

No. 2006-114

AN ACT

HB 185

Amending the act of March 10, 1949 (P.L.30, No.14), 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," further providing for background checks of prospective employees; providing for competitive food or beverage contracts and for certain budget timelines; further providing for annual budget and for financial reports; providing for the Distinguished Educators Program; further providing for continuing professional development, for program of continuing professional education, for safe schools advocate, for certain health services and for advisory health councils; providing for local wellness policies, for an interagency coordinating council for child health and nutrition, for duties of the Department of Education and for physical education; providing for physiology and hygiene; further providing for the Educational Assistance Program, for definitions, for responsibilities of Department of Education, for responsibilities of school entities, for transportation, for definitions, for education empowerment list, for board of school directors, for education empowerment districts, for school improvement grants, for limitation and for alternative education grants; providing for alternative education demonstration grants; further providing for State funding; providing for articulation agreements; further providing for definitions and for limitations; providing for transfer of credits between institutions of higher education and for transportation of certain students; further providing for definitions and for small district assistance; providing for basic education funding for 2005-2006 school year and for funding for partnership schools; further providing for payments on account of limited English proficiency programs, for payments to intermediate units and for special education payments to school districts; providing for special education community support services; further providing for payments, for approved reimbursable rental for leases and for Pennsylvania Accountability Grants; and providing for Statewide costing-out study.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 111(a), (c) and (i) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, amended December 19, 1990 (P.L.1362, No.211) and July 4, 2004 (P.L.536, No.70), are amended and the section is amended by adding subsections to read:

Section 111. Background Checks of Prospective Employees; Conviction of Employees of Certain Offenses.—(a) This section shall apply to all prospective employees of public and private schools, intermediate units and area vocational-technical schools, including independent contractors and their employees, except those employees and independent contractors and their employees who have no direct contact with children. *This subsection shall expire March 31, 2007.*

(a.1) Beginning April 1, 2007, this section shall apply to all prospective employees of public and private schools, intermediate units and area

vocational-technical schools, including, but not limited to, teachers, substitutes, janitors, cafeteria workers, independent contractors and their employes, except those employes and independent contractors and their employes who have no direct contact with children.

(1) Beginning April 1, 2007, this section shall apply to bus drivers offered employment by a school district, private school, nonpublic school, intermediate unit or area vocational-technical school or by an independent contractor.

(2) Beginning April 1, 2007, this section shall apply to student teacher candidates assigned to all public and private schools, intermediate units and area vocational-technical schools.

(3) For purposes of this section, "student teacher candidate" shall mean an individual participating in a classroom teaching, internship, clinical or field experience who, as part of a program for the initial or advanced preparation of professional educators, performs classroom teaching or assists in the education program in a public or private school, intermediate unit or area vocational-technical school under the supervision of educator preparation program faculty.

(4) Prior to a student teacher candidate's participation in any classroom teaching, internship, clinical or field experience, that candidate shall provide to the administrator of his or her educator preparation program all criminal history record information required of an employe or prospective employe who is subject to this section.

(5) The student teacher candidate may not participate in any classroom teaching, internship, clinical or field experience if this section would prohibit an employe or prospective employe subject to this section from being employed under those circumstances.

(6) During the course of a student teacher candidate's participation in an educator preparation program, the administrator of the student teacher candidate's educator preparation program shall maintain a copy of the criminal history record information that was provided by the student teacher candidate. The penalty provisions of subsection (g) shall be applicable to the administrator of a student teacher candidate's educator preparation program.

(7) If a student teacher candidate is continuously enrolled in an educator preparation program, the criminal history record information initially submitted by that candidate to that program shall remain valid during that period of enrollment. If a student teacher candidate's enrollment in an educator preparation program is interrupted or if that candidate transfers to another educator preparation program, the candidate shall provide to the administrator of his or her educator preparation program all criminal history record information required of an employe who is subject to this section.

* * *

(c) Where the applicant has not been a resident of this Commonwealth for at least two (2) years immediately preceding the date of application for employment, administrators shall require the applicant to submit with the application for employment a set of fingerprints which may be submitted to the Federal Bureau of Investigation for Federal criminal history record information pursuant to the Federal Bureau of Investigation appropriation of Title II of Public Law 92-544, 86 Stat. 1115 or a copy of such Federal criminal history record. Administrators shall forward the set of fingerprints for the Federal criminal history record to the Department of Education. The Department of Education shall be the intermediary for the purposes of this section. The Department of Education shall return the Federal criminal history record to the applicant. When the applicant provides a copy of the Federal criminal history record, it shall be no more than one (1) year old. Administrators shall maintain a copy of the required information and shall require each applicant to produce a Federal criminal history record that may not be more than one (1) year old at the time of employment. The original Federal criminal history record shall be returned to the applicant. *This subsection shall expire March 31, 2007.*

(c.1) Beginning April 1, 2007, administrators shall require the applicant to submit with the application for employment a copy of the Federal criminal history record in a manner prescribed by the Department of Education. When the applicant provides a copy of the Federal criminal history record, it shall be no more than one (1) year old. Administrators shall maintain a copy of the required information and shall require each applicant to produce a Federal criminal history record that may not be more than one (1) year old at the time of employment. The original Federal criminal history record shall be returned to the applicant.

* * *

(i) Notwithstanding subsections (b) [and (c)], (c) and (c.1), administrators, *before April 1, 2007*, may employ *in-State* applicants on a provisional basis for a single period not to exceed thirty (30) days [or, for] *and may employ* out-of-State applicants[, a period of] *on a provisional basis for a single period not to exceed* ninety (90) days[, except] *and, after March 31, 2007, may employ any applicants on a provisional basis for a single period not to exceed ninety (90) days, except* during a lawful strike proceeding under the provisions of the act of July 23, 1970 (P.L.563, No.195), known as the "Public Employee Relations Act," provided that all of the following conditions are met:

(1) the applicant has applied for the information required under subsection (b) and, where applicable, under subsection (c) *or (c.1)* and the applicant provides a copy of the appropriate completed request forms to the administrator;

(2) the administrator has no knowledge of information pertaining to the applicant which would disqualify him from employment pursuant to subsection (e);

(3) the applicant swears or affirms in writing that he is not disqualified from employment pursuant to subsection (e);

(4) if the information obtained pursuant to subsection (b) [or (c)], (c) or (c.1) reveals that the applicant is disqualified from employment pursuant to subsection (e), the applicant shall be suspended and subject to termination proceedings as provided for by law; and

(5) the administrator requires that the applicant not be permitted to work alone with children and that the applicant work in the immediate vicinity of a permanent employe.

Section 1.1. The act is amended by adding sections to read:

Section 504.1. Competitive Food or Beverage Contracts.—(a) (1) A board of school directors of a school district or any of the schools under its jurisdiction shall not enter into an exclusive competitive food or beverage contract unless the board of school directors provides reasonable public notice or holds a public hearing about the contract.

(2) As used in this subsection, “reasonable public notice” shall mean providing notice to parents or guardians utilizing normal school communication procedures at least 30 days prior to the board of school directors or any of the schools under its jurisdiction entering into an exclusive competitive food or beverage contract, which notice includes guidance for parents or guardians on how to offer public comment regarding the contract.

(b) A board of school directors or any of the schools under its jurisdiction shall not enter into any contract prohibiting a school district employe from disparaging the goods or services of the party contracting with the board of school directors or any of the schools under its jurisdiction.

(c) (1) No contract entered into under this section may include a confidentiality clause prohibiting a board of school directors or any of the schools under its jurisdiction from making any part of the contract public.

(2) A contract entered into or renewed under this section shall be made accessible to the public pursuant to section 2 of the act of June 21, 1957 (P.L.390, No.212), referred to as the Right-to-Know Law.

(d) The board of school directors shall report the amounts and specific sources of funds received and the nature of expenditures made from funds received from a competitive food or beverage contract at a regularly scheduled board meeting, a public hearing or on the school district’s Internet website.

(e) The board of school directors may post signs publicly expressing the school district’s appreciation of a business or person that supports the school district’s educational programs.

(f) As used in this section, the term “competitive food or beverage” means any food or beverages offered or sold in competition with reimbursable meals served under the National School Lunch or School Breakfast Program.

Section 614. Certain Budget Timelines.—(a) *Notwithstanding the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the “Taxpayer Relief Act,” for the first fiscal year which begins after June 30, 2006, each board of school directors shall prepare and adopt its budget and establish its rates of taxation according to the laws in effect prior to June 27, 2006, and this act.*

(b) *This section shall expire January 1, 2007.*

Section 2. Section 687(j) of the act, amended July 13, 2005 (P.L.226, No.46), is amended to read:

Section 687. Annual Budget; Additional or Increased Appropriations; Transfer of Funds.—* * *

(j) Notwithstanding any other provisions of this act, the board of school directors of each school district may reopen its 2003-2004 budget, its 2004-2005 budget [or], its 2005-2006 budget *or its 2006-2007 budget* to reflect any State allocations for fiscal year 2003-2004, fiscal year 2004-2005 [or], fiscal year 2005-2006 *or fiscal year 2006-2007* provided by the General Assembly through this act.

Section 2.1. Section 921-A of the act, amended May 10, 2000 (P.L.44, No.16), is amended to read:

Section 921-A. Financial Reports.—An annual financial report shall be submitted to the Secretary of Education by each intermediate unit not later than the [first] 31st day of October, together with an auditor’s report prepared by an independent auditor who shall be a certified public accountant or other competent public accountant. All financial accounting and reporting by intermediate units to the Department of Education shall be in accordance with generally accepted accounting and reporting standards.

Section 2.2. The act is amended by adding a section to read:

Section 1195. Distinguished Educators Program.—(a) *The Department of Education shall establish a Distinguished Educators Program for organizing individuals into a State corps of educators for the purpose of making them available throughout this Commonwealth to help eligible school districts and schools improve the quality of education.*

(b) *The department shall develop guidelines, standards and criteria for the selection of participants. At a minimum, candidates must hold administrative or instructional certificates and have satisfactory experience as a teacher or school administrator for a minimum of five (5) years prior to the date of application. Candidates selected for participation shall have knowledge and skills relating to school leadership, management, curriculum and instruction.*

(c) *Applications shall be submitted to the department in a form and manner prescribed by the department. The application form and information relating to applying for the program, along with criteria to be used to review applications, shall be published in the Pennsylvania Bulletin and may be placed on the department’s Internet website.*

(d) The following applies for school year 2007-2008 and each school year thereafter:

(1) The department shall appoint a selection committee to annually select from the applications received those individuals who will participate in the program.

