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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 544 Session of  
2015

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INTRODUCED BY LEACH, FONTANA, SCHWANK, COSTA, SMITH, FARNESE AND  
HAYWOOD, FEBRUARY 25, 2015

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REFERRED TO EDUCATION, FEBRUARY 25, 2015

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AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
2 act relating to the public school system, including certain  
3 provisions applicable as well to private and parochial  
4 schools; amending, revising, consolidating and changing the  
5 laws relating thereto," in grounds and buildings, further  
6 providing for referendum or public hearing required prior to  
7 construction or lease; and, in reimbursements by Commonwealth  
8 and between school districts, further providing for approved  
9 reimbursable rental for leases hereafter approved and  
10 approved reimbursable sinking fund charges on indebtedness.

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

13 Section 1. Section 701.1 of the act of March 10, 1949  
14 (P.L.30, No.14), known as the Public School Code of 1949,  
15 amended July 4, 2004 (P.L.536, No.70), is amended to read:

16 Section 701.1. Referendum or Public Hearing Required Prior  
17 to Construction or Lease.--Except where the approval of the  
18 electors is obtained to incur indebtedness to finance the  
19 construction of a school project, the board of school directors  
20 of any school district of the second, third or fourth classes,  
21 shall not construct, enter into a contract to construct or enter  
22 into a contract to lease a new school building or substantial

1 addition to an existing school building without the consent of  
2 the electors obtained by referendum or without holding a public  
3 hearing as hereinafter provided. In the event that a new school  
4 building or a substantial addition to an existing building is to  
5 be constructed or leased, the school board shall, by a majority  
6 vote of all its members, authorize a maximum project cost and a  
7 maximum building construction cost to be financed by the  
8 district or amortized by lease rentals to be paid by the  
9 district. Building construction cost shall consist of the cost  
10 of all building construction including general construction  
11 costs, plumbing, heating, electrical, ventilating and other  
12 structural costs, equipment and fixtures and architectural and  
13 engineering fees relating thereto, but not including costs for  
14 site acquisition and development, rough grading to receive the  
15 building, sewage treatment facilities or equivalent capital  
16 contributions, and architectural and engineering fees relating  
17 thereto. Building construction cost shall not include any  
18 additional LEED costs. In all cases, a public hearing shall be  
19 held not later than thirty (30) days before the school district  
20 submits the initial building construction cost and LEED cost  
21 estimates to the Department of Education for approval. Notice of  
22 the hearing shall be given not later than twenty (20) days  
23 before the date of the scheduled hearing. In the event that the  
24 maximum building construction cost authorization exceeds the  
25 aggregate building expenditure standard hereinafter specified,  
26 the aforesaid authorization of the school board shall be  
27 submitted to the electors of the school district for their  
28 approval within six (6) months prior to submission of the final  
29 building construction cost bids to the Department of Education  
30 for approval. Such referendum shall be held in the same manner

1 as provided by law for the approval of the incurring of  
2 indebtedness by referendum. The question as submitted shall  
3 specify the maximum project cost, the maximum building  
4 construction cost and the annual sinking fund charge or lease  
5 rental to be incurred by the school district and the portion of  
6 such charge or rental expected to be reimbursed by the  
7 Commonwealth. If the final building construction cost bids to be  
8 submitted to the Department of Education for approval are less  
9 than the aggregate building expenditure standard hereafter  
10 specified but exceed by eight (8) per cent or more the initial  
11 building construction cost estimates submitted to the Department  
12 for approval, a second public hearing shall be held before the  
13 Department shall give its final approval.

14 The applicable aggregate building expenditure standard shall  
15 be a total amount calculated for each building or substantial  
16 addition by multiplying the rated pupil capacity under the  
17 approved room schedule by the following: two thousand eight  
18 hundred dollars (\$2,800) for each pupil of rated elementary  
19 capacity; four thousand two hundred dollars (\$4,200) for each  
20 pupil of rated secondary capacity in grades seven, eight and  
21 nine and five thousand two hundred dollars (\$5,200) for each  
22 pupil of rated secondary capacity in grades ten, eleven and  
23 twelve and five thousand two hundred dollars (\$5,200) for each  
24 pupil of rated vocational-technical capacity in grades ten,  
25 eleven and twelve to not include the cost of equipment and  
26 fixtures in such vocational-technical schools: Provided,  
27 however, That each of the preceding per pupil amounts shall be  
28 adjusted by the Department of Education on July 1, 1974; and  
29 annually thereafter through July 1, 2003, by multiplying said  
30 amounts by the ratio of the composite construction cost index

1 compiled and published by the United States Department of  
2 Commerce for the preceding calendar year to such index for the  
3 next preceding calendar year; and Further Provided, however,  
4 That each of the preceding per pupil amounts shall be adjusted  
5 by the Department of Education on July 1, 2004; and annually  
6 thereafter by multiplying said amounts by the ratio of the  
7 Building Cost Index published by the McGraw-Hill Companies for  
8 the preceding calendar year to such index for the next preceding  
9 calendar year. Rated elementary pupil capacity or rated  
10 secondary pupil capacity for any school building shall be the  
11 rated pupil capacity determined on the basis of the method used  
12 by the Department for school building reimbursement purposes  
13 during the school year 1971-1972.

