

Legislative Report – Mr. Mahler

Mr. Mahler reported that one of the biggest things that happened at the state level will have an impact on us is that the PIAA voted to change the entire classification system for high school sports starting next year. We are going to 6 divisions in football; 3-4 in other sports; 1-2 in one sport; 2-3 in others and it will potentially change the rivalries that NA has been used to participating in over the years. He also submitted a written report:

State Budget

Last Week – Budget negotiations continued between Republicans and Democrats in the General Assembly, with Governor Wolf taking a backseat to discussions. Senate Republicans are stating that almost everyone (other than Governor Wolf) agrees that a broad-based tax increase is off the table. However, potential new sources of revenue, such as online gaming, have come up in the debate. These negotiations will continue. In the meantime:

- * Pennsylvania public schools are borrowing millions of dollars to keep the lights on, starting to ask teachers to work without pay, and even voting to shut the schoolhouse doors and send the kids home
- * School districts already struggling to make ends meet because of the state budget impasse got another blow this week when they learned that gaming revenue they were expecting has been diverted to pay charter school tuition.

Legislative News

Legislative Schedule

While budget negotiations continued, the Senate returned to session for two relatively quiet days last week. This week both chambers return to Harrisburg for session, which is the first time that both have been in session at the same time since June.

In the Senate:

- * Paycheck Protection - SB 501; passed by the Senate. The bill, which was narrowed in scope by an amendment, prohibits a public employer (including a school district) from deducting political contributions from an employee's wages unless required by a collective bargaining agreement that is currently in effect. Future collective bargaining agreements may not require the employer to make deductions for political contributions. The bill still allows for deductions for charitable purposes with express consent by the employee as well as deductions of fair share fees, if required by a collective bargaining agreement. The bill will now go to the House.
- * Students with Disabilities – HB 400. The bill may be considered this week. It establishes the Work Experience for High School Students with Disabilities Act.
- * Referendum – SB 909. The bill may be considered this week. It would amend Act 1 by eliminating the index and requiring a referendum for any and all property tax increases.
- * Right-to-Know Law – SB 411. There appears to have been some discussion of this bill on Wednesday, but no vote was taken. The bill amends the Right to Know Law to make some changes

including those to limit some requests, expand some exceptions, require pre-payment if the cost will be above \$50 and allow the imposition of reasonable costs for commercial requests.

* Tax Shift – HB 1256. The bill was re-referred to the Senate Appropriations Committee on Tuesday. It amends the Local Tax Enabling Act to remove the disincentive to convert an occupational tax to an EIT by eliminating the requirement that the tax generated by the occupational tax was limited to the revenue obtained in the 2009 fiscal year. The bill provides for a revenue neutral shift.

In the House:

* Tax Collector Training: HB 823; passed by the House. The bill makes some revisions to Act 164 of 2014, providing for training and additional qualifications for tax collectors and the appointment of a deputy tax collector. The bill clarifies that the municipality electing the tax collector must approve the deputy. The House concurred in Senate amendments with a 193-2 vote. The governor has not yet acted on this bill.

* Reciprocity Agreements: HB 1552; passed by the House. The bill allows PDE to enter into regional compacts and interstate reciprocity agreements for the provision of postsecondary distance education. The bill has been referred to the Senate Education Committee.

* Pensions & Tax Deferred Status: HB 1332; passed by the House. The bill makes purely technical fixes to PSERS and SERS to ensure compliance with IRS rules and that current state and school district employees retain tax deferred status while working on future retirement benefits. Without these changes, employees would have to pay income tax every year on the additional investment income their retirement accounts accumulated. The bill has been referred to the Senate Finance Committee.

Discussions and Committee Actions

* School Discipline Findings: HR 540. The House Education Committee amended and passed a resolution requiring the Joint State Government Commission to review school discipline policies, related laws and regulations and to issue a report on its findings.

* Intellectual Property: SB 590. The House Education Committee tabled this bill on Monday. It corrects an error in current law that jeopardizes intellectual property at institutions of higher education.

*Posting Financial Information: HB 1606. This bill was laid on the table on Monday by the House Education Committee. It codifies the posting of the school district and charter school financial information that is currently posted on the School Performance Profile website. The original bill was used as a vehicle for an omnibus School Code bill and was vetoed by the governor, so this is simply another attempt to move the bill through the process.

* Reserve Assessment Appeals: SB 877 may be considered this week by The Senate Appropriations Committee. The bill limits a school district's ability to engage in reverse assessment appeals, prohibiting them following the sale of a property and allowing them only following a countywide reassessment, the division of a property or the improvement of a property.

Upcoming:

* Monday, Oct. 26: House and Senate education committees: joint public hearing on issues related to substitute teachers. Dr. Eric Eshbach, chairman of the PASA Legislative Committee, will testify on behalf of the association.

Other State News

* Charter School Appeal – A proposed cyber charter school that was rejected three times by the state Department of Education has turned to the courts in its bid to open. Insight PA Cyber Charter School, which has partnered with for-profit K12 Inc., has filed a petition in Commonwealth Court challenging the Charter Appeal Board's decision to deny its appeal. The board on Aug. 31 upheld the Education Department's finding that K12 would be effectively running the school rather than Insight's nonprofit board.

