

No. 1998-154

AN ACT

HB 601

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 the definition of "school year"; further providing for the withholding of certain State payments, for distress in school districts of the first class, for the levying of taxes in school districts lying in more than one county or one municipality, for the contractual powers of the Chancellor of the State System of Higher education and for pupil transportation reimbursement; and providing for community education councils.

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

Section 1. Section 102(4) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, amended April 27, 1998 (P.L.270, No.46), is amended to read:

Section 102. Definitions.—When used in this act the following words and phrases shall have the following meanings:

* * *

(4) "School year" shall mean the period of time elapsing in school districts of the first class between the first day of January and the thirty-first day of December of any year, and in school districts of all other classes between the first day of July of one year and the thirtieth day of June of the following year. *[School] Effective July 1, 1997, for the 1997-1998 school year and each school year thereafter, school* districts with a year-round education program may submit a request to the Secretary of Education for approval or disapproval to extend the school year until August 15 for the purpose of determining average daily memberships for students whose one hundred eighty (180) days of instruction continue into the summer months.

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Section 2. Section 633 of the act, amended December 19, 1975 (P.L.511, No.150), is amended to read:

Section 633. Reports to Secretary of Education; Withholding State Appropriations.—It shall be the duty of the Secretary of Education, to require, as part of the annual financial reports of all of the school districts, a list of the amount of bonds or other indebtedness that becomes due during the fiscal year, together with the amount paid on each item of indebtedness. In case of failure on the part of any school district to furnish such report at the required time after the close of the fiscal year, the Secretary of Education may withhold any State appropriation that may become due to any such school district until such report covering information regarding the maturities

of indebtedness and payments on same during the preceding fiscal year, as required herein, and any other information which he may require of a school district, has been received. In all cases where the board of directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption *or on any sinking fund deposit date*, or any interest due on such indebtedness on any interest payment date, *or on any sinking fund deposit date* in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, *or sinking fund deposit due by such school district*, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue.

Section 3. Section 696(h)(1) of the act, added April 27, 1998 (P.L.270, No.46), is amended to read:

Section 696. Distress in School Districts of the First Class.—* * *

(h) The chief executive officer and the School Reform Commission shall direct financial matters related to the distressed school district of the first class and:

(1) All taxes authorized to be levied by a school district of the first class or for a school district of the first class by a city or county of the first class *on the date of the declaration of distress* shall continue to be *authorized and* levied in accordance with this act and shall be transmitted to the school district. For the first fiscal year or part thereof and every fiscal year thereafter in which the school district is declared to be distressed, the amount [levied, collected and transmitted for each tax] *appropriated or paid by the city or county to the school district* shall be in an amount not less than the highest amount paid by the city or county to the school district during any of the three full preceding fiscal years. In addition, the city of the first class shall provide to the school district of the first class all other available local non-tax revenue, including grants, subsidies or payments made during the prior year.

* * *

Section 4. Section 672.1 of the act, amended November 20, 1979 (P.L.465, No.97), is amended to read:

Section 672.1. School Districts Lying in More Than One County or in More Than One Municipality; Limitation on Total Tax Revenues.—(a) Whenever a school district shall lie in more than one county, the total taxes levied on real estate within the school district in each county shall be subject to:

(1) the limitation that the ratio which such total *taxes* bears to the most recent valuation of the same properties by the State Tax Equalization Board shall be uniform in all of the counties, and the school district shall adjust its rate of taxation applicable to the portion of the district in each county to the extent necessary to achieve such uniformity; or

[(b) As] (2) as an alternative to the method provided in [subsection (a)] clause (1) or (3), whenever a school district shall lie in more than one county the board of assessment and revision of taxes in any of the counties or all of the counties in which the school district is located shall, at the request of the school directors of the district, furnish the market value of each parcel of property on the tax roll required to be furnished to the school directors under any assessment law of the Commonwealth. The market value of each parcel shall be (i) the quotient of the assessed value divided by the latest ratio of assessed value to market value in the municipality as determined by the State Tax Equalization Board, or[, (ii) at the option of the school district, the market value of each parcel shall be the quotient of the assessed value divided by the latest ratio of assessed value to market value as determined by the State Tax Equalization Board in the aggregate of all municipalities of the school district within the county, or (iii) at the option of the school district where there are two or more ratios of assessed value to market value, the school directors of that school district shall select the lowest of the ratios for a uniform assessed value to market value throughout the school district, or (iv) at the option of the school district where such school district is located in a home rule county, the school directors of that school district may use the county assessments. [The] Under this clause, the school directors shall set a tax rate based upon a percentage not exceeding seventy-five (75) per centum of such market values which shall be uniform throughout the district[.]; or

(3) as an alternative to the methods provided in clauses (1) and (2), whenever a school district shall lie in more than one county, the school directors of the district may set the millage at a uniform rate for the entire district if the counties are assessed at one hundred (100) per centum of the market value and the counties are using the same base year for assessed value and market value.