(2) At least ninety per centum (90%) of the individuals selected for participation in any year must possess an instructional or administrative certificate issued by the Commonwealth.

(3) An individual selected must not be an employe of the department or a professional organization representing school boards of directors, school administrators, school principals or teachers.

(e) By participating in the program, all individuals recognized as Distinguished Educators by the department agree to provide assistance to eligible school districts and schools at the request of the department.

(f) The department shall establish an intensive and comprehensive training program for Distinguished Educators in order to participate in the program. Individuals must attend and complete the training program before being named a Distinguished Educator. The department shall require additional training from time to time to ensure the continued competencies of Distinguished Educators and the integrity of the program. Training shall be provided at no cost to participants. The training program shall include instruction relating to school district and school management, methods of personnel evaluation, school district and school organization, curriculum and assessment techniques and methodologies. Participants in the program will be compensated by the department during training pursuant to subsection (j).

(g) The following apply:

(1) Upon request of the department, a Distinguished Educator may be assigned to provide assistance to an eligible school district or to one or more schools within that school district as part of a team of Distinguished Educators.

(2) No Distinguished Educator may be assigned as a consultant to the department.

(3) The following apply:

(i) A Distinguished Educator may be assigned to provide assistance to one or more eligible school districts for a period of at least one (1) school semester, which may be extended upon mutual agreement of the Distinguished Educator and the department. A Distinguished Educator shall not be assigned to a school district from which leave was granted for the Distinguished Educator pursuant to subsection (h).

(ii) While on assignment, a Distinguished Educator shall do all of the following:

(A) Cooperate with the superintendent and leadership team in the school districts where they are serving schools.

(B) Work cooperatively with other members of the Distinguished Educators Program and the department.

(C) Recommend curriculum and assessment techniques and methodologies.

(h) Any school district, intermediate unit or area vocational-technical school may grant leave to a Distinguished Educator to serve under and in accordance with the provisions of this article.

(i) If leave is granted under subsection (h), Distinguished Educators shall maintain the rights and obligations established in sections 1168 and 1170, but the leave shall not be subject to section 1166, 1166.1, 1167 or 1169.

(j) The department shall compensate an individual serving as a Distinguished Educator based on a formula developed by the department and published annually in the Pennsylvania Bulletin by August 1 of each year. The department shall make payment only to the extent that funds are appropriated for this purpose. The department shall not pay any costs incurred by a school district to fill a vacancy resulting from the absence of a Distinguished Educator during the leave granted pursuant to subsection (h).

(k) Notwithstanding the provisions of 24 Pa.C.S. § 8346 (relating to termination of annuities), an individual who is an annuitant may serve as a Distinguished Educator without the loss of his annuity. While serving as a Distinguished Educator, the annuitant shall not be entitled to earn any credited service, and no contributions shall be made by the annuitant or the department on account of such service as a Distinguished Educator.

(l) As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

The term "eligible school district" shall mean a school district which meets at least one of the following criteria:

(1) Has one or more schools in corrective action.

(2) Has one or more schools which have not met their academic adequate yearly progress targets in math and reading for the school overall.

(3) Has one or more schools which have not met their academic adequate yearly progress targets in math and reading for a particular subgroup for two consecutive years.

(4) Has one or more schools which have met their academic adequate yearly progress targets in math and reading only by the department's application of section 1111(b)(2)(I)(i) of the No Child Left Behind Act of 2001 (115 Stat. 1445, 20 U.S.C. § 6311(b)(2)(A)(i)), the Pennsylvania Performance Index or confidence intervals.

"Selection committee." A committee formed by the department which, at a minimum, includes one of each of the following:

(1) A Pennsylvania educator who has been recognized by a national, State or independent organization for excellence in education.

- (2) *A Pennsylvania education practitioner.*
- (3) *A national education practitioner.*
- (4) *A Pennsylvania education researcher.*
- (5) *A department representative.*

With the exception of the department representative, a member of the selection committee under clause (1), (2), (3) or (4) must not be an employe of the department or a school entity administering the program.

Section 2.3. Sections 1205.1(c.1) and 1205.2(c) of the act, amended or added November 23, 1999 (P.L.529, No.48), are amended to read:

Section 1205.1. Continuing Professional Development.—* * *

(c.1) The continuing professional education plan shall specify the professional education needs that will be met by completion of each continuing professional education option and how it relates to areas of assignment and certification or potential administrative certification. The options may include, but shall not be limited to:

- (1) Collegiate studies.
- (2) Continuing professional education courses taken for credit.
- (3) Other programs, activities or learning experiences taken for credit or hourly, to include:

(i) curriculum development and other program design and delivery activities at the school entity or grade level as determined by the school entity and approved by the board of directors;

(ii) participation in professional conferences and workshops;

(iii) education in the workplace, where the work relates to the professional educator's area of assignment and is approved by the board of directors;

(iv) review, redesign and restructuring of school programs, organizations and functions as determined by the school entity and approved by the board of directors;

(v) in-service programs that comply with guidelines established by the department;

(vi) early childhood and child development activities for professional educators whose area of assignment includes kindergarten through third grade;

(vii) special education activities for professional educators whose area of assignment includes students with special needs; [or]

(viii) ***successful completion of department training for service as a Distinguished Educator if the professional educator participates in and completes at least one assignment in the Distinguished Educators Program; or***

(ix) other continuing professional education courses, programs, activities or learning experiences sponsored by the department.

* * *

Section 1205.2. Program of Continuing Professional Education.—* * *

(c) The requirements of subsection (a) may be satisfied by a professional educator, whether or not presently employed by a school entity, by the successful completion of credits or hours to include any of the following:

(1) Credits of collegiate studies related to an area of the professional educator's assignment or certification at an institution of higher education approved by the department.

(2) Credits of continuing professional education courses related to an area of the professional educator's assignment or certification conducted by providers approved by the department.

(3) Hours of other continuing professional education programs, activities or learning experiences related to an area of the professional educator's assignment or certification conducted by providers approved by the department.

(4) Credits or hours completed in any collegiate studies, continuing professional education courses or continuing professional education programs, activities or learning experiences included in the professional education plan of the professional educator's school entity and conducted by:

- (i) the department;
- (ii) providers approved by the department;
- (iii) the professional educator's school entity; or
- (iv) providers approved as part of the professional education plan of the professional educator's school entity.

(5) Credits or hours not included in clauses (1) through (4) approved by the board of directors of the school entity.

(6) Credits or hours required to obtain administrator certification.

(7) Credits or hours in an area other than the area of the professional educator's assignment or certification if the professional educator may be transferred by the board of directors to another assignment. The credits or hours must be approved for the professional educator by the board of directors.

(8) Successful completion of department training for service as a Distinguished Educator if the professional educator participates in and completes at least one assignment in the Distinguished Educators Program.

Section 2.4. Section 1310-A of the act is amended by adding a subsection to read:

Section 1310-A. Safe Schools Advocate in School Districts of the First Class.—***

(i) At least eighty per centum (80%) of all appropriations for the Office of Safe Schools Advocate in fiscal year 2006-2007 shall be expended by June 30, 2007, and the remaining balance of the appropriation shall be committed or encumbered by June 30, 2007.

Section 2.5. Section 1402(a) of the act, amended August 9, 1963 (P.L.642, No.340), is amended to read:

Section 1402. Health Services.—(a) Each child of school age shall be given by methods established by the Advisory Health Board, (1) a vision test by a school nurse, medical technician or teacher, (2) a hearing test by a school nurse or medical technician, (3) a measurement of height and weight by a school nurse or teacher, *who shall use the measurement to compute a child's weight-for-height ratio*, (4) tests for tuberculosis under medical supervision, and (5) such other tests as the Advisory Health Board may deem advisable to protect the health of the child. Vision tests shall be given at least annually and other tests at intervals established by the Advisory Health Board.

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Section 2.6. Section 1422 of the act, amended January 14, 1970 (1969 P.L.468, No.192), is amended to read:

Section 1422. Advisory Health Councils.—District superintendents may set up advisory health councils to study health needs **[and to]**, assist in organizing follow-up programs**[. An]** *and provide recommendations on the development of the local wellness policy required under section 1422.1. To every extent possible, an* advisory health council shall be composed of *district representatives, including a school administrator, a student and a school food service professional, and* representatives of the medical and dental associations, social organizations, **[veterans' organizations,]** parent-teacher associations, service clubs, *physical education, health education, school counseling, school psychological and social services, health and wellness professionals, including a certified school nurse and a licensed dietitian, and other family and community* organizations in the area served. Those making the medical and dental examinations shall make to this advisory council an annual report, and later a report on the remedial work which has been accomplished during the school year.

Section 2.7. The act is amended by adding sections to read:

Section 1422.1. Local Wellness Policy.—(a) Not later than the first day of the school year beginning after June 30, 2006, each local education agency shall, pursuant to section 204 of the Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265, 118 Stat. 729), establish a local wellness policy for schools within the local education agency.

(b) A local education agency to which 22 Pa. Code § 4.13 (relating to strategic plans) applies shall include the local wellness policy as part of the strategic plan required under 22 Pa. Code § 4.13.

(c) A local education agency may submit its local wellness policy or information on other initiatives regarding child health, nutrition and physical education to the Department of Education for inclusion in the clearinghouse established under section 1422.3(3).

Section 1422.2. Interagency Coordinating Council for Child Health, Nutrition and Physical Education.—(a) The Secretary of Education, the Secretary of Health and the Secretary of Agriculture shall establish an interagency coordinating council which shall annually review, revise and

publish a Pennsylvania Child Wellness Plan to promote child health, nutrition and physical education. The council shall be composed of employes of the Department of Education, the Department of Health and the Department of Agriculture. The Secretary of Education shall appoint the chairman of the council.