* PSERS Investments – According to the Public School Employees' Retirement System (PSERS), the system posted positive returns of 3.04 percent for the fiscal year, 8.52 percent for the 3-year, 9.73 percent for the 5-year, 6.31 for the 10-year, 8.45 percent for the 25-year, and 8.98 percent for the 30-year periods ended June 30, 2015. "It has been a positive but low return environment for investors, including PSERS," said Chief Investment Officer James Grossman. "PSERS earned 3.04 percent for the FY 2015 and added \$1.3 billion in investment income net of fees, but did not meet its earnings assumption for the fiscal year period. There will be years when PSERS does not meet its earnings assumption, and that is to be expected. "Our focus remains on maintaining a well-diversified asset allocation that can withstand the volatility in the markets, provide enough liquidity to meet our cash flow obligations (primarily benefit payments), and meet PSERS' earnings assumption over the long-term, which the Fund has consistently done."

* Audit of the PDE – Pennsylvania's auditor general last Tuesday assailed the state Department of Education as slow to change, beset by apathy, and mired in what he called "bureaucratic ineptness." In an 81-page report summarizing what he said was his most difficult examination of a state agency, Eugene DePasquale slammed the department for doing little or nothing to help improve 561 schools it identified as low-performing two years ago, for not updating its master education plan in 16 years, and for letting a former education secretary collect a \$140,000 consulting paycheck for essentially doing no work. The report contains 30 recommendations for improving the department. The tenor has changed in recent months. "We have seen more cooperation since the new administration [came] in," said DePasquale who, like Gov. Wolf, is a York County Democrat. The finding that DePasquale said troubled him most was what he called a lack of support for hundreds of low-performing schools following the 2013-14 academic year.

* PIAA Decision on Athletic Classifications – By a 26-4 vote and in a move that changes the landscape of high school sports, the Pennsylvania Interscholastic Athletic Association approved a measure that would expand high school football classifications from four to six, effective in the 2016-17 school year. The board also voted overwhelmingly to expand boys' and girls' basketball, baseball and softball to six classifications. Boys' and girls' soccer and volleyball will increase to four classes, field hockey will bump up to three, and boys' and girls' lacrosse will jump up to two. The football season will be shortened by a week because of the move. Districts will have the option of playing two scrimmages, or one scrimmage and start playing games the second week.

* PSSA Scores Release – Last week the PA Department of Education released the results of the 2015 administration of the PSSA. The results on the new assessment show fewer students are scoring

advanced or proficient, particularly in math. However, Pennsylvania student performance on the new test is similar to what many other states experienced when transitioning to more rigorous standards. “Since preliminary results were discussed at the State Board of Education’s meeting in July, the Department has been consistent in explaining to stakeholders that the 2015 PSSA is fundamentally different than previous assessments,” Secretary of Education Pedro Rivera said. “It’s crucial that people understand comparing old scores to new scores isn’t a reliable indicator of student growth or academic achievement. This year’s results are truly the new benchmark.”

Rivera noted that, under the heightened standards, some material is being tested a full grade level earlier than under the previous standards, with more emphasis on analysis and complex problem solving.

The impact of the new assessment on student scores also prompted a federally-approved pause in using the new scores to determine School Performance Profiles (SPP) for schools that administered the PSSA.

“The PA Core Standards are purposefully more challenging in order to better prepare Pennsylvania students to be college and career ready when they graduate, and in the limited time since the new standards were approved, our schools and teachers have been working hard to align course content to the PA Core,” Rivera said. “The increased standards were not intended to penalize students, schools, or teachers -- and given adequate transition time and tools, we are confident our students will be successful.” In addition to being needed to meet federal and state requirements, standardized tests are meant to provide useful information for educators, stakeholders, and policymakers about the commonwealth’s students and schools, and can inform instructional practices. However, due to the heavy reliance on assessment scores in evaluating schools and students, Governor Wolf has directed PDE to engage with stakeholders, including school administrators and teachers, lawmakers, and advocates, to discuss ways to more holistically assess student achievement and school performance.

National News

* Federal Budget Update – There has been no significant movement towards a compromise on a budget, and the Continuing Resolution passed just before the September 30 deadline funding the government only through mid-December. Uncertainty in House leadership due to John Boehner’s imminent departure, along with squabbling among Senate Republicans and Democrats, is taking up valuable time and marching everyone closer to that deadline. Making the messy budget discussions even messier, action will need to be taken to increase the debt ceiling by the beginning of November. Without additional borrowing, the country will default on payments due next month.

* ESEA Reauthorization Update – John Boehner’s resignation also complicates efforts towards reauthorization of ESEA—as does the departure of U.S. Secretary of Education, Arne Duncan. While brief initial meetings did occur, no official conference committee has been appointed to attempt to reconcile the House and Senate versions of the reauthorization bills.

* School Nutrition Reauthorization – We’re still waiting to hear about movement on the reauthorization bill. There have been no bill mark-up meetings scheduled.

* Supreme Court Update – The U.S. Supreme Court returned to the bench this month for the formal start of its new term, just a short time after issuing orders denying most appeals that had piled up over the summer. A few of those were in noteworthy education cases. The court declined to hear a

consolidated appeal from three families challenging New York State's mandatory vaccination law. Meanwhile, the court also declined to hear the appeal of an Ohio woman born without a left hand alleged that a school district discriminated her based on disability when it refused to hire her as a school bus driver.