[(c) (b) In the event a school district or part thereof located within one county is composed of two or more municipal governments at least one of which levies property taxes upon assessments made for county tax purposes and at least one of which utilizes separate assessments made for municipal tax purposes, the property tax levy for school district purposes shall be equalized by either of the methods prescribed in [subsections (a) or (b)] subsection (a)(1) or (2). If the former method is adopted, the ratio which the total taxes levied in each part of the school district bears to the most recent valuation of the same properties by the State Tax Equalization Board shall be uniform; if the latter method is adopted, the market value of each parcel of property on the tax roll shall be (i) in the case of the assessment made for county tax purposes, the quotient of the assessed value divided by the latest ratio of assessed value to market value for that portion of the school district as determined by the State Tax Equalization Board and, (ii) in the case of the separate assessment for municipal tax purposes, the quotient of the assessed value divided by the product of the latest ratio of assessed value to market

value in the municipality as determined by the State Tax Equalization Board and the ratio of the total assessed valuation of the same properties for municipal tax purposes to the total assessed valuation of said properties for county tax purposes: Provided, however, That the taxpayers of no municipality or political subdivision within a school district shall pay an aggregate amount in school property taxes which, as a percentage of total school property taxes, shall exceed the ratio of its market value to the total market value of the school district as determined by the State Tax Equalization Board.

[(d)] (c) Whenever a revision of assessment is completed in any portion of a school district and the revised assessments are to be used for school tax purposes the method prescribed in subsection **[(b)] (a)(2)** above to equalize school property tax levies shall not be used until the latest ratio of assessed value to market value as determined by the State Tax Equalization Board for that portion of the school district is based upon the revised assessments.

Section 5. Section 785 of the act, amended March 28, 1994 (P.L.117, No.12), is amended to read:

Section 785. Failure to Pay Rent or Make Payments; Withholding Appropriation.—**(a)** In all cases where the board of directors of any school district fails to pay or to provide for the payment of any rental, payment or rentals or payments due the State Public School Building Authority for any period in accordance with the terms of any lease, loan agreement or other lending instrument or contract, entered into under the terms of subdivision (f) of this article, upon written notice thereof from the Authority, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the amount of the rental, payment or rentals or payments owing by such school district to the State Public School Building Authority and shall pay over the amount so withheld to the Authority in payment of the rental or payment.

(b) *In order to provide additional security for the prompt payment in full of any rentals or loan contract payments by school districts to the State Public School Building Authority, the school district for whom the State Public School Building Authority has issued its bonds, notes or other obligations is authorized to enter into an agreement with the State Treasurer which provides for the withholding of any State appropriation due such school district and the payment directly to the State Public School Building Authority in full satisfaction of such rentals or loan contract payments due from the school district during the fiscal year.*

Section 6. The act is amended by adding an article to read:

**ARTICLE XIX-D.
COMMUNITY EDUCATION COUNCILS.**

Section 1901-D. Definitions.—For purposes of this article:

(1) **“Community education council” or “CEC.”** A nonprofit educational organization, governed by a community-based board of directors, which serves to provide access to postsecondary education and training resources for citizens in educationally underserved areas of this Commonwealth.

(2) **“Direct cost.”** The cost of operation, including, but not limited to, personnel, rent, utilities, insurance, supplies, equipment and technology needs, staff development, marketing, maintenance and instructional services.

(3) **“Educationally underserved area.”** An area designated by the Secretary of Education of the Commonwealth as an adult education, continuing education and/or postsecondary education shortage area using criteria which take into account special barriers to the provision of education services.

(4) **“Institutionally neutral.”** Having no exclusive legal affiliation with any provider of postsecondary education or a branch campus, branch location or outreach center of a provider of postsecondary education. This term shall apply to all community education councils and foundations established after June 30, 1999.

(5) **“Postsecondary education resources.”** The term includes, but is not limited to, area vocational-technical schools, degree-granting institutions of higher education accredited by an accrediting agency recognized by the Federal Government, institutions licensed under the act of December 15, 1986 (P.L.1585, No.174), known as the “Private Licensed Schools Act,” professional, vocational or occupational certification or licensure programs and educational technology.

(6) **“Secretary.”** The Secretary of Education of the Commonwealth.

Section 1902-D. Powers and Duties of Secretary of Education.—(a) For anyone submitting an application to establish a community education council after June 30, 1998, the secretary shall either approve or disapprove such application prior to the council being eligible to receive State funding. The application shall include an education plan, a statistical assessment of the student service area and the educational needs thereof and a demonstration of fiscal support and stability.

(b) The secretary may revoke the approval of a council if the council fails to meet the criteria established under this section. The approval of a council shall remain in effect unless revoked by the secretary.