(b) The Secretary of Education shall establish an advisory committee to offer recommendations to the council. The secretary shall appoint no fewer than eight members to the advisory committee, who may include experts from the fields of health, education, research, community development and business. The advisory committee shall meet at least twice annually.

(c) In the initial publication of the Pennsylvania Child Wellness Plan to promote child health, nutrition and physical education, the council shall integrate the contents of the Pennsylvania Nutrition and Activity Plan to Prevent Obesity and Related Chronic Diseases and shall include additional recommendations regarding:

- (1) Nutritional guidelines for food and beverages sold in schools.*
- (2) Local wellness policies.*
- (3) Physical education curriculum.*
- (4) Teaching about nutrition and obesity.*
- (5) The utilization of any Federal funds identified by the council that may be available to local education agencies to enhance initiatives regarding child health, nutrition, physical education, local wellness policies and advisory health councils.*
- (6) A process through which the Secretary of Education may monitor and evaluate any outcomes that may result from the implementation of initiatives regarding child health, nutrition, physical education, local wellness policies and advisory health councils.*

(d) The council shall submit the plan to the Secretary of Education, the Secretary of Health and the Secretary of Agriculture no later than May 1, 2007, and May 1 of each year thereafter. The Secretary of Education shall submit the final plan to the Governor, the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives by June 1, 2007, and June 1 of each year thereafter. The final plan shall be included on the Department of Education's, Department of Health's and Department of Agriculture's Internet websites.

Section 1422.3. Duties of Department of Education.—The Department of Education shall, in order to promote initiatives regarding child health, nutrition and physical education:

(1) To every extent possible, include programs related to child health, nutrition and physical education as part of the continuing professional education courses, programs, activities or learning experiences required under section 1205.2(f).

(2) Collaborate with the Department of Health to apply for Federal funds related to coordinated school health funding to enhance initiatives

regarding child health, nutrition, physical education, local wellness policies and advisory health councils.

(3) Establish a clearinghouse of wellness policies and information regarding child health, nutrition and physical education submitted to the department by local education agencies pursuant to section 1422.1(c). Such information shall be made available on the department's Internet website.

(4) To every extent possible, maintain information related to teaching about nutrition and obesity, which information shall include concepts of healthy eating, including nutrient density and portion control, and the physical, psychological and nutritional causes of obesity. Such information shall be made available on the department's Internet website.

Section 1512.1. Physical Education.—The board of school directors in every school district shall establish a curriculum aligned with Pennsylvania academic standards on health, safety and physical education that, pursuant to 22 Pa. Code § 4.27 (relating to physical education and athletics), requires pupils enrolled in the district to participate in physical education.

Section 2.8. Section 1513 of the act is amended to read:

Section 1513. Physiology and Hygiene.—Physiology and hygiene, which shall in each division of the subject so pursued include special reference to the effect of alcoholic drinks, stimulants, and narcotics upon the human system, and which shall also include special reference to tuberculosis and its prevention[,] *as well as nutrition and obesity*, shall be introduced and studied as a regular branch by all pupils in all departments of the public schools, and in all educational institutions supported wholly or in part by appropriations from this Commonwealth.

Section 2.9. Section 1512-C(g) of the act, amended July 13, 2005 (P.L.226, No.46), is amended to read:

Section 1512-C. Educational Assistance Program.

* * *

(g) Educational assistance funding.—

(1) During the 2003-2004, 2004-2005 [and], 2005-2006 *and 2006-2007* school years, the department shall provide each eligible school entity with educational assistance funding calculated by:

(i) Dividing the number of Pennsylvania System of School Assessment tests administered in the eligible school entity on which students scored below proficient in reading or mathematics by the total number of Pennsylvania System of School Assessment tests administered in the eligible school entity in reading and mathematics during the 2002-2003 school year.

(ii) Multiplying the quotient from subparagraph (i) by the average daily membership of the eligible school entity during the 2002-2003 school year.

(iii) Multiplying the product from subparagraph (ii) by the dollar value of funds appropriated to the Department of Education for the Educational Assistance Program in the 2004-2005 fiscal year.

(iv) Dividing the product from subparagraph (iii) by the sum of the products of subparagraph (ii) for all eligible school entities that qualify for grant funds under this paragraph.

(1.1) During the 2005-2006 [school year] and 2006-2007 school years, the department shall provide each school entity with at least one school that has failed to achieve its 2005 mathematics proficiency target or its 2005 reading proficiency target with educational assistance funding for the support of tutoring services to eligible students enrolled in seventh through twelfth grades. Such funding shall be calculated as follows:

(i) Dividing the number of Pennsylvania System of School Assessment tests administered in the eligible school entity to eleventh grade students on which such students scored below the 2005 reading or mathematics proficiency target by the total number of Pennsylvania System of School Assessment tests administered in the eligible school entity to eleventh grade students in reading and mathematics during the 2003-2004 school year.

(ii) Multiplying the quotient from subparagraph (i) by the average daily membership of the eligible school entity during the 2004-2005 school year.

(iii) Multiplying the product from subparagraph (ii) by the difference between the dollar value of funds appropriated to the department for the educational assistance program in the 2004-2005 fiscal year and the dollar value of funds appropriated to the department for the educational assistance program in the [2005-2006] 2006-2007 fiscal year.

(iv) Dividing the product from subparagraph (iii) by the sum of the products of subparagraph (ii) for all eligible school entities that qualify for grant funds under this paragraph.

(2) The amount of educational assistance funding provided under this article shall be limited to funds appropriated for this purpose.

Section 3. The definition of "eligible postsecondary institution" in section 1602-B of the act, added July 13, 2005 (P.L.226, No.46), is amended to read: Section 1602-B. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Eligible postsecondary institution." A nonprofit two-year or four-year public or private college or university or an eligible private licensed school approved to operate in this Commonwealth. [The term does not include a foreign corporation.]

* * *

Section 4. Sections 1603-B and 1611-B of the act, added July 13, 2005 (P.L.226, No.46), are amended to read:

Section 1603-B. Responsibilities of department and State Board of Education.

(a) Rules and regulations.—The State Board of Education shall promulgate any regulations necessary to carry out the provisions of this article pursuant to the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act.

(b) Promotional materials.—The department shall publish promotional materials on its publicly accessible website that may be used by school entities to inform parents and students **[enrolled in the school entities]** about the requirements, features and opportunities of concurrent enrollment programs established under this article. To the extent that the department provides school entities with printed promotional materials for dissemination, the department shall make such materials available, upon request, to any charter school, nonpublic school, private school or home education program.

(c) Grants.—

(1) The department shall provide a grant to any school entity that has applied for grant funds under section 1611-B(c) and has approved a concurrent enrollment program as set forth in this article. The grant amount to each school entity shall be calculated for each concurrent course as follows:

(i) Determine the total approved cost for all concurrent students who are residents of the school district or enrolled in the area vocational-technical school.

(ii) Multiply the amount from subparagraph (i) by the sum of 0.425 and the market value/income aid ratio of the school entity, provided that where a concurrent student is enrolled in an area vocational-technical school, the market value/income aid ratio shall be the average of the market value/income aid ratios of the concurrent students' school districts of residence.

(2) (i) The total amount of **[grants provided] grant funds available** for concurrent courses classified as early college high school, middle college high school or gateway to college programs shall **[not exceed 4%] equal 6%** of the total amount of funds appropriated for concurrent enrollment programs under this article.

(ii) *Where the total amount of grants provided for concurrent courses classified as early college high school, middle college high school or gateway to college programs is less than the total amount of grant funds available under this paragraph, any unexpended grant funds shall be made available for other concurrent students.*

(3) (i) The total amount of **[grants provided on behalf of] grant funds available for** concurrent students who are enrolled in charter schools, nonpublic schools, private schools or home education

programs shall **[not exceed 4%] equal 6%** of the total amount of funds appropriated for concurrent enrollment programs under this article.

(ii) Where the total amount of grants provided on behalf of concurrent students who are enrolled in charter schools, nonpublic schools, private schools or home education programs is less than the total amount of grant funds available under this paragraph, any unexpended grant funds shall be made available for other concurrent students.

(4) The grant amount shall not exceed 100% of the total approved cost of a concurrent course. Where funds appropriated for this program are insufficient to fund the full amount of all grants calculated under this subsection, each grant amount shall be reduced on a pro rata basis.

(d) Supplemental grants.—

(1) The department shall provide a supplemental grant amount to any school entity that has applied for grant funds under section 1611-B(c) and has at least one low-income concurrent student enrolled in a concurrent course. The supplemental grant amount shall equal the cost of tuition, books and fees for which a low-income concurrent student is responsible in order to enroll in a concurrent course.

(2) *(i)* The **[sum of all supplemental grants provided] total amount of grant funds available** under this subsection shall **[not exceed 8%] equal 15%** of the total amount of funds appropriated for concurrent enrollment programs under this article. Where funds available for supplemental grants are insufficient to fund the full amount of all supplemental grants under this subsection, supplemental grant amounts shall be reduced on a pro rata basis.

(ii) Where the total amount of supplemental grants provided on behalf of low-income concurrent students is less than the total amount of grant funds available under this paragraph, any unexpended grant funds shall be made available for other concurrent students.

(e) Technical assistance.—Upon request of a board of school directors of a school entity, the department shall provide technical assistance in the development of concurrent enrollment agreements and concurrent enrollment programs.

(f) Annual report.—The department shall produce an annual report on concurrent enrollment programs using the reporting information submitted by school entities under section 1611-B(b). The annual report shall be provided to the chairman and minority chairman of the Appropriations Committee of the Senate, the chairman and minority chairman of the Appropriations Committee of the House of Representatives, the chairman and minority chairman of the Education Committee of the Senate and the chairman and minority chairman of the Education Committee of the House of Representatives *no later than February 1, 2007, and February 1 of each*

year thereafter. The report shall be published on the department's publicly accessible website.

Section 1611-B. Responsibilities of school entities.

