

Legislative Alert

8th Edition,
October 27,
2006

Introduction

The following legislation reflects what is currently on the table for the Senate and House. The last day for any legislation to pass is November 30. If the following legislation is not passed by both houses before this date, the legislation will have to be re-introduced in the new biennium, if desired. The two major agenda items with the legislature are gambling and lobbyist reform. Please use this guide to review the legislation and contact your legislator with the bills that most concern you.

Please contact Laura Statler at lstatler@apscuf.org or (717) 236-7486 ext 3026 for additional information about these bills, sample letters and/or talking points.

Summary of Legislation important to APSCUF

Contents of Legislation:

- 1) College Articulation System legislation
- 2) Marriage Amendment
- 3) Teacher Strike legislation
- 4) SERS/TIAA Pension Credit Transfer
- 5) Taxpayer Bill of Rights
- 6) Academic Freedom
- 7) Teach Assessment Report Card
- 8) Master Plan of Higher Education
- 9) Older Pennsylvanian Higher Education
- 10) Retirement Legislation
- 11) Independent Colleges and Universities Financing Program

1) College Articulation System legislation-Provide for transfers of credits between institutions of higher education (Articulation legislation)

The **Transfer and Articulation Oversight Committee**, created by Act 114 of 2006 and tasked with identifying foundation courses that can be universally transferred between public institutions of higher education when students move from one college to another, met on Wednesday, September 27. The Committee currently is working to develop equivalency standards for

foundation courses. For more information, contact PDE at (717) 787-5041.

The 06-07 budget designated \$400,000 to fund the development and implementation of a transfer credit system between institutions of higher education through House Bill 185.

Pennsylvania students enrolled at community colleges are guaranteed that at least 30 credits earned from taking general education courses will transfer to a state-owned university under the legislation. This "articulation agreement," which applies to the 14 State System of Higher Education universities, and any of the 14 community colleges, is to take effect in a year.

Penn State, Pitt, Temple and Lincoln are not required to participate in this credit-transfer guarantee, although those schools have regional agreements that provide similar assurances. The measure also calls for the development of a Web site to provide information on which college credits will transfer to any of the state's public colleges. Private colleges have the option of participating in this endeavor.

Summary of House Bill 185

Article XX-C: Establishes a Transfer and Articulation Oversight Committee charged with developing a universal system for transferring credits between institutions of higher education. The Committee will be chaired by the Secretary of Education and include representatives of Pennsylvania's community colleges and the State System of Higher (SSHE), who are required to participate in the credit transfer system once it is established. The Committee also will include representatives of state-related universities (Penn State, Pitt, Temple and Lincoln), who will serve as non-voting member unless the state-related institution chooses to participate in the articulation system. Independent colleges and universities that elect to participate in the system also will be represented on the Committee.

The Committee has 180 days to develop equivalency standards for foundation courses and one year to determine course equivalencies for at least 30 hours of foundation courses. (Foundation courses are defined as courses required to be completed by students that provide an academic foundation for the degree, general education or advanced study in a major).

By June 30, 2008, community colleges and SSHE universities must: participate in the development and implementation of equivalency standards; establish and maintain records of credits transferred to and received from other public higher education institutions as directed by PDE; make reasonable changes and modifications to their courses, including strengthening courses, to ensure equivalency among the institutions, as recommended by the Committee; and

agree to accept foundation courses for transfer. The law requires a series of interim reports be submitted to PDE outlining actions the institutions have taken or will take to complete these steps.

The law also requires all community colleges, SSHE universities and state-related universities to provide copies of all articulation agreements for publication in an electronic database that will be made publicly accessible to students and parents. Additionally, the law establishes reporting requirements for community colleges, SSHE universities and state-related universities detailing credit transfer activity, beginning with an interim report due in 180 days and subsequent reports due every two years until July 1, 2012.

Section 2020-A: Makes funding for State System of Higher Education program initiatives contingent on all SSHE articulation agreements being made available on the System's web site. Historically, this language has been included in the state budget, but has been transferred to the school code this year.

2) Marriage Amendment

Pennsylvania did not join the 20 states that have put gay marriage bans in their constitutions. The Legislature left session without agreeing on a proposed amendment to pose to voters that would restrict the definition of marriage to a union between a man and a woman. **It does not appear the Senate version of the legislation will be voted upon in this biennium. Legislation will have to be re-introduced next session.**

By not addressing this issue before the summer break delays it for at least three years since the process of changing the constitution is a lengthy one. It requires the House and Senate to pass an identical bill 90 days before the general election in two separate legislative sessions before it can be placed on the ballot for voters to ratify.

The House had approved one version of an amendment that included wording that would have also banned any legal recognition of any relationships that were like marriage. The Senate rejected that idea and instead favored an amendment that mirrors the state's marriage-protection law that simply states marriage is between a man and a woman.

