

## No. 2013-59

## AN ACT

## HB 1141

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," in preliminary provisions, further providing for the Special Education Funding Commission; in school finances, providing for reopening of school district annual budget and further providing for annual budget, additional or increased appropriations and transfer of funds; in grounds and buildings, further providing for limitation on new applications for Department of Education approval of public school building projects; in certification of teachers, further providing for disqualifications and providing for professional educator discipline fee; in community colleges, further providing for financial program and reimbursement of payments; in community education councils, further providing for State funding; in school districts of the first class, further providing for budget reports; and, in reimbursements by Commonwealth and between school districts, providing for basic education funding for 2012-2013 school year and for payment on account of equipment purchased for area vocational-technical schools and school districts, further providing for payments to intermediate units and for special education payments to school districts, providing for assistance to school districts in financial recovery or financial watch status, further providing for Pennsylvania Accountability Grants and providing for Distance Education Program.

**The General Assembly finds and declares as follows:**

(1) It is the purpose of this act to provide fiscal support for the educational system in the Commonwealth.

(2) Pennsylvania currently has over 3,100 public schools organized into 500 school districts, and those schools educate approximately 1.7 million students every year.

(3) Article III, section 24, of the Constitution of Pennsylvania requires the General Assembly to adopt all appropriations for the operation of government in the Commonwealth. The Supreme Court has repeatedly affirmed that, "It is fundamental within Pennsylvania's tripartite system that the General Assembly enacts the legislation establishing those programs which the state provides for its citizens and appropriates the funds necessary for their operation."

(4) Article III, section 11, of the Constitution of Pennsylvania requires the adoption of a general appropriation bill that embraces "nothing but appropriations." While actual appropriations can be contained in a General Appropriation Act, the achievement and implementation of a comprehensive budget involves much more than appropriations. Ultimately, the budget has to be balanced under Article VIII, section 13, of the Constitution of Pennsylvania. This may necessitate changes to sources of funding and enactment of statutes to achieve full compliance with these constitutional provisions.

(5) Therefore, it is the intent of the General Assembly through this act to provide implementation of the 2013-2014 Commonwealth budget

as it affects the operations of and funding for our educational system and promotes the health, safety and welfare of our children.

(6) This act will:

- (i) Provide a community college funding formula.
- (ii) Provide basic education funding for the 2012-2013 school year.
- (iii) Provide for special education payments.
- (iv) Provide funds for implementing the act of December 12, 1973 (P.L.397, No.141), known as the Professional Educator Discipline Act.
- (v) Provide for payment on account of equipment purchased for area vocational-technical schools and technical institutes.
- (vi) Remove the health assessment requirement for a teacher's certification to avoid duplicate costs.
- (vii) Provide for funding to community education councils.
- (viii) Provide funding for financial aid in distance education through the Pennsylvania Higher Education Assistance Agency.

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

Section 1. Section 122(i)(5) of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, added April 25, 2013 (P.L.12, No.3), is amended to read:

Section 122. Special Education Funding Commission.—\* \* \*

(i) The commission shall have all of the following powers and duties:

\* \* \*

(5) Issue a report of its findings and recommendations to the Governor, the President pro tempore of the Senate, the Majority Leader and Minority Leader of the Senate, the Education Committee of the Senate, the Speaker of the House of Representatives, the Majority Leader and Minority Leader of the House of Representatives, the Education Committee of the House of Representatives, the Secretary of Education and the State Board of Education not later than [September] *November* 30, 2013.

\* \* \*

Section 2. The act is amended by adding a section to read:

***Section 616.1. Reopening of School District Annual Budget.—Notwithstanding any other provision of law, a board of school directors of a school district may reopen its annual budget for a period of thirty (30) days after the annual General Appropriation Act is enacted to reflect Federal and State allocations for the current fiscal year provided by the annual General Appropriation Act.***

Section 3. Section 687(h) of the act, added August 5, 1991 (P.L.219, No.25), is amended to read:

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

(h) Beginning with the adjusted final fiscal year 1991-1992 budget, and each fiscal year thereafter, on or before September 15, each school district shall furnish to the Education Committee of the Senate and the Education

Committee of the House of Representatives [a] *an electronic* copy of the school district's final adopted annual budget to include the amount of district revenues being held in excess of its total budgeted expenditures. Such documentation shall include an explanation of the district's need to maintain the revenues in this fund balance.

