

No. 2007-45

AN ACT

HB 842

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 and conviction of employees for certain offenses, in school finances, for annual budget, in district and assistant superintendents, for eligibility, in professional employees, for qualifications and for transferred programs and classes, in certification of teachers, for program of continuing professional education; providing for continuing professional education for school or system leaders and for Pennsylvania school leadership standards; in pupils and attendance, further providing for school lunch and breakfast reimbursement; further providing for duties of Department of Education relating to school health services and for educational assistance program; in early learning programs, further providing for Head Start Supplemental Assistance Program; establishing the Pennsylvania Pre-K Counts Program; providing for distressed school districts and student attendance in other districts; in opportunities for educational excellence, for responsibilities of department and State Board of Education; in education empowerment provisions, providing for superintendent power to recommend dismissal; further providing for education empowerment districts and for boards of control for certain school districts; in community education councils, further providing for State funding; establishing the Pennsylvania Technical College Program; in educational improvement tax credit provisions, further providing for limitations; providing for funding for public libraries; in reimbursement by Commonwealth and between school districts, further providing for small district assistance; providing for basic education funding for 2006-2007 school year; 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 budget stabilization plan progress report; and further providing for payments on account of pupil transportation, for Commonwealth reimbursements for charter schools and cyber charter schools and for Pennsylvania accountability grants.

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

Section 1. Section 111(c.1) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, added July 11, 2006 (P.L.1092, No.114), is amended to read:

Section 111. Background Checks of Prospective Employes; Conviction of Employes of Certain Offenses.—* * *

(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. *At a minimum, the Department of Education shall prescribe a method for applicants to submit a set of fingerprints to be transmitted 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. 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.

Section 2. Section 687(j) of the act, amended July 11, 2006 (P.L.1092, No.114), 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, its 2005-2006 budget **[or]**, its 2006-2007 budget **or its 2007-2008 budget** to reflect any State allocations for fiscal year 2003-2004, fiscal year 2004-2005, fiscal year 2005-2006 **[or]**, fiscal year 2006-2007 **or fiscal year 2007-2008** provided by the General Assembly through this act.

Section 3. Section 1003 of the act, amended December 19, 1975 (P.L.511, No.150), is amended to read:

Section 1003. Eligibility.—No person shall be eligible for election or appointment as a district, or assistant district superintendent, unless—

(1) He holds a diploma from a college or other institution approved by the Department of Education;

(2) He has had six (6) years' successful teaching experience, not less than three of which shall have been in a supervisory or administrative capacity;

(3) He has completed in a college or university a graduate **[course] program** in education approved by the Department of Education[;] **that includes the Pennsylvania school leadership standards under section 1217. Completion of the program shall not be subject to waiver under section 1714-B unless the candidate provides to the Secretary of Education evidence that the candidate has successfully completed an equivalent leadership development program that addresses the school leadership standards under section 1217.**

(4) Provided that in school districts of the first class, five (5) years of administrative experience at the level of assistant, associate or deputy superintendent, may be substituted for prescribed graduate administrative courses, and which shall be the responsibility of the Secretary of Education to review these equivalences to conform with State board regulations.

Serving either as county, district, or assistant county or district superintendent, or associate superintendent, in this Commonwealth, at the time this act becomes effective, shall, irrespective of the foregoing requirements, be considered sufficient qualification for any of the aforesaid offices.

Section 4. Section 1109 of the act, amended March 19, 1970 (P.L.189, No.73), is amended to read:

Section 1109. Qualifications.—(a) Every teacher employed to teach in the public schools of this Commonwealth must be a person of good moral character, must be at least eighteen years of age, and must be a citizen of the United States: Provided, That citizenship may be waived in the case of exchange teachers not permanently employed, and teachers employed for the purpose of teaching foreign languages, including special teachers who speak the idiomatic or colloquial language of immigrants residing in the school district, and employed for the purpose of easing the transition period of such immigrants.

(b) Every principal appointed after August thirty-first, one thousand nine hundred fifty-three, employed in the public schools of this Commonwealth, who devotes one-half or more of his time to supervision and administration, shall be properly certificated by the Department of Public Instruction in accordance with such standards as the State Board of Education may establish.

(c) An individual who is granted an administrative certificate by the Department of Education prior to January 1, 2008, and who is employed for the first time in a position of principal, vice principal or assistant principal in a public school in this Commonwealth on or after January 1, 2008, shall complete the induction program provided for in subsection (f) within five years of appointment as a principal, vice principal or assistant principal.

(d) (1) An individual who applies on or after January 1, 2008, for a certificate to become eligible to serve as a principal, vice principal or assistant principal in a public school in this Commonwealth and who otherwise meets the requirements for such certificate shall be issued an Administrative I certificate.

(2) No individual may serve as a principal, vice principal or assistant principal on an Administrative I certificate for more than five school years.

(e) The holder of an Administrative I certificate shall be issued an Administrative II certificate upon application to the Department of Education verifying three years of satisfactory service on an Administrative I certificate and successful completion of the induction program provided for in subsection (f).

(f) (1) The Department of Education shall design and offer an induction program at no cost to those principals, vice principals and assistant principals who participate and at no cost to their employer school entities and shall approve other providers to offer induction programs. An induction program shall be designed to aid in development in the core school leadership standards identified in section 1217(a)(1).

(2) A participant in an induction program shall not be required to attend more than thirty-six (36) hours of induction during any one school

year or a total of one hundred eight (108) hours over the course of the induction program.

(3) Hours of participation in an induction program shall be applied toward meeting the certificate holder's continuing professional education requirements under section 1205.2.

Section 5. Section 1113(c) of the act, amended August 5, 1991 (P.L.219, No.25), is amended and the section is amended by adding a subsection to read:

Section 1113. Transferred Programs and Classes.—* * *

(b.2) (1) The following shall apply to professional and temporary professional employes of a distressed school district in which pupils have been reassigned to another school district pursuant to section 1607.1:

(i) The distressed school district shall create a pool comprised of the professional and temporary professional employes who have received formal notice of suspension from the distressed school district as a result of the curtailment of the high school program.

(ii) Employes in the pool created under subclause (i) shall be offered employment by any school district with a border that is no more than three miles from a border of a distressed school district, as set forth in section 1607.1(a)(1), whenever that school district has a vacancy for a position that an employe in the pool is certified to fill, provided that no employe of the school district in which the vacancy exists, including a suspended or demoted employe, has a right to such vacancy under this act or the collective bargaining agreement of that school district.

(iii) No new employe shall be hired by any school district with a border that is three miles or less from a border of a distressed school district until the position has been offered, in order of seniority, to all properly certified members of the pool created under subclause (i).

(2) Employes hired from the pool as provided under this subsection shall be credited by the hiring school district for all sick leave accumulated in the distressed school district and shall be credited for years of service in the distressed school district for purposes of salary schedule placement. Temporary professional and professional employes shall further be credited for their years of service in the distressed school district for purposes of sabbatical leave eligibility, suspension and realignment rights and eligibility for any retirement incentives or severance payments in a hiring school district.

(c) Nothing contained in [this section] subsections (a) and (b.1) shall be construed to supersede or preempt any provision of a collective bargaining agreement in effect on February 4, 1982, and negotiated by a school entity and an exclusive representative of the employes in accordance with the act of July 23, 1970 (P.L.563, No.195), known as the "Public Employe Relations Act."