House Bill 2381, P.N. 3754 (Boyd) Joint Resolution proposing an amendment to the PA Constitution by adding that only a marriage between one man and one woman would be valid or recognized as a marriage in PA, and neither the Commonwealth nor any of its political subdivisions would create or recognize a legal status identical or substantially equivalent to that of marriage for unmarried individuals. (Prior Printer Number: 3397) ***Introduced and referred to House State Government, January 24, 2006***

Informational committee meeting on March 28, 2006
Voted out of Appropriations on April 24, 2006
Set on calendar June 27, 2006

Senate Bill 1084, P.N. 1502 (Regola) Joint Resolution proposing an amendment to the PA Constitution by adding that only a marriage between one man and one woman would be valid or recognized as a marriage in PA, and neither the Commonwealth nor any of its political subdivisions would create or recognize a legal status identical or substantially equivalent to that of marriage for unmarried individuals. ***Introduced and referred to Senate Judiciary, February 6, 2006***

Press conference on June 5, 2006

Discussed in Senate Judiciary June 13, 2006

3) Teacher Strike Legislation

New legislation by Rep. Will Gabig (R-199) was introduced to prohibit strikes, define penalties for illegal strikes and keep cost and control with elected school board officials. Its design was influenced by the models used in Michigan and New York.

On August 23, the House Labor Relations Committee held an informational meeting on House Bill 2635 that would prohibit strikes by teachers and other public school employees and institute a binding arbitration process for resolving school employee contract disputes if a contract agreement cannot be reached during the timeframe outlined in the bill. Testifiers of HB 2635 stated that it is unconstitutional because forcing school districts into binding arbitration to settle contract disputes gives unelected arbitrators - who are not accountable to taxpayers - the power to mandate the use of public tax dollars.

Further, PSBA says the bill would “create a public policy that is contradictory” to recently enacted property tax relief legislation which forces school districts to limit school tax increases to an inflationary index and requires voter approval of larger tax increases. Requiring districts to use binding arbitration could lead to arbitrators mandating a solution that requires a tax increase beyond what the school board would voluntarily approve and could force districts to hold a voter referendum to approve a tax increase - placing districts in the position of cutting services to pay for the arbitrators’ chosen contract if the referendum fails.

Rather than replacing the current collective bargaining law with a new system, PSBA says a “logical next step is to impose disincentives on employees and organizations that participate in a strike”, such as docking employees’ pay for each day they participate in a strike, requiring strike votes to be taken by secret ballot, allowing school districts to employ substitute teachers to continue the

school year during a strike, and consolidating teacher health care benefits through a statewide plan to remove the contentious health insurance issue from negotiations. The Pennsylvania State Education Association (PSEA), which represents teachers, said any legislation that provides for binding arbitration must preserve employees' fundamental right to withhold their labor. PSEA also said that binding arbitration decisions should be made on an issue-by-issue basis rather than as an entire package, thus allowing an opportunity for both sides in a dispute to "win" on some issues.

Senate Bill 910, P.N. 1308 (Mellow) The Collective Bargaining Dispute Resolution Act states that the settlement of an impasse in collective bargaining between an employee organization and a public employer would be by collective bargaining dispute resolution pursuant to this act. The bill provides for a collective bargaining timeline, panel selection and costs of resolution. The bill states collective bargaining dispute resolution would be limited to those issues which may be bargained under the Public Employee Relation Act, and which are not agreed to in writing prior to the start of collective bargaining dispute resolution process. The decision of the president judge would be final and binding on the public employer and the employee organization, and no appeal of a determination would be allowed to any court. The bill also states that no school employee may strike or participate in a strike or similar interruption of government service. Also, no public employer may conduct a lockout or similar interruption of government service. Additionally, any strike, lockout or interruption of government service prohibited by this section would constitute an actionable breach of duty to members of the public. Lastly, Article XI-A of the Public School Code is repealed. ***Introduced and referred to Senate Labor and Industry, November 1, 2005***

Public Hearing on January 9, 2006

Informational hearing held in House Labor August 23, 2006

House Bill 239, P.N. 265 (Wansacz): The Public School Collective Bargaining Act states that the adjustment or settlement of an impasse would be by neutral third-party resolution pursuant to the act. A representative would commence a successor collective bargaining agreement no later than January 5 of the year in which the collective bargaining agreement between the parties would expire. Both parties would submit to mediation by the bureau by February 28 if no collective bargaining agreement is reached between the parties. Mediation would continue for so long as the parties have not reached a collective bargaining agreement. If no collective bargaining agreement is reached by April 30, both parties would submit the impasse to neutral third-party resolution conducted by a three-member panel knowledgeable and qualified in the areas necessary to make a determination. The panel would begin hearings no later than July 5, and by August 31, the panel would make a final determination in writing. The final determination of a majority of the panel would be binding upon the public employer and the employee organization. Also, the legislation states that no

school employee may strike or participate in a strike or similar interruption of government service. No public employer may conduct a lockout or similar interruption of government service. Any strike, lockout or interruption of government service prohibited by this section would constitute an actionable breach of duty to members of the public. ***Introduced and referred to House Education February 8, 2005***

Discussed in Senate Democratic Policy Committee on April 27, 2005

House Bill 2635, P.N. 4234 (Steil): Amends the Public School Code deleting provisions relating to collective bargaining and replacing it with new collective bargaining dispute resolution language... ***Introduced and referred to House Labor Relations June 15, 2006***

Discussed in Informational Labor Relations Meeting on August 23, 2006

House Bill 2921, P.N. 4601 (Gabig): Amends 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," providing for collective bargaining dispute resolution, for duties of the Pennsylvania Bureau of Mediation and for penalties.

