



October 1, 2015



Gov. Wolf vetoes stopgap budget, what's next?

As expected, this week Gov. Tom Wolf vetoed the stopgap budget bills would provide about four months of support to state agencies and public schools. Following an exchange of letters between the governor's office and Republican leaders, the leaders have asked Wolf to provide them with legislative language for his tax package which they will plan to consider in the House of Representatives next Wednesday, Oct. 7. If passed in the House, the Senate would consider the plan when it returns to Harrisburg on Oct. 13.

The bills vetoed this week by the governor were [Senate Bill 1000](#) (Sen. Browne, R- Lehigh), [Senate Bill 1001](#) (Sen. Browne, R- Lehigh) and [House Bill 224](#) (Rep. Christiana, R-Beaver). They appropriated and authorized the distribution of about \$11.2 million state dollars and about \$24.3 million in federal funds.

In vetoing the bills, Wolf said that the temporary appropriations are an "incomplete and inadequate budget" and called on Republican leaders "to get serious about negotiating a final budget that moves the commonwealth forward." Key issues in negotiations remain education funding, reforms to pension and liquor systems, and a severance tax on shale gas.

With a new state spending plan now four months overdue, school districts have already missed three subsidy payments totaling more than \$1 billion.



Auditor General says schools have borrowed more than \$346 million

This week state Auditor General Eugene DePasquale announced the findings on his department's efforts to identify the financial impact of the state budget impasse on public schools, reporting that through September, **the prolonged state budget impasse forced at least 17 school districts and two intermediate units to borrow more than \$346 million to meet expenses and keep classrooms open. Interest and fees on those borrowed education dollars could reach \$11.2 million.** In addition to loan interest payments and fees, the drawdown on schools' reserve funds results in a permanent loss off future investment income that could support school programs.

In the past month, the Auditor General's staff spoke with officials at nearly 300 school districts across the state. Information provided this week does not include data from 200 school districts auditor general staff have not yet spoken to as of Sept. 28. The auditor general said that 28 additional districts and two more

intermediate units will be forced to borrow an estimated total of \$122 million in October.

The department will continue to reach out to school districts and release updated borrowing figures every month until the final budget is signed into law.

[Click here for the news release and amounts borrowed by schools.](#)

[Click here to see the auditor general's survey results.](#)



PDE releases PSSA scores

This week the Pennsylvania Department of Education (PDE) released the results of the 2015 administration of the Pennsylvania System of School Assessment (PSSA). The results on the new assessment show fewer students are scoring advanced or proficient, particularly in mathematics. However, Pennsylvania student performance on the new test is similar to what many other states experienced when transitioning to more rigorous standards.

Statewide results for the **English Language Arts** tests show 60% of students in the "all students" category scoring as advanced or proficient, and 40.1% scoring basic or below basic. In the "historically underperforming student" category, 40.7% were advanced or proficient, and 59.3% scored basic or below basic.

Statewide **math** results show 39.6% of students in the "all students" category scoring as advanced or proficient, and 60.3% scoring basic or below basic. In the "historically underperforming student" category, 22.2% were advanced or proficient, and 77.7% scored basic or below basic.

Statewide **science** results show 67.8% of students in the "all students" category scoring as advanced or proficient, and 32.2% scoring basic or below basic. In the "historically underperforming student" category, 51.3% were advanced or proficient, and 48.7% scored basic or below basic.

The historically underperforming category includes economically disadvantage students, English Language Learners, students with IEPs, and various ethnicities.

Keystone Exam scores and School Performance Profile data for schools with a grade 11 will be released soon.

Click here for [2015 PSSA State Level Data](#) and [2015 School Level Data](#).

Latest News

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Senate Committee Action

Passed by the Senate Finance Committee

Elimination of Act 1 Index and Exceptions - [Senate Bill 909](#) (Sen. White, R-Indiana), creates the Taxpayer Empowerment and Accountability (TEA) Act, which amends Act 1 of 2006 to eliminate the index and all the allowed exceptions provided under the law. Under the bill, school districts will be required to seek voter approval for all property tax increases. PSBA is opposed to the bill.

Military Service Income -- [House Bill 561](#) (Rep. Kauffman, R-Franklin) amends the Local Tax Enabling Act by exempting all active military duty pay, regardless of where it is earned, from the earned income tax.