\* \* \*

Section 4. Section 732.1 of the act, added June 30, 2012 (P.L.684, No.82), is amended to read:

Section 732.1. Limitation on New Applications for Department of Education Approval of Public School Building Projects.—(a) For the 2012-2013 fiscal year *and the 2013-2014 fiscal year*, the Department of Education shall not accept or approve new school building construction or reconstruction project applications. Completed school building construction or reconstruction project applications received by the Department of Education by October 1, 2012, are not subject to this provision.

(b) The Department of Education shall, in consultation with school district officials and the General Assembly, conduct a review of the Department of Education's current process through which public school building projects are reviewed and approved for Commonwealth reimbursement. The review shall incorporate an analysis of impacting local factors, including, but not limited to, tax effort and building requirements, and shall make recommendations to the chair and minority chair of the Appropriations Committee of the Senate, the chair and minority chair of the Education Committee of the Senate, the chair and minority chair of the Appropriations Committee of the House of Representatives and the chair and minority chair of the Education Committee of the House of Representatives by May 1, 2013. *The Department of Education shall also conduct a Statewide analysis of school facilities and future capital needs and shall submit a preliminary report on that analysis by May 1, 2014.*

Section 5. Section 1209 of the act, amended November 23, 2010 (P.L.1350, No.123), is amended to read:

Section 1209. Disqualifications.—No teacher's certificate shall be granted to any person who:

**[(1) Has not submitted, upon a blank furnished by the Secretary of Education, a certificate from a physician, certified registered nurse practitioner or physician assistant licensed or certified in this Commonwealth, or in any other state or the District of Columbia, setting forth that the applicant is not disqualified by reason of a mental or physical disability or a communicable disease from the successful performance of the essential functions of a teacher with or without a reasonable accommodation.]**

(2) Does not have a good moral character.

(3) Engages in the illegal use of controlled substances or alcoholic beverages. An applicant for certification may overcome the disqualification under this paragraph and receive a teaching certificate if the applicant is reviewed by the Department of Education pursuant to the requirement of paragraph (2) and determined to be of good moral character.

Section 6. The act is amended by adding a section to read:

**Section 1216.1. Professional Educator Discipline Fee.—(a) In addition to any application fee established by the Department of Education, an applicant for certification from the department shall pay a professional educator discipline fee of twenty-five dollars (\$25).**

**(b) The following shall apply:**

**(1) There is created in the General Fund a restricted receipts account to be known as the Professional Educator Discipline Account.**

**(2) The Professional Educator Discipline Account shall be funded by money received under this section and any interest derived from funds in the Professional Educator Discipline Account.**

**(3) The funds in the Professional Educator Discipline Account shall be appropriated to the department for administration, enforcement and adjudication by the department and the Professional Standards and Practices Commission under the act of December 12, 1973 (P.L.397, No.141), known as the "Professional Educator Discipline Act."**

**(c) Notwithstanding any other provision of law, the department may increase the fee established under subsection (a) if the department determines that the cost of enforcement exceeds the revenue generated by the fee and by all other fees, fines and civil penalties provided for under the "Professional Educator Discipline Act."**

Section 7. Section 1913-A(b)(1.6)(v) of the act, amended June 30, 2012 (P.L.684, No.82), is amended and the clause is amended by adding a subclause to read:

Section 1913-A. Financial Program; Reimbursement of Payments.—\* \* \*

(b) \* \* \*

(1.6) For the 2006-2007 fiscal year and each fiscal year thereafter, the payment for a community college shall consist of the following:

\* \* \*

(v) Subclauses (i), (ii), (iii) and (iv) shall not apply to the 2011-2012 [and], 2012-2013 and 2013-2014 fiscal years.