* * *

Section 6. Section 1205.2(h) and (i) of the act, amended or added November 23, 1999 (P.L.529, No.48) and July 13, 2005 (P.L.226, No.46), are amended to read:

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

(h) The department shall provide the following information to professional educators and school entities:

(1) Notice of the number of credits or hours needed for a professional educator to comply with this section, as of the date on which such notice is given. Such notice shall be provided no later twelve (12) months prior to the end of a professional educator's five-year compliance period. For professional educators who have not completed sufficient credits or hours to comply with this section, such notice shall be provided in writing and mailed to the most recent address on record with the department. For professional educators who have completed sufficient credits or hours to comply with this section, such notice shall be provided by electronic means, which shall include a notation on the electronic system maintained by the department pursuant to subsection (g) affirming that the professional educator has completed sufficient credits or hours to comply with this section.

(2) Reasonable access to reports and records relating to a professional educator's continuing professional education.

(3) Notice of inactive certification requested by a professional educator.

(4) Notice of inactive certification due to failure of the professional educator to meet the requirements of this section, whether or not the individual is employed by a school entity. *The notice shall be provided no later than thirty-one (31) days prior to the date on which a professional educator's certificate is placed in inactive status, provided that the department may only place a professional educator's certificate in inactive status between June 30 and July 31.*

(5) Notice of reinstatement.

(i) The Secretary of Education shall provide an educator with the opportunity to appeal any determination that the educator's certification is inactive pursuant to 2 Pa.C.S. Chs. 5 (relating to practice and procedure) and 7 (relating to judicial review). *If the secretary determines that an educator's certificate is inactive under this subsection, the effective date of the determination shall be between June 30 and July 31.*

Section 7. The act is amended by adding sections to read:

Section 1205.5. Continuing Professional Education for School or System Leaders.—(a) (1) Beginning January 1, 2008, every school or system leader shall meet the continuing professional education requirements of section 1205.2 through participation in programs approved in accordance with this section.

(2) For any school or system leader who serves in both administrative and nonadministrative positions during a compliance period as defined in

section 1205.2, the school or system leader's continuing professional education requirements shall be earned in programs approved in accordance with this section in no less than the same proportion as the proportion of the compliance period during which the school or system leader served on an administrative certificate or letter of eligibility.

(b) For the compliance period in effect on January 1, 2008, this section shall only apply to any credits or hours needed to satisfy the unmet requirements of the current compliance period.

(c) (1) The Department of Education shall design and offer continuing professional education programs at no cost to school or system leaders who are required by this section to participate and at no cost to their employer school entities.

(2) In the event that school or system leaders are unable to access these programs because all available slots are filled, the school or system leader may request and shall be granted upon review by the department an extension of the compliance period.

(d) The Department of Education shall approve other providers to offer induction and continuing professional education programs for school or system leaders and shall annually publish a list of approved providers.

(e) All programs offered or approved by the Department of Education under this section shall address the Pennsylvania school leadership standards pursuant to section 1217.

(f) The Secretary of Education may adopt standards as necessary to implement this section.

(g) For the purpose of this section, the term "school or system leader" shall mean an individual who serves on a certificate as a principal, vice principal, assistant principal, superintendent, assistant superintendent, intermediate unit executive director, assistant intermediate unit executive director or director of an area vocational-technical school.

Section 1217. Pennsylvania School Leadership Standards.—

(a) Programs provided under section 1205.5(c) and (d) to prepare school or system leaders and for purposes of issuing administrator certificates or letters of eligibility and approved programs for the induction and continuing professional education of school or system leaders shall address:

(1) The following core standards:

(i) The knowledge and skills to think and plan strategically to create an organizational vision around personalized student success.

(ii) An understanding of standards-based systems theory and design and the ability to transfer that knowledge to the school or system leader's job as the architect of standards-based reform in the school.

(iii) The ability to access and use appropriate data to inform decision-making at all levels of the system.

(2) The following corollary standards:

(i) Creating a culture of teaching and learning with an emphasis on learning.

(ii) Managing resources for effective results.

(iii) Collaborating, communicating, engaging and empowering others inside and outside of the organization to pursue excellence in learning.

(iv) Operating in a fair and equitable manner with personal and professional integrity.

(v) Advocating for children and public education in the larger political, social, economic, legal and cultural context.

(vi) Supporting professional growth of self and others through practice and inquiry.

(b) The State Board of Education may promulgate regulations to carry out the provisions of this section.

(c) For the purpose of this section, the term "school or system leader" shall mean an individual who serves on a certificate as a principal, vice principal, assistant principal, superintendent, assistant superintendent, intermediate unit executive director, assistant intermediate unit executive director or director of an area vocational-technical school.

Section 8. Section 1337.1(d) of the act, added May 10, 2000 (P.L.44, No.16), is amended and the section is amended by adding a subsection to read:

Section 1337.1. School Lunch and Breakfast Reimbursement.—* * *

(c.1) (1) In order to promote initiatives regarding child health and nutrition, the department shall establish a School Nutrition Incentive Program. The program shall provide a supplemental school lunch and breakfast reimbursement to any school in a local education agency that has adopted and implemented the nutritional guidelines for food and beverages available on each school campus published by the department pursuant to section 1422.3(5).

(2) To qualify, the local wellness policy adopted by the local education agency pursuant to section 1422.1 must indicate adoption of such guidelines.

(3) For the 2007-2008 school year and each school year thereafter, supplemental reimbursement shall be provided to schools in qualifying local education agencies as follows:

(i) Each school that offers the school lunch program under subsection (a) shall receive an additional reimbursement of one cent (1¢) per lunch served, exclusive of any additional supplemental reimbursement under subclause (iii) or (iv).

(ii) Each school that offers the school breakfast program under subsection (b) shall receive an additional reimbursement of one cent (1¢) per breakfast served, exclusive of any additional supplemental reimbursement under subclause (iii) or (iv).

(iii) Each school that offers both a school lunch program under subsection (a) and a school breakfast program under subsection (b) that

serves breakfast to less than or equal to twenty per centum (20%) of its student enrollment shall receive an additional reimbursement of two cents (2¢) per lunch served.

(iv) Each school that offers both a school lunch program under subsection (a) and a school breakfast program under subsection (b) that serves breakfast to more than twenty per centum (20%) of its student enrollment shall receive an additional reimbursement of three cents (3¢) per lunch served.

(d) For the purposes of this section, the following terms shall have the following meanings:

“School” shall have the same meaning as given to that term in 7 CFR 210.2 (relating to definitions).

“School lunch program” shall have the same meaning as given to [that term] *the term “National School Lunch Program”* in 7 CFR 210.2 (relating to definitions).

“School breakfast program” shall have the same meaning as given to that term in 7 CFR [210.2 (relating to definitions).] *Pt. 220 (relating to School Breakfast Program).*

Section 9. Sections 1422.3 and 1512-C(g) of the act, added July 11, 2006 (P.L.1092, No.114), are amended to read:

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.

(5) Publish recommended nutritional guidelines for food and beverages sold in schools on the department’s Internet website on or after the effective date of this clause.

Section 1512-C. Educational Assistance Program.

(g) Educational assistance funding.—

(1) During the 2003-2004, 2004-2005, 2005-2006 **[and]**, 2006-2007 *and* 2007-2008 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 **[and]**, 2006-2007 *and* 2007-2008 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 **[2006-2007] 2007-2008** 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 10. The heading of Article XV-D of the act, added December 23, 2003 (P.L.304, No.48), is amended to read:

ARTICLE XV-D[.]

[HEAD START SUPPLEMENTAL ASSISTANCE PROGRAM.]