... ***Introduced and referred to House Education on Sept 22, 2006***

4) SERS/TIAA-CREF Pension Credit Transfer

Laura Statler, Assistant Director of Governmental Relations, met with the Finance Committee on September 22, 2006 to discuss this legislation. The Senate is not willing to look at this issue at this time. They noted that the current legislation SB 989/HB 870 could potentially create a large unfunded liability that SERS can not handle at this time. The legislature is not looking at this time to enhance benefits of pension systems, but instead must focus on efforts reduce the unfunded liability to account for the vast shortfall in the systems. The Senate acknowledged this legislation would be very difficult to pass in this environment and stated that its best chance would have been immediately after the change in the vesting period and the increase in the multiplier. Now, according to an audit by Auditor General Jack Wagner, these benefits passed in 2001 might have to be revoked.

Auditor General Jack Wagner released performance audits of the State Employee' Retirement System (SERS) and the Public School Employee's Retirement System (PSERS). The reviews found that "neither plan was fully funded at the end of last year". Assets for both pension funds declined from being more than 100% funded in 2002 "because of stock market losses and a 2001 decision by the General Assembly to increase employee retirement benefits while not addressing employer contributions". If action is not taken, the plans' current \$11 billion shortfall (with PSERS accounting for about \$9

billion of the shortfall) will begin to grow by 2012 when significant retirements are expected. The Auditor General recommends five steps the Governor and General Assembly should consider: 1) impose a moratorium on adding new retirement benefits until the pension funds' shortfalls are fixed; 2) return the vesting period to 10 years, from five years, for new hires; 3) identify other sources of revenue to help fund pension costs; 4) establish a rainy day fund that would make contributions to the pension funds during years of budget surpluses; and, 5) enact legislation that requires the Commonwealth to make annual contributions to SERS beyond 2007. The reviews also found that both funds are "managed effectively and professionally" and make some suggestions for improving administration. Copies of each audit are available at www.auditorgen.state.pa.us/.

APSCUF plans to re-introduce legislation similar to HB 870/SB 989 in the new biennium. For any new legislation to be considered, it must take into account the issues that were brought out in the HB 870 Committee meeting.

APSCUF formed a local retirement committee focused on the efforts on the TIAA-CREF/SERS pension credit transfer legislation, otherwise referred to HB 870 and SB 989. The committee met on August 10, 2006 to review options for the legislation after the House refused to act on HB 870 because of current unfunded liability. Members were also to gather options for new options that could be considered. A few representatives on the committee chose to create local surveys for their campus to discuss the issues. Many faculty members felt that some of the options discussed at the meeting could potentially divide members and would like other options to be considered. All options are open for discussion and review. If you have a suggestion, please contact the local retirement chair of your university. Please keep in mind of the issues that we must work with in order for this legislation to be considered by either chambers. The unfunded liability issued must be dealt with.

The recent commencement of a legislative Task Force to examine pension issues may bring us opportunity to request the legislature to look into increasing the Employer Contribution Rate of TIAA-CREF. Though, if that is the direction APSCUF would like to consider, members must be aware all of consequences that may occur during this time. Throughout history, the Employer Contribution rate has not only been increased but has decreased six times. TIAA-CREF has recently informed the legislature that Employer Contribution Rates for Defined Contribution Plans should be no less than 10 to 12 percent.

Below is an excerpt from the PA State System regarding Defined Benefit versus Defined Contribution plans:

[Pamela Brand](#), Director of System Human Resources for the PA State System of Higher Education (PASSHE), said their employees have three options for

retirement plans: SERS, PSERS (defined benefit plans), and a defined contribution plan, called the Alternative Retirement Plan (ARP). New hires have 31 days to choose a retirement plan, she stated. She explained that if they choose the ARP, they must choose between four companies to administer the plan. She noted that contributions in the ARP are mandatory and the rate is determined by the SERS Code. The employer contribution rate is currently 9.29% for the ARP, she stated. Noting that the employer contribution rate for the DB plans is less, Brand said it can't be compared because it is not "apples to apples". She commented that the three-year average weighted rate of return for all assets is 9.72%, 3.69% for stable value/money markets, and 12.45% for all other funds. She then outlined the administration of the retirement plan, specifically noting the annual review by an outside consultant. Currently, she said, 50% of PASSHE employees are in the ARP and 44% are in SERS.

Nolan asked if there was an escalation in administrative costs to implement the ARP. Brand replied there was a cost escalation. She added that PASSHE now has reviews of plan performance completed by outside consultants. Nolan asked if members that opt-in to the ARP can move money from one plan to another. Brand said they can move money around with different companies but she noted there are some restrictions. Nolan asked why they evaluate the plan performance. Brand explained it is compared against benchmarks to see if the plans are meeting criteria they should reach. Lastly, Nolan inquired if Brand has heard any concerns about people retiring on DC plans who outlive their retirement money. Brand replied she has not heard that concern.