\* \* \*

**(viii) For the 2013-2014 fiscal year, each community college shall receive an amount equal to the sum of the following:**

**(A) A reimbursement for operating costs determined by:**

**(I) dividing the amount of the funding that the community college received in fiscal year 2012-2013 under subclause (vii)(A) by the total amount of funding provided to community colleges in fiscal year 2012-2013 under subclause (vii)(A); and**

**(II) multiplying the quotient under subparagraph (I) by one hundred sixty-eight million one hundred sixty-seven thousand dollars (\$168,167,000).**

**(B) An economic development stipend determined by:**

**(I) dividing the amount of funding that the community college received in fiscal year 2012-2013 under subclause (vii)(B) by the total amount of funding provided to all community colleges in fiscal year 2012-2013 under subclause (vii)(B); and**

**(II) multiplying the quotient under subparagraph (I) by forty-four million dollars (\$44,000,000).**

\* \* \*

Section 8. Section 1905-D of the act is amended by adding a subsection to read:

Section 1905-D. State Funding.—\* \* \*

*(e) Notwithstanding the provisions of subsection (d), for the 2013-2014 fiscal year, funds appropriated to community education councils shall be distributed as follows:*

*(1) Each community education council which received funding in fiscal year 2012-2013 shall receive an amount equal to the amount it received in that fiscal year and a pro rata share of two hundred twenty-seven thousand dollars (\$227,000).*

*(2) (Reserved).*

Section 9. Section 2133(d) of the act, added February 4, 1982 (P.L.1, No.1), is amended to read:

Section 2133. Budget Reports.—\* \* \*

(d) Districts of the first class shall send *electronically* reports containing the quarterly budgets to the chairmen and minority chairmen of the Education Committees of the House of Representatives and the Senate, the Philadelphia City Council President, and the Mayor of Philadelphia thirty (30) days after the close of each quarter.

Section 10. The act is amended by adding sections to read:

**Section 2502.52. Basic Education Funding for 2012-2013 School Year.**—*(a) For the 2012-2013 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 2011-2012 school year pursuant to section 2502.51.*

*(2) A student-focused funding supplement comprised of the following:*

*(i) The school district's average daily membership for the 2012-2013 school year multiplied by one hundred eight dollars (\$108).*

*(ii) The product under paragraph (i) multiplied by the school district's market value/income aid ratio for the 2013-2014 school year.*

*(3) An English language learner high incidence supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the English language learner high incidence supplement, a school district's 2012-2013 market value/income aid ratio must be greater than seven thousand ten-thousandths (0.7000) and its English language learner concentration must be greater than ten and eight tenths percent (10.8%).*

*(ii) The English language learner high incidence supplement shall be calculated for qualifying school districts as follows:*

*(A) (I) For qualifying school districts with a 2011-2012 average daily membership greater than eighteen thousand five hundred (18,500), multiply the qualifying school district's 2011-2012 average daily membership by eight million dollars (\$8,000,000).*

*(II) Divide the product from subclause (I) by the sum of the 2011-2012 average daily membership for all qualifying school districts with a 2011-2012 average daily membership greater than eighteen thousand five hundred (18,500).*

**(B) (I) For qualifying school districts with a 2011-2012 average daily membership less than eighteen thousand (18,000), multiply the qualifying school district's 2011-2012 average daily membership by five million one hundred fifty thousand dollars (\$5,150,000).**

**(II) Divide the product from subclause (I) by the sum of the 2011-2012 average daily membership for all qualifying school districts with a 2011-2012 average daily membership less than eighteen thousand (18,000).**

**(C) (I) For a qualifying school district with a 2011-2012 average daily membership greater than eighteen thousand (18,000) and less than eighteen thousand five hundred (18,500), multiply the qualifying school district's 2011-2012 average daily membership by one million five hundred thousand dollars (\$1,500,000).**

**(II) Divide the product from subclause (I) by the sum of the 2011-2012 average daily membership for all qualifying school districts with a 2011-2012 average daily membership greater than eighteen thousand (18,000) and less than eighteen thousand five hundred (18,500).**

**(4) A charter and cyber charter school extraordinary enrollment supplement calculated for qualifying school districts as follows:**