Local Tax Enabling Act -- [House Bill 1256](#) (Rep. Masser, R-Northumberland) amends the Local Tax Enabling Act to update the calculation of the maximum Earned Income Tax (EIT) rate that may be utilized when a school district or municipality eliminates its occupation tax.. Currently, if a school district or municipality converts their occupation tax to an earned income tax, they are only permitted to generate the amount of revenue collected by the occupation tax in calendar year 2008 for municipalities and fiscal year ending in 2009 for school districts. This restriction is a disincentive for a school district or municipality to eliminate their occupation tax. House Bill 1256 eliminates the need for the General Assembly to constantly update the Local Tax Enabling Act with respect to eliminating an occupation tax.

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House Floor Action

Passed by the House of Representatives

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.

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Senate Floor Action

Passed by the Senate

Training for Tax Collectors -- [House Bill 823](#) (Rep. Greiner, R-Lancaster) makes clarifications and revisions to [Act 164 of 2014](#), providing for basic and continuing education requirements for tax collectors, mandatory background checks for tax collector candidates and the appointment of a deputy tax collector. The municipality for which the tax collector was elected must sign off on the deputy, along with the tax collectors bond company, before an appointment is made. The bill now returns to the House for concurrence with amendments made by the Senate.

Countywide Reassessments -- [Senate Bill 899](#) (Rep. Hutchinson, R-Venango) amends the Consolidated County Assessment Law, to provide for revenue neutrality of taxes following countywide reassessments. The bill specifies that *each* tax must be made revenue neutral after a countywide reassessment, resolving against any contention that multiple tax rates could be adjusted differently so long as total revenue neutrality was the final outcome.

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Other News

Rep. Roebuck releases charter school spending report

This week Rep. James Roebuck, (D-Philadelphia) released a report on Pennsylvania charter schools that spotlights what he called the "Wild West" spending or borrowing practices of some, as well as a general lack of openness from the tax-funded, privately run schools. Key parts of the report, Roebuck's third annual report on charter schools, include:

- An outline of what Roebuck believes is needed in charter school reform;
- An update on the performance of Pennsylvania charter and cyber charter schools. The report also outlines the characteristics of high-performing charter schools, including that they serve fewer low-income students and

fewer special-education students, and that most of them offer innovative education programs;

- Recommendations for reforming special education funding that go to charter schools. This was left out of a 2014 law implementing recommendations of a bipartisan commission on special education funding.

[Click here to read the report](#)

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PDE News: More on PSSA Scores

PDE to request federal waiver of Title III requirements

This week the PA Department of Education (PDE) announced its intention to request a waiver from the U.S Department of Education (USDE) of Title III of the Elementary and Secondary Education Act of 1965 (ESEA). Title III relates to language instruction for Limited English Proficient/English Language Learners.

The waiver request will permit Title III subgrantees that do not meet the annual measurable objectives (AMOs) component of AMAO 3 for the 2014–15 school year due to the transition to new assessments to continue the same Title III interventions in 2015-16 that they implemented in 2014-15.

PDE believes that the requested waiver will help the state and each affected LEA reach these AMO goals for the ELL subgroup by not penalizing LEAs for ELL subgroup performance on reading and mathematics assessments during the first year of our new assessments aligned to college- and career-ready standards. [Read More...](#)

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PDE revises exit criteria for ELL programs

This week the PA Department of Education (PDE) announced it has revised its required exit criteria for the state's English Language Instructional Programs for English Language Learners (ELL) to make exit decisions for the 2015-16 school year based on 2014-15 data.

Because performance level scores for the 2015 PSSA resulted in significant drops in student performance across the state, PDE wants to ensure that ELL students have the opportunity to exit the program and that the criteria by which they are being measured are fair and accurate indicators of achievement. The revised criteria should be applied by schools to English Language Learners to determine Limited English Proficient (LEP) status for the 2015-16 school year. [Read More...](#)

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On the Governor's Desk

Bill amends Child Labor Law to allow 12-year olds to referee

Youth Sports Officials -- [House Bill 315](#) (Rep. Ellis, R-Butler) amends the Child Labor Act to allow youth as young as 12 to be employed as a "youth sports official" without a work permit. A youth sports official is defined as a minor who enforces the rules and supervises participants in a youth sporting event, including acting as an umpire or referee. The same time and rest restrictions and requirements that currently apply to 14 and 15 year-old employees under the law will also apply to youth sports officials.

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