Section 1903-D. Powers and Duties of Community Education Council.—(a) Community education councils shall identify, implement and oversee new or innovative efforts to provide access to postsecondary education opportunities in educationally underserved communities within this Commonwealth.

(b) Postsecondary educational opportunities may include, but are not limited to, any of the following:

(1) Programs, courses or classes leading to professional, vocational or occupational certification or licensure, an associate degree, a bachelor's degree or a master's degree.

(2) GED preparation.

(3) Skill development or skill enhancement for the community work force.

(4) Customized job training for community employers.

(c) Community education councils shall also assist in the provision of resources and serve as a vehicle for employment opportunities which meet the community's current and future economic development needs.

Section 1904-D. Powers and Duties of Board of Directors.—(a) A community education council established under this article shall be administered and supervised by a community-based board of directors.

(b) The board of directors shall, for purposes of operating and maintaining a community education council, have the following powers and duties:

(1) To hold, rent, lease, sell, purchase and improve buildings, furnishings, equipment, materials, books and supplies.

(2) To enter into contracts or agreements for services with postsecondary institutions, other educational providers or local government agencies in order to carry out the intent and purposes of this article.

(3) To accept and receive gifts of real and personal property.

(4) To apply for Federal, State and local funds and grants and to expend funds obtained from these sources.

(5) To determine the needs and aspirations of potential students and employers in the community.

(6) To make policies providing for identification of students, programs, courses or classes to be offered and any other matters related to administration of the community education council.

(7) To hire employees to conduct the day-to-day operations and carry out the policy of the board.

(8) To exercise such other powers and perform such other duties as are necessary to effect the intent and purposes of this article. Nothing in this act shall authorize any degree granting.

Section 1905-D. State Funding.—(a) Funding allocated under this section shall be allocated from and limited to funds appropriated for this purpose and shall only be used for direct costs for any institution that provides courses within the Commonwealth.

(b) Community education councils will submit projected expenditures to the Secretary of Education for review prior to allocation of funding. The secretary shall establish eligibility criteria which community education councils must annually meet in order to qualify for assistance under this article.

(c) The secretary upon consultation with approved councils shall be responsible for the allocation and distribution of State funding among

community education councils. Priority for financial assistance shall be given to those community education councils and the foundations that received State assistance during 1997-1998.

Section 7. Section 2005-A of the act is amended by adding a clause to read:

Section 2005-A. The Chancellor.—The chief executive officer of the system shall be a chancellor, who shall be employed by the board in accordance with clause (1) of section 2006-A. In addition to those prescribed by the board, the chancellor shall have the following duties:

* * *

(12) To enter into multiparty contractual relationships, in accordance with the Procurement Code or direct negotiation, with businesses, industries, organizations, State and local governments and the Federal Government to provide economic and work force development.

Section 8. Section 2541(a) of the act, amended November 20, 1979 (P.L.465, No.97), is amended to read:

Section 2541. Payments on Account of Pupil Transportation.—(a) School districts shall be paid by the Commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupil transportation incurred by the district by the district's aid ratio. *In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes. For the school year 1998-1999 and each school year thereafter, any school entity which contracts with one or more school entities to provide pupil transportation services shall be reimbursed in accordance with the formula specified by the Department of Education for district-owned vehicles.* In addition thereto, the Commonwealth shall pay to each district qualifying a payment for excessive cost of transportation, said amount to be determined by subtracting from the cost of the approved reimbursable transportation the sum of the Commonwealth transportation payment immediately above, plus the product of one-half mill (0.0005) times the latest market value of the district as determined by the State Tax Equalization Board, provided such amount is not negative. In addition thereto, the Commonwealth shall pay to school districts which own their own vehicles, an annual depreciation charge of ten per centum (10%), to be calculated on the basis of the approved cost at which the district acquired the vehicle for which depreciation is claimed. With respect to vehicles purchased prior to January 1, 1956, the number of depreciation payments shall be limited to ten such payments. With respect to vehicles purchased on or after January 1, 1956, the annual depreciation charge shall not exceed seven hundred dollars (\$700) for such vehicles. The number of annual depreciation charges shall be limited, so that the total amount of such

payments shall not exceed the cost of the vehicle as approved by the Department of Education at the time of the purchase. In no case shall the Commonwealth pay, in depreciation charges, more than ten thousand five hundred dollars (\$10,500) for any one vehicle.

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Section 9. The amendment of section 102(4) of the act shall be retroactive to July 1, 1997.

Section 10. This act shall take effect as follows:

- (1) The amendment of section 672.1 of the act shall take effect in 60 days.
- (2) The remainder of this act shall take effect immediately.

APPROVED—The 21st day of December, A.D. 1998.

THOMAS J. RIDGE