**(i) To qualify for the charter and cyber charter school extraordinary enrollment supplement, a school district's 2012-2013 market value/income aid ratio must be greater than eight thousand ten-thousandths (0.8000), its charter and cyber charter school concentration must be greater than twenty percent (20%) and its market value/income aid ratio must have increased from the 1991-1992 school year to the 2012-2013 school year by more than ten percent (10%).**

**(ii) The charter and cyber charter school extraordinary enrollment supplement shall be calculated for qualifying school districts as follows:**

**(A) (I) For a qualifying school district with a 2011-2012 average daily membership less than one thousand (1,000), multiply the qualifying school district's 2011-2012 average daily membership by two hundred fifty thousand dollars (\$250,000).**

**(II) Divide the product from subclause (I) by the sum of the 2011-2012 average daily membership for all qualifying school districts with a 2011-2012 average daily membership less than one thousand (1,000).**

**(B) (I) For a qualifying school district with a 2011-2012 average daily membership greater than one thousand (1,000), multiply the qualifying school district's 2011-2012 average daily membership by three million seven hundred fifty thousand dollars (\$3,750,000).**

**(II) Divide the product of subclause (I) by the sum of the 2011-2012 average daily membership for all qualifying school districts with a 2011-2012 average daily membership greater than one thousand (1,000).**

**(5) An increasing aid ratio supplement calculated for qualifying school districts as follows:**

**(i) To qualify for the increasing aid ratio supplement, a school district's 2012-2013 market value/income aid ratio must be greater than six thousand ten-thousandths (0.6000), its 2011-2012 average daily membership must be greater than eleven thousand (11,000), its number of students eligible for free or reduced-price meals under the National School Lunch Program during the 2012-2013 school year must be greater than six**

*thousand (6,000) and its market value/income aid ratio must have increased from the 1991-1992 school year to the 2012-2013 school year by more than seventy percent (70%).*

*(ii) The increasing aid ratio supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by two million five hundred thousand dollars (\$2,500,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership for all qualifying school districts.*

*(6) A small school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for a small school district supplement, a school district's 2012-2013 market value/income aid ratio must be less than five thousand ten-thousandths (0.5000), its 2011-2012 average daily membership must be less than one thousand six hundred (1,600), its 2011-2012 equalized millage rate must be greater than sixteen (16) and its charter and cyber charter school concentration must be greater than five percent (5%).*

*(ii) The small school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by five hundred thousand dollars (\$500,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership for all qualifying school districts.*

*(7) A small rural school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the small rural school district supplement, a school district's 2012-2013 market value/income aid ratio must be greater than five thousand ten-thousandths (0.5000) and its 2011-2012 average daily membership must be less than two hundred (200).*

*(ii) The small rural school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by two hundred fifty thousand dollars (\$250,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership for all qualifying school districts.*

*(8) A rural school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the rural school district supplement, a school district's 2012-2013 market value/income aid ratio must be greater than sixty-seven hundred ten-thousandths (0.6700) and less than seven thousand ten-thousandths (0.7000), its 2011-2012 average daily membership must be greater than one thousand eight hundred (1,800) and less than two thousand (2,000) and its 2011-2012 equalized millage rate must be greater than nineteen (19) and less than twenty one (21).*

*(ii) The rural school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by five hundred thousand dollars (\$500,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership for all qualifying school districts.*

*(9) A second class school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the second class school district supplement, a school district must have been classified as a second class school district during the 2000 census, it must have received State reimbursements pursuant to section 2591.1 for the 2009-2010 school year in an amount greater than three million five hundred thousand dollars (\$3,500,000) and it must have a 2011-2012 average daily membership greater than eight thousand (8,000).*

*(ii) The second class school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by five hundred thousand dollars (\$500,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership for all qualifying school districts.*