(a) Concurrent enrollment program.—A school entity seeking a grant under section 1603-B(c) shall do all of the following:

(1) Enter into a concurrent enrollment agreement with an eligible postsecondary institution or institutions as required under section 1613-B.

(2) Form a concurrent enrollment committee as required under section 1612-B.

(3) (i) Except as provided in subparagraph (ii), provide, no later than 90 days prior to the date on which an application is submitted pursuant to subsection (c), written notice of the availability of the concurrent enrollment program to:

(A) Any nonpublic or private school for which the school entity provides free transportation as required under section 1361.

(B) Any charter school approved to operate within the school entity.

(C) The parents of students enrolled in a home education program under section 1327.1.

(ii) For the 2006-2007 school year, a school entity shall provide the information required under this subparagraph no later than 30 days prior to the date on which an application is submitted under subsection (c).

(b) Annual reporting information.—A school entity that receives a grant under section 1603-B(c) shall submit an annual report to the department. The report shall include:

(1) The eligible postsecondary institution or institutions with which the school entity has established a concurrent enrollment program.

(2) The number of concurrent students participating in a concurrent enrollment program.

(3) The number of concurrent students participating in a concurrent enrollment program who are enrolled in early college high school, middle college high school or gateway to college programs.

(4) The approved courses offered through a concurrent enrollment program.

(5) The total approved cost for each concurrent course.

(6) The total amount of grant funds received pursuant to section 1603-B(c).

(7) The number of concurrent students enrolled in charter schools, nonpublic schools, private schools or home education programs.

(c) Application for grant funds.—A school entity seeking grant funds under section 1603-B(c) ***for the 2005-2006 school year*** shall submit an application to the department no later than September 15, 2005., **and August 15 of each year thereafter.]**

(1) A school entity seeking grant funds under section 1603-B(c) for the 2006-2007 school year shall submit an application to the department no later than August 15, 2006.

(2) A school entity seeking grant funds under section 1603-B(c) for the 2007-2008 school year and each school year thereafter shall submit an application to the department no later than February 15. The application shall include:

[(1)] (i) The total approved cost of each concurrent course included in the concurrent enrollment agreement.

[(2)] (ii) The number of concurrent students to be enrolled in each concurrent course pursuant to the concurrent enrollment agreement.

[(3)] (iii) The cost of tuition, books and fees for which a student will be responsible in order to enroll in each concurrent course included in the concurrent enrollment agreement.

[(4)] (iv) The number of low-income concurrent students to be enrolled in each concurrent course pursuant to the concurrent enrollment agreement.

[(5)] (v) The number of concurrent students to be enrolled in early college high school, middle college high school or gateway to college programs pursuant to the concurrent enrollment agreement.

[(6)] (vi) The eligible postsecondary institutions at which concurrent courses will be offered pursuant to the concurrent enrollment agreement.

(vii) The number of concurrent students enrolled in charter schools, nonpublic schools, private schools or home education programs.

(d) Use of grant funds.—A school entity shall use the grants provided under section 1603-B(c) and (d) to pay the portion of total approved costs for which it is provided grants.

(e) Limitation.—A school entity shall not be responsible for the payment of any portion of the total approved costs for any concurrent student enrolled in a charter school, nonpublic school, private school or home education program in excess of the grants provided under section 1603-B(c) and (d).

(f) Construction.—Nothing in this article shall be construed to preclude a school entity that does not receive a grant under section 1603-B(c) from continuing or entering into an agreement with an institution of higher education under the provisions of section 1525.

Section 4.1. Section 1726-A of the act, amended December 9, 2002 (P.L.1472, No.187), is amended to read:

Section 1726-A. Transportation.—(a) Students who attend a charter school located in their school district of residence, a regional charter school of which the school district is a part or a charter school located outside district boundaries at a distance not exceeding ten (10) miles by the nearest public highway shall be provided free transportation to the charter school by their school district of residence]. **School districts of the first class shall also provide transportation to the students if they are the same age or**

are enrolled in the same grade, grades or their grade equivalents as any students of the district for whom transportation is provided under any program or policy to the schools of the district. Notwithstanding any provision of law to the contrary, transportation shall be provided to charter school students by their school district of residence] on such dates and periods that the charter school is in regular session whether or not transportation is provided on such dates and periods to students attending schools of the district. *Transportation is not required for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway from the charter school in which the students are enrolled unless the road or traffic conditions are such that walking constitutes a hazard to the safety of the students when so certified by the Department of Transportation, except that if the school district provides transportation to the public schools of the school district for elementary students, including kindergarten students, residing within one and one-half (1.5) miles or for secondary students residing within two (2) miles of the nearest public highway under nonhazardous conditions, transportation shall also be provided to charter schools under the same conditions.* Districts providing transportation to a charter school outside the district shall be eligible for payments under section 2509.3 for each public school student transported.

(a.1) In addition to any other requirements in this section, school districts of the first class shall provide transportation to students who attend a charter school if they are the same age or are enrolled in the same grade, grades or their grade equivalents as any of the students of the school district for whom transportation is provided under any program or policy to the schools of the school district.

(b) In the event that the Secretary of Education determines that a school district is not providing the required transportation to students to the charter school, the Department of Education shall pay directly to the charter school funds for costs incurred in the transportation of its students. Payments to a charter school shall be determined in the following manner: for each eligible student transported, the charter school shall receive a payment equal to the total expenditures for transportation of the school district divided by the total number of school students transported by the school district under any program or policy.

(c) The department shall deduct the amount paid to the charter school under subsection (b) from any and all payments made to the district.

(d) A school district of the first class shall submit a copy of its current transportation policy to the department no later than August 1 of each year.

Section 5. Section 1702-B of the act is amended by adding a definition to read:

Section 1702-B. Definitions.—For purposes of this article, the following terms shall have the following meanings:

“Commonwealth partnership school district.” A school district for which within sixty (60) days of the effective date of this definition the Secretary of Education has determined all of the following:

(1) The school district has experienced a decline of fifteen per centum (15%) or more in student enrollment during the immediately preceding five-year period.

(2) The school district has experienced a loss of revenue during the immediately preceding three-year period due to the statutory removal of one or more of the sources of revenue made available pursuant to section 652.1.

(3) The school district has an equalized millage for the 2004-2005 fiscal year of greater than twenty-seven (27).

**** * ****

Section 6. Section 1703-B(a) of the act, amended December 23, 2003 (P.L.304, No.48), is amended and the section is amended by adding a subsection to read:

Section 1703-B. Education Empowerment List.—(a) The department shall place a school district that has a history of low test performance [or], a history of financial distress *or is designated by the secretary as a Commonwealth partnership school district* on an education empowerment list. The department shall immediately notify the school district of its placement on the education empowerment list and shall publish the list in the Pennsylvania Bulletin. A school district may petition the department to exclude from its calculation under this subsection or section 1707-B(a.1) the PSSA test score of any student who was enrolled in the district for less than ninety (90) instructional days of the school year in which the test was administered.

**** * ****

(e.2) (1) Where a school district has been placed on the education empowerment list due to the designation by the secretary as a Commonwealth partnership school district, the school district improvement plan developed pursuant to subsection (c) shall give priority consideration to and set forth specific goals for improving the financial stability of the school district. The plan shall include implementation and completion plans for any realignment plan reducing excess capacity adopted by the board of school directors and any plans for increasing the level of achievement of African-American students.

(2) Within thirty (30) days of notification of its designation as a Commonwealth partnership school district, the school district shall submit to the secretary for approval a plan for more efficient and effective management of school district special education programs. In addition to any other elements the plan may include, the plan shall describe how special education services should most appropriately be targeted to ensure that all services meet the needs of each child and are provided in the most economical setting.

(3) The secretary may make revisions to this plan to ensure that the educational needs of the students and the fiscal constraints of the school district are fully addressed.

(4) The department shall review the school district's progress on an annual basis in order to determine whether the school district is on track to meet the requirements set forth in this section by the end of the three-year period.

(5) If the school district does not demonstrate sufficient progress, the secretary may request revision of the plan to the extent necessary to ensure the goals are achieved.

(6) The school district shall submit to the secretary on a quarterly basis reports that outline the steps taken to implement the actions outlined in the plan and the progress made. The secretary may ask for additional reports if necessary.

(7) Nothing within this provision shall be construed as conflicting with any provision of Federal or State special education law.

* * *

Section 7. Section 1704-B of the act is amended by adding a subsection to read:

Section 1704-B. Board of School Directors.—* * *

(c) (1) In addition to all current rights, powers, privileges, prerogatives and duties, a board of school directors of a school district that has been placed on the empowerment list due to the designation by the secretary as a Commonwealth partnership school district shall have the power to cancel or renegotiate any contract, other than collective bargaining agreements, for the purpose of making necessary economies in the operation of the schools within the school district; eliminate nonprofessional positions for services nonessential for the operation of the school district; or enter into agreements with individuals, for-profit or nonprofit organizations for the operation of school buildings or groups of school buildings or for the provision of educational or other types of services to or for the school district.

(2) The superintendent shall be responsible for the implementation of a system of performance review of school administrators, as approved by the board of school directors. Administrator performance shall be evaluated on the basis of abilities and effectiveness to manage the operation of the school facilities and staff, manage resources, provide instructional leadership, implement and administer the school budget and promote and maintain a positive educational learning environment.

(3) Based upon an unsatisfactory review and evaluation of a school administrator arising from the implementation of the program established in paragraph (2), a board of school directors may reassign, transfer or suspend the school administrator without regard to section 1125.1 or 1151.

(4) Based upon an unsatisfactory review and evaluation of a school administrator arising from the implementation of the program established

in paragraph (2), a board of school directors may dismiss the school administrator pursuant to the procedure contained in section 1127, provided that the board of school directors shall afford the school administrator notice and an opportunity to be heard pursuant to 2 Pa.C.S. Ch. 5 Subch. B (relating to practice and procedure of local agencies).

(5) As used in this subsection, "school administrator" shall have the same meaning given to it under section 1164.

(6) This subsection shall expire June 30, 2012.

