

of a jointure subsequent to the passage of this act shall, for any year during the first two years, be paid for reimbursement on account of instruction, plus reimbursement on account of supplemental payments, plus reimbursement on account of tuition, a sum less than the product of (i) the number of teaching units of the district for the year for which reimbursement is to be made, based on all pupils who are residents of the district and are in average daily membership in the public schools of the district, and all pupils who are residents of the district and are in average daily membership in the public schools of other districts, multiplied by (ii) the quotient of the sum of reimbursement on account of instruction, plus reimbursement on account of supplemental payments, plus reimbursement on account of tuition received by the district for the school year immediately before the year in which the school district first became a member of a joint school district, divided by the number of teaching units of said district for which such payments on instruction and tuition account were made on account of the school year immediately before the district first became a member of a joint school district, based on the number of all pupils who were residents of the district and were in average daily membership in the public schools of the district, and all pupils who were residents of the district and were in average daily membership in the public schools of other districts.

APPROVED—The 15th day of December, A. D. 1959.

DAVID L. LAWRENCE

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No. 675

AN ACT

Amending the act of March 10, 1949 (P. L. 30), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," by defining distressed school districts; creating and authorizing a special board of control to assume control of the affairs of such districts; defining the powers and duties of the Superintendent of Public Instruction with regard thereto; authorizing the levy of an additional tax in certain cases; imposing duties on boards of school directors and authorizing their removal in certain cases.

Section 1. Section 318, act of March 10, 1949 (P. L. 30), known as the "Public School Code of 1949," amended June 28, 1957 (P. L. 408), is amended to read:

Section 318, act of March 10, 1949, P. L. 30, amended June 28, 1957, P. L. 408, further amended.

Section 318. Removal for Failure to Organize or Neglect of Duty.—If the board of school directors in any district (1) fail to organize as hereafter provided, or (2) refuse or neglect to perform any duty imposed upon it by the provisions of this act relating to school districts or (3) being a party to a joint board agreement refuse or neglect to perform any duty imposed upon it by the provisions of this act relating to joint boards or by the joint board agreement, any ten resident taxpayers in the district *or, in the case of a distressed school district as defined in this act, the special board of control provided for in section 692 of this act,* may present their or its petition in writing, verified by the oath or affirmation of at least three [of them] *such resident taxpayers or, in the case of a distressed school district, by the Superintendent of Public Instruction,* to the court of common pleas of the county in which such district or the largest part in area [of it,] is located, setting forth the facts of such refusal or neglect of duty on the part of such school directors. The court shall grant a rule upon the school directors, returnable in not less than ten or more than twenty days from the date of issue thereof, to show cause why they should not be removed from office. The school directors shall have at least five days' notice of the granting of the rule. On or before the return day of the rule the school directors, individually or jointly, shall file in writing their answer or answers to the petition, under oath. If the facts set forth in the petition, or any material part thereof, is denied, the court shall hear the several parties on such matters as are contained in the petition. If on such hearing, or if when no answer is filed denying the facts set forth in the petition, the court shall be of the opinion that any duty imposed on the board of school directors, which is by the provisions of this act made mandatory upon them to perform, has not been done or has been neglected by them the court shall have power to remove the board, or such of its number as in its opinion is proper, and appoint for the unexpired terms other qualified persons in their stead, subject to the provisions of this act.

The court shall impose the cost of such proceedings upon the petitioners, or upon the school directors, or upon the school district, or may apportion the same among them as it shall deem just and proper.

Any person so removed from the office of school director shall not be eligible again as school director for the period of five (5) years thereafter.

Article VI. of the act amended by adding a new subdivision (f), containing sections 691, 692, 693, 694 and 695.

Section 2. Article VI. of the act is amended by adding, at the end thereof, a new subdivision to read:

(f) *Distressed School Districts*

Section 691. When District Distressed.—(a) A school district shall be deemed to be distressed when any one of the following circumstances shall arise and the Superintendent of Public Instruction, after proper investigation of the district's financial condition, the administrative practices of the board and such other matters as to him may seem pertinent, has issued a certificate declaring such district in financial distress:

(1) The salaries of any teachers or other employes have remained unpaid for a period of ninety (90) days.

(2) The tuition due another school district remains unpaid on and after January first of the year following the school year it was due and there is no dispute regarding the validity or amount of the claim.

(3) Any amount due any joint board of school directors under a joint board agreement remains unpaid for a period of ninety (90) calendar days beyond the due date specified in the joint board's articles of agreement.

