

## Senate Select Committee on Funding

### 1. Statutory Flexibility:

- In his statement to the Select Committee, Dr. Rex stated “we must create a new system of flexible, student-centered funding, permanently codifying the flexibility provisos currently in place and continuing to roll up dozens of budget line items tied to specific programs and distributing the money instead on a per-pupil basis, so districts can use it in ways that best meet their students’ needs. We’ve tested the districts’ stewardship with this increased flexibility over the past two years, and they have shown they are ready for this responsibility. It’s time to give it to them permanently.”
- Proviso 1.43 (not renumbered) should be codified as part of the new funding legislation. I have attached a copy of the proviso highlighting what we recommend be codified in the legislation.
- The language highlighted includes a quarterly reporting requirement. The committee may want to consider a bi-annual or annual reporting requirement rather than quarterly reporting.
- We confined our recommendation to the part of the proviso dealing with flexibility. Therefore, we did not highlight the portion of the proviso that deals with suspensions or the requirement for the district to post a transaction registry.

### 2. Statutory deregulation as granted to Charter Schools:

- Section 59-40-50 of the Charter Schools statute states the following: “Except as otherwise provided in this chapter, **a charter school is exempt from all provisions of law and regulations applicable to a public school, a school board, or a district**, although a charter school may elect to comply with one or more of these provisions of law or regulations.”
- The law, however, goes on to state that charter schools must follow some statutes and regulations such as the following:
  - adhere to the same health, safety, civil rights, and disability rights requirements as are applied to public schools operating in the same school district or, in the case of the South Carolina Public Charter School District, the local school district in which the charter school is located;
  - meet, but may exceed, the same minimum student attendance requirements as are applied to public schools;
  - adhere to the same financial audits, audit procedures, and audit requirements as are applied to public schools;
  - admit all children eligible to attend public school;
  - not limit or deny admission or show preference in admission decisions to any individual or group of individuals; and
  - be subject to the Freedom of Information Act.

- There are currently two provisions (§59-18-1110 and §59-18-1120) found in the EAA statute that grant flexibility to schools.
  - Under the provisions of §59-18-1110, a school can be given the flexibility of receiving exemptions from regulations and statutory provisions governing the defined program if, during a three-year period they have (1) twice been a recipient of a Palmetto Gold or Silver Award, (2) meet annual improvement standards for subgroups of students in reading and math, **AND** (3) has received no recurring accreditation deficiencies.
  - Under the provisions of §59-18-1120, a school designated as “at-risk” is given the flexibility of receiving exemptions from those regulations and statutory provisions governing the defined program if the review team recommends such flexibility to the State Board.
- If the Select Committee seeks to give all schools the same flexibility as charter schools have (**exempt from all provisions of law and regulations applicable to a public school, a school board, or a district**) then there is little need for a Title 59. The provisions in EAA allow for the highest achieving schools and the lowest achieving schools to seek flexibility while schools in between the highest-achieving and the lowest-achieving have no mechanism in statute to request flexibility.
- It appears that the answer for all schools should fall somewhere south of the “all out” flexibility granted to charter schools. All schools and districts should be given the opportunity to request exemptions from state statutes and regulations from the State Board of Education or the State Superintendent of Education. This request would need to be submitted with a district board of trustee’s authorization for the request and a specific justification for the request. The request should contain an evaluation component to document the success of the exemption with provisions for suspension of the flexibility should the evaluation denote lack of success. The request should be made in person by the district’s board chair, superintendent, and school principal.

### **3. SC Public Charter School District funding:**

- Our recommendation regarding funding for the charter district is to encapsulate their funding into a broader funding methodology for public school choice. Charter schools are but one option for providing public school choice for SC students. School districts do not receive additional funds to create other avenues of choice such as magnet schools, Montessori schools, STEM schools, or other great examples we can find throughout the state. However, we know that these choice options, like charter schools, often cost more to begin and maintain. Perhaps your new funding model should create a weighting for public school choice. An additional weighting districts could receive for students attending a choice program could provide additional funds for all districts and spur even greater integration of choice options, to include charters, in their school districts.
- This recommended weighting should differentiate between brick and mortar options and virtual options.