Section 7.1. Section 1705-B(h) of the act, amended December 9, 2002 (P.L.1472, No.187) and July 13, 2005 (P.L.226, No.46), is amended to read:

Section 1705-B. Education Empowerment Districts.—* * *

(h) (1) A school district under a declaration of distress pursuant to section 691(a) and certified as an education empowerment district shall be operated by a special board of control established under section 692. A board of control established under this section shall be abolished upon the appointment of a special board of control under section 692.

(2) For a school district under a declaration of distress pursuant to section 691(a) and certified as an education empowerment district, the special board of control established under section 692 shall have the powers and duties of a special board of control under section 692 and the powers and duties contained in section 1706-B.

(3) For a school district with a history of low test performance that is certified as distressed for a minimum period of two (2) years under sections 691 and 692, the department shall waive the inclusion of the school district on the education empowerment list under section 1703-B(a) and immediately certify the school district as an education empowerment district.

(4) The department may utilize up to ~~[\$2,875,000]~~ **\$3,500,000** of undistributed funds not expended, encumbered or committed from appropriations for grants and subsidies made to the department to assist school districts certified as an education empowerment district under paragraph (3). There is hereby established a restricted account from which payments under this paragraph shall be paid. Funds shall be transferred by the Secretary of the Budget to the restricted account to the extent necessary to make payments under this paragraph. Funds in the restricted account are hereby appropriated to carry out the purposes of this paragraph. The subsidy payment from this account shall be utilized to supplement the operational budget of the eligible school districts. This paragraph shall apply to fiscal years 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 **[and]**, 2005-2006 **and 2006-2007** and shall expire June 30, **[2006] 2007**.

Section 8. Section 1709-B(c.1) of the act, amended December 23, 2003 (P.L.304, No.48), is amended to read:

Section 1709-B. School Improvement Grants.—* * *

(c.1) Where the school district is on the education empowerment list due to a history of financial distress *or to a designation by the secretary as a Commonwealth partnership school district*, grants shall be provided

annually to the school district for use as directed by the school district empowerment team in implementing the school district improvement plan developed pursuant to section 1703-B.

* * *

Section 8.1. Section 1714.1-B of the act, amended July 4, 2004 (P.L.536, No.70), is amended to read:

Section 1714.1-B. Limitation.—**[Notwithstanding] *With the exception of any designation by the secretary as a Commonwealth partnership school district and as provided pursuant to section 1703-B, notwithstanding any other provision of this article, no school district shall be placed on the education empowerment list under section 1703-B or certified as an education empowerment district under section 1705-B or 1707-B on or after June 1, 2004. Any placement or certification that occurs on or after June 1, 2004, shall be null and void.***

Section 9. Section 1903-C of the act is amended by adding a paragraph to read:

Section 1903-C. Alternative Education Grants.—The department shall establish grants for alternative education programs which meet the requirements of this article, to include the following:

* * *

(4) *The department is authorized to utilize for administrative purposes up to one per cent (1%) of the funds appropriated for safe and alternative schools that are not expended, encumbered or committed.*

Section 9.1. The act is amended by adding a section to read:

Section 1906-C. Alternative Education Demonstration Grants.—Grants to school districts from funds appropriated for alternative education demonstration grants shall be used only for behavioral programs and programs for disruptive students.

Section 9.2. Section 1905-D of the act is amended by adding a subsection to read:

Section 1905-D. State Funding.—* * *

(d) Grants from funds appropriated to community education councils in any fiscal year shall be paid in an amount no less than and in the same manner as payments in fiscal year 2005-2006. If a community education council ceases to exist, the funds may be distributed to the remaining community education councils on a pro rata basis.

Section 9.3. The act is amended by adding a section to read:

Section 2020-A. Articulation Agreements.—Funds appropriated for program initiatives, including performance measurement and systemwide technology initiatives, shall be contingent upon the State System of Higher Education making all articulation agreements with other higher education institutions available on its Internet website.

Section 10. Section 2002-B of the act, amended December 23, 2003 (P.L.304, No.48), is amended to read:

Section 2002-B. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Business firm.” An entity authorized to do business in this Commonwealth and subject to taxes imposed under Article IV, VI, VII, VIII-A, VIII, VIII-A, IX or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

“Contribution.” A donation of cash, personal property or services the value of which is the net cost of the donation to the donor or the pro rata hourly wage, including benefits, of the individual performing the services.

“Department.” The Department of Community and Economic Development of the Commonwealth.

“Educational improvement organization.” A nonprofit entity which:

(1) is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.); and

(2) contributes at least 80% of its annual receipts as grants to a public school for innovative educational programs.

For purposes of this definition, a nonprofit entity “contributes” its annual cash receipts when it expends or otherwise irrevocably encumbers those funds for expenditure during the then current fiscal year of the nonprofit entity or during the next succeeding fiscal year of the nonprofit entity.

“Eligible pre-kindergarten student.” [A] *For participation in the pre-kindergarten scholarship program*, a student who is enrolled in a pre-kindergarten program and is a member of a household with an annual household income of not more than \$50,000. An income allowance of \$10,000 shall be allowed for each eligible student and dependent member of the household.

“Eligible student.” A school-age student who is enrolled in a school and is a member of a household with an annual household income of not more than \$50,000. An income allowance of \$10,000 shall be allowed for each eligible student and dependent member of the household.

“Household.” An individual living alone or with the following: a spouse, parent and their unemancipated minor children; and other unemancipated minor children who are related by blood or marriage; or other adults or unemancipated minor children living in the household who are dependent upon the individual.

“Household income.” All moneys or property received of whatever nature and from whatever source derived. The term does not include the following:

(1) Periodic payments for sickness and disability other than regular wages received during a period of sickness or disability.

(2) Disability, retirement or other payments arising under workers’ compensation acts, occupational disease acts and similar legislation by any government.

(3) Payments commonly recognized as old-age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of employment.

(4) Payments commonly known as public assistance or unemployment compensation payments by a governmental agency.

(5) Payments to reimburse actual expenses.

(6) Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, strike benefits, Social Security and retirement.

(7) Compensation received by United States servicemen serving in a combat zone.

“Innovative educational program.” An advanced academic or similar program that is not part of the regular academic program of a public school but that enhances the curriculum or academic program of the public school[.] ***or provides pre-kindergarten programs to public school students.***

“Pre-kindergarten program.” A program of instruction for three-year-old or four-year-old students that utilizes a curriculum aligned with the curriculum of the school with which it is affiliated and which provides a minimum of two hours of instructional and developmental activities per day at least 60 days per school year.

“Pre-kindergarten scholarship organization.” A nonprofit entity which:

(1) either is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.) or is operated as a separate segregated fund by a scholarship organization that has been qualified under section 2003-B; and

(2) contributes at least 80% of its annual cash receipts to a pre-kindergarten scholarship program by expending or otherwise irrevocably encumbering those funds for distribution during the then current fiscal year of the organization or during the next succeeding fiscal year of the organization.

“Pre-kindergarten scholarship program.” A program to provide tuition to eligible pre-kindergarten students to attend a pre-kindergarten program operated by or in conjunction with a school located in this Commonwealth and that includes an application and review process for the purpose of making awards to eligible pre-kindergarten students and awards scholarships to eligible pre-kindergarten students without limiting availability to only students of one school.

“Public school.” A ***public pre-kindergarten where compulsory attendance requirements do not apply or a public kindergarten, elementary school or secondary school at which the compulsory attendance requirements of this Commonwealth may be met and which meets the applicable requirements of Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).***

“Scholarship organization.” A nonprofit entity which:

(1) is exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.); and

(2) contributes at least 80% of its annual cash receipts to a scholarship program.

For purposes of this definition, a nonprofit entity “contributes” its annual cash receipts to a scholarship program when it expends or otherwise irrevocably encumbers those funds for distribution during the then current fiscal year of the nonprofit entity or during the next succeeding fiscal year of the nonprofit entity.

“Scholarship program.” A program to provide tuition to eligible students to attend a school located in this Commonwealth. A scholarship program must include an application and review process for the purpose of making awards to eligible students. The award of scholarships to eligible students shall be made without limiting availability to only students of one school.

“School.” A public or nonpublic *pre-kindergarten*, kindergarten, elementary school or secondary school at which the compulsory attendance requirements of the Commonwealth may be met and which meets the applicable requirements of Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).

“School age.” Children from the earliest admission age to a school’s pre-kindergarten or kindergarten program or, when no pre-kindergarten or kindergarten program is provided, the school’s earliest admission age for beginners, until the end of the school year the student attains 21 years of age or graduation from high school, whichever occurs first.

Section 10.1. Section 2006-B(a) of the act, amended December 23, 2003 (P.L.304, No.48) and July 13, 2005 (P.L.226, No.46), is amended to read: Section 2006-B. Limitations.

(a) Amount.—

(1) The total aggregate amount of all tax credits approved shall not exceed [~~\$44,000,000~~] *\$54,000,000* in a fiscal year. No less than [~~\$29,333,333~~] *\$36,000,000* of the total aggregate amount shall be used to provide tax credits for contributions from business firms to scholarship organizations. No less than [~~\$14,666,666~~] *\$18,000,000* of the total aggregate amount shall be used to provide tax credits for contributions from business firms to educational improvement organizations.

(2) For the fiscal year 2004-2005 and each fiscal year thereafter, the total aggregate amount of all tax credits approved for contributions from business firms to pre-kindergarten scholarship programs shall not exceed \$5,000,000 in a fiscal year.

* * *

Section 10.2. The act is amended by adding an article to read:

ARTICLE XX-C
TRANSFERS OF CREDITS BETWEEN
INSTITUTIONS OF HIGHER EDUCATION

Section 2001-C. Definitions.

