



Pennsylvania Association of School Administrators
Proud Leadership for Pennsylvania Schools

Education Update

June 19, 2017

In State Budget News...

Budget Update – Despite the fact that it's mid-June, Harrisburg continues to move at a relative snail's pace towards completion of a 2017-18 state budget. While there have been some informal discussions regarding the budget, most of the past several weeks have been focused on pension reform, and the first official formal budget meeting occurred this week.

Legislators remain optimistic that there is enough time to hammer out a deal by (or around) the June 30 deadline, but details are far from being worked out...and there are an awful lot of details. It still appears that the revenue prospects will be driving the total spend number, and talks of potential cuts—should revenue, savings or efficiencies not materialize—continue to creep into the conversation. The Associated Press reported this weekend (June 18) that “lawmakers faced with Pennsylvania state government’s biggest cash shortfall since the recession are bracing for what they call at ‘get-out-of-town budget.’” In other words, one that counts on very short-term “fixes” to get a budget passed close to the deadline but also one that doesn’t address the long-term problems.

As the financial challenges facing the state are undeniably massive, it is very important that you talk to your legislators about preserving the proposed increases to both BEF and SEF (\$100 million and \$25 million, respectively). We have some concerns that budget discussions could move towards reduction of those proposed increases.

On the other budget-related issue—transportation—despite the fact that it is June 16, there still is no additional information on the proposed \$50 million cut to the transportation line item. We will share more information on this issue—and all budget-related issues—as soon as it is available.

Projected Revenues – Last week the Independent Fiscal Office (IFO) released its revised forecast of anticipated final revenues for 2016-17 – and it wasn’t good. Based on revenue collections since May, projections for June and a determination that an anticipated \$200 million transfer will not occur, the IFO reduces projected collections by \$205 million from its June 2016 estimate, for a total reduction of \$900 million. The IFO anticipates that the overall revenue growth in FY 2016-17 from FY 2015-16 will be about \$709 million, and, for FY 2017-18, the official estimate is \$32.5 billion, an increase of \$880 million over the current fiscal year. Based on those projections, Pennsylvania will come up about \$1.2 billion short of expected revenue in FY 2016-17.

Unemployment Rate – Pennsylvania’s unemployment rate was up one-tenth of a percentage point from April to 5.0 percent. This was the second monthly increase following four consecutive declines. The commonwealth’s rate remained above that of the United States (4.3%), which decreased one-tenth of a percentage point in May. Over the year, the Pennsylvania unemployment rate declined by one-half of a percentage point, while nationally the rate declined by four-tenths from last May. (from a PA Department of Labor & Industry press release, 5/16/17)

In School Funding News...

Property Sales and Impact on Districts – The pending sale of Pottstown Memorial Medical Center presents a troubling prospect to school district officials in the Montgomery County borough. The buyer of Pottstown Memorial — and four other community hospitals in Southeastern Pennsylvania — is Reading Health System, a not-for-profit organization likely eligible for local property tax exemption. “We are certainly concerned with the potential loss of the revenue,” said John Armato, director of community relations for the Pottstown district. The revenue equals the cost of about a dozen teachers, he said. “I’m not being an alarmist. I’m just saying that we need to hear more about what their plan is moving forward.” *Read the rest of the story:* [“Suburban Hospital Sales Expected To Hit School Districts](#)

[Financially](#)" (from *philly.com*, 6/12/17).

Assessment Appeals – The vote on [HB 1213](#) was delayed again this week, but it is on the agenda again for Monday, June 19. There is still tremendous pressure to move this bill in the House and the Senate and still no clear backstop from the governor's office. While we know it sounds like a broken record, it is absolutely **critical** that you continue to reach out to your House members on the bill. If you've already done it five times, please do it again! Mention the impact on your school district should your assessment appeal rights be limited, the impact on the rest of your fairly assessed taxpayers (e.g. higher property taxes), and the underlying fairness concerns when taxing districts have their appeal rights slashed but taxpayers do not. Continue to encourage support for the Harper and Samuelson amendments.