**1.43.** (SDE: School Districts and Special Schools Flexibility) All school districts and special schools of this State may transfer and expend funds among appropriated state general fund revenues, Education Improvement Act funds, Education Lottery Act funds, and funds received from the Children's Education Endowment Fund for school facilities and fixed equipment assistance, to ensure the delivery of academic and arts instruction to students. However, a school district may not transfer funds required for debt service or bonded indebtedness. All school districts and special schools of this State may suspend professional staffing ratios and expenditure regulations and guidelines at the sub-function and service area level, except for four-year old programs.

In order for a school district to take advantage of the flexibility provisions, at least seventy percent of the school district's per pupil expenditures must be utilized within the InSite categories of instruction, instructional support, and non-instruction pupil services. No portion of the seventy percent may be used for business services, debt service, capital outlay, program management, and leadership services, as defined by InSite. The school district shall report to the Department of Education the actual percentage of its per pupil expenditures used for classroom instruction, instructional support, and non-instruction pupil services for the school year ending June 30, 2011. Salaries of on-site principals must be included in the calculation of the district's per pupil expenditures.

"InSite" means the financial analysis model for education programs utilized by the Department of Education.

School districts are encouraged to reduce expenditures by means, including, but not limited to, limiting the number of low enrollment courses, reducing travel for the staff and the school district's board, reducing and limiting activities requiring dues and memberships, reducing transportation costs for extracurricular and academic competitions, and expanding virtual instruction.

School districts and special schools may carry forward unexpended funds from the prior fiscal year into the current fiscal year.

Prior to implementing the flexibility authorized herein, school districts must provide to Public Charter Schools the per pupil allocation due to them for each categorical program.

Quarterly throughout the 2010-11 fiscal year, the chairman of each school district's board and the superintendent of each school district must certify where non-instructional or non-essential programs have been suspended and the specific flexibility actions taken. The certification must be in writing, signed by the chairman and the superintendent, delivered electronically to the State Superintendent of Education, and an electronic copy forwarded to the Chairman of the Senate Finance Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee, and the Chairman of the House Education and Public Works Committee. Additionally, the certification must be presented publicly at a regularly called school board meeting, and the certification must be posted on the internet website maintained by the school district.

For Fiscal Year 2010-11, Section 59-21-1030 is suspended. Writing assessments in grades three, four, six, and seven, formative assessments for grades one, two, and nine, the foreign language program assessment, financial literacy, and the physical education assessment must be suspended. Textbook purchases beyond that required for replacement of instructional material currently on the state adopted textbook list must be suspended. School districts and the Department of Education are granted permission to purchase the most economical type of bus fuel.

For Fiscal Year 2010-11, savings generated from the suspension of the writing assessments and the

suspension of new textbooks adoptions enumerated above must be allocated to school districts based on the Education Finance Act formula.

School districts must maintain a transaction register that includes a complete record of all funds expended over one hundred dollars, from whatever source, for whatever purpose. The register must be prominently posted on the district's internet website and made available for public viewing and downloading. The register must include for each expenditure:

- (i) the transaction amount;
- (ii) the name of the payee; and
- (iii) a statement providing a detailed description of the expenditure.

The register must not include an entry for salary, wages, or other compensation paid to individual employees. The register must not include any information that can be used to identify an individual employee. The register must be accompanied by a complete explanation of any codes or acronyms used to identify a payee or an expenditure. The register must be searchable and updated at least once a month.

Each school district must also maintain on its internet website a copy of each monthly statement for all of the credit cards maintained by the entity, including credit cards issued to its officers or employees for official use. The credit card number on each statement must be redacted prior to posting on the internet website. Each credit card statement must be posted not later than the thirtieth day after the first date that any portion of the balance due as shown on the statement is paid.

The Comptroller General must establish and maintain a website to contain the information required by this section from a school district that does not maintain its own internet website. The internet website must be organized so that the public can differentiate between the school districts and search for the information they are seeking.

School districts that do not maintain an internet website must transmit all information required by this provision to the Comptroller General in a manner and at a time determined by the Comptroller General to be included on the internet website.

The Comptroller General shall distribute to the districts a methodology and resources for compliance. If a district complies with the methodology, it shall be reimbursed for any documented expenses incurred as a result of compliance. Reimbursement must be from the budget of the Comptroller General.

The provisions contained herein do not amend, suspend, supersede, replace, revoke, restrict, or otherwise affect Chapter 4, Title 30, the South Carolina Freedom of Information Act.