EARLY LEARNING PROGRAMS

(a) Head Start Supplemental Assistance Program

Section 11. Section 1501-D of the act, amended or added December 23, 2003 (P.L.304, No.48) and July 13, 2005 (P.L.226, No.46), is amended to read:

Section 1501-D. Definitions.

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

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

“Extended day services.” Head Start and child-care services provided to children eligible for Head Start by a Head Start provider or through a collaborative agreement between a Head Start provider and a licensed child-care center, or a registered family or group day-care home for those hours and days beyond the hours funded through the Federal Head Start Program.

“Head Start.” A program funded under the Federal Head Start Act established by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, 95 Stat. 357) and carried out by a Head Start agency or delegate agency that provides ongoing comprehensive child development services.

“Program.” The Head Start Supplemental Assistance Program established in section 1502-D.

“School entity.” A school district, joint school district, independent school or an intermediate unit.

Section 12. Sections 1504-D, 1505-D and 1506-D of the act, added December 23, 2003 (P.L.304, No.48), are amended to read:

Section 1504-D. Annual report.

The department shall compile an annual report on the program for submission to the Governor, the chairmen of the Appropriations Committee and the Education Committee of the Senate and the chairmen of the Appropriations Committee and Education Committee of the House of Representatives. The report shall include:

(1) The number of eligible children served by Head Start as of [the effective date of this article] ***December 23, 2003***.

(2) The number of eligible children served by the program during the ***2005-2006*** school year [that begins one year after the effective date of this article] and each *school* year thereafter.

(3) The number of extended day programs and the number of eligible children enrolled in extended day programs as of [the effective date of this article] *December 23, 2003*.

(4) The number of extended day programs and the number of eligible children enrolled in extended day programs during the *2005-2006* school year [that begins one year after the effective date of this article] and each *school* year thereafter.

(5) A summary of the types of activities funded under the program.

Section 1505-D. Head Start expansion.

(a) General rule.—The Department of Public Welfare shall, **within 90 days of the effective date of this article,** promulgate regulations necessary to assure eligibility for the child care subsidy for children enrolled in Head Start whose parents need extended hours of Head Start services in order to work. During the time period of the child's enrollment in Head Start, the child shall remain eligible for the child care subsidy. Regulations promulgated under this section shall permit the use of child care subsidy funds to support full-day, full-year opportunities for Head Start participants.

(b) Final-omitted regulations.—The Department of Public Welfare, in adopting such revised regulations, shall follow the procedures set forth in the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, and the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act, for the promulgation and review of final-omitted regulations.

Section 1506-D. Standards.

The department may promulgate any standards necessary to administer and enforce this [article] *subarticle*.

Section 13. Article XV-D of the act is amended by adding a subarticle to read:

(b) *Pennsylvania Pre-K Counts Program*

Section 1511-D. *Definitions.*

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

“Approved provider.” *An eligible provider that has been approved by the Department of Education to offer pre-kindergarten under this subarticle.*

“At-risk child.” *A child who is at a risk of educational failure because of limited English proficiency, poverty, community factors, academic difficulties or economic disadvantage.*

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

“Eligible provider.” *Any of the following entities if the entity complies with all quality program standards established by the Department of Education:*

(1) A school district.

(2) A Head Start program.

(3) *A nursery school licensed under the act of January 28, 1988 (P.L.24, No.11), known as the Private Academic Schools Act.*

(4) *A child day care center or a group day care home that has met or exceeded the standards of STAR 2 under the Keystone STARS quality rating system established by the Department of Public Welfare.*

“Eligible student.” A child who is at least three years of age and is younger than the entry age of kindergarten in the school district of residence.

“Program.” The Pre-K Counts Program established under section 1512-D.

Section 1512-D. Establishment of program.

To the extent that funds are appropriated by the General Assembly, the department shall establish the Pennsylvania Pre-K Counts Program as a competitive grant program to expand pre-kindergarten opportunities for eligible students.

Section 1513-D. Duties of department.

The department shall have the following powers and duties:

(1) *To promulgate regulations and establish guidelines and standards necessary to implement this subarticle. In promulgating the initial regulations, the department shall follow the procedures provided in the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, and the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act, for promulgation and review of final-omitted regulations. Subsequent regulations promulgated under this subarticle or amendments to the initial regulations shall not be in final-omitted form.*

(2) *To establish the process through which eligible providers may apply for grant funds, allowable and required grant uses and per-student funding levels and the criteria used to identify approved providers for grant funds.*

(3) *To identify one or more assessments to be used by approved providers, the cost of which shall be paid as part of an approved provider’s grant award.*

(4) *To encourage the development and maintenance of community coordination and partnerships.*

(5) *To perform all other functions necessary to carry out the program, including the monitoring of approved providers.*

(6) *To enter into agreements with third-party entities, to include intermediate units, to carry out the provisions of this subarticle.*

(7) *To publish the process through which eligible providers may apply for grant funds, the criteria used to identify approved providers for grant funds and the per-student funding levels of approved providers, by county, on the department’s Internet website and in the Pennsylvania Bulletin within 60 days of the effective date of this section.*

Section 1514-D. Grant awards.

The department shall award grants under this subarticle to the extent that funds are appropriated for the program by the General Assembly. The grants shall be awarded on a per-student basis for each eligible student served by an approved provider and shall not exceed the per-student cost of administering the approved provider's pre-kindergarten program. To the greatest extent possible, the department shall:

(1) Give priority in grant funding to approved providers serving the highest number or the highest percentage of at-risk eligible students.

(2) Give priority in grant funding to approved providers that received grant funds in the immediately preceding school year, have met the program standards and have demonstrated satisfactory implementation of the program.

(3) Ensure that grant funding is geographically dispersed to approved providers throughout this Commonwealth.

Section 1515-D. Duties of approved providers.

(a) General rule.—An approved provider that receives grant funds under this subarticle shall have the following duties:

(1) Maintain separate accounts in its budget to facilitate monitoring and auditing of the use of the grant funds. If the approved provider is a school district, the school district shall not place grant funds in a reserve account. In no case shall the approved provider use grant funds for administrative costs as defined by the department.

(2) Plan to provide no fewer than 180 days of pre-kindergarten over the course of the school year. A half-day program shall provide no fewer than two and one-half hours of instructional activities per day. A full-day program shall provide no fewer than five hours of instructional activities per day.

(3) Align the pre-kindergarten program's curriculum with early learning standards established by the department.

(4) Perform all other duties pursuant to applicable regulations and standards.

(b) Calculation of average daily membership.—An eligible student shall not be included in the average daily membership of an approved provider for the purpose of providing funding allocations pursuant to Article XXV.

Section 1516-D. Reporting.

(a) General rule.—No later than October 1, 2008, and October 1 of each year thereafter in which funding is appropriated for the purpose of providing grants to approved providers under this subarticle, the department shall submit a report 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 summarizing the operation of the program for the immediately preceding fiscal year. The report shall include:

(1) A description of the operation of the program, including:

(i) The criteria used to determine the eligibility of a provider for funding under the program.

(ii) The criteria used to determine the amount of grant funds paid to approved providers.

(iii) A summary of the process used by eligible providers to apply for grant funds, including sample copies of all application forms, instructions, guidelines and deadlines.

(2) A summary of the total amount of grant funds paid to approved providers.

(3) A summary of the allowable uses of grant funds under the program.

(4) A description of the assessments used to measure the academic progress of eligible students served through the program.