*(10) A personal income supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the personal income supplement, a school district's 2012-2013 market value/income aid ratio must be greater than fifty-two hundred ten-thousandths (0.5200) and less than sixty-five hundred ten-thousandths (0.6500), its 2011-2012 average daily membership must be greater than five thousand two hundred (5,200), its 2011-2012 equalized millage rate must be greater than twenty-two (22) and less than twenty-six (26), its adjusted personal income valuation for the 2010 tax year must be greater than six hundred million dollars (\$600,000,000) and less than nine hundred million dollars (\$900,000,000) and its number of students eligible for free or reduced-price meals under the National School Lunch Program during the 2012-2013 school year must be greater than two thousand (2,000).*

*(ii) The personal income supplement shall be calculated for qualifying school districts as follows:*

*(A) For each school district with an adjusted personal income valuation for the 2010 tax year greater than eight hundred million dollars (\$800,000,000), the personal income supplement shall be two million dollars (\$2,000,000).*

*(B) For each school district with an adjusted personal income valuation for the 2010 tax year less than eight hundred million dollars (\$800,000,000), the personal income supplement shall be one million five hundred thousand dollars (\$1,500,000).*

*(11) A second class A county school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the second class A county school district supplement, a school district must be located in a county of the second class A as determined by the 2010 census, its 2012-2013 market value/income aid ratio must be greater than sixty-eight hundred ten-thousandths (0.6800), its 2011-2012 average daily membership must be greater than four*



*thousand (4,000) and its 2011-2012 equalized millage rate must be greater than twenty seven (27).*

*(ii) The second class A county school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by one million dollars (\$1,000,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership of all qualifying school districts.*

*(12) A third class county school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the third class county school district supplement, a school district must be located in a county of the third class as determined by the 2010 census, its 2012-2013 market value/income aid ratio must be greater than six thousand ten-thousandths (0.6000) and less than sixty-nine hundred ten-thousandths (0.6900) and its 2011-2012 average daily membership must be greater than ten thousand (10,000) and less than thirteen thousand (13,000).*

*(ii) The third class county school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by one million dollars (\$1,000,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership of all qualifying school districts.*

*(13) A third class county small school district supplement calculated for qualifying school districts as follows:*

*(i) To qualify for the third class county small school district supplement, a school district must be located in a county of the third class as determined by the 2010 census, its 2012-2013 market value/income aid ratio must be greater than seventy-six hundred ten-thousandths (0.7600), its 2011-2012 average daily membership must be less than two thousand (2,000) and its number of students eligible for free or reduced-price meals under the National School Lunch Program during the 2012-2013 school year must be less than eight hundred (800).*

*(ii) The third class county small school district supplement shall be calculated for qualifying school districts as follows:*

*(A) Multiply the qualifying school district's 2011-2012 average daily membership by one million dollars (\$1,000,000).*

*(B) Divide the product from clause (A) by the sum of the 2011-2012 average daily membership of all qualifying school districts.*

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

*(i) To qualify for the growth supplement, a school district's 2012-2013 market value/income aid ratio must be greater than fifty-one hundred ten-thousandths (0.5100) and less than sixty-two hundred ten-thousandths (0.6200), its 2011-2012 average daily membership must be greater than three thousand two hundred (3,200) and less than four thousand (4,000), its equalized millage rate must be greater than twenty-one (21) and less than twenty-three (23) and its number of students eligible for free or reduced-price lunch under the National School Lunch Program during the*

*2012-2013 school year must be greater than one thousand two hundred (1,200) and less than one thousand seven hundred (1,700).*

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

*(A) For each school district with a 2012-2013 market value/income aid ratio less than fifty-three hundred ten-thousandths (0.5300), the growth supplement shall be one hundred sixty thousand dollars (\$160,000).*

*(B) For each school district with a 2012-2013 market value/income aid ratio greater than fifty-three hundred ten-thousandths (0.5300) and less than six thousand ten-thousandths (0.6000), the growth supplement shall be five hundred thousand dollars (\$500,000).*

*(C) For each school district with a 2012-2013 market value/income aid ratio greater than six thousand ten-thousandths (0.6000), the growth supplement shall be two hundred thousand dollars (\$200,000).*

*(b) The data used to calculate the provisions contained in subsection (a)(3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13) and (14) shall be based on information available to the Department of Education as of June 30, 2013.*

