

Report on the Utilization of  
the Flexibility Provisos,  
Fiscal Year 2007-08



**SC EDUCATION  
OVERSIGHT COMMITTEE**

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## **Executive Summary**

The South Carolina General Assembly, through provisos in the General Appropriations Act, has allowed schools districts the option of transferring funds appropriated for a specific program to any other program or programs as long as the funds are utilized for direct classroom instruction. The provisos were first enacted in Fiscal Year 2002-03 as a tool to assist school districts in addressing mid-year revenue shortfalls. In the 2003-04 General Appropriations Act, the original flexibility provisos were amended to increase the amount of funds that could be transferred from twenty to one hundred percent, to allow funds to be transferred to programs regardless of funding sources and to require the Education Oversight Committee (EOC) to report on the utilization of the flexibility provisos. The 2004-05 General Appropriations Act further amended the provisos to prohibit any transfer of funds made directly to an individual school through a grant or technical assistance funds.

In Fiscal Year 2007-08 seventy school districts and one special school district utilized the flexibility provisos. These districts transferred a total of \$31.4 million or 9% of the \$345.6 million available for transferring. Sixty-nine districts transferred funds from state and EIA-funded programs. Of these sixty-nine districts, ten also transferred funds the Barnwell (Children's Endowment) Fund. School districts transferred approximately 48 percent of the funds initially appropriated to the Reduce Class Size program and 21 percent of the funds initially appropriated to the Summer School/Comprehensive Remediation program to other programs. Of all funds transferred, districts reallocated over 70% to Act 135 Academic Assistance.

The EOC analyzed district utilization of the flexibility provisos across the past five years. The analysis showed that the number of districts utilizing the flexibility provisos is increasing annually. Through Fiscal Year 2007-08, only three districts have never utilized the flexibility provisos with 29 districts having used it every year for the past five fiscal years. Forty districts or almost one-half of all districts have utilized the flexibility provisos in four or more years since Fiscal year 2003-04.

The EOC surveyed six districts that had not utilized the flexibility provisos through the first half of Fiscal Year 2007-08. The EOC found that these districts support having the option to transfer funds and in fact, three of these districts made transfers in Fiscal Year 2007-08. Over the past five years, districts have consistently transferred funds from the Reduce Class Size, Summer School/Comprehensive Remediation and

Act 135 Academic Assistance, K-3 programs. These districts have consistently transferred funds to Act 135, K-3 and 4-12 programs and to the High School Diploma requirements program.

A comparative analysis was conducted to determine what differences, if any, exist between districts that have consistently utilized the flexibility provisos and those that have not. Focusing on thirty districts that had consistently utilized the flexibility provisos each year between Fiscal Years 2003-04 and Fiscal Years 2006-07, the data demonstrate the following. Districts that consistently utilized the flexibility provisos were generally more rural, had smaller student enrollments and were more likely to experience student enrollment declines as compared to all other districts. These districts also had a slightly higher poverty index and greater concentrations of poverty. One-third of these districts had a poverty index of 80 or greater while only one-fourth of all other districts had a poverty index of 80 or greater. Finally, districts that consistently utilized the flexibility provisos had less stable leadership as measured by the number of superintendents serving the districts between 2003-04 and 2006-07.

A final analysis addressed the issue of whether utilization of the flexibility provisos enhances or detracts from the educational achievement and goals of the state's education accountability system. Analyzing the impact of the flexibility provisos on student academic achievement as measured by the district absolute index, the data reveal that utilization of the flexibility provisos has not affected student academic outcomes. It is not possible to correlate utilization of the flexibility provisos with the absolute index or with changes in the absolute index over time. And, finally, while the data do not prove that districts which consistently used the flexibility provisos were reallocating more resources to instructional efforts, the findings do imply that the flexibility provisos are not being used in aggregate to increase the percentage of per pupil expenditures for instruction. In fact, the average percent of per pupil expenditures for instruction actually declined between 2001-02 and 2005-06 for both sets of districts. Districts that did not consistently utilize the flexibility provisos experienced the largest decline of 7 percentage points.