(5) A listing by county of each eligible provider submitting a grant application and indicating whether the eligible provider received funding and the amount thereof.

(6) For each approved provider, a report by county indicating:

(i) Name.

(ii) Address.

(iii) The number of eligible students served through the program.

(iv) The use or uses of the grant funds.

(v) The assessment of academic progress of each eligible student served through the program.

(vi) Of the eligible students served through the program, the number who are three years of age and the number who are four years of age.

(vii) To the extent possible, the total number of students receiving pre-kindergarten services itemized to identify:

(A) The number of students receiving services as a result of tuition paid by the parent or guardian.

(B) The number of students receiving services through the program.

(C) The number of students receiving services through the State Head Start Supplemental Assistance and Federal Head Start programs.

(viii) To the extent possible, a financial summary indicating the total expenditures of each approved provider and indicating as components of those expenditures the total revenues received from the Commonwealth through early childhood programs administered by the Department of Public Welfare, the total revenues received from the Commonwealth under the program and the total revenues

received from nonparticipating families with children enrolled in the program.

(ix) The enrollment goals as set forth in the grant application.

(x) To the extent possible, the number of eligible students served through the program who were funded through the subsidized day-care programs administered by the Department of Public Welfare and the number of eligible students served through the program who were funded through the Federal Head Start program or the State Head Start Supplemental Assistance program.

(b) Interim report.—No later than February 1, 2008, the department shall submit an interim report regarding the program 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 summarizing the operation of the program for the 2007-2008 fiscal year. The interim report shall include the items listed in subsection (a)(1), (2), (3), (4), (5) and (6)(i), (ii), (iii), (iv), (vi) and (ix).

Section 14. The act is amended by adding a section to read:

Section 1607.1. Distressed School Districts and Student Attendance in Other Districts.—(a) If a third class school district in which a public high school is not maintained operates and, for at least five consecutive years, has operated under a special board of control under section 692, has been placed on the education empowerment list under section 1703-B, has, with the approval of the secretary, curtailed its educational program by eliminating its high school and has not assigned its high school pupils to another school district or school districts and provided adequate transportation in a manner pursuant to section 1607, the secretary shall have the following authority:

(1) To designate two or more school districts that shall accept on a tuition basis the high school students of a distressed school district, so long as a designated school district's border is no more than three miles from the border of the distressed school district. Such designation shall occur no later than fifteen (15) days after the effective date of this section. No designated school district shall be assigned more than one hundred sixty-five (165) students from the distressed school district.

(2) To establish a process that a distressed school district shall use to reassign its high school students to the school districts designated under paragraph (1).

(3) To establish the per-pupil tuition rate that a school district designated under paragraph (1) shall receive for each reassigned student in a regular or special education program. For the 2007-2008 school year, the tuition rate shall be the 2006-2007 high school tuition charge of each of the school districts designated under paragraph (1). For the 2008-2009

school year and each school year thereafter, the tuition rate established under this paragraph may not exceed the tuition rate established for the 2007-2008 school year multiplied by the greater of either two per centum (2%) or the percentage increase in total budgeted revenues available to a distressed school district.

(b) A school district designated under subsection (a)(1) shall provide transportation to reassigned students to its high school and shall be eligible for transportation reimbursement in a manner consistent with section 2541.

(c) The secretary shall publish the following on the Department of Education's Internet website no later than August 1, 2007, and August 1 of each year thereafter and in the Pennsylvania Bulletin no later than September 30, 2007, and September 30 of each year thereafter:

(1) The names of the school districts designated under subsection (a)(1).

(2) The process established under subsection (a)(2).

(3) The tuition rate established under subsection (a)(3).

(d) Notwithstanding any other provision of law, regulation, guideline, directive, decision or agreement to the contrary, any school district that is designated under subsection (a)(1) may not be required to include the students in its public school enrollment report for the purposes of determining an interscholastic sports classification by a private entity that is organized under the laws of this Commonwealth to administer interscholastic athletics.

(e) A student assigned to a school district designated under subsection (a)(1) shall be included in the average daily membership of the student's school district of residence for the purpose of providing basic education funding allocations and special education funding payments pursuant to Article XXV.

(f) No later than February 1, 2008, and February 1 of each year thereafter, the Legislative Budget and Finance Committee shall submit a report to the chairman and minority chairman of the Appropriations and Education Committees of the Senate and to the chairman and minority chairman of the Appropriations and Education Committees of the House of Representatives summarizing the financial and academic status of a distressed school district under this section and including an audit of its accounts for the immediately preceding school year.

(g) For the 2007-2008 and 2008-2009 school years, a school district designated under subsection (a)(1) shall receive an additional per-pupil sum of five hundred dollars (\$500) for students reassigned pursuant to this section. These additional funds shall be used for transition services to students, including, but not limited to, student mentoring, tutoring, employe in-service programs designed to assist transitioning students and security expenditures.

(h) (1) No later than October 1, 2007, the secretary shall establish an Education Advisory Committee which shall provide semi-annual reports to the secretary. Such reports to the secretary may include, but are not limited to:

(i) An evaluation of the transition of students who have been assigned to a school district designated under subsection (a)(1).

(ii) Recommendations for changes to the process established under subsection (a)(2).

(iii) Recommendations for improving education opportunities for students of a distressed school district under this section.

(2) The secretary shall provide the Education Advisory Committee a written response to the semi-annual report required under this paragraph.

(3) The Education Advisory Committee shall consist of members selected by the secretary, including:

(i) A representative of each school district designated under subsection (a)(1) recommended by the board of school directors of the designated school district.

(ii) A member of the board of control of the distressed school district.

(iii) An administrator from each school district designated under subsection (a)(1) and from the distressed school district.

(iv) A teacher from each school district designated under subsection (a)(1) and from the distressed school district.

(v) An elected official representing voters in each school district designated under subsection (a)(1) and the distressed school district.

(vi) Three residents of each of the school districts designated under subsection (a)(1).

(vii) Three residents of the distressed school district.

(viii) An employe of the Department of Education, who shall not be a current member of the board of control.

(ix) A representative of the intermediate unit in which the school districts designated under subsection (a)(1) and the distressed school district are located.

Section 15. Section 1603-B(d)(2) of the act, amended July 11, 2006 (P.L.1092, No.114), is amended to read:

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

(d) Supplemental grants.—

(2) (i) The total amount of grant funds available under this subsection shall equal [15%] 22% 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.

Section 16. The act is amended by adding a section to read:

Section 1704.1-B. Superintendent Power to Recommend Dismissal.—(a) *The superintendent of a school district shall have the authority to recommend to the board of school directors dismissal of a management employe for unsatisfactory performance or wilful misconduct.*

(b) *The board of school directors shall consider a recommendation of the superintendent for dismissal of a management employe. A recommendation for dismissal of a management employe shall be subject to the provisions of section 508.*

(c) *The action of the board of school directors in dismissing an employe under this article shall not be deemed an adjudication under 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and procedure of Commonwealth agencies), nor shall it be subject to a hearing under section 514, 1125.1 or 1122.*

(d) *For the purposes of this section:*

(i) *The term "management employe" shall mean an employe who holds a management position above the level of first level supervisor. This term shall not include a principal, assistant principal, vice principal or any position requiring a certificate from the Secretary of Education.*

(ii) *The term "school district" shall mean a school district that has been designated by the Secretary of Education as a Commonwealth partnership school district.*

(e) *This section shall expire December 31, 2009.*

Section 17. Section 1705-B(h)(4) of the act, amended July 11, 2006 (P.L.1092, No.114), is amended to read:

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

(h) ***

(4) The department may utilize up to **[\$3,500,000] \$4,500,000** 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, 2005-2006 [and], 2006-2007 and **2007-2008 and** shall expire June 30, [2007] **2008**.

