



2015-16 Budget Update: Negotiations Continue As Deadline Nears

[More Info](#)

June 29, 2015

Budget

The General Assembly convened on Saturday and late into Sunday evening as negotiations on the 2015-16 state budget continued. However, much work remains before agreements on many issues can be reached by Republican leadership and Gov. Wolf. PSBA has been a continuing presence at the Capitol, meeting with legislators and staff on the budget and other issues. We will continue to provide updates as events occur until the budget and related legislation is passed.

On Saturday, June 27, the House of Representatives with a vote of 112-77 passed [House Bill 1192](#), after amending it with a spending plan crafted by Republican leaders. The bill was sent to the Senate for consideration, with the expectation that the bill would be finalized in that chamber and sent to Gov. Wolf by Tuesday, June 30. The governor is likely to veto all or part of the Republican-backed budget.

As amended and passed by the House, the \$30.1 billion budget is 3.6% increase over the current 2014-15 budget. [Click here to see the Republican General Fund budget.](#)

Education funding is a key issue – the application and timing for the proposed funding formula, the amount of state funding that will be allocated for public schools, and where the revenue for funding will come from. Under the current version of House Bill 1192, **the basic subsidy would receive a \$100 million increase, for a total of \$5.8 billion that would be distributed through the formula recommended by the Basic Education Funding Commission (a 1.9% increase).** [Click here to see the district-by-district subsidy distribution.](#) Special education would receive an increase of \$20 million, for a total of \$1.06 billion (a 1.9% increase)

The budget also contains a plan supported by PSBA to reimburse all school districts with approved construction projects stuck in the PlanCon pipeline. Under the plan, the state would eliminate the backlog by bonding \$5.3 billion to fully fund projects in the pipeline at

Part G and above. The funds would be put into a restricted account to pay for the projects, and lump sum payments would be paid to school districts over the coming year. The existing \$306 million line item in the state budget that pays for school construction projects, called the Authority Rentals and Sinking Fund Requirements, would be zeroed out and replaced with the funds in the new account.

PSBA has been working closely with Rep. Seth Grove (R-York) to develop solutions to deal with the PlanCon backlog as well as streamline the PlanCon process. PSBA is supportive of the plan put forth this weekend to pay the debt that the commonwealth owes school districts, as well as the changes proposed under [House Bill 210](#) (Rep. Grove, R-York) and [Senate Bill 694](#) (Sen. Eichelberger, R-Blair) that would replace the current 11-step process for state reimbursement for school construction projects under a new five-step process known as the Accountability and Reducing Costs in Construction Process, or ARCCon.

Other Major Issues Moving

PSBA is working to secure passage of a number of other major issues that have seen action and could be finalized in conjunction with the budget package, either in an omnibus School Code bill or other legislation. Negotiations continue on several of the bills. They include:

Pension Reform – PSBA supports pension reform under [Senate Bill 1](#) (Sen. Corman, R-Centre), which was amended in the House over the weekend and in its current form creates a defined contribution plan for new state and public school employees. Later today, the Public Employee Retirement Commission will be issuing an actuarial note on the amended version of Senate Bill 1. It provides needed long-term savings to school districts, but does not address short-term relief. Work continues to find a plan that can garner enough votes to pass, and PSBA will be providing more information on the latest provisions of the bill as it progresses.

Charter Law Changes – Passed by the House in March and amended by the Senate Education Committee last week, [House Bill 530](#) (Rep. Reese, R-Westmoreland) makes changes to the Charter School Law. In its current form it represents a first step toward meaningful reform, and PSBA continues to work with legislators to improve the legislation. PSBA will be providing more information on the latest provisions of the comprehensive bill. [Click here](#) to read PSBA's special report on the critical need for charter reform.

BEFC Recommendations for School Funding Formula – PSBA supports the new school funding formula recommended by the Basic Education Funding Commission as introduced under [Senate Bill 910](#) (Sen. Smucker, R-Lancaster), which was reported out of the Senate Education Committee. The proposed new formula meets the needs of all school districts by using factors reflecting student and community differences such as poverty, local tax effort and capacity, and rural and small district conditions. It will help to close the gap between poor and affluent districts, and is an equitable, predictable and transparent plan. Companion legislation has been introduced under [House Bill 1390](#) (Rep. Saylor, R-York).

Child Protection -- PSBA supports efforts made to refine child protection bills and has worked intensively with several legislators and staff over the past several months in offering recommendations and corrections to current law. Passed by the House and now on the Senate floor is [House Bill 1276](#) (Rep. Watson, R-Bucks), which makes a number of clarifying changes to the Child Protective Services Law (CPSL) as it had been updated in 2014. This “clean-up”

bill was amended to contain a number of technical and substantive changes, especially with respect to the requirements for volunteers. The Senate passed [Senate Bill 862](#) (Sen. Lloyd Smucker, R-Lancaster), which amends the School Code to align the requirements and timeframes for school employees submission of state and federal criminal history record checks and child abuse history clearances with the recent amendments to the CPSL. Various amendments were added to the bill, including a change to allow the clearances to be valid for five years.

Economic Furlough – PSBA supports [House Bill 805](#) (Rep. Bloom, R- Cumberland) which allows school districts to furlough professional employees for economic reasons, and ends the practice of “last in, first out” by allowing districts to use performance evaluations to determine the order that employees are furloughed. House Bill 805 was passed by the House and now moves to the Senate for consideration. The bill also requires an equal percentage proportion of administrative staff to be furloughed, but allows for exemptions of any five administrative staff positions and also allows for waivers of the requirement if it is determined that the district’s operations are already sufficiently streamlined. In addition, the bill allows a superintendent to delay the awarding of tenure for one additional year (currently granted after three years) if the superintendent believes further evaluation is necessary prior to certifying the work as satisfactory.