Pension Reform...

Last week Gov. Wolf signed into law [SB 1](#), now Act 5 of 2017. The bill creates three retirement options for new employees hired on or after July 1, 2019, has minimal impact on current employees – but will raise state/employer costs for PSERS through 2033. See last week's [Update](#) for more details on the new law.

In Other Legislative News...

This Week's Legislative Schedule – Both the House and Senate will be in session this week for at least three days, as legislative activity continues to ramp up and bills are moving in preparation for action on a state budget.

LAST WEEK'S LEGISLATIVE ACTION

- * **Workers' Compensation: [HB 18](#); amended and approved by the House Labor & Industry Committee.** The bill requires the PA Department of Labor & Industry to adopt an evidence-based drug formulary for the workers' compensation program and requires standards for Utilization Review Organizations and Peer Review Organizations to ensure that they meet the same certification requirements as those that do utilization reviews for other types of health insurance.
- * **Agriculture Education: [HB 944](#); amended and approved by the House Agriculture & Rural Affairs Committee.** The bill creates a Commission for Agricultural Education Excellence to assist in developing a plan for agricultural education and coordinate the implementation of agricultural education programming with the Department of Agriculture and PDE.
- * **EIT Rates and Credits: [HB 866](#); passed by the House.** The bill amends the Local Tax Enabling Act to do several things including expanding the provision related to credits for payments to other states, allowing any other EIT assessed or any change in EIT rates made by other state law to be credited and allowed as a deduction from EIT liabilities. This is a reintroduction of House Bill 245 from last session, which was vetoed by Governor Wolf.
- * **Homestead Tax Exemption: [HB 1285](#); passed by the House.** The bill amends the PA Constitution to permit taxing jurisdictions to exempt from taxation up to 100% of the assessed value of a homestead property. *The bill needs to be approved this session, as it was last session, before it can go before the voters for approval.*
- * **Prevailing Wage: [HB 1479](#); pulled from the agenda of last week's House State Government Committee meeting.** The bill excludes from the definition of "public body" under the Prevailing Wage Act school districts that are in financial watch or financial recovery status.
- * **Approval of Regulations: [SB 561](#); passed by the Senate.** The bill requires the General Assembly and the Governor to approve all regulations with an economic impact or cost to the Commonwealth, to its political subdivisions, and to the private sector exceeding \$1 million. Under the current regulatory review process, the General Assembly must pass a concurrent resolution disapproving a regulation and the Governor must sign it to bar the governor's own agency from enacting the regulation.

* **Tax Collection:** [SB 653](#); amended and approved by the Senate Local Government Committee. The bill consolidates the collection of several Local Tax Enabling Act taxes under the Act 32 collection structure.

THIS WEEK – Committee Schedule

Monday, June 19

House Education Committee to consider the following bills:

* **Drug Abuse Education:** [HB 121](#). The bill requires schools to include information about opioid and prescription drug abuse and prevention in their drug abuse programming.

* **Emergency Drill Reports:** [HB 1021](#). The bill requires school entities to produce a record of all fire and emergency drills that is sent to PDE annually. The information is then shared with the Office of the State Fire Commissioner.

* **Higher Ed Database:** [HB 1448](#). The bill requires PDE to develop a search tool to allow individuals to search institutions of higher education based on certain criteria, including programs of study and total cost.

* **Economic Furloughs:** [HB 1495](#). The bill allows school entities to furlough employees for economic reasons based on employees' professional evaluations. Prior to furloughing any employees for economic reasons, a school district must pass a resolution that includes specific information about the reasons for, the cost savings associated with and the educational impact of the proposed furloughs. A school district engaging in economic furloughs of professional employees must also furlough an equal percentage of administrative staff; however, five administrative positions in each school district are exempt from this requirement, and a school district can apply for a waiver from PDE.