Rep. Dally asked if the selection of a retirement plan for PASSHE members is irrevocable, Brand confirmed this to be true. Rep. Dally asked if some members desire to move from SERS or PSERS to the ARP or vice versa. Brand explained that she has heard that especially during a downturn in the economy. Rep. Dally questioned how the 9.29% employer contribution level for the ARP was determined. Brand answered that it is in the SERS Code. Rep. Dally inquired about the number of participants in the different plans. He specifically asked if new hires are moving from DB plans to the DC plan. Brand answered that over the last 10 years they have seen a slight increase in the number of participants in the DC plan.

Dana Alwine, Counsel for the House Judiciary Committee, asked about the 31-day period new hires have to choose their retirement plan. Brand said the 31-day period is not set in Code but is in the SERS rules and regulations. Alwine asked if there has been discussion over extending that time period. Brand replied that they occasionally hear about new hires that have problems choosing and they try to assist those hires in making a decision. She noted that if they choose the ARP but not the funds, the money is automatically put into a money market.

House Bill 870, P.N. 993 (Herman): Amends Title 71 (State Government) further providing for retention and reinstatement of service credits, election of membership and purchase of prior service. The bill adds provisions for school employees regarding the transfer and purchase of certain pension service credit from the independent retirement program to the Class AA. ***Referred to House State Government Committee on 3/14/2005***

Informational Committee Meeting on December 14, 2005

Letter from State Government Committee Chairman stating, at this time, he would not bring the bill to a vote out of committee

Senate Bill 989, P.N. 1326 (Gordner) Amends Title 71 (State Government) further providing for retention and reinstatement of service credits, election of membership and purchase of prior service. The bill states that any school employee who has elected membership in an independent retirement program would be eligible to elect to terminate membership in the program and elect membership in Class AA of the system. Also, a school employee who is eligible to elect membership in Class AA of the system, who is employed in a tenured or nontenured position must make the election within 180 days of being granted the tenured position. The bill states that any school employee who has elected membership in Class AA of the system would be eligible to obtain retirement credit for prior uncredited service in the independent retirement program, provided that the State does not incur any liability for the funding of the annuities attributable to the prior, uncredited independent retirement program service. The school employee would be entitled to have any prior service in the independent retirement program transferred to the system and deemed to be State service for all purposes under this part. The bill states that in no event would an independent retirement program service be creditable if the school employee has received retirement benefits on account thereof. Lastly, any independent retirement program which interferes or does not cooperate, by its action or inaction, with any school employee's attempt to exercise an election under this subsection may not be approved to serve as an independent retirement program for a period of five years following the determination by the board of such interference or non-cooperation.

Introduced and referred to Senate Finance, November 14, 2005

5) Taxpayer Bill of Rights

One piece of TABOR legislation, House Bill 2082 has been amended. The TABOR language has been removed. It is now a non-binding statewide referendum on the matter of local school property tax elimination through the use of sales and use taxes.

House Bill 2082, P.N. 4504 (Allen): Taxpayer Fairness Act provides for a nonbinding statewide referendum on local school property tax elimination. The

bill requires the Secretary of the Commonwealth to place on the ballot a nonbinding referendum to determine the will of the electorate with respect to the elimination of local school property tax through the use of sales and use tax revenue. *Re-referred to House Rules as amended on July 1, 2006*

House Bill 2067, P.N. 2917 (Allen): Joint Resolution proposing integrated and distinct amendments to the PA Constitution further providing for legislative power by adding that in any fiscal year, the General Assembly may not increase total General Fund appropriations above the amount of total General Fund appropriations authorized for the preceding calendar year by a percentage which exceeds the average percentage increase over the immediately preceding three fiscal years in the Consumer Price Index for All Urban Consumers of the Bureau of Labor Statistics unless a referendum stating the amount and duration of the increase is approved by a majority of the electors voting on the referendum. This limitation would not apply to any of the following: (1) an appropriation which, as a result of a requirement of Federal law, is made for a new program or service or for an increase in the level of service for an existing program beyond the existing level of service; (2) an appropriation which, as a result of a requirement of a Federal or State court order which has become final, is made for a new program or service or for an increase in the level of service for an existing program beyond the existing level of service; (3) an appropriation providing for the Commonwealth's share of payments for pension obligations as provided by law; (4) an appropriation for the repayment of interest and principal of all debt incurred by or on behalf of the Commonwealth; or (5) An appropriation in response to a Presidential or gubernatorial declaration of an emergency or major disaster in any part of this Commonwealth and which is approved by three-fifths of the members elected to each House of the General Assembly. (Prior Printer Number: 2843)