The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Career, technical or applied courses.” *Courses usually offered as part of an associate degree curriculum designed to prepare students for entry-level professions, not for transfer to baccalaureate programs for advanced studies.*

“Community college.” *An institution created pursuant to Article XIX-A or the act of August 24, 1963 (P.L.1132, No.484), known as the Community College Act of 1963.*

“Degree objective courses.” *Courses required for completion of a major in a subject area.*

“Department.” *The Department of Education of the Commonwealth.*

“Developmental or remedial courses.” *Courses typically consisting of reading, writing and math designed to prepare students for college-level courses and that are not transferable.*

“Equivalent courses.” *Courses determined to have generally equivalent content and level as determined by the faculty of an institution of higher education consistent with the policy at each institution.*

“Foundation courses.” *Courses required to be completed by students that provide an academic foundation for the degree, general education or advanced study in a major.*

“Independent institution of higher education.” *An institution of higher education which is operated not for profit, located in and incorporated or chartered by the Commonwealth and entitled to confer degrees as set forth in 24 Pa.C.S. § 6505 (relating to power to confer degrees) and to apply to itself the designation “college” or “university” as provided for by the standards and qualifications prescribed by the State Board of Education pursuant to 24 Pa.C.S. Ch. 65 (relating to private colleges, universities and seminaries).*

“Public institution of higher education.” *A community college or an institution which is part of the State System of Higher Education pursuant to Article XX-A.*

“State-related institution.” *The Pennsylvania State University, the University of Pittsburgh, Temple University, Lincoln University and their branch campuses.*

“Transfer and Articulation Oversight Committee.” *The committee established under section 2004-C.*

Section 2002-C. Duties of public institutions of higher education.

(a) Completion.—*Each public institution of higher education shall complete all of the following by June 30, 2008:*

(1) *Participate in the development and implementation of equivalency standards pursuant to section 2004-C(c)(1).*

(2) Establish and maintain records and data detailing the credits transferred to and received from other public institutions of higher education as the department may prescribe.

(3) Make any reasonable changes and modifications to its foundation courses, including the strengthening of the courses, to ensure equivalency of those credits among the public institutions of higher education, as recommended by the Transfer and Articulation Oversight Committee.

(4) Agree to accept for transfer foundation courses determined to meet equivalency standards under section 2004-C(c)(2).

(b) Reporting requirements.—A public institution of higher education shall submit to the department a series of interim reports outlining the actions that the public institution of higher education has undertaken or intends to undertake to comply with subsection (a), which shall be filed December 31, 2006, June 30, 2007, and December 31, 2007.

Section 2003-C. Duties of public institutions of higher education and State-related institutions.

(a) Agreements.—Each public institution of higher education and State-related institution shall provide the Transfer and Articulation Oversight Committee with copies of all articulation agreements for inclusion in the electronic database or software program and portal provided for under section 2005-C(4) within 180 days of the effective date of this section.

(b) Reporting requirements.—The following shall apply to reporting requirements:

(1) Each public institution of higher education and State-related institution shall submit to the department a series of interim reports that describe the status of the institution's articulation agreements, which shall include all of the following:

(i) The number of students who have transferred to the public institution of higher education or State-related institution by institution of origin within the last academic year or since submittal of the institution's last interim report required under this section.

(ii) The total number of credits completed by transfer students at the institution of origin.

(iii) The total number of credits from each institution of origin that transferred to the public institution of higher education or State-related institution for each academic year.

(iv) An explanation of the credit transfer process at the institution.

(v) Any other information related to the credit transfer process as requested by the department, including the useability of transfer credits.

(2) Each public institution of higher education and State-related institution shall submit its first interim report required under this section 180 days after the effective date of this section.

(3) Each public institution of higher education and State-related institution shall submit a subsequent report every two years from the date of the first interim report. This paragraph shall expire on July 1, 2012.

Section 2004-C. Transfer and Articulation Oversight Committee.

(a) Establishment and membership.—

(1) In order to develop and implement equivalency standards as provided for in subsection (c)(1), there is hereby established within the department, the Transfer and Articulation Oversight Committee. The committee shall be comprised of the following members:

(i) The Secretary of Education or his designee, who shall serve as chair of the committee.

(ii) Members appointed by the secretary as follows:

(A) One member representing each of the community colleges and one member representing the Commission for Community Colleges.

(B) One member representing each institution of the State System of Higher Education and one member representing the Office of the Chancellor.

(C) One member representing each of the State-related institutions, who shall serve as a nonvoting member but shall retain all other duties associated with membership on the committee. If the State-related institution elects to participate under section 2006-C, the member representing the State-related institution shall be entitled to vote.

(D) One member representing each independent institution of higher education that elects to participate under section 2006-C.

(2) Members shall be appointed to four-year terms. Terms of committee members shall be staggered.

(b) Dispute resolution subcommittee.—

(1) The chair of the committee shall appoint a dispute resolution subcommittee comprised of:

(i) Three members appointed under subsection (a)(1)(ii)(A).

(ii) Three members appointed under subsection (a)(1)(ii)(B).

(iii) One member appointed under subsection (a)(1)(ii)(D).

(2) The chair of the committee may add members to the dispute resolution subcommittee.

(3) The dispute resolution subcommittee shall develop dispute resolution policies and procedures to be utilized when disputes arise relating to the transfer and application of credits under this article.

(c) Duties of Transfer and Articulation Oversight Committee.—The committee shall:

(1) Within 180 days of the effective date of this section, develop, in consultation with faculty and personnel, equivalency standards for foundation courses and provide these standards to the department, the Education Committee of the Senate, the Education Committee of the House of Representatives, the Appropriations Committee of the Senate and the Appropriations Committee of the House of Representatives.

(2) Within one year of the effective date of this section, determine equivalent courses for at least 30 hours of foundation courses, not including developmental or remedial courses or career, technical or applied courses, in consultation with faculty and personnel.

(3) Develop an assessment/evaluation plan and identify appropriate information and collect appropriate data to ensure the effectiveness of section 2002-C and make necessary revisions thereto over time.

(4) Review interim reports submitted to the department and, within 90 days of receipt of each report, recommend to the department action to be taken by the committee to enable the transfer of credits among public institutions of higher education and institutions that elect to participate under section 2006-C.

(5) Submit an annual report to the General Assembly that details the progress made by the public institutions of higher education and institutions that elect to participate under section 2006-C in furtherance of enabling the transfer of credits between such institutions and which recommends further action to be taken.

Section 2005-C. Duties of department.

The department shall:

(1) Convene a meeting, within 60 days of the effective date of this section, of the Transfer and Articulation Oversight Committee.

(2) Request information and data from the public institutions of higher education and institutions that elect to participate under section 2006-C so as to identify foundation courses offered at the institutions and any articulation agreements currently established between the institutions that include foundation courses.

(3) Provide technical assistance to the public institutions of higher education and the institutions that elect to participate under section 2006-C.

(4) Provide for an electronic database or software program and portal for the purpose of providing access to all of the following information on an Internet website:

(i) Articulation agreements entered into by public institutions of higher education and institutions that elect to participate under section 2006-C.

(ii) The annual report to the General Assembly as required by section 2004-C(c)(5).

(iii) At the request of a public institution of higher education or an institution that elects to participate under section 2006-C, any articulation agreements.

Section 2006-C. Participation by independent institutions of higher education or State-related institution.

An independent institution of higher education or a State-related institution may elect to participate through the adoption of equivalency standards as provided for in subsection 2004-C(c)(1) by its governing body.

Section 2007-C. Applicability.

Nothing in this article shall do any of the following:

(1) Preclude any institution of higher education from establishing institution-to-institution articulation agreements.

(2) Void articulation agreements that have been established prior to the effective date of this section.

Section 10.3. The act is amended by adding a section to read:

Section 2135. Transportation of Certain Students.—*For a school district of the first class, funds appropriated in any fiscal year for safe and alternative schools shall be used to pay costs to provide school bus transportation services for students in alternative education programs operated either by the school district or under a contract between the school district and a private alternative education institution as defined under Article XIX-E before it may be used for other alternative education programs or services.*

Section 11. Section 2501 of the act is amended by adding a clause to read:

Section 2501. Definitions.—*For the purposes of this article the following terms shall have the following meanings:*

* * *

(25) “Adjusted Current Expenditure per Average Daily Membership.” An amount equal to a school district’s current expenditures for a school year, as defined in clause (24), minus the revenue account tuition for patrons, as designated in the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, divided by the average daily membership of the school district for the same school year.

Section 12. Section 2502.13 of the act is amended by adding a subsection to read:

Section 2502.13. Small District Assistance.—* * *

(1) For the school year 2005-2006, the Commonwealth shall pay to each school district which has an average daily membership of one thousand five-hundred (1,500) or less and a market value/income aid ratio of five thousand ten-thousandths (0.5000) or greater an amount equal to seventy dollars (\$70) multiplied by that district’s average daily membership and by that district’s market value/income aid ratio.

Section 13. The act is amended by adding sections to read:

Section 2502.45. Basic Education Funding for 2005-2006 School Year.—*For the 2005-2006 school year, the Commonwealth shall pay to each school district a basic education funding allocation which shall consist of the following:*

(1) An amount equal to the basic education funding allocation for the 2004-2005 school year pursuant to sections 2502.13, 2502.44 and 2504.4.

(2) Where the school district received a grant under section 1709-B during the 2005-2006 school year but is not eligible to receive such a grant during the 2006-2007 school year, an amount equal to the grant amount the district received during the 2005-2006 school year multiplied by fifty percent (50%).

(3) An amount equal to any payment made pursuant to section 2502.10 during the 2004-2005 school year.

(4) Where the school district received payments under section 34 of the act of June 29, 2002 (P.L.524, No.88), entitled "An act amending the act of March 10, 1949 (P.L.30, No.14), 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,' further defining the "Pennsylvania System of School Assessment test" or "PSSA test"; providing for report of graduate rates for certain colleges and universities; further providing for establishment of independent schools, for school athletics, publications and organizations, for retention of records and for annual budgets; providing for membership of the School Reform Commission and responsibilities relating to financial matters of first class school districts in distress; further providing for intermediate unit board of directors; providing for conditional employment; further providing for age limits and temporary residence and for educational support services definitions and providers, for high school certificates, for charter school definitions, for funding for charter schools and for provisions applicable to charter schools; adding provisions for cyber charter schools; further providing for regulations and provisions applicable to charter schools, for education empowerment districts, for waivers, for alternative education and for trustee councils in institutions of the State System of Higher Education; providing for placement of adjudicated delinquents in first class school districts; further providing for Commonwealth reimbursement definitions, for small district assistance and for temporary special aid to certain school districts; providing for basic education funding for 2001-2002 school year; further providing for payments to intermediate units, for payments on account of transportation of nonpublic school pupils, for special education payments and for certain payments; providing for Commonwealth reimbursement for charter schools and cyber charter schools; further providing for school performance incentives; authorizing the Multipurpose Service Center Grant Program; further providing for powers and duties of the State Board

of Education; and making an appropriation,” an amount equal to such payments.