Senate Education Committee to consider the following bills:

* **School Security Drills:** [HB 178](#). The bill amends the School Code to replace one of their fire drills each year with a school security drill, completed in coordination with local law enforcement and local emergency management associations and with prior parent notification. *The bill already passed the House.*

ALERT: Assessment & Teacher Evaluation: [SB 756](#). The bill eliminates the Keystone Exams, replacing them with the SATs and PSATS for federal assessment purposes, and forms a task force to examine continued use of the PSSAs. The bill also comprehensively rewrites the teacher evaluation system, changing the percentages applicable to each component of the measure, adding parent and student components and including observation by third party evaluators to be certified by the PDE. **The committee is scheduled to consider this bill “off-the-floor,” which means there will be NO hearings on its provisions. PASA opposes the bill as written and strongly urges lawmakers NOT to approve the bill. [CLICK HERE](#) for information on the bill.**

THIS WEEK – House Floor Calendar. The following bills may be considered this week:

* **Agriculture Education:** [HB 944](#). The bill creates a Commission for Agricultural Education Excellence to assist in developing a plan for agricultural education and coordinate the implementation of agricultural education programming with the Department of Agriculture and PDE.

* **Restricting Assessment Appeals:** [HB 1213](#). The bill restricts taxing district assessment appeals, applies the restriction retroactively for appeals that have not been finally adjudicated, gives the taxing district seeking to increase an assessment under the bill the burden of proving that the proposed increased assessment isn't unconstitutional, and dictates how this constitutionality will be determined, stating that appraisals are not necessary and that an assessment will be deemed constitutional if it is the lesser of either the amount provided in section 8844(e)(2) or an amount that is comparable to other similar properties.

THIS WEEK – Senate Floor Calendar. The following bills remain on the Senate voting schedule:

***Censorship of Historical Documents: [SB 88](#).** The bill prohibits content-based censorship on historical U.S. or Pennsylvania documents and ensures that no teacher or administrator is prohibited from using, reading from or posting in a public school excerpts from historical documents, including the U.S. Constitution, the Mayflower Compact, the national anthem and the Declaration of Independence, during the course of educational instruction.

* **Employee Leave Policies: [SB 128](#).** The bill prohibits municipalities from mandating that all employers within that municipality comply with certain employee leave policies. This legislation would impact school districts as employers.

* **Mandated Leave: [SB 229](#).** The bill removes several provisions from the School Code, including the provision requiring a minimum of 10 days of sick leave, the requirement to provide up to 25 days of accumulated sick leave (with the exception of when schools consolidate) to employees switching employers, the requirement to provide bereavement leave, the requirement to provide alternative payment plans and the requirement to provide sabbatical leave.

* **Employee Gun Possession in Schools: [SB 383](#).** The bill permits school boards to adopt policies allowing school personnel to have access to firearms on the grounds of a public school. As amended, the bill requires those employees to go through an approved training program in order to have that access and to prohibit disclosure of the names of employees with access either through right-to-know requests or in a public meeting.

* **Restrictions on Raising Property Taxes: [SB 406](#).** The bill requires a 2/3 majority school board vote to increase property taxes from the prior year.

* **Union Leave: [SB 494](#).** The bill prohibits a collective bargaining agreement from permitting full-time union leave.

* **Restricting Assessment Appeals: [SB 586](#).** The bill prohibits a taxing district from appealing an assessment based on the purchase or sale of a property, the financing or refinancing the property or following certain investments or improvements to the property. The bill only allows taxing districts to appeal an assessment following a countywide reassessment, when the parcel has been divided or when a change has occurred in the productive use of the property.

***Advance Notice of Superintendent Hiring and Terms: [SB 592](#).** The bill requires offers of employment made to a prospective superintendent, assistant superintendent, associate superintendent and principal to be posted on the school district's website for two weeks before the board takes official action. The bill also provides the same for offers of employment made to prospective executive directors or assistant executive directors of an intermediate unit. The posting would need to include the details of the final offer, including salary and the length of the employment contract.