Set for House calendar on June 6, 2006

Senate Bill 4, P.N. 1263 (Brightbill) The Taxpayer Fairness Act states the total spending by the Commonwealth in any fiscal year may not exceed the appropriation limit as set forth in this act. The bill provides for exceptions, but in no case would the excess spending authorized be included in the computation base of the spending limit for any subsequent fiscal year. The bill states that for any fiscal year in which there is a surplus in the General Fund, 50% of that surplus would be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund, and 50% of the surplus would be deposited by the end of the next succeeding quarter into the newly created Taxpayer Fairness Fund. Also, for any fiscal year in which the balance in the Budget Stabilization Reserve Fund equals or exceeds 10% of the total of all General Fund appropriations, 100% of the surplus would be deposited into the Taxpayer Fairness Fund. The bill states that money in the Taxpayer Fairness Fund would be distributed to taxpayers who have liability for the Personal Income tax through a temporary reduction in the rate of the tax. The reduction

amount would be established by the General Assembly to be effective for January 1 through December 31 of the upcoming calendar year. Lastly, the General Assembly may at any time provide additional amounts as an appropriation to the Budget Stabilization Reserve Fund. (Prior Printer Number: 842) ***Passed in Senate and referred to House Appropriations Oct. 31, 2005***
House Democratic Policy Committee hearing on November 14, 2005

Senate Bill 884, P.N. 1264 (Brightbill) Joint Resolution proposing an amendment to the PA Constitution providing for spending limitations on the State and for disposition of surplus funds by adding that all General Fund appropriations made by the General Assembly in any fiscal year may not exceed the appropriation limit. The appropriation limit would be the total of all General Fund appropriations during the fiscal year prior to the budget year under consideration, adjusted by the lesser of: the average percentage change in personal income in PA for the three preceding calendar years or the average percentage change in inflation for the three preceding calendar years plus the average percentage change in State population for the three preceding years as reported by the annual Federal census estimates. The appropriation limit may be exceeded in any fiscal year for the following: (1) to respond to Presidential declaration of emergency if the General Assembly approves by an affirmative vote of a majority of the members elected to each house of the General Assembly; (2) to respond to a gubernatorial declaration of emergency if the Governor so requests and the General Assembly approves by an affirmative vote of three-fifths of the members elected to each house of the General Assembly; or (3) in other situations if the Governor so requests and the General Assembly approves by an affirmative vote of two-thirds of the members elected to each house of the General Assembly. The bill also states that for any fiscal year in which the Governor certifies that a surplus exists in the General Fund, 50% of that surplus would be deposited into a Budget Stabilization Reserve Fund; and 50% of that surplus would be deposited into a separate fund for tax relief purposes. Lastly, for any fiscal year in which the balance in the Budget Stabilization Reserve Fund equals or exceeds 10% of the total of all General Fund appropriations, 100% of the surplus would be deposited into the fund for tax relief purposes. (Prior Printer Number: 1169) ***Passed in Senate and referred to House Appropriations October 31, 2005***

House Democratic Policy Committee hearing on November 14, 2005
Set on House Floor-June 6, 2006

6) Academic Freedom

The House Select Committee on Academic Freedom met on June 20, 2006 to discuss the next steps for the committee. Chairman Tom Stevenson requested that the committee review the testimony over the summer and submit recommendations. The committee has worked on a draft report which will be released on November 14. After the June hearings, Chairman Stevenson

commented that he didn't think there would be more than two recommendations and that the hearings didn't produce findings. Instead, he noted that the hearings showed that the public institutions are doing a good job.

Please note attachments to find news articles regarding APSCUF member Kurt Smith debating David Horowitz at Bloomsburg University on September 19, 2006.

House Resolution 177, P.N. 1280 (Armstrong): Resolution establishing a select committee to examine the academic atmosphere and the degree to which faculty have the opportunity to instruct and students have the opportunity to learn in an environment conducive to the pursuit of knowledge and truth at State-related and State-owned colleges and universities and community colleges in this Commonwealth. ***Adopted, July 5, 2005 (111-87)***

Informational meeting held in House Education on September 19, 2005

Hearing at Pitt Univ. on November 9-10, 2005

Hearing at Temple Univ. on January 9-10, 2006

Hearing at Millersville Univ on March 22-23, 2006

Hearing at HACC on May 31-June 1, 2006

Public meeting held June 20, 2006 to discuss committee report

Final report due by November 30, 2006

7) Teacher Assessment Report Card

House Bill 1537, P.N. 4230 (O'Neill): The Teacher Assessment Report Card Act requires each institution of higher education to complete a report card, which would contain information to assist teachers, students and the general public in assessing, evaluating and comparing the quality of education being provided to higher education students in approved teacher education programs.