(4) The school district has defaulted in payment of its bonds or interest on such bonds or in payment of rentals due any authority for a period of ninety (90) calendar days and no action has been initiated within that period of time to make payment.

(5) The school district has contracted any loan not authorized by law.

(6) The school district has accumulated and has operated with a deficit equal to two per centum (2%) or more of the assessed valuation of the taxable real estate within the district for two successive years.

(b) No school district shall be deemed to be distressed by reason of any of the above circumstances arising as a result of the failure of the Commonwealth to make any payment of money due the district at the time such payment is due.

Section 692. Special Board of Control; Petition; Appointments.—Whenever on the basis of a proper investigation as herein provided for, the Superintendent of Public Instruction has declared any school district to be a distressed school district he or his designated representative who shall be a person trained in public school administration, possessing the certification prerequisites demanded of a district county associate or assistant county superintendent, or holding in the Department of Public Instruction the rank of Deputy Superintendent,

shall petition the court of common pleas of the county in which such district, or the largest part in area, is located to appoint two citizens who shall be qualified electors and taxpayers in the county in which the school district is located. School directors and employes of any such school district shall be ineligible for appointment by the court. Within ten days after the presentation of said petition, the court shall make the appointments herein provided and the appointees, together with the Superintendent of Public Instruction or his designated representative, shall constitute a special board of control. Vacancies occurring because of death or resignation of appointed members of the board shall be filled by the court. The special board of control shall assume control of the affairs of the district and operate it in the place of the school directors during the period necessary to reestablish a sound financial structure in the district. The costs of the court proceedings shall be paid by the Department of Public Instruction.

Section 693. Powers of Special Board of Control.— When the special board of control assumes control of a distressed school district, it shall have power and is hereby authorized to exercise all the rights, powers, privileges, prerogatives and duties imposed or conferred by law on the board of school directors of the distressed district, and the board of school directors shall have no power to act without the approval of the special board of control. In addition thereto, the special board of control shall have power to require the board of directors within sixty (60) days to revise the district's budget for the purpose of effecting such economies as it deems necessary to improve the district's financial condition. To this end the special board of control may require the board:

(1) To cancel or to renegotiate any contract other than teachers' contracts to which the board *or the school district is a party, if such cancellation or renegotiation of contract will effect needed economies in the operation of the district's schools.

(2) To increase tax levies in such amounts and at such times as is permitted by the act to which this is an amendment.

(3) To appoint a special collector of delinquent taxes for the district who need not be a resident of the school district. Such special tax collector shall exercise all the rights and perform all the duties imposed by law on tax collectors for school districts. The superseded tax collector shall not be entitled to any commissions on the taxes collected by the special collector of delinquent taxes.

* "of" in original.

(4) *To direct the special school auditors of the department or to appoint a competent independent public accountant to audit the accounts of the distressed school districts.*

(5) *To dispense with the services of such nonprofessional employes as in his judgment are not actually needed for the economical operation of the school system.*

(6) *To suspend, in accordance with the provisions of section 1124 of the act to which this is an amendment, such number of professional and temporary professional employes as may be necessary to maintain a pupil-teacher ratio of not less than twenty-six pupils per teacher for the combined elementary and secondary school enrollments.*

Section 694. Additional Tax.—When the operation of a distressed school district has been assumed by the special board of control, the board of school directors of the district shall, upon the recommendation and with the approval of the special board of control, levy an additional tax or taxes sufficient to liquidate the indebtedness of the district: Provided, That when such school directors fail to levy such additional taxes within a reasonable time, the special board of control may petition the court of common pleas of the county in which such district or the largest part in area is located to issue a writ of mandamus requiring the board to levy such additional tax or taxes, or he may, in his own name, initiate action to have the board removed from office for neglect of duty subject to the provisions of section 318 of this act. Notwithstanding present limitations on tax rates imposed by law, such limitations shall not apply to distressed school districts.

Section 695. School Directors to Remain in Office; Elections.—The school directors of a distressed district may not resign their offices, and shall continue in office, unless removed from office for neglect of duty under the provisions of section 318 of this act by the court of common pleas of the county in which such district or the largest part in area is located, for the remainder of their terms during the time the district is operated by the special board of control and shall perform any duties delegated to them by it. The assumption of control of a distressed school district by the special board of control shall in no way interfere with the regular election or reelection of school directors for the district.

Act effective immediately.

Section 3. This act shall take effect immediately.

APPROVED—The 15th day of December, A. D. 1959.

DAVID L. LAWRENCE