The findings of this report raise several issues. First, the flexibility provisos are overwhelmingly being used to transfer funds from the Reduce Class Size program. In Fiscal Year 2007-08 43 school districts did not implement a Reduce Class Size program even though the General Assembly provided funding for the initiative and required a local match on the funds. Is it the legislative intent that the flexibility provisos may be

utilized to erode a statewide goal of reduced class size in grades one through three? Second, utilization of the flexibility provisos is not increasing the percentage of per pupil expenditures for instruction across districts. This trend is likely problematic for long-term educational achievement in the state especially given the national debate and efforts in education finance to reallocate more resources to the classroom. And, finally, districts that are rural with declining enrollments and high concentrations of poverty tend to utilize the flexibility provisos more consistently than others. These smaller districts need to have some financial flexibility in transferring funds between accounts but without sacrificing a statewide goal.

## PART ONE

### Background

For the past five years, the General Assembly has required the Education Oversight Committee (EOC) to review how school districts have utilized two provisos that allow districts the flexibility of transferring up to one hundred percent of funds appropriated for a specific program to any other program or programs as long as the funds are utilized for direct classroom instruction. Provisos 1.46. and 1A.46. of the 2007-08 General Appropriations Act state:

*All school districts and special schools of this State may transfer up to one hundred percent of funds between programs to any instructional program provided the funds are utilized for direct classroom instruction. The South Carolina Department of Education must establish a procedure for the review of all transfers authorized by this provision. The details of such transfers must be provided to members of the General Assembly upon request. School districts and special schools may carry forward unexpended funds from the prior fiscal year into the current fiscal year to be used for the same purpose. All transfers executed pursuant to this provision must be completed by May first of the current fiscal year. All school districts and special schools of this State may expend funds received from the Children's Education Endowment Fund for school facilities and fixed equipment assistance, for any instructional program. The Education Oversight Committee shall review the utilization of the flexibility provision to determine how it enhances or detracts from the achievement of the goals of the educational accountability system, including the ways in which school districts and the state organize for maximum benefit to classroom instruction, priorities among existing programs and services, and the impact on short, as well as, long-term objectives. The State Department of Education shall provide the reports on the transfers to the Education Oversight Committee for the comprehensive review. This review shall be provided to the members of the General Assembly annually. Any grant or technical assistance funds allocated directly to an individual school may not be reduced or reallocated within the school district and must be expended by the receiving school only according to the guidelines governing the funds.*

The flexibility provisos were first enacted in Fiscal Year 2002-03 as a tool to assist school districts in addressing mid-year revenue shortfalls. Initially, school districts were allowed to transfer up to twenty percent of funds between programs to any instructional program with the same funding source and to carry forward any unexpended funds from the prior fiscal year into the current fiscal year. After additional mid-year revenue shortfalls during Fiscal Year 2002-03, the General Assembly in March of 2003 adopted a joint resolution, Act No. 102, allowing districts and special schools to transfer revenue between programs to any instructional program with the same funding source and to make "expenditures for direct classroom instructional programs and essential operating costs from any state source without regard to fund type with the exception of school building bond funds."

Subsequently, in the 2003-04 General Appropriations Act, the original flexibility provisos were amended to increase the amount of funds that could be transferred from twenty to one hundred percent, to allow funds to be transferred to programs regardless of funding sources, and to require the EOC to report on the utilization of the flexibility provisos. The 2004-05 General Appropriations Act further amended the provisos to prohibit any transfer of funds made directly to an individual school through a grant or technical assistance funds.

The flexibility provisos assign responsibility to both the South Carolina Department of Education (SCDE) and the Education Oversight Committee (EOC). SCDE is required to implement the procedures for transferring funds between programs and to provide to the EOC copies of all transfer reports. In consultation with the EOC, SCDE developed the form and flexibility procedures for school districts to follow in requesting transfers. The EOC is responsible for reviewing the utilization of the flexibility provisos and reporting to the General Assembly. Since Fiscal Year 2003-04, the EOC has reported on the utilization of the flexibility provisos with prior reports available at [www.eoc.sc.gov](http://www.eoc.sc.gov). These reports have consistently documented the following:

1. Generally, over one-half of the funds transferred pursuant to the provisos were originally allocated to the Reduce Class Size program.
2. Over two-thirds of the funds transferred were reallocated to the Act 135 Academic Assistance Program.
3. At least one-half of all transfers are made in the last two months of the fiscal year.
4. The data showed no significant difference in per pupil expenditures for instruction between school districts that consistently utilized the flexibility proviso and school districts that did not.
5. Third grade PACT scores in districts that consistently utilized the flexibility provisos to transfer 100% of their districts' Reduce Class Size allocations had inconsistent changes over time. A greater percentage of the school districts that consistently transferred their Reduce Class Size Program funds improved the percentage of students scoring basic or above on third grade ELA PACT. However, a smaller percentage of these same school districts experienced an improvement in the percentage of students scoring proficient or above on third grade ELA PACT as compared to all other school districts. The trend is reversed in third grade mathematics PACT scores. A greater percentage of districts that consistently transferred their Reduce Class Size Program funds improved the percentage of students scoring proficient or above on third grade mathematics PACT. However, a smaller percentage of these same school districts experienced an improvement in the percentage of students scoring basic or above on third grade mathematics PACT as compared to the other districts.

In June of 2007 the EOC adopted a triennial evaluation process. To provide substantive review of programs, practical recommendations and adequate time for implementation of the recommendations, and to utilize resources to the maximum benefit, the EOC

implemented a staggered program evaluation schedule over a three-year period. This report represents a detailed analysis of the utilization and impact of the flexibility provisos on school district expenditures and on student academic achievement. The triennial evaluation of the flexibility provisos contains the following:

1. A review of Fiscal Year 2007-08 transfers made pursuant to Provisos 1.46. and 1A.46.;
2. The results of a survey of school districts that, through the first half of Fiscal year 2007-08, had never used the flexibility provisos to determine the reasons for their non-utilization;
3. An analysis of the five-year trends in utilization of the flexibility provisos, focusing on changes in the number of districts transferring funds per the flexibility provisos, the amount of funds transferred, and the type of programs increased or decreased as a result of the flexibility provisos;
4. A comparative analyses of the school districts that consistently utilized the flexibility provisos with those that did not focusing on the characteristics of these districts and evaluating what, if any, impact utilization of the flexibility provisos has had on educational achievement and resource allocation;
5. An overview of current trends in public education finance that includes flexibility in spending; and
6. Conclusions and policy implications to the General Assembly.

## PART TWO

### Implementation and Utilization of Flexibility Provisos Fiscal Year 2007-08

As in prior years, the South Carolina Department of Education (SCDE) notified school districts of the procedures and forms to be used in making transfers pursuant to the flexibility provisos. To remind and assist districts, the SCDE on August 29, 2007 posted on its website the Fiscal Year 2007-08 forms, procedures, directions and sample accounting transactions pertaining to the flexibility provisos. This information remained online for the duration of the fiscal year. In addition SCDE included the flexibility procedures in the *2007-08 Funding Manual*.

Two distinct forms were developed and used to request transfers of funds. These forms were not amended in Fiscal Year 2007-08, and furthermore, have not been amended in the past five years. One form reflects transfers from the Barnwell (Children's Endowment) Fund and another form for all other transfers. Districts submitting transfers had to include the name of the program and sub-fund that monies were to be transferred from, the current allocation, the amount of the transfer and the program to which the funds were to be allocated along with the sub-fund. Furthermore, districts were asked to provide a written justification of the transfer. Signatures of the chair of the local school district board and of the superintendent were also required on the transfer document. As required by the provisos, all transfers were to be completed and submitted to SCDE by May 1, 2008. As in prior fiscal years, SCDE provided to the EOC quarterly copies of transfers submitted and approved.