Information on the card would include the number of students enrolled in approved postsecondary teacher education programs in an academic year, the number who applied or were accepted to take the teacher assessment test for initial certification in that academic year, the number who passed the teacher assessment test for initial certification after the first attempt, the number who passed the teacher assessment test for initial certification after multiple attempts, the average number of attempts taken in order to pass the teacher assessment test for initial certification, and a report of the teacher assessment test for initial certification results by the individual licensure area. The Department of Education would be required to compile a statewide report on the information provided. (Prior Printer Number: 1892)

Introduced and referred to House Education on May 5, 2005

Voted out of Committee June 14, 2006

Referred to House Rules June 14, 2006

Set on Tabled Calendar November 13, 2006

8) Master Plan of Higher Education

House Bill 2642, P.N. 3996 (Roebuck): Amends the Public School Code further providing for powers and duties of the board by adding that the master plan for higher education must: (1) describe the current higher education landscape in PA; (2) identify unmet needs and gaps with regard to career fields, geographic and financial access; (3) identify emerging higher education issues and recommend strategies and options designed to address the issues; (4) identify gaps and opportunities for collaboration with basic education, workforce development programs, economic development and other related systems; and (5) outline a plan for action by the board to revise or update its higher education regulations. The bill completely removes the current Master Plan criteria. By law, the State Board of Education is charged with adopting a Master Plan for Higher Education every five years. ***Introduced and referred to House Education April 27, 2006***

Re-referred to House Rules June 28, 2006

Set on Tabled Calendar November 13, 2006

9) Older Pennsylvanian Higher Education

House Bill 2297, P.N. 3221 (Reed): The Older Pennsylvanian Higher Education Program Act establishes the Older Pennsylvanian Higher Education Program to authorize institutions of higher education to develop a program for older adults to enroll in higher education courses tuition free. Each institution of higher education that chooses to participate in the program would promulgate specific guidelines regarding procedures and administration of the program, including, but not limited to, the following: (1) admitting participating older adults; (2) determining the availability of higher education courses; (3) determining if the program will be for credit, noncredit, certification, degree or enrichment; (4) disseminating to the local area agency on aging (AAA) a complete program description and technical assistance that explains the process of admission and availability of enrolling in higher education courses offered by the higher education institution; (5) coordinating with the local AAA to publicize and advertise the program; and (6) outlining course rules and responsibilities for participating older adults. Allows institutions of higher education to waive tuition fees for Pennsylvanians over age 60 to enroll in courses on a space-available basis. Participation in the program by higher education institutions is voluntary. Some colleges and universities already implement similar policies. HB 2297 has been re-committed to the House Rules Committee. ***Introduced and referred to House Education December 6, 2005***

Re-referred to House Rules June 28, 2006

Set on Tabled Calendar November 13, 2006

10) Retirement Legislation

The Legislative Budget and Finance Committee (LBFC) released an analysis of the potential costs and impacts of legislation pertaining to early retirement incentives and cost-of-living (COLA) adjustments for state and public school employees (House Bills 130 and 131), as directed by House Resolution 299 of 2005. The LBFC hired Milliman Consultants and Actuaries to conduct the analysis.

The study looked at: the costs and assets required to fund these initiatives now and over the next ten years; the past impact of early retirement incentives on budget and workforce needs; the actual value of past cost-of-living increases for retirees; the value of early retirement programs in providing employment for younger workers; the potential impact of the mix of critical skills and experience within Commonwealth agencies and school districts and alternatives to maintaining or ensuring adequate staffing in the context of retirement enhancements; likely impacts on the state's General Fund and various types of school districts according to size, aid ratio and other factors; and the health and welfare of retirees.

Under HB 130, eligible members of the State Employee's Retirement System (SERS) and Public School Employee's Retirement System (PSERS) could retire without penalty after 30 years of service or if the member's age plus years of service totals 80 or more. Based on the cost-benefit analysis, the consultant recommends that if an early retirement incentive is offered, school districts should be allowed to "opt-out" of the incentive to avoid the loss of too many employees with critical skills or experience.

HB 131 would provide annual COLAs to annuitants based on the Consumer Price Index. For various reasons cited in the report, the consultant did not believe the COLA provisions to be feasible at this time. If the legislature does enact an automatic COLA, the consultant suggested that the COLA should be limited (such as, no more than 3% per year) and it should be provided only after an annuitant attained superannuation age and after they have been retired 12 months or more.

The LBFC report, "Potential Costs and Impacts of HB 130 (Early Retirement Incentives) and HB 131 (Cost-of-Living Increases)" is available at http://lbfc.legis.state.pa.us/factsheets/2006/382_EarlyRetirement.pdf.

(ATTACHMENT: COLA)

11) Private College Financing Program

The Senate Education Committee held a public hearing September 27, 2006 on

legislation that would establish an Independent Higher Education and Community Financing Program within the Department of Community and Economic Development. Under Senate Bill 307, nonprofit independent colleges and universities could apply for bonds on a first-come first-served basis to support projects related to community and economic development. Institutions would apply to a five-member Board of Review appointed by the Governor and House and Senate caucus leaders.

Don Francis, president of the Association of Independent Colleges and Universities of Pennsylvania, said the legislation is needed to support the Commonwealth's 94 private institutions, many of which are critical to the economy of the rural communities in which they are located, and to "re-balance the playing field for higher education" following the Operation Jumpstart initiative implemented by former Governor Casey. Operation Jumpstart made investments in capital infrastructure at State System of Higher Education and state-related universities as long as the universities provided matching funds, prompting these universities to engage in private fundraising, which some did for the first time and all now conduct proficiently. The advent of public universities' capital fundraising campaigns has resulted "in fewer dollars to support the private sector's capital needs" as they compete with the same local businesses and foundations. Francis told Committee members that such fundraising combined with continued state investment in public universities' capital needs "can overwhelm the ability of many of our private colleges and universities to compete with the public sector" if policymakers are not careful. Maryland, New Jersey and New York have put in place programs to assist private colleges and universities with their capital needs. Additionally, Francis said the funding is needed to help the colleges stay competitive in attracting out-of-state students, most of whom come from MD, NJ or NY.