Section 18. Section 1707-B(b) of the act, amended November 22, 2000 (P.L.672, No.91), is amended to read:

Section 1707-B. Boards of Control for Certain School Districts.—* * *

(b) (1) A board of control in an education empowerment district certified under this section shall consist of [five (5)] *seven (7)* residents of the school district [who], *five (5) of whom* shall be appointed by the mayor of the coterminous city within fourteen (14) days of the certification of the school district as an education empowerment district[. **Members of the board of control shall serve at the pleasure of the mayor.**] *and two (2) of whom shall be elected by and from the members of the elected board of school directors.*

(2) *The members of the board of control that are elected by and from the members of the elected board of school directors shall serve on the board of control for a period of time concurrent with their terms of office as members of the elected board of school directors and are not subject to removal by the mayor.*

(3) *The members of the board of control that are not elected by and from the members of the elected board of school directors shall serve at the pleasure of the mayor.*

* * *

Section 19. Section 1905-D(d) of the act, added July 11, 2006 (P.L.1092, No.114), is amended 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] **2006-2007**. 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 20. The act is amended by adding an article to read:

ARTICLE XIX-F

PENNSYLVANIA TECHNICAL COLLEGE PROGRAM

Section 1901-F. 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:

"Department." *The Department of Education of the Commonwealth.*

"Educationally underserved area." *As defined in Article XIX-D.*

"Eligible applicant." *Any of the following:*

(1) *An institution of higher education.*

(2) *An institution of higher education in partnership with one or more of the following:*

(i) *Another institution of higher education.*

(ii) *An area vocational-technical school or ATVS, as defined under 22 Pa. Code § 4.3 (relating to definitions).*

(iii) *A community education council as defined under section 1901-D.*

(iv) *A private licensed school as the term is defined under section 2 of the act of December 15, 1986 (P.L.1585, No.174), known as the Private Licensed Schools Act, that is authorized to confer the degree of Associate in Specialized Technology or Associate in Specialized Business and is accredited by the Accrediting Commission of Career Schools and Colleges of Technology or the Accrediting Council for Independent Colleges and Schools.*

“Institution of higher education.” Any of the following:

(1) *An institution of the State System of Higher Education created under Article XX-A.*

(2) *A community college created under Article XIX-A.*

(3) *The Pennsylvania State University, the University of Pittsburgh, Temple University, Lincoln University and their branch campuses.*

(4) *An institution as the term is defined under 24 Pa.C.S. § 6501(a) (relating to applicability of chapter) that is accredited by the Middle States Commission on Higher Education. The term does not include an institution which is determined by the Department of Education to be a theological seminary or school of theology or a sectarian and denominational institution.*

“Lead sponsor.” An institution of higher education which as an eligible applicant receives approval to establish a technical college program.

“Program.” The Pennsylvania Technical College Program approved under this article.

Section 1902-F. Pennsylvania Technical College Program.

To the extent that funds are appropriated by the General Assembly, the department shall establish the Pennsylvania Technical College Program as a competitive grant program to prepare students in educationally underserved areas for high-demand occupations that require a postsecondary certificate or associate degree.

Section 1903-F. Duties of department.

The department shall have the following powers and duties:

(1) *Establish guidelines and standards necessary to implement this article. Such guidelines shall include the identification of approved fields of study and a process for considering requests for approval of fields of study that are not listed and that meet criteria established by the department, eligibility requirements, designated educationally underserved areas, a description of program requirements and limitations and funding information.*

(2) *Establish the process through which eligible applicants may apply for grant funds, including the identification of required and*

allowable grant uses, the criteria used to approve programs, annual limits on student tuition and fees and limits on enrollment eligible for State funding.

(3) Perform all other functions necessary to carry out this article, including the monitoring and reporting of approved programs and student outcomes.

Section 1904-F. Program requirements.

Grant recipients shall do all of the following:

(1) Award, through the lead sponsor, credit-bearing certificates and associate degrees. No other degree or credential shall be awarded under the program. Associate degrees awarded through the program shall be limited to one of the following:

(i) An associate of arts degree.

(ii) An associate of sciences degree.

(iii) An associate of applied sciences degree, if an articulation agreement exists to enable the bearer of the associate of applied sciences degree to transfer the degree for full credit to an institution of higher education in pursuit of a bachelor's degree.

(2) Offer a program of study designed to be completed in no more than two years for a full-time student or an equivalent period for a part-time student. Each course included in an approved program of study shall be offered for college credit.

(3) Establish enrollment standards that include, but are not limited to, limiting enrollment to persons who have earned a high school diploma or equivalent and have been residents of this Commonwealth for at least 18 months prior to enrollment.

(4) Establish financial aid policies providing that a student enrolled in the program shall be eligible for publicly funded financial aid opportunities in the same manner as students enrolled in the lead sponsor institution.

Section 1905-F. Grant awards.

(a) General rule.—The department shall award grants to a lead sponsor under this article to the extent that funds are appropriated for the Pennsylvania Technical College Program by the General Assembly, as follows:

(1) Operating grants that are awarded on a per-student basis. The department shall be responsible for the allocation and distribution of State funding among programs, provided that the department shall:

(i) Give priority in grant funding to programs providing access in educationally underserved areas that are seeking renewal of grant funding and that have met the program standards and demonstrated satisfactory implementation of the program.

(ii) To the greatest extent possible, ensure that grant funding is geographically dispersed to approved programs located in educationally underserved areas of the Commonwealth.

(2) Equipment grants that are awarded pursuant to guidelines and processes established by the department.

(b) Restriction.—Payments made under this section shall not be used for construction or purchase of space.

Section 1906-F. Promulgation of standards.

Within 30 days of the effective date of this section, the department shall promulgate interim standards necessary to ensure the establishment of quality programs under this article and which shall be published in the Pennsylvania Bulletin. The interim standards shall not be subject to review under the act of June 25, 1982 (P.L.633, No.181), known as the Regulatory Review Act, nor shall they be subject to sections 201, 202, 203, 204 and 205 of the act of July 31, 1968 (P.L.769, No.240), referred to as the Commonwealth Documents Law, or section 204 of the act of October 15, 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act. Within one year of publication of the interim standards in the Pennsylvania Bulletin, the department shall promulgate proposed standards. The interim standards shall remain in effect until the effective date of the final standards.

Section 1907-F. Annual reports.

No later than October 1, 2008, and October 1 of each year thereafter in which funding is appropriated for the purpose of providing grants under this article, the department shall submit a report 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 summarizing the operations and successes of the Pennsylvania Technical College Program during the prior fiscal year. The report shall include:

(1) A description of the operations of the Pennsylvania Technical College Program, including:

(i) The criteria used to evaluate the applications for funding under the grant program.

(ii) The criteria used to identify fields of study, educationally underserved areas and annual tuition rates.

(2) A list of the total amount of grant funds paid to lead sponsors by higher education institutions, approved programs, fields of study, geographic areas served by the programs and fiscal year.

(3) A summary of financial information including revenues and expenditures by programs, including all sources of funding for each program, such as tuition, lead sponsor financial support and partnering entity support.

(4) A summary of programmatic information, including approved programs, fields of study, educationally underserved areas participating, number of student enrollments, credits awarded,

certificates awarded, degrees awarded and graduate placement information.

