week's Senate Floor Agenda – The following bills remain on the Senate calendar:

SB 1316 (amends the Public School Code to implement the recommendations of the Special Education Funding Commission. The bill provides a formula for the distribution of new special education dollars, makes changes to the special education charter school tuition calculation, modifies the Special Education Contingency Fund and allows

approved private schools to recoup money appropriated but not used in the prior year. This bill is identical to House Bill 2138.)

SB 1388 (amends the Public School Code to repeal several outdated and antiquated provisions, such as the shade trees requirement)

HB 803 (amends the Public School Code to allow school entities to allow trained employees to use an epi-pen on a student having an allergic reaction and allows school entities to store epi-pens prescribed by a physician to the school entity)

HB 1816 (amends the Public School Code to allow visits to manufacturing workplaces to be included in a professional development plan and provides for acceptance into teacher preparation programs)

HB 2106 (amends the Public School Code to require a school entity to make a list of eleventh and twelfth grade students, not just graduating seniors, available upon request to armed forces recruiters and requires school entities to notify all tenth and eleventh grade students and any twelfth grade student that is not 18)

SB 1085 (amends the Public School Code to revise the charter school law. The bill provides for a university authorizer, splits the pension double dip between the state and school districts, and makes other changes to current law to provide additional transparency and accountability.)