* **Tax Collection: [SB 653](#); amended and approved by the Senate Local Government Committee.** The bill consolidates the collection of several Local Tax Enabling Act taxes under the Act 32 collection structure.

Charter Schools...

Charter School Closing – Another Philadelphia charter school is closing this month amid allegations of financial and academic problems. Delaware Valley Charter High School in Logan, which lost its bid before the state Charter Appeal Board to remain open, has decided to close this month rather than take its case to Commonwealth Court. The move leaves 450 students looking for new schools for the fall. Charter officials also say the school may not have enough money to pay 70 staffers for their work in June. *Read the rest of the story: [“Del Val Charter To Close; Staff May Not Be Paid for June”](#)* (from *philly.com*, 6/14/17)

Charter Schools and Unintended Consequences – The introduction of charter schools dramatically changed the education landscape in Pennsylvania over the past 20 years — sometimes in ways legislators didn't anticipate. Months after the legislation passed, six charter schools opened in the state. By the 2015-16 school year, the latest for which data was available, that number had ballooned to 175 — including 14 cyber charter schools. Together, they educate more than 130,000 children, or 7 percent, of Pennsylvania students. While supporters continue to praise charter schools for providing additional opportunities for low-income students or others whose needs aren't being met by traditional public schools, critics say they fail to share best-practices for educating students, lack appropriate oversight and place a financial burden on cash-strapped districts. *Read the rest of the story: [“Two Decades of Choice”](#)* (from *The Pittsburgh Post-Gazette*, 6/18/17; first in a series of articles on Pennsylvania's charter schools).

In National News...

Classroom Technology and the Digital Divide – The 20th anniversary edition of [Education Week's Technology Counts](#), released last week, reveals a digital divide among schools fueled by resource inequality, gaps in teacher training, and the uncertain future of the federal E-rate program. The report reveals that technology is failing to reach its full potential in K-12 schools, despite the rapid infusion of new devices and technologies into the classroom. Further, disparities in technology access and adoption, and in the ways new tools are integrated into instruction, may be fueling a new digital divide that threatens to exacerbate long-standing inequities and separate education's haves and have-nots along new fault lines. "We live in a technology-driven world that is far different from the one that existed two decades ago, when *Education Week* first set out to map the state of educational technology in K-12 schools," said Kevin Bushweller, executive project editor of *Technology Counts*. "Technology is everywhere today, but a digital divide among schools has emerged because quality and equity issues are huge and they need to be confronted." A companion article published with the report ("[Poor Students Face Digital Divide in How Teachers Learn to Use Tech](#)") highlights the differences in technology access among Pittsburgh-area school districts in Pennsylvania and observes that inequities are also persistent. Teachers in high-poverty schools are consistently less likely than their counterparts to say they've received technology-integration training, the Education Week Research Center analysis found. The gap isn't getting any smaller.

Backing-Off Civil Rights Investigations – The Department of Education is scaling back investigations into civil rights violations at the nation's public schools and universities, easing off mandates imposed by the Obama administration that the new leadership says have bogged down the agency. According to an internal memo issued by Candice E. Jackson, the acting head of the department's office for civil rights, requirements that investigators broaden their inquiries to identify systemic issues and whole classes of victims will be scaled back. Also, regional offices will no longer be required to alert department officials in Washington of all highly sensitive complaints on issues such as the disproportionate disciplining of minority students and the mishandling of sexual assaults on college campuses. *Read the rest of the story: [“Education Dept. Says It Will Scale Back Civil Rights Investigations”](#)* (from *The New York Times*, 6/16/17).

On the Calendar...

June 28 – PLUS Caucus meeting (PASA office)
July 4 – PASA office closed
July 10-12 – AASA Legislative Advocacy Conference (Washington, D.C.)
July 11-12 – New Superintendents' Academy Part 1 (PASA office)
July 23-25 – PA Educational Leadership Summit (Altoona)