(5) A description of the evaluation process to measure the success of the Pennsylvania Technical College Program with respect to increasing access, improving opportunities and controlling costs. The process should include an identification of program goals and objectives and related measures and the results of implementation of the identified evaluation process.

Section 21. Section 2006-B(a) of the act, amended July 11, 2006 (P.L.1092, No.114), is amended to read:

Section 2006-B. Limitations.

(a) Amount.—

(1) The total aggregate amount of all tax credits approved shall not exceed ~~[\$54,000,000]~~ *\$67,000,000* in a fiscal year. No less than ~~[\$36,000,000]~~ *\$44,666,667* of the total aggregate amount shall be used to provide tax credits for contributions from business firms to scholarship organizations. No less than ~~[\$18,000,000]~~ *\$22,333,333* of the total aggregate amount shall be used to provide tax credits for contributions from business firms to educational improvement organizations.

(2) (i) For the fiscal year 2004-2005 ~~[and each fiscal year thereafter,]~~, *2005-2006 and 2006-2007*, 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.

(ii) For the fiscal year 2007-2008 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 \$8,000,000 in a fiscal year.

Section 22. Article XXIII heading of the act is amended to read:

ARTICLE XXIII.

FUNDING FOR PUBLIC [SCHOOL] LIBRARIES.

Section 23. The act is amended by adding a section to read:

Section 2316. State aid for certain public libraries.

(a) General rule.—Each library subject to the act of June 14, 1961 (P.L.324, No.188), known as The Library Code, that received a State aid allocation for fiscal year 2006-2007 pursuant to The Library Code and that complies with the standards contained in The Library Code and regulations promulgated thereunder relating to hours of operation, continuing professional development, collections expenditures and any other standards related to library operations as required under section 104 of The Library Code shall be eligible for State aid in fiscal year 2007-2008.

(b) Formula.—State aid under this section shall consist of the following:

(1) *an amount equal to the State aid allocation for fiscal year 2006-2007 pursuant to section 303.16 of The Library Code; and*

(2) *an equal distribution grant supplement to be provided to each local library, qualifying branch library and bookmobile. To determine the grant amount under this paragraph, \$250,000 shall be divided by the total number of all local libraries, branch libraries and bookmobiles.*

(c) *Discretionary disbursement of unallocated funds.—After distribution of State aid to libraries under this section, any remaining unallocated funds may be distributed at the discretion of the State Librarian.*

Section 24. Section 2502.13 of the act is amended by adding a subsection to read:

Section 2502.13. Small District Assistance.—***

(m) *For the school year 2006-2007, 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 six thousand ten-thousandths (0.6000) or greater an amount equal to thirty dollars (\$30) multiplied by that district's average daily membership and by that district's market value/income aid ratio.*

Section 25. The act is amended by adding a section to read:

Section 2502.47. *Basic Education Funding for 2006-2007 School Year.—For the 2006-2007 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 2005-2006 school year under sections 2502.13, 2502.45 and 2504.4.*

(2) *If a school district has been declared a Commonwealth partnership school district under Article XVII-B, an amount equal to four million dollars (\$4,000,000).*

(3) *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 ninety-one ten-thousandths (.7391):*

(A) *Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.*

(B) *Multiply the product from clause (A) by five million nine hundred fifty thousand dollars (\$5,950,000).*

(C) *Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.*

(ii) *If the school district's 2007-2008 market value/income aid ratio is equal to or greater than six thousand six hundred fifteen ten-thousandths (.6615) and less than seven thousand three hundred ninety-one ten-thousandths (.7391):*

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by seventeen million five hundred twenty thousand dollars (\$17,520,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.

(iii) If the school district's 2007-2008 market value/income aid ratio is equal to or greater than five thousand eight hundred fifty-six ten-thousandths (.5856) and less than six thousand six hundred fifteen ten-thousandths (.6615):

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by seven million eight hundred thousand dollars (\$7,800,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.

(iv) If the school district's 2007-2008 market value/income aid ratio is equal to or greater than four thousand one hundred ninety-five ten-thousandths (.4195) and less than five thousand eight hundred fifty-six ten-thousandths (.5856):

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by eleven million four hundred thousand dollars (\$11,400,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.

(v) If the school district's 2007-2008 market value/income aid ratio is less than four thousand one hundred ninety-five ten-thousandths (.4195):

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by six million twenty-five thousand dollars (\$6,025,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.

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

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

(A) forty percent (40%) or more of the students enrolled in the school district on October 31, 2006, must have been eligible for free or reduced price meals under the school lunch program, and the school district's

2007-2008 market value/income aid ratio must be at least four thousand five hundred ten-thousandths (.4500); or

(B) equal to or greater than thirty percent (30%) and fewer than forty percent (40%) of the students enrolled in the school district on October 31, 2006, must have been eligible for free or reduced price meals under the school lunch program, and the school district's 2007-2008 market value/income aid ratio must be at least six thousand five hundred ten-thousandths (.6500).

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

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership by the percent of students enrolled in the school district on October 31, 2006, who were eligible for free or reduced price meals under the school lunch program.

(B) Multiply the product from clause (A) by twenty-six million dollars (\$26,000,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership multiplied by the percent of students enrolled in the school district on October 31, 2006, who were eligible for free or reduced price meals under the school lunch program for all qualifying school districts.

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

(i) To qualify for the foundation supplement, a school district's 2005-2006 adjusted current expenditures per average daily membership must be less than the foundation target, and its 2005-2006 equalized millage must be greater than or equal to 18.0. For the purpose of this subsection, the "foundation target" shall be one of the following:

(A) The 2003-2004 median current expenditures per average daily membership increased by three and nine-tenths percent (3.9%) and further increased by three and four-tenths percent (3.4%).

(B) For a school district where at least fifty percent (50%) of students enrolled in the school district on October 31, 2006, were eligible for free or reduced price meals under the school lunch program, the amount referenced under clause (A) increased by twenty percent (20%).

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

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

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

(I) five hundred dollars (\$500), or if its 2007-2008 market value/income aid ratio is equal to or greater than seven thousand ten-thousandths (.7000), eight hundred fifty dollars (\$850);

(II) the difference between the value of the foundation target and the school district's 2005-2006 adjusted current expenditures per average daily membership; or

(III) if the school district's 2005-2006 equalized millage is less than twenty-one and one-tenth (21.1), the product of the lesser of the amount in clause (B)(I) or (II) and the quotient of its 2005-2006 equalized millage divided by twenty-one and one-tenth (21.1).

(C) Multiply the product from clause (B) by forty million dollars (\$40,000,000).

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

(iii) If a qualifying school district's 2005-2006 equalized millage is equal to or greater than twenty-four and seven-tenths (24.7), it shall receive an additional payment calculated as follows:

(A) Multiply the product from subparagraph (ii)(B) by eighteen million dollars (\$18,000,000).

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

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

(i) To qualify for this portion of the tax effort supplement, the percent change in a school district's market value from 2000 to 2005 must be less than ten percent (10%).

(ii) This portion of the tax effort supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2007-2008 market value/income aid ratio by its 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by three million dollars (\$3,000,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the 2006-2007 average daily membership for all qualifying school districts.