Representatives of the Pennsylvania State System of Higher Education (SSHE), which would not receive funding through SB 307, appeared before the Committee to speak about its capital needs. The State System has approximately \$1.3 billion in deferred maintenance needs for its academic buildings and an additional \$1 billion in deferred maintenance for auxiliary structures such as residence halls and dining halls (SSHE does not currently use state funds to support these auxiliary structures). The System projects it should be investing over \$100 million a year to maintain its academic and administrative facilities in their current condition; since 2000, the System has received \$65 million annually from the state for this purpose.

Senate Bill 307, P.N. 319 (Pileggi):

Act establishing the Independent Higher Education and Community Financing Program and the Board of Review. The purpose of the program is to assist independent institutions of higher education in capital projects related to community and economic development projects. The General Assembly would

appropriate funds necessary to pay for 50% of the debt service on bonds issued by the authority. Language is the same as HB 616 by Representative Zug.

Introduced and referred to Senate Education February 16, 2005

Press Conference Feb 16 and March 8, 2005

Public hearing held Sept 27, 2006

Press Conference October 24, 2006

Summary of Legislation Passed

Alcohol Policies

House Bill 2375, P.N. 4054 (Raymond): The Higher Education Alcohol Policy Act requires institutions of higher education to implement a written alcohol policy and distribute the policy to each student at the time of enrollment and once during each academic year thereafter. The bill provides for institution of higher education policy requirements and duties. A written summary of the Commonwealth's alcohol-related offenses would annually be made available to each institution of higher education by the State Police. The bill requires that each institution of higher education distribute the written summary of the alcohol-related offenses to each student upon enrollment and once during each academic year thereafter. An institution of higher education that does not comply with this act would be ineligible for grants from the LCB's Alcohol Education Bureau. ***Introduced and referred to House Liquor Control January 24, 2006***

Re-referred to House Appropriations March 8, 2006

Press Conference April 26, 2006

Passed House on May 3, 2006, 166 to 32

Referred to Senate Education Committee June 26, 2006

Increase in Employer Contribution Rate for School Employees Retirement Fund

A Task Force was created by Speaker John Perzel to examine pension and health care costs and make recommendations for improving services while decreasing operational costs. The Task Force will also make recommendations on how to alleviate the potential 2012 employer contribution spike. The first meeting was held on October 25, 2006. Testifiers at the meeting mostly focused on defined benefit plans versus defined contribution plans, the difference being that under a defined contribution plan an employee controls his own retirement investments. Those opposed to a shift from the current defined benefit plan feel defined contribution plans can be risky and people may outlive their benefit.

House Bill 2562, P.N. 3805 (Nickol): Amends Titles 24 (Education) Titles 24 (Education) and 71 (State Government) further providing for the employer

contribution rates on behalf of active members. The bill amends Title 24 further providing for the employer contribution rates on behalf of active members by revising the total contribution rate so that it cannot be less than 4% plus the premium assistance contribution rate for fiscal year beginning July 1, 2004, 7% plus the premium assistance contribution rate for the fiscal year beginning July 1, 2007; and the employer normal contribution rate plus the premium assistance contribution rate for the fiscal year beginning July 1, 2008, and every year thereafter. Title 71 is amended to provide for the Commonwealth and other employer contribution rates on behalf of active members by revising the total contribution rate so that it will not be less than 5% for the fiscal year beginning July 1, 2007, 6% for the fiscal year beginning July 1, 2008 and the employer normal contribution rate for the fiscal year beginning July 1, 2009, and every year thereafter. ***Introduced and referred to House State Government April 3, 2006.***

Reported out of committee on May 23, 2006

Set on table for consideration June 6, 2006

Passed House on June 21, 2006, 195 to 0

Received by Senate Finance June 23, 2006

Voted favorably out and sent to Appropriations October 4, 2006

Discussed in Pension Cost Taskforce meeting October 25, 2006

Senate Bill 592, P.N. 2044 (Armstrong): Amends Title 24 (Education) defining "alternative investment" as an investment in a private equity fund, private debt fund, venture fund, real estate fund, hedge fund or absolute return fund and defining "alternative investment vehicle" as a limited partnership, limited liability company or any other legal vehicle for authorized investments under Section 8521(I) (relating to management of fund and accounts) through which the system makes an alternative investment. The bill further provides that any record, material or data received by the Public School Employees Retirement Board or its employees, investment professionals or agents relating to an investment would not constitute a public record subject to public inspection under the Right to Know Law, if, in the reasonable judgment of the Board, the inspection would: in the case of an alternative investment or alternative investment vehicle, involve the release of sensitive investment or financial information relating to the investment or vehicle which the fund was able to obtain only upon agreeing to maintain its confidentiality; cause substantial competitive harm to the person from whom sensitive investment or financial information relating to the investment was received; or have a substantial detrimental impact on the value of an investment to acquired, held or disposed by the fund, or would cause a breach of the standard of care or fiduciary duty. The legislation also provides for when the sensitive investment or financial information would constitute a public record subject to public inspection under the Right to Know Law.