*(c) Any undistributed funds shall be deposited in the Financial Recovery School District Transitional Loan Account.*

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

*(1) The English language learner concentration shall be determined by dividing the school district's number of enrolled students identified as limited English proficient during the 2011-2012 school year by its 2011-2012 average daily membership.*

*(2) The charter and cyber charter school concentration shall be determined by dividing the school district's 2011-2012 average daily membership enrolled in charter and cyber charter schools by its 2011-2012 average daily membership.*

*Section 2508.5. Payment on Account of Equipment Purchased for Area Vocational-Technical Schools and School Districts.—(a) For the 2013-2014 school year, each area vocational-technical school and school district with an approved vocational program that applies to and is approved by the Department of Education under subsection (b) for funding for the purchase of equipment that meets industry standards for the purpose of training to students shall receive a grant in an amount equal to the sum of the following:*

*(1) An equal share of one million five hundred thousand dollars (\$1,500,000), determined by dividing one million five hundred thousand dollars (\$1,500,000) by the total number of area vocational-technical schools and school districts that have been approved for funding by the Department of Education under subsection (b).*

*(2) A per student amount calculated as follows:*

*(i) Multiply the 2012-2013 average daily membership in approved vocational education programs for each area vocational-technical school or school district that has been approved for funding by the Department of Education under subsection (b) by one million five hundred thousand dollars (\$1,500,000).*

**(ii) Divide the product from subclause (i) by the sum of the 2012-2013 average daily membership in approved vocational education programs for all area vocational-technical schools and school districts that have been approved for funding by the Department of Education under subsection (b).**

**(b) (1) Within thirty (30) days of the effective date of this subsection, the Department of Education shall establish guidelines under which area vocational-technical schools, and school districts with approved vocational programs may apply to the department for funding for the purchase of equipment, which shall include a funding application and an application deadline.**

**(2) The funding application established by the Department of Education pursuant to clause (1) shall require only the following information which may be collected electronically:**

**(i) Name, address, e-mail address and telephone number of the area vocational-technical school or school district.**

**(ii) Name, e-mail address and telephone number of an employe of the area vocational-technical school or school district who will be available to answer questions regarding the funding application.**

**(iii) Description of the equipment for which the requested funding will be used.**

**(3) In approving funding applications under this section, the Department of Education shall request and consider no information other than the information provided in the funding application established under clause (2). Each area vocational-technical school or school district with an approved vocational program that submits a completed funding application under this subsection shall receive funding in the amount determined under subsection (a).**

Section 11. Sections 2509.1(c.1) and 2509.5(aaa) of the act, amended June 30, 2012 (P.L.684, No.82), are amended to read:

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

(c.1) For the 2011-2012 [and 2012-2013] through the 2013-2014 school years, five and one-half percent (5.5%) of the State special education appropriation shall be paid to intermediate units on account of special education services. Of this five and one-half percent (5.5%), thirty-five percent (35%) shall be distributed equally among all intermediate units. The remaining sixty-five percent (65%) shall be distributed to each intermediate unit in proportion to the number of average daily membership of the component school districts of each intermediate unit as compared to the Statewide total average daily membership.

\* \* \*

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

(aaa) During the 2009-2010 through the [2012-2013] 2013-2014 school years, each school district shall be paid the amount it received during the 2008-2009 school year under subsection (zz). If insufficient funds are appropriated, the payments shall be made on a pro rata basis.

Section 12. The act is amended by adding a section to read:

**Section 2510.3. Assistance to School Districts Declared to be in Financial Recovery Status or Identified for Financial Watch Status.—(a)**

*For the 2013-2014 fiscal year, the Department of Education may utilize up to four million five hundred thousand dollars (\$4,500,000) of undistributed funds not expended, encumbered or committed from appropriations for grants and subsidies made to the Department of Education to assist school districts declared to be in financial recovery status under section 621-A or identified for financial watch status under section 611-A. The funds shall be transferred by the Secretary of the Budget to a restricted account as necessary to make payments under this section and, when transferred, are hereby appropriated to carry out the provisions of this section.*