(5) Where a school district has been declared a Commonwealth partnership school district under Article XVII-B, an amount equal to five million two hundred thousand dollars (\$5,200,000).

(6) A base supplement calculated as follows:

(i) If the school district’s market value/income aid ratio is equal to or greater than seven thousand three hundred seventy-one ten-thousandths (.7371):

(A) Multiply the school district’s 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by ten million seven hundred thousand dollars (\$10,700,000).

(C) Divide the product from clause (B) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by the 2005-2006 average daily membership for all qualifying school districts.

(ii) If the school district’s market value/income aid ratio is equal to or greater than six thousand five hundred ninety-five ten-thousandths (.6595) and less than seven thousand three hundred seventy-one ten-thousandths (.7371):

(A) Multiply the school district’s 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by thirty-five million nine hundred fifty thousand dollars (\$35,950,000).

(C) Divide the product from clause (B) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by the 2005-2006 average daily membership for all qualifying school districts.

(iii) If the school district’s market value/income aid ratio is equal to or greater than five thousand eight hundred sixty-three ten-thousandths (.5863) and less than six thousand five hundred ninety-five ten-thousandths (.6595):

(A) Multiply the school district’s 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by thirteen million three hundred thousand dollars (\$13,300,000).

(C) Divide the product from clause (B) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by the 2005-2006 average daily membership for all qualifying school districts.

(iv) If the school district’s market value/income aid ratio is equal to or greater than four thousand forty-four ten-thousandths (.4044) and less than five thousand eight hundred sixty-three ten-thousandths (.5863):

(A) Multiply the school district’s 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by fifteen million six hundred thousand dollars (\$15,600,000).

(C) Divide the product from clause (B) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by the 2005-2006 average daily membership for all qualifying school districts.

(v) If the school district's market value/income aid ratio is less than four thousand forty-four ten-thousandths (.4044):

(A) Multiply the school district's 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by four million five hundred thousand dollars (\$4,500,000).

(C) Divide the product from clause (B) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by the 2005-2006 average daily membership for all qualifying school districts.

(7) A poverty supplement calculated for qualifying school districts as follows:

(i) For a school district to qualify for the poverty supplement:

(A) the quotient of the school district's personal income valuation divided by its 2005-2006 average daily membership must not exceed ninety-one thousand dollars (\$91,000); or

(B) the school district's 2006-2007 market value/income aid ratio must be at least six thousand six hundred ten-thousandths (.6600).

(ii) The poverty supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2005-2006 average daily membership by fifty-five million dollars (\$55,000,000).

(B) Divide the product from clause (A) by the sum of the 2005-2006 average daily membership for all qualifying school districts.

(8) A foundation supplement calculated for qualifying school districts as follows:

(i) To qualify for the foundation supplement, a school district's 2004-2005 adjusted current expenditures per average daily membership must be less than the 2003-2004 median current expenditures per average daily membership increased by three and nine-tenths percent (3.9%) and its 2004-2005 equalized millage must be greater than or equal to 17.2.

(ii) The foundation supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product in clause (A) by the lesser of:

(I) five hundred dollars (\$500), or if its 2004-2005 equalized millage is equal to or greater than 28.3 and its 2006-2007 market value/income aid ratio is equal to or greater than seven thousand five hundred sixty three ten-thousandths (.7563), eight hundred fifty dollars (\$850); or

(II) the difference between the value of the 2003-2004 median current expenditures per average daily membership increased by three and nine-

tenths percent (3.9%) and the school district's 2004-2005 adjusted current expenditures per average daily membership; or

(III) if the school district's 2004-2005 equalized mills is less than twenty (20.0), the product of the lesser of the amount in clause (B)(I) or (II) and the quotient of its 2004-2005 equalized mills divided by twenty (20.0).

(C) Multiply the product from clause (B) by forty-four million dollars (\$44,000,000).

(D) Divide the product from clause (C) by the sum of the products from clause (B).

(iii) If a qualifying school district's equalized millage is equal to or greater than twenty-three and eight-tenths (23.8), it shall receive an additional payment calculated as follows:

(A) Multiply the product from subparagraph (ii)(B) by twenty million dollars (\$20,000,000).

(B) Divide the product from clause (A) by the sum of the products from subparagraph (ii)(B) for qualifying school districts.

(9) A tax effort supplement calculated for qualifying school districts as follows:

(i) To qualify for the tax effort supplement, a school district's 2004 equalized millage must be equal to or greater than twenty (20) equalized mills.

(ii) The tax effort supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2005-2006 average daily membership by eleven million dollars (\$11,000,000).

(B) Divide the product from clause (A) by the sum of the 2005-2006 average daily membership for all qualifying school districts.

(10) A growth supplement calculated for qualifying schools districts as follows:

(i) To qualify for this portion of the growth supplement, a school district's average daily membership must have increased by at least two percent (2%) between the 2002-2003 and 2004-2005 school years, its 2004-2005 local school tax revenue divided by its 2004-2005 average daily membership must be less than its 2002-2003 local school tax revenue divided by its 2002-2003 average daily membership, and its 2006-2007 market value/income aid ratio must be equal to or greater than five thousand eight hundred sixty-three ten-thousandths (.5863). This portion of the growth supplement shall be calculated for qualifying school district as follows:

(A) Multiply the school district's 2006-2007 market value/income aid ratio by its 2005-2006 average daily membership.

(B) Multiply the product from clause (A) by five hundred thousand dollars (\$500,000).

(C) Divide the product from clause (B) by the sum of the products from clause (A).

(ii) To qualify for this portion of the growth supplement, a school district's 2005-2006 average daily membership must be greater than its 2004-2005 average daily membership. This portion of the growth supplement shall be calculated for qualifying school districts as follows:

(A) Subtract the school district's 2004-2005 average daily membership from its 2005-2006 average daily membership and multiply the difference by its 2006-2007 market value/income aid ratio.

(B) Multiply the difference from clause (A) by five million dollars (\$5,000,000).

(C) Divide the product from clause (B) by the sum of the differences from clause (A) for all qualifying school districts.

(iii) For this portion of the growth supplement, the department shall calculate the following:

(A) Subtract the school district's 1994-1995 average daily membership from its 2004-2005 average daily membership.

(B) Divide the difference from clause (A) by the school district's 1994-1995 average daily membership.

(C) Divide the school district's basic education funding allocation for the 1994-1995 school year, calculated pursuant to sections 2502.13 and 2502.29, by the school district's 1994-1995 average daily membership.

(D) Divide the school district's basic education funding allocation for the 2004-2005 school year, calculated pursuant to sections 2502.13, 2502.44 and 2504.4, by the school district's 2004-2005 average daily membership.

(E) For each school district, subtract the quotient from clause (C) from the quotient from clause (D).

(F) Divide the total basic education funding allocation for the 1994-1995 school year, calculated pursuant to sections 2502.13 and 2502.29, by the 1994-1995 average daily membership for all school districts.

(G) Divide the total basic education funding allocation for the 2004-2005 school year, calculated pursuant to sections 2502.13, 2502.44 and 2504.4, by the 2004-2005 average daily membership for all school districts.

(H) Subtract the quotient from clause (F) from the quotient from clause (G).

(I) A school district for which the quotient from clause (B) is greater than ten percent (10%) but less than twenty percent (20%) and for which the difference from clause (E) is less than the difference from clause (H) shall receive an amount equal to the difference from clause (A) multiplied by sixty dollars (\$60).

(J) A school district for which the quotient from clause (B) is greater than or equal to twenty percent (20%) and for which the difference from clause (E) is less than the difference from clause (H) shall receive an

amount equal to the difference from clause (A) multiplied by one hundred ten dollars (\$110).

(iv) The amount of a school district's growth supplement under this paragraph shall be the sum of the amount calculated pursuant to subparagraph (i) and the greater of the amount calculated pursuant to subparagraph (ii) or (iii).

(11) Each school district shall receive additional funding as necessary so that the sum of the amounts under section 2502.13 and paragraphs (6), (7), (8), (9) and (10), and this paragraph shall equal at least three and five-tenths percent (3.5%) of the amount in paragraph (1).

(12) Each school district shall receive additional funding as necessary so that the sum of the amounts under sections 2502.13 and 2504.4 and paragraphs (1), (6), (7), (8), (9), (10), (11) and this paragraph shall equal the basic education funding allocation for the school district as published on the Department of Education's Internet website on February 8, 2006. Within thirty (30) days of the effective date of this paragraph, the basic education funding allocation for each school district, as published on the Department of Education's Internet website on February 8, 2006, shall be published in the Pennsylvania Bulletin.

Section 2502.46. Funding for Partnership Schools.—The following shall apply:

(1) Beginning with the 2005-2006 school year and each school year thereafter, a school district of the first class shall expend no less than twenty-five million dollars (\$25,000,000) from its annual basic education funding allocation solely for costs associated with the operation of schools governed by agreements pursuant to section 696(i)(2) for the operation of schools previously designated as partnership schools under the School Reform Commission Resolution Number 10 of April 17, 2002, or their successors, or for schools operated under any successor partnership agreements or contracts.

(2) Such expenditures shall include costs associated with targeted reform efforts such as: enhancements in curriculum; material and equipment, including computer hardware; professional development programs; improved or newly established accountability measures for employees; safety and security measures; and other costs associated with such agreements.

(3) These funds shall be supplemental and in addition to any amount of Federal, State and local funds allocated to those schools previously designated as partnership schools by a school district of the first class under its standard budgeting process.

(4) Receipt of funds pursuant to this paragraph shall in no way be deemed to authorize those schools previously designated as partnership schools by a school district of the first class to be treated differently from other schools in the school district of the first class in terms of services or other funding provided by the school district of the first class.