(iii) To qualify for this portion of the tax effort supplement, a school district's 2007-2008 market value/income aid ratio must be greater than four thousand five hundred ten-thousandths (.4500), the residential portion of its 2005 assessed valuation as determined by the State Tax Equalization Board must be greater than eighty-seven percent (87%), its 2005-2006 equalization millage must be greater than twenty-two and five-tenths (22.5), and its 2007-2008 market value/income aid ratio minus its 1994-1995 market value/income aid ratio must be greater than one thousand ten-thousandths (.1000).

(iv) This portion of the tax effort supplement shall be calculated for qualifying school districts as follows:

(A) Multiply the school district's 2006-2007 average daily membership by five hundred thousand dollars (\$500,000).

(B) Divide the product from clause (A) by the sum of the 2006-2007 average daily membership for all qualifying school districts.

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

(i) To qualify for the growth supplement, the school district's 2005-2006 average daily membership must be at least five percent (5%) greater than the school district's 2000-2001 average daily membership, the school district's 2005 market value per 2005-2006 average daily membership must be less than or equal to nineteen and one-half percent (19.5%) greater than the school district's 2000 market value per 2000-2001 average daily membership, and the school district's 2006-2007 average daily membership must be greater than the school district's 2005-2006 average daily membership.

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

(A) Multiply the school district's 2007-2008 market value/income aid ratio by the difference between the school district's 2005-2006 average daily membership and the school district's 2006-2007 average daily membership.

(B) Multiply the product from clause (A) by two million five hundred thousand dollars (\$2,500,000).

(C) Divide the product from clause (B) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by the difference between the 2005-2006 average daily membership and the 2006-2007 average daily membership for all qualifying school districts.

(8) Each school district shall receive an inflation index supplement as necessary so that the sum of the amounts under section 2502.13 or 2504.4 and paragraphs (3), (4), (5), (6) and (7) and this paragraph equal three and four-tenths percent (3.4%) multiplied by its 2007-2008 market value/income aid ratio of the amount in paragraph (1).

(9) Each school district shall receive additional funding as necessary so that the sum of the amounts under section 2502.13 or 2504.4 and paragraphs (3), (4), (5), (6), (7) and (8) and this paragraph shall equal at least two percent (2%) of the amount in paragraph (1).

Section 26. 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.3) To qualify for limited English proficiency payments under this section, a school district's 2007-2008 market value/income aid ratio must be equal to or greater than three thousand eight hundred ten-thousandths (.3800), and the number of enrolled students identified as limited English proficient in the 2005-2006 school year must be equal to or greater than three and one-half percent (3.5%) of the school district's 2005-2006 average daily membership. The allocation under this section shall be paid

in fiscal year 2007-2008 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 2005-2006 school year by two million seven hundred thousand dollars (\$2,700,000).

(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.15) Up to eleven million two hundred thousand dollars (\$11,200,000) may be utilized for programs administered and operated by intermediate units during the 2007-2008 school year for institutionalized children as established in subsection (b.1).

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

(vv) During the 2007-2008 school year, each school district shall be paid the amount it received during the 2006-2007 school year under subsections (rr), (ss), (tt) and (uu).

(ww) During the 2007-2008 school year, twenty-seven million six hundred eighty-two thousand one hundred and ninety-three dollars (\$27,682,193) 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 2007-2008 market value/income aid ratio by sixteen percent (16%) of its 2006-2007 average daily membership;

(2) multiply the product from paragraph (1) by twenty-seven million dollars (\$27,000,000); and

(3) divide the resultant product from paragraph (2) by the sum of the products of the 2007-2008 market value/income aid ratio multiplied by sixteen percent (16%) of the 2006-2007 average daily membership for all school districts.

(xx) Each school district shall receive an inflation index supplement as necessary so that the amounts under subsection (ww) and this subsection equal three and four-tenths percent (3.4%) multiplied by each school district's 2007-2008 market value/income aid ratio of the amount in subsection (vv).

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

Section 27. The act is amended by adding a section to read:

Section 2526.1. Budget Stabilization Plan Progress Report.—(a) A school district of the first class shall submit a budget stabilization plan progress report to the Secretary of Education and the Secretary of the Budget in a manner prescribed by the Secretary of Education no later than October 15, 2007, for the period ending September 30, 2007, and no later than January 15, 2008, for the period ending December 31, 2007.

(b) (1) The Secretary of Education shall approve a report that demonstrates that planned cost reduction measures adopted by a school district of the first class and resulting projected savings included in a budget adopted by a school district of the first class have occurred as scheduled or have been replaced with substitute cost reduction measures that have generated equal savings.

(2) In the case of a report deemed to be unsatisfactory, the Secretary of Education shall disapprove the report and make any necessary recommendations to a school district of the first class.

(3) The Secretary of Education may withhold any State appropriation that may become due to a school district of the first class after the deadline for submitting a budget stabilization plan progress report until such time as a budget stabilization plan progress report is approved pursuant to this subsection.

(c) The Secretary of Education shall provide a copy of any budget stabilization plan progress report submitted by a school district of the first class 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 the minority chairman of the Education Committee of the House of Representatives.

Section 28. Section 2541 is amended by adding a subsection to read:

Section 2541. Payments on Account of Pupil Transportation.—* * *

(f) Effective for the 2007-2008 school year, any school district that is required to transport resident students of a distressed school district pursuant to section 1607.1(b) shall be reimbursed by the Commonwealth the additional sum of three hundred eighty-five dollars (\$385) for each student reassigned to a school district designated pursuant to section 1607.1(a)(1).

Section 29. Section 2591.1(c.1) and (d) of the act, amended or added July 4, 2004 (P.L.536, No.70), are amended to read:

Section 2591.1. Commonwealth Reimbursements for Charter Schools and Cyber Charter Schools.—* * *

(c.1) (1) For the 2003-2004 school year and each school year thereafter, except for the 2006-2007 school year as provided under paragraph (2), the Commonwealth shall pay to each school district with resident students enrolled during the immediately preceding school year in a charter school, a charter school approved under section 1717-A or 1718-A which provides

instruction through the Internet or other electronic means or a cyber charter school as defined under Article XVII-A, an amount equal to thirty percent (30%) of the total funding required under section 1725-A(a).

(2) For the 2006-2007 school year, the payment required under this subsection shall be equal to thirty-two and forty-five hundredths percent (32.45%) of the amount required under section 1725-A(a), where the school district has:

(i) average daily membership of resident students enrolled in a charter school, a charter school approved under section 1717-A or 1718-A which provides instruction through the Internet or other electronic means or a cyber charter school as defined under Article XVII-A equal to or greater than twelve percent (12%) of the school district's 2006-2007 average daily membership;

(ii) a 2007-2008 market value/income aid ratio of equal to or greater than six thousand ten thousandths (.6000); and

(iii) made payments equal to or greater than one million dollars (\$1,000,000) as required under section 1725-A(a).

(d) (1) For the fiscal year 2003-2004 and each fiscal year thereafter, if insufficient funds are appropriated to make Commonwealth payments pursuant to this section, such payments shall be made on a pro rata basis.

(2) For fiscal year 2007-2008, when determining if sufficient funds are available, the Department of Education shall include in the calculation two million dollars (\$2,000,000) in addition to the funds appropriated to the Department of Education for this purpose.

Section 30. Section 2599.2(c) and (d.1)(1) of the act, amended or added July 13, 2005 (P.L.226, No.46) and July 11, 2006 (P.L.1092, No.114), are amended, the section is amended by adding subsections and subsection (b) is amended by adding paragraphs to read:

Section 2599.2. Pennsylvania Accountability Grants.—* * *

(b) The grant shall be used by a school district to attain or maintain academic performance targets. Funds obtained under this section may be used for any of the following:

* * *

(12) Establishing, expanding or maintaining programs for instruction on world languages in the elementary grades, either in immersion classrooms or as separate periods of instruction.

