



May 29, 2015

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Legislative Report

The General Assembly was not in session this week, and will return to Harrisburg on Monday, June 1.

2015-16 State Budget Update

With the budget season now underway, PSBA will be providing regular updates on issues and actions regarding the 2015-16 state spending plan.

- * **Pension reform, Senate Bill 1, are integral to budget discussions**
- * **Budget debate begins on House floor next week**
- * **Governor reports districts' use of proposed state funds**
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2015-16 Budget Update

Pension reform, Senate Bill 1, is integral to budget discussions

PSBA is continuing to work with legislators and staff in the Senate and House of Representatives in seeking meaningful pension reform as an integral piece of budget discussions. Pension reform is a priority issue for PSBA, and the association is supportive of efforts to move the conversation forward, noting that pension obligations are the highest increasing mandated costs in school district budgets, and the number one reason for local tax hikes.

The association supports [Senate Bill 1](#) (Sen. Corman, R-Centre) pension reform legislation that was recently passed by the Senate and is now in the House for consideration. The House State Government Committee has hearings on the bill scheduled for next week.

Generally, Senate Bill 1 intends to generate both short-term and long-term savings by creating a new defined contribution plan that would be mandatory for all new employees and makes changes to future contributions for current employees in order to maintain current benefit levels. The Public Employee Retirement Commission (PERC) issued an actuarial analysis of the bill that shows a preliminary projected savings under the proposed hybrid plan in comparison to existing law. According to the

consulting actuary for PSERS, the total cost savings is potentially estimated to reach \$16.2 billion through 2048. [Click here to read PSBA's initial review of Senate Bill 1.](#) [Click here to read the Actuarial Note of the Public Employee Retirement Commission.](#) Page 20 of the note includes table of preliminary cash flow savings and projected contribution rates.

Also of interest to PSBA is [House Bill 727](#) (Rep. Kampf, R-Chester) which would create a mandatory Defined Contribution ("DC") plan for all future school employees. The new DC plans would include a 4% employer match and a mandatory employee contribution. House Bill 727 does not make any changes for current employees. The bill is now on the House floor. A PERC note has not yet been completed for House Bill 727.

Budget debate begins on House floor next week

As the June 30 deadline for passage of a new 2015-16 state spending plan inches nearer, debate on a spending plan will begin in the House of Representatives with [House Bill 1192](#) (Rep. Adolph, R-Delaware) on the floor for consideration. House Bill is a general appropriations bill offered by Republicans that is in large part the current year's budget and does not reflect the governor's proposed budget bill. The governor's budget plan is contained in [House Bill 1125](#) (Rep. Markosek, D-Allegheny).

Numerous amendments have already been filed for the floor debate on House Bill 1192, as expected. Negotiations for a spending plan will continue, and as a compromise budget is developed, either of these bills could be used as a placeholder/vehicle for what will be the final budget language.

Governor reports districts' use of proposed state funds

This week Gov. Tom Wolf reported the results from school districts across the commonwealth that submitted plans on how they would use funding increases proposed by the governor in his 2015-2016 budget. In March, the Department of Education sent a [letter to superintendents](#) detailing new accountability measures connected to proposed increases in basic education funding under the governor's proposed budget, and called for school districts to submit their plans for the use of the funds. This week the administration notes that 92% of districts responded to the request as follows:

- * 197 school districts said they would use the funding to maintain or expand high-quality early childhood education or pre-kindergarten and full-day kindergarten programs.
- * 98 school districts would apply the funding to reduce elementary school class sizes.
- * 87 school districts would restore programs and personnel that had been eliminated due to funding concerns. Districts would bring back guidance counselors and librarians and restore extra-curricular programs designed to enhance learning outside the classroom.

The Department of Education is in the process of reviewing each funding impact plan for accuracy in funding calculations and has already approved 400 plans. All feedback will be provided to districts by June 15.

BEF Commission to release recommendations for school funding formula on June 10

PSBA and other public school officials are anticipating the expected June 10 release of the recommendations of a bipartisan legislative panel for a new funding formula for K-12 schools. The recommendations would then be drafted as legislation for approval by the General Assembly in conjunction with the 2015-16 state budget.

The Basic Education Funding Commission was created under Act 51 of 2014 and charged with examining the funding problem and making recommendations for a new funding plan. The commission has spent the past year holding numerous hearings around the state, gathering testimony and information from a wide-range of advocates and experts in the education field. study and identify factors that could be used to determine the distribution of basic education funding among school

districts, including: market value/personal income aid ratio, equalized millage rate, geographic price differences, enrollment levels, local support and other areas.

With the passage of Act 51, Pennsylvania has its best chance for the creation of a new funding formula. Last week PSBA issued a special report calling for a new statewide basic education funding formula with distribution in a manner that is adequate, consistent, fair and equitable and that provides districts with the greatest flexibility to use their resources. The report was sent to all members of the General Assembly. [Click here to read PSBA's report.](#)

PSBA Sample Resolutions: Basic Education Funding, Pension Reform, Cyber Charter Funding
PSBA has drafted sample resolutions on some key issues of importance to school officials. Please take action at your next board meeting to adopt these resolutions. Some resolutions include areas for you to add data related to your district's expenditures related to the issue.

Once your board has appropriately modified and adopted a resolution, we ask that you send a copy of the resolution to your House and Senate members and the Governor's office. Click the links to find the addresses for your [House](#) and [Senate](#) members. Just click on your legislator's name to find the address. You may send your resolution to either their Harrisburg or district office. Here is the address for the Governor's Office: The Honorable Tom Wolf, Governor of Pennsylvania, 225 Main Capitol Building, Harrisburg, PA 17120 or email at governor@pa.gov. We also ask that you send a copy of the resolution you have adopted to PSBA. You may mail to: PSBA Office of Government Affairs, 400 Bent Creek Blvd, Mechanicsburg, PA 17050.

Sample Resolutions:

[Resolution on New Basic Education Funding Formula](#)

[Resolution on Pension Reform](#)

[Resolution on Reform of Cyber Charter Funding](#)

Latest News

One month remaining for school boards to submit proposals for PSBA's Legislative Platform
There is about one month remaining for school boards to submit proposals to be considered for the association's 2016 Legislative Platform. **The deadline for school boards to submit items for consideration is Tuesday, June 30.** All proposals will be reviewed by the PSBA Platform Committee on Saturday, Aug. 8 and receive final consideration by the PSBA Delegate Assembly on Tuesday, Oct. 13 in conjunction with the School Leadership Conference in Hershey. [Click here for guidelines on how to submit a platform item.](#) [Click here to read PSBA's 2015 Legislative Platform.](#)

On the Hill: Upcoming Meetings

Upcoming events currently scheduled include:

Monday, June 1

* The **House Education Committee** will consider [House Bill 1112](#) (Rep. Brown, R-Monroe), which requires PDE to identify and suspend all unnecessary reporting mandates on public schools. This would include various reports not used by PDE, are duplicative of other reports, or are otherwise unnecessary. The list of unnecessary reporting requirements would be created by PDE, in consultation

with an advisory committee comprised of public school business managers, the Republican and Democratic chairmen of the House and Senate Education Committees, and citizens.

* The **Senate Finance and Environmental Resources and Energy Committees** will conduct a joint hearing on proposals regarding the imposition of a severance tax.

Tuesday, June 2 & Thursday, June 4

* The House State Government Committee will hold a public hearing on **Senate Bill 1** (Sen. Corman, R-Centre) pension reform legislation that was recently passed by the Senate.

Wednesday, June 10

* The **Senate Finance Committee** will hold a public hearing on proposals to increase the sales/use tax and personal income tax.