*(b) For the 2013-2014 fiscal year, the amount of seven million five hundred thousand dollars (\$7,500,000) of undistributed funds not expended, encumbered or committed from appropriations for grants and subsidies made to the Department of Education shall be transferred to the Financial Recovery School District Transitional Loan Account to make loans as provided under section 681-A.*

Section 13. Section 2599.2(e)(7) of the act, amended June 30, 2012 (P.L.684, No.82), is amended to read:

Section 2599.2. Pennsylvania Accountability Grants.—\* \* \*

(e) \* \* \*

(7) For the 2008-2009 [and], 2012-2013 and 2013-2014 fiscal years, if insufficient funds are appropriated to make Commonwealth payments pursuant to this section, such payments shall be made on a pro rata basis.

\* \* \*

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

*Section 2599.5. Distance Education Program.—(a) The Distance Education Program is established in the agency to approve distance education programs and to provide grants to students who enroll in approved distance education programs.*

*(b) The agency shall administer and establish guidelines for the distance education program. The agency may collect student and school data to assess the performance of the distance education program, provided that such collection complies with the rights and responsibilities certification document of the Pennsylvania State Grant Program as administered by the agency.*

*(c) An institution of higher education may submit an application to the agency for approval to participate in the distance education program. The application must be submitted in such form and manner as prescribed by the agency.*

*(d) The agency shall review requests submitted under subsection (c) and, if the institution meets the criteria specified in the definitions of "institution of higher education" and "approved distance education program," shall approve the request. The agency shall approve requests related to all academic majors that are eligible under the State grant program.*

*(e) The agency may award, from funds appropriated, allocated or otherwise made available to it, grants to students who are enrolled in approved distance education programs at participating institutions of higher education. The agency shall establish a policy to ensure that awards are made in a consistent manner throughout the award year.*

**(f)** *A student enrolled in an approved distance education program shall submit an application for a State grant from the agency. The application must be submitted in such form and in a manner as prescribed by the agency.*

**(g)** *The agency shall review an application submitted under subsection (f) and, based on available resources, if the agency concludes that the applicant has financial need, may award a State grant to the applicant to cover the cost of full-time or at least half-time study in the approved distance education program at an institution of higher education approved for participation in the distance education program.*

**(h)** *A grant awarded to a student under subsection (g) may not exceed per award year the amount the student would receive under the State grant program for the same award year.*

**(i)** *This section shall apply to academic years 2013-2014 through 2017-2018.*

**(j)** *This section shall expire June 30, 2018.*

**(k)** *The following words and phrases shall have the meanings given to them in this section unless the context clearly indicates otherwise:*

*"Agency." The Pennsylvania Higher Education Assistance Agency.*

*"Approved distance education program." A program of study offered by an institution of higher education that is approved by the agency and meets the following criteria:*

**(i)** *The program is at least two academic years in length.*

**(ii)** *Completion of the program leads to the attainment of a recognized academic credential.*

**(iii)** *The program of study shall allow an eligible student to take more than fifty percent (50%) of credits or clock hours through distance education for each payment period in which the eligible student is enrolled.*

**(iv)** *The program must be pursued by students on a full-time basis or at least a half-time basis.*

*"Distance education program." The Distance Education Program established by this section.*

*"Eligible student." A student who is otherwise eligible for the State grant program, notwithstanding the distance education requirements of the State grant program.*

*"Institution of higher education." A postsecondary institution that participated in the State grant program as of June 30, 2012, and is domiciled and headquartered with its principal physical location in this Commonwealth.*

*"Physical location." A location with qualified on-site administrative staff responsible for the overall administrative operation of all educational activities, including, but not limited to, instructional oversight, counseling, advising, library services and maintenance of academic records.*

*"State grant." A grant or scholarship awarded under the act of January 25, 1966 (1965 P.L.1546, No.541), referred to as the Higher Education Scholarship Law.*

Section 15. This act shall take effect as follows:

(1) The addition of section 1216.1 of the act shall take effect in 60 days.

(2) The remainder of this act shall take effect July 1, 2013, or immediately, whichever is later.

APPROVED—The 9th day of July, A.D. 2013

TOM CORBETT