Mandate Relief/Data Collection – PSBA supports mandate relief under [House Bill 1112](#) (Rep. Brown, R-Monroe), which requires the State Board of Education in conjunction with an advisory commission to identify unnecessary data collection/reporting mandates on public schools and issue a report of its findings and recommendations. Those identified data collection requirements that are not required by law or regulation would be terminated at the end of the school year following the issuance of the report. The advisory committee would include a school board member.

Other Bills Moving in the Senate

School Takeover -- PSBA strongly opposes legislation passed by the Senate over the weekend. [Senate Bill 6](#) (Sen. Smucker, R-Lancaster) establishes a state process designed to take over academically struggling schools by removing them from the governance of the local school board and transferring them to a new state entity that must take various recovery steps that largely include conversion to, or creation of, privately-operated charter schools. Senate Bill 6 was modeled after a failing experiment in Tennessee. PSBA opposes the bill because, not only does it entirely remove the elected school board from operational decisions of a district school, but it requires the district to pay the bill for charter tuition costs for resident students that are transferred to new privately-operated charter schools converted or created by the ASD.

Assessment Appeals – PSBA also opposes [Senate Bill 877](#) (Sen. Argall, R- Schuylkill), which prohibits a taxing body from appealing the assessment of a property based on the sale of that property. The bill also defines criteria that may serve as the basis for an appeal and allows for a taxed person to appeal a reassessed value in certain circumstances. PSBA opposes Senate Bill 877 because it would greatly restrict the rights of school districts and municipalities to conduct appeals of under-assessed property. [Click here](#) to read PSBA’s newest edition of the **Closer Look** information series that addresses misconceptions

regarding what assessment appeals are, what they are not, and why they can help taxpayers.

Fiscal Note for Keystone Exams – PSBA supports [Senate Bill 731](#) (Sen. Dinniman, D-Chester), which requires the State Board of Education to submit to the chairmen of the House and Senate Education committees a detailed fiscal impact statement with every regulation pertaining to Keystone Exams, during the proposed and final-form stage of the regulatory review process. The fiscal note must include all direct and indirect costs required that will affect the state, school districts and communities.

Prohibition of E-Cigarettes to Minors – PSBA supports [Senate Bill 751](#) (Sen. Greenleaf, R-Montgomery), which amends the Crimes Code to amend the definition of “tobacco product” to include electronic cigarettes and related tobacco products that are prohibited to be sold to minors. The term does not include components of electronic devices or a product for sale as a tobacco cessation product. The Senate amended Senate Bill 751 to insert language amending the Municipal Code to include references to the same definitions and prohibitions under the Crimes Code.

Dual Enrollment/Advanced Placement -- [Senate Bill 104](#) (Sen. Dinniman, D- Chester) creates a Dual Enrollment Expansion Task Force to examine the issue and make recommendations about how to expand dual enrollment and advanced placement programs to allow students to earn college credit in high school.

Work Experience for High School Students with Disabilities – [House Bill 400](#) (Rep. Gingrich, R-Lebanon) requires the Office of Vocational Rehabilitation in the Department of Labor and Industry to facilitate the process of job and career development between school districts and employers to ensure the successful transition of high school students with disabilities into competitive integrated employment.

Tax Abatements -- [House Bill 613](#) (Sen. Ward, R-Blair) authorizes local taxing authorities to provide for tax abatement incentives for certain deteriorated property and for new construction in deteriorated areas of economically depressed communities. The bill prohibits anyone receiving a tax abatement from structuring the transaction in a way that would allow them to avoid paying deed transfer taxes.

School Financial Reporting -- [House Bill 224](#) (Rep. Christiana, R- Beaver) makes permanent the school financial reporting feature unveiled this month by the Department of Education on the School Performance Profiles (SPP) website. The site provides extensive fiscal data of public schools, including traditional school districts, charter and cyber charter schools, and comprehensive career and technology centers. The report includes information on schools’ total expenditures and revenues, including per-pupil expenditures and expenditures for various budget categories.

Other Bills Moving in the House

CareerBound Program -- [House Bill 725](#) (Rep. Mackenzie, R-Lehigh) establishes the CareerBound Act for the creation of up to seven school-to-work pilot programs, and provides a tax credit to businesses who participate in the program. The program would be administered

by the Department of Labor and Industry. A pilot program would expire at the end of the fourth school year of operation and the department would issue a report on the programs following their expiration.

Collective Bargaining Notification – [Senate Bill 645](#) (Sen. Stefano, R -Fayette) requires public employers, including school districts, to post notice of a proposed collective bargaining agreement on their website both two weeks prior to and 30 days following the signing of the collective bargaining agreement. The posting must include a statement of the terms of the proposed collective bargaining agreement, as well as estimate of the cost to the public employer associated with the agreement. A public employer without a website must publish the required notice at least two weeks prior to the proposed signing of the collective bargaining agreement and make the notice publicly accessible in the employer's main office. Approved collective bargaining agreements will be publically available on the employer's website. Proposed collective bargaining agreements, and documents presented by or received by a public employer, are to be made available through Right-to-Know requests.