14 For purposes of this section:

15 (1) "Site acquisition" includes the cost of land and mineral  
16 rights, demolition and clearing, rights-of-way and related  
17 utility relocations, surveys and soils analysis, and the cost of  
18 all fees relating thereto.

19 (2) "Site development" includes excavation, grouting or  
20 shoring, special foundations for buildings, access roads to  
21 site, utilities on site, extension of utilities to site.

22 (3) "Equipment and fixtures" means property fixed or movable  
23 which is incidental and necessary to conduct the educational  
24 program, and includes, but is not limited to movable equipment  
25 such as desks, chairs, tables, portable physical education  
26 equipment, audio-visual equipment and science, homemaking,  
27 industrial art and business equipment and instructional  
28 materials and fixtures such as casework, laboratory equipment,  
29 kitchen equipment, auditorium seating and any other special  
30 fixtures or equipment required to conduct a particular

1 educational program.

2 (4) "Substantial addition" means more than twenty (20) per  
3 centum of the area and replacement value of the structure to  
4 which the improvement is to be added.

5 (5) "LEED" means the Leadership in Energy and Environmental  
6 Design, a program designed by the United States Green Building  
7 Council and committed to designing buildings in an energy-  
8 efficient and environmentally conservative manner.

9 (6) "LEED for schools rating system" means the most current  
10 version of the Leadership in Energy and Environmental Design  
11 (LEED) program designed by the United States Green Building  
12 Council (USGBC) to measure the energy and environmental  
13 performance of K-12 schools.

14 (7) "LEED cost" means the design, construction and  
15 registration costs directly attributable to achieving points  
16 under the Leadership in Energy and Environmental Design (LEED)  
17 for schools rating system, including, but not limited to, energy  
18 performance benchmarking, life-cycle cost assessments, low-  
19 impact development stormwater management technologies, energy  
20 and lighting modeling, alternative energy technology, building  
21 commissioning and registration with the United States Green  
22 Building Council (USGBC).

23 Section 2. Section 2574(a) of the act, amended June 30, 2012  
24 (P.L.684, No.82), is amended to read:

25 Section 2574. Approved Reimbursable Rental for Leases  
26 Hereafter Approved and Approved Reimbursable Sinking Fund  
27 Charges on Indebtedness.--(a) For school building projects for  
28 which the general construction contract is awarded subsequent to  
29 March 22, 1956, and for approved school building projects for  
30 which the general construction contract was awarded but for

1 which a lease was not approved by the Department of Education  
2 prior to March 22, 1956, the Department of Education shall  
3 calculate an approved reimbursable rental or approved  
4 reimbursable sinking fund charges. Reimbursable sinking fund  
5 charges may include charges for temporary indebtedness within  
6 constitutional limitations, if the indebtedness is incurred for  
7 approved permanent improvements to the school plant including  
8 the cost of acquiring a suitable site for a school building, the  
9 cost of constructing a new school building, or the cost of  
10 providing needed additions or alterations to existing buildings  
11 for which no bond issue is provided and for which an approved  
12 obligation or obligations other than bonds have been issued and  
13 the obligation or obligations are payable within five (5) years  
14 from the date of issue of the obligation in equal annual  
15 installments. As used in this section, "building" shall include  
16 a permanent structure that contains or is attached to  
17 relocatable or modular classrooms. The term "relocatable or  
18 modular classroom" shall mean a classroom not of a permanent  
19 nature which meets the criteria and specifications of the  
20 Department of Education.

21 Nothing in this section or in the Department of Education  
22 guidelines shall prohibit a school district from receiving  
23 reimbursement for approved building improvements, including the  
24 cost of acquiring a suitable site for a school building, the  
25 cost of constructing a new school building or the cost of  
26 providing needed additions or alterations to existing buildings,  
27 if a school district elects not to remove any relocatable or  
28 modular classroom utilized after the completion of a building  
29 project. The term "relocatable or modular classroom" shall mean  
30 a classroom not of a permanent nature which meets the criteria

1 and specifications of the Department of Education.

2 Approved reimbursable rental or sinking fund charge shall  
3 consist of that part of the annual rental or sinking fund charge  
4 attributable to--

5 (1) The cost of acquiring the land upon which the school  
6 buildings are situate, the cost of necessary rough grading to  
7 permit proper placement of the building upon said land and the  
8 cost of sewage treatment plants, as required by the Department  
9 of Health, to the extent that such costs are deemed reasonable  
10 by the Department of Education and the interest on such costs of  
11 acquisition, grading and sewage treatment plants earned  
12 subsequent to date the construction contract is awarded, and

13 (2) The approved building construction cost and the interest  
14 on such construction cost.

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16 Section 3. This act shall take effect in 60 days.