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August 13, 2014

Larry Wittig, Chairman
Karen Molchanow, Executive Director
State Board of Education
333 Market Street, First Floor
Harrisburg, PA 17126-0333

Dear Mr. Wittig and Ms. Molchanow:

The Pennsylvania School Boards Association appreciates this opportunity to make comments to the State Board of Education on the proposed Chapter 18 regulations that were published in the July 19, 2014 issue of the *Pennsylvania Bulletin* regarding financial recovery of school districts.

PSBA is a nonprofit statewide association representing the 4,500 elected officials who govern the commonwealth's public school districts. PSBA is a membership-driven organization, pledged to the highest ideals of local lay leadership for public schools and working to support reform for the betterment of public education that prepares students to be productive citizens, and promote the achievements of public schools, students and local school boards.

The proposed new Chapter 18 fulfills the requirement created under Act 141 of 2012, which establishes comprehensive new provisions regarding financially distressed school districts (except the School District of Philadelphia). Act 141 creates triggering events wherein school districts would be declared in financial recovery status, and directs the State Board to promulgate regulations that establish criteria the secretary of education may consider in placing a school district in financial recovery status and determining whether the district is in moderate or severe recovery status.

PSBA supports the work of the State Board in fulfilling this requirement through the creation of Chapter 18. The board's careful study of the issue throughout 2012 and 2013 lead to the development of a proposal that appropriately reflects the provisions of Act 141 without establishing extensive, unnecessary or duplicative additional criteria or procedures. As drafted, Chapter 18 does not reach beyond the law by establishing unreasonable criteria that may be considered in determining whether a school district is in financial recovery status. It carries over the 15 criteria required by Act 141 and adds three additional criteria. It does not include criteria that are based on situations that cannot be controlled by the school district or lead to disputes. **PSBA believes that no additional criteria should be added.**

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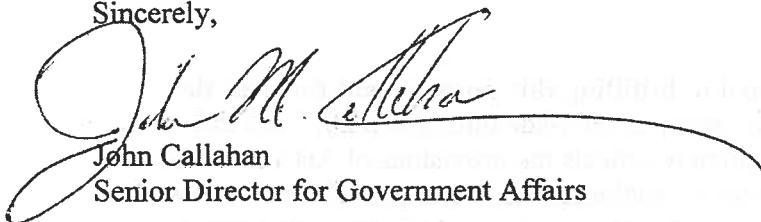
The association is pleased that there is no weighting or priority associated with the 18 criteria that may be considered in determining whether a school district is in financial recovery status. During its deliberations, the State Board noted that it intentionally did not want to include a weighting system, nor should the secretary of education make a declaration based on the use of any one specific criterion. **PSBA suggests that language be added to Section 18.2 (Purpose) to clarify the intentions of the board so that no weighting of criteria can be inferred, and that no one specific criterion can be used to make a declaration of status.**

Additionally, PSBA supports language in Chapter 18 that carries over provisions under Act 141 that acknowledge emergency situations or the failure of the state to make payments due to school districts that may affect a district's financial status, as well as allowances for an appeals process if a district wishes to dispute a declaration by the secretary,

In closing, PSBA believes that Chapter 18, as drafted, appropriately meshes with the provisions of both Act 141 and the Early Warning Guidelines established by the PA Department of Education. While PSBA may at a future date suggest to the General Assembly changes to Act 141 as part of a larger discussion regarding the financial health of school districts, the State Board has crafted a regulation that meets the requirement set by the law without creating burdensome new rules. We ask that no additional criteria be added, and that the State Board consider adding clarifying language to Section 18.2 regarding the authority of the secretary of education.

PSBA thanks the State Board for its careful consideration in drafting Chapter 18. We appreciate the opportunity to comment on the proposal and will continue to be involved as the process continues.

Sincerely,



John Callahan
Senior Director for Government Affairs

cc: Sen. Mike Folmer, Chair, Senate Education Committee
Sen. Andrew Dinniman, Democratic Chair, Senate Education Committee
Rep. Paul Clymer, Chair, House Education Committee
Rep. James Roebuck, Democratic Chair, House Education Committee
Scott Schalles, Regulatory Analyst, Independent Regulatory Review Commission