Because the provisos specifically state that funds transferred must be utilized for direct classroom instruction, SCDE notified districts of allocations to specific programs that could not be reduced or eliminated. As explained by SCDE in the Funding Flexibility Procedures for Fiscal Year 2007-08, districts may transfer up to 100% of funds between programs; however, federal funds, lottery funds and general funds (Education Finance Act funds) are excluded from the flexibility provisions as well as grants and technical assistance funds made directly to a school. Furthermore, as in prior years, SCDE clarified that additional appropriations were excluded from the flexibility provisions. The following allocations were excluded:

<u>Program</u>	<u>Revenue Code</u>
EEDA 8 <sup>th</sup> Grade Career Awareness	3117
EEDA Career Specialists	3118
Refurbishment of K-8 Science Kits	3126
Child Development Pilot Program	3134
Junior Scholars Program	3523
National Board Salary Supplement	3532
Teacher of the Year	3533
Teacher Salary Increase	3550
Teacher Salary Increase Fringe	3555
EAA Intervention and Assistance	3568
Teacher Supplies	3577
Principal Salary/Fringe Increase	3582
Bus Driver Salary Supplement	3598

These exclusions total approximately \$280 million and are reflected in Table 1.

**Table 1**  
**Exclusions from Flexibility Provisos**

<u>Program</u>	<u>Allocations/Reimbursements</u>
EEDA 8 <sup>th</sup> Grade Career Awareness	\$400,000.00
EEDA Career Specialists	\$21,840,791.00
Refurbishment of K-8 Science Kits <sup>1</sup>	\$1,052,245.81
Child Development Pilot Program <sup>2</sup>	\$17,165,921.54
Junior Scholars Program	\$51,558.00
National Board Salary Supplement	\$51,885,838
Teacher of the Year	\$166,102.00
Teacher Salary Increase	\$79,649,700.00
Teacher Salary Increase Fringe	\$16,097,204.00
EAA Intervention and Assistance	\$75,074,773.00
Teacher Supplies	\$12,750,000.00
Principal Salary/Fringe Increase	\$3,098,123.00
Bus Driver Salary Supplement	\$450,776.00
<b>TOTAL:</b>	<b>\$279,683,032.35</b>

Sources: *2007-08 Funding Manual*, data provided by SCDE and the 2007-08 General Appropriations Act.

Taking into account the above exclusions, school districts were allowed to transfer approximately \$318 million in EIA and general funds between programs in Fiscal Year 2007-08 and approximately \$28 million in the Barnwell (Children's Endowment) fund. <sup>3</sup> Districts were allowed and did transfer some carry forward funds between programs in FY08; however, the \$318 million figure does not include funds carried forward by districts from Fiscal Year 2006-07 into Fiscal Year 2007-08. While carry forward amounts are reflected in each district's individual financial audit, the data are not compiled or reported. Table 2 below illustrates the programs and funds eligible for transferring in Fiscal Year 2007-08.

<sup>1</sup> This figure is based upon allocations to school districts as of May 1, 2008. Rather than a direct appropriation, these funds are actually reimbursements for the K-8 science kits.

<sup>2</sup> Includes all appropriations and carry forwards for the program.

<sup>3</sup> Reflects mid-year EIA revenue reduction in Act 135 funds.

**Table 2**  
**Funds Available for Transferring, FY2007-08 <sup>4</sup>**

	<b>EIA or General Fund</b>	<b>Allocation *</b>
<b>Program</b>	<b>Subfund</b>	<b>FY 2007-08</b>
Increase High School Diploma	301	\$23,632,801.00
School Technology Initiative	305	\$2,000,000.00
Parenting/Family Literacy	313	\$5,605,803.00
Advanced Placement Courses and IB	315	\$997,950.00
Gifted and Talented Academic	320	\$30,451,890.00
Gifted and Talented Artistic	322	\$4,302,530.00
Career and Technology Education Equipment	325/905	\$8,703,068.00
Critical Teaching Needs	327	\$352,911.00
Trainable and Profoundly Mentally Disabled Student Services	330	\$3,855,017.00
Professional Development on the Standards	334	\$6,111,100.00
Four-Year-Old Program	340	\$21,032,678.00
Preschool Programs for Children with Disabilities	342	\$3,973,584.00
Act 135 Academic Assistance, K-3	346	\$65,457,663.00
Act 135 Academic Assistance, 4-12	348	\$48,384,257.00
Adult Education Remedial	353	\$378,700.00
Adult Education Literacy	365	\$2,300,000.00
Summer Schools	383	\$30,750,000.00
Middle School Initiative	391	\$4,895,390.20