(13) Establishing, expanding or maintaining programs to strengthen high school curricula by creating rigorous college and career preparatory programs, increasing academic achievement, offering additional advanced placement courses, providing school-based counseling and providing professional development.

(14) Establishing, expanding or maintaining programs to provide intensive teacher training, professional development opportunities and teaching resources to elementary level science teachers.

* * *

(b.2) (1) If, for the 2007-2008 school year, the amount of funding that a school district receives under subsection (d.2) exceeds the amount of the grant that it received during the 2006-2007 school year, the school district shall use its additional funds to establish or expand the full-day kindergarten program under subsection (b)(2).

(2) The department shall require each school district to certify as part of the plan submitted under subsection (c)(2) whether the school district will use its additional grant funds in compliance with this subsection.

(3) A school district that does one of the following shall forfeit the right to the additional grant funds received in the 2007-2008 school year under subsection (d.2)(2) and (3), and all forfeited funds shall be distributed pursuant to subsection (d.3):

(i) Chooses in the 2007-2008 school year not to establish or expand a full-day kindergarten program consistent with the requirements of this subsection.

(ii) Submits a plan that does not comply with this section.

(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, the department shall notify each school district of the grant amount it will receive under subsection (d.1).

(1.1) For the 2007-2008 school year, the department shall notify each school district of the programs and activities authorized under subsection (b)(12), (13) and (14) and of its grant amount under subsection (d.3) within fifteen (15) days of the effective date of this paragraph.

(2) Within thirty (30) days of receipt of the notification under paragraph (1), the school district shall submit to the department an accountability grant plan. The plan shall include:

(i) Reference to the programs or activities under subsection (b) for which the grant funds will be used.

(ii) Identification of whether the grant funds will be used to establish, maintain or expand the programs or activities referenced under subparagraph (i).

(iii) A brief description of the programs or activities for which the grant funds will be used.

(2.1) For the 2007-2008 school year, a school district that proposes to use the grant funds for a program or activity not referenced in the accountability grant plan submitted under paragraph (2) shall submit an amended accountability grant plan to the department within thirty (30) days of the effective date of this paragraph. The amended plan shall include the information required under paragraph (2).

(3) (i) Where the accountability grant plan submitted under paragraph (2) proposes to use the grant funds for a program or activity under subsection (b)(11), the department shall have fifteen (15) days from the receipt of the plan to disapprove the use and notify the school district of the reason for the disapproval. Within thirty (30) days of the receipt of notice of disapproval,

the school district shall submit a revised accountability grant plan under paragraph (2).

(ii) Where the accountability grant plan submitted under paragraph (2) proposes to use the grant funds for a program or activity under subsection (b)(11) and the school district fails to receive notification from the secretary within fifteen (15) days of receipt that its request has been disapproved, the school district may proceed to implement the proposed programs or activities.

(4) Where the accountability grant plan submitted under paragraph (2) *or where the amended accountability grant plan submitted under paragraph (2.1)* proposes to use the grant funds for a program or activity under subsection (b)(1), (2), (3), (4), (5), (6), (7), (8), (9) [or], (10), (12), (13) *or (14)*, the department may, within thirty (30) days from the receipt of the plan, make nonbinding recommendations for alternative utilization of the grant funds.

(5) No later than February 1, 2005, and February 1 of each year thereafter, the department shall submit a report to the majority and minority chairs of the Appropriations and Education Committees of the Senate and to the majority and minority chairs of the Appropriations and Education Committees of the House of Representatives summarizing the operation of the program for that fiscal year. The report shall include:

- (i) A description of the operation of the program.
- (ii) A summary of the total amount of grant funds paid to school districts.
- (iii) A summary of the uses of grant funds to school districts.
- (iv) An identification of the number of school districts that used grant funds for each of the programs or activities under subsection (b).
- (v) A listing of each school district and the program or activity under subsection (b) for which the grant funds were used.
- (vi) An identification of the number of school districts that used grant funds to establish, maintain or expand the program or activity for which the grant funds were used.
- (vii) A listing of each school district and whether the grant funds were used to establish, maintain or expand the program or activity for which the grant funds were used.

(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).

(d.2) (1) *During the 2007-2008 school year, the department shall pay to each school district a Pennsylvania accountability grant equal to the amount determined under subsection (d.1) 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 PSSA tests administered in the school district, 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 2005-2006 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2005-2006 school year.

(ii) Multiply the quotient from subparagraph (i) by the average daily membership of the school district for the 2005-2006 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2006-2007 school year.

(iv) Multiply the product from subparagraph (iii) by eighteen million seven hundred fifty thousand dollars (\$18,750,000).

(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 PSSA tests administered in the school district, 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 2005-2006 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2005-2006 school year.

(ii) Multiply the quotient from subparagraph (i) by the average daily membership of the school district for the 2005-2006 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2006-2007 school year.

(iv) Multiply the product from subparagraph (iii) by six million two hundred fifty thousand dollars (\$6,250,000).

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

(d.3) (1) During the 2007-2008 school year, the department shall pay a Pennsylvania accountability grant supplement from funds subject to distribution pursuant to subsection (b.2)(3) equal to the amount calculated under paragraphs (2), (3), (4) and (5).

(2) Each school district with a 2006-2007 full-day kindergarten average daily membership shall receive an amount based on the percentage of its students scoring below proficient on PSSA tests administered in the school district, 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 2005-2006 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2005-2006 school year.

(ii) Multiply the quotient from subparagraph (i) by the full-day kindergarten estimated average daily membership of the school district for the 2006-2007 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2006-2007 school year.

(iv) Multiply the product from subparagraph (iii) by three million seven hundred fifty thousand dollars (\$3,750,000).

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

(3) Each school district with a 2006-2007 full-day kindergarten average daily membership shall receive an amount based on the percentage of its students scoring at or above proficient on PSSA tests administered in the school district, 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 2005-2006 school year by the total number of PSSA tests scored in reading and mathematics in the school district during the 2005-2006 school year.

(ii) Multiply the quotient from subparagraph (i) by the full-day kindergarten estimated average daily membership of the school district for the 2006-2007 school year.

(iii) Multiply the product from subparagraph (ii) by the market value/income aid ratio of the school district for the 2006-2007 school year.

(iv) Multiply the product from subparagraph (iii) by one million two hundred fifty thousand dollars (\$1,250,000).

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

(4) Each school district shall receive an amount equal to two percent (2%) of the amount determined pursuant to subsection (d.1).

(5) After amounts have been paid pursuant to paragraphs (2), (3) and (4), any remaining funds subject to distribution pursuant to subsection (b.2)(3) shall be allocated to each school district as follows:

(i) Multiply the school district's 2006-2007 market value/income aid ratio by the number of additional full-day kindergarten students to be enrolled in the newly established or expanded full-day kindergarten program in the school district as indicated in the accountability grant plan submitted under subsection (c).

(ii) Multiply the product from subparagraph (i) by the total amount of forfeited grant funds subject to distribution under this paragraph.

(iii) Divide the product from subparagraph (ii) by the sum of the products from subparagraph (i) of all school districts with additional full-day kindergarten students to be enrolled in newly established or expanded full-day kindergarten programs.

Section 31. This act shall take effect immediately.

APPROVED—The 20th day of July, A.D. 2007.

EDWARD G. RENDELL