Introduced and referred to Senate Finance April 4, 2005.

Passed in Senate 38 to 12 on October 17, 2006

Referred to House Appropriations October 23, 2006

Final Passage in House 195 to 0 October 24, 2006

529 Tuition Accounts

House Bill 529, P.N. 4033 (Flick): Amends the Tax Reform Code by adding that any income attributable to a distribution from a qualified tuition plan would not be included as income for purposes of this act if the distribution consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense. If any distribution exceeds qualified higher education expenses it would be included as income. Also, any portion of a distribution which is transferred and does not meet the requirements of this section would be included as income for the purposes of this act. House Bill 2096 would exempt contributions made to TAP 529 plans from state income tax (up to \$10,000 per child annually).

Introduced and referred to House Finance April 26, 2005

Re-referred to House Appropriations June 7, 2006

Passed House on June 14, 2006, 202 to 0

Referred to Senate Finance Committee June 22, 2006

House Bill 2096, P.N. 2642 (Turzai): Amends the Tax Reform Code further providing for classes of income by stating that an amount paid as a contribution into a qualified tuition plan is exempt from taxation and would be deductible from taxable income on the annual personal income tax return. The amount paid as a contribution to a qualified tuition plan allowable as a deduction would be limited to \$10,000 annually per designated beneficiary. The department would treat all qualified tuition programs of which an individual is a designated beneficiary as one program and all contributions during a taxable year would be treated as one contribution. ***Introduced and referred to House Finance October 21, 2005***

Re-referred to House Appropriations June 7, 2006

Passed House on June 13, 2006, 198 to 0

Referred to Senate Finance Committee June 22, 2006

ATTACHMENT: 529 TUITION ACCOUNTS

PHEAA Grants

House Bill 2397, P.N. 4351 (Herman): Amends the Higher Education Scholarship Law further providing for the length of scholarships by stating that each State scholarship would be renewable until for a period not to exceed an additional three academic years beyond the first year of the award. Beginning in the 2006-2007 fiscal year and each fiscal year thereafter, to the extent funds are specifically appropriated for the purpose of providing grant eligibility for a fourth academic year beyond the first year of the aware for students in four-year degree programs, PHEAA shall provide grants to eligible students. Further provides as part of its annual budget request to the General Assembly, the PHEAA shall request funds for the purpose of carrying out this provision. Also

the scholarship shall be terminated if the student receives his degree in a shorter period of time. Currently, scholarships are renewable only for three years (for students in four-year degree programs). To qualify for a fifth year of study under HB 2397, a student must be in good academic standing, make normal progress toward degree completion, and continue to be eligible for state grants as determined by PHEAA. ***Introduced and referred to House Education January 26, 2006***

Re-referred to House Appropriations May 2, 2006

Passed House on June 26, 2006, 193 to 3

Referred to Senate Education Committee June 30, 2006

2006 Fall Session

2006 HOUSE Fall Session Schedule

Sept 25, 26, 27

Oct 3, 4, 16, 17, 18, 23, 24

Nov 13, 14, 15, 20, 21, 22, 27 (non-voting)

2006 SENATE Fall Session Schedule

Sept 19, 20, 25, 26, 27

Oct 3, 4, 16, 17, 18

Nov 20, 21

Session Ends on November 30

News and Reports

KRC Releases Study on Pension Security in Pennsylvania

Rewarding Hard Work argues that the state should make it easier for small business to offer private pensions and stabilize contributions to public pensions

With concerns about retirement security widespread, state government should take action to strengthen pension security in both the private and public sector according to a new report released today by the Keystone Research Center (KRC) and the Center for American Progress (CAP).

Public anxiety about retirement security stems from a number of trends, mostly in the private sector. Only half of private sector Pennsylvania workers are now covered by any employer-provided pension and the quality of many pensions that remain has deteriorated. Some have proposed to make public sector

pensions more like private sector ones, a step that would further undermine retirement security.

“Given low saving rates, record borrowing, and recent wage declines for most workers,” says Dr. Stephen Herzenberg, KRC economist, “what will happen to today’s workers when they retire must be on the policy agenda in Harrisburg.”

The KRC study *Rewarding Hard Work: Give Pennsylvania Families a Shot at Middle Class Retirement Benefits* argues that the state could and should take steps now to help Pennsylvanian’s secure their retirement.

Link to Full Article-- http://www.keystoneresearch.org/presspdf/krc_rewarding_work.pdf

Lobby Day

Lobby day information is attached. Please use the form and contact Ty Marks at tmarks@apscuf.org if you wish to participate.

As early as October 27, 2006, we’ve had over 20 RSVP’s from House and Senate members interested in coming to our Lobby day event.