Section 14. Sections 2504.4, 2509.1 and 2509.5 of the act are amended by adding subsections to read:

Section 2504.4. Payments on Account of Limited English Proficiency Programs.—* * *

(a.2) To qualify for limited English proficiency payments under this section, a school district's 2006-2007 market value/income aid ratio must be equal to or greater than three thousand five hundred ten-thousandths (.3500), and the number of enrolled students identified as limited English proficient in the 2004-2005 school year must be equal to or greater than two and one-half percent (2.5%) of the school district's 2004-2005 average daily membership. The allocation under this section shall be paid in fiscal year 2006-2007 out of the appropriation for basic education funding and calculated for qualifying school districts as follows:

(1) Multiply the number of enrolled students identified as limited English proficient in the 2004-2005 school year by ten million dollars (\$10,000,000).

(2) Divide the product from paragraph (1) by the sum of enrolled students identified as limited English proficient for all qualifying school districts.

* * *

Section 2509.1. Payments to Intermediate Units.—* * *

(b.14) Up to ten million seven hundred and fifty thousand dollars (\$10,750,000) may be utilized for programs administered and operated by intermediate units during the 2006-2007 school year for institutionalized children as established in subsection (b.1).

* * *

Section 2509.5. Special Education Payments to School Districts.—* * *

(rr) During the 2006-2007 school year, each school district shall be paid the amount it received during the 2005-2006 school year under subsections (pp) and (qq).

(ss) During the 2006-2007 school year, twenty-two million four hundred sixty-two thousand and one hundred twenty dollars (\$22,462,120) of the funds appropriated to the Department of Education for special education shall be used to provide supplemental funding for special education to all school districts. Each school district shall receive a funding supplement calculated as follows:

(1) Multiply each school district's 2006-2007 market value/income aid ratio by sixteen percent (16%) of its 2005-2006 average daily membership.

(2) Multiply the product from paragraph (1) by twenty million nine hundred forty-three thousand and four hundred ninety-eight dollars (\$20,943,498).

(3) Divide the resultant product from paragraph (2) by the sum of the products of the 2006-2007 market value/income aid ratio multiplied by sixteen percent (16%) of the 2005-2006 average daily membership for all school districts.

(tt) Each school district shall receive an inflation index supplement as necessary so that the amounts under subsection (ss) and this subsection equal three and nine-tenths percent (3.9%) multiplied by each school district's 2006-2007 market value/income aid ratio of the amount in subsection (rr).

(uu) Each school district for which the sum of the supplements under subsections (ss) and (tt) provides an amount less than two percent (2%) of the amount provided under subsection (rr) shall receive additional funding as necessary so that the sum of the amounts provided under subsections (ss), (tt) and this subsection equals two percent (2%) of the amount provided under subsection (rr).

Section 14.1. The act is amended by adding a section to read:

Section 2509.12. Special Education Community Support Services.—For the 2006-2007 school year and each school year thereafter, the Department of Education shall set aside from the annual special education appropriation five hundred sixty-three thousand dollars (\$563,000) for community support services for students with disabilities. This amount is not to be included in the base calculations of the special education program components.

Section 14.2. Section 2517 of the act is amended by adding a subsection to read:

Section 2517. Payments.—* * *

(e) The Secretary of Education, with the approval of the Governor, may make basic education funding allocation payments to school districts, in advance of the dates set forth in this section to school districts which are financially handicapped, when the secretary deems it necessary to enable the school district to keep their public schools open.

Section 14.3. Section 2574(c.4) of the act, added July 13, 2005, (P.L.226, No.46), is amended and the section is amended by adding a subsection to read:

Section 2574. Approved Reimbursable Rental for Leases Hereafter Approved and Approved Reimbursable Sinking Fund Charges on Indebtedness.—* * *

(c.4) For school buildings for which the general construction contract is awarded on or after January 1, 2005, and for approved school building projects for which the general construction contract was awarded but for which a lease or general obligation bond resolution was not approved by the Department of Education prior to January 1, 2005, and where the school building receives a silver, gold or platinum certification from the United States Green Building Council's Leadership in Energy and Environmental Design Green Building Rating System or two, three or four Globes under the Green Building Initiative's Green Globes Green Building Rating System on or after January 1, 2005, the Department of Education shall adjust the approved building construction cost to additionally include the product of the rated pupil capacity as determined by the Department of Education at the

time the project is approved and (i) four hundred seventy dollars (\$470) in the case of elementary schools, (ii) six hundred twenty dollars (\$620) in the case of secondary schools, (iii) an amount in the case of combined elementary-secondary schools obtained by multiplying the rated elementary pupil capacity by four hundred seventy dollars (\$470) and the rated secondary pupil capacity by six hundred twenty dollars (\$620) and dividing the sum by the total rated pupil capacity. The Department of Education in consultation with the Governor's Green Government Council shall issue guidelines to carry out this section.

* * *

(c.6) If a school district receives reimbursement for a school construction project under this section, the school district, upon request by the Department of Education, shall do all of the following:

(i) Provide information required by the department to determine whether the school construction project meets criteria established by the department for certification as an approved school facility design for purposes of the department's school facility design clearinghouse.

(ii) Authorize the department, in its discretion, to certify the school construction project as an approved school facility design and to include information about the certified project in the department's school facility design clearinghouse.

* * *

Section 15. Section 2599.2(c)(1) of the act, amended July 4, 2004 (P.L.536, No.70), is amended and the section is amended by adding a subsection to read:

Section 2599.2. Pennsylvania Accountability Grants.—* * *

(c) (1) No later than April 10, 2004, and April 10, 2005, the department shall notify each school district of the grant amount it will receive under subsection (d). No later than April 10, 2006, and April 10 of each school year thereafter, the department shall notify each school district of the grant amount it will receive under subsection (d.1).

* * *

(d.1) (1) During the 2006-2007 school year and each school year thereafter, the department shall pay to each school district a Pennsylvania accountability grant equal to the amount determined in subsection (d) plus the sum of the amounts calculated under paragraphs (2) and (3).

(2) Each school district shall receive an amount based on the percentage of its students scoring below proficient on the PSSA tests administered in grades five, eight and eleven, calculated as follows:

(i) Divide the number of PSSA tests administered in the school district on which students scored below proficient in reading or mathematics during the 2004-2005 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2004-2005 school year.

(ii) Multiply the quotient from subparagraph (i) by the average daily membership of the school district for the 2004-2005 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2005-2006 school year.

(iv) Multiply the product from subparagraph (iii) by thirty-seven million five hundred thousand dollars (\$37,500,000).

(v) Divide the product from subparagraph (iv) by the sum of the products of subparagraph (iii) for all school districts.

(3) Each school district shall receive an amount based on the percentage of its students scoring at or above proficient on the PSSA tests administered in grades five, eight and eleven, calculated as follows:

(i) Divide the number of PSSA tests administered in the school district on which students scored at or above proficient in reading or mathematics during the 2004-2005 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2004-2005 school year.

(ii) Multiply the quotient from subparagraph (i) by the average daily membership of the school district for the 2004-2005 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2005-2006 school year.

(iv) Multiply the product from subparagraph (iii) by twelve million five hundred thousand dollars (\$12,500,000).

(v) Divide the product from subparagraph (iv) by the sum of the products of subparagraph (iii) for all school districts.

(4) Grants awarded under this subsection shall be paid to school districts on the last Thursday of July.

** * **

Section 15.1. The act is amended by adding a section to read:

Section 2599.3. Statewide Costing-out Study.—(a) The General Assembly directs the State Board of Education to conduct or provide for a comprehensive Statewide costing-out study to arrive at a determination of the basic cost per pupil to provide an education that will permit a student to meet the State's academic standards and assessments.

(b) The study shall consider both adequacy and equity. For the purposes of this subsection, the term "equity" shall mean whether public resources being committed to education are distributed in such a way that all children, regardless of race, gender, ethnicity, disability, socioeconomic status and geography, have an equal opportunity to succeed in school. For purposes of this subsection, the term "adequacy" shall mean whether sufficient resources, both State and local, are being committed to meet established performance standards and assure academic success for all.

(c) The State Board of Education is authorized to hire or retain consultants, utilizing a request for proposal procedure, as necessary to assist in the performance of its duties under this section.

(d) The State Board of Education shall consult with the following leaders in the development of the request for proposals, and the assent of a majority of the following leaders shall be required before the request for proposal shall be released:

- (1) The President pro tempore of the Senate or a designee.***
- (2) The Speaker of the House of Representatives or a designee.***
- (3) The Minority Leader of the Senate or a designee.***
- (4) The Minority Leader of the House of Representatives or a designee.***

(e) At a minimum the study shall include all of the following:

(1) Determine what educational resources and related expenditures are required to provide a quality primary and secondary education for each student in the Commonwealth's public schools. The study shall include examining exemplary school districts that are high-performing and low-spending school districts. As part of the determination to be conducted under this paragraph, a review shall be conducted of school district tax efforts in support of public schools, including both local and State tax support.

(2) Examine the potential use of geographic cost-of-education indexing in the Commonwealth.

(3) Investigate additional categories of funding that may be necessary to meet needs unique to schools and students, including all of the following:

- (i) Poverty.***
- (ii) Limited English proficiency.***
- (iii) Students with disabilities.***
- (iv) Scarcity and density of population.***
- (v) Issues related to the rural, urban or suburban nature of the school district.***

(vi) Issues related to research-based analysis of the difficulty of the educational task.

(4) Study the issue of student population growth and decline to determine the cost impact of both factors.

(f) The State Board of Education shall issue an interim report no later than six months after the date of the signing of a contract entered into under subsection (c) and shall provide a final report of its findings and recommendations to the Governor and the members of the General Assembly no later than one year from the date of the signing of a contract entered into under subsection (c).

(g) Upon receipt of the final report, the Education Committee of the Senate and the Education Committee of the House of Representatives shall promptly review and consider the recommendations of the study and develop legislation as deemed appropriate.

Section 15.2. The addition of section 614 of the act shall apply retroactively to June 27, 2006.

Section 16. This act shall take effect immediately.

APPROVED—The 11th day of July, A.D. 2006.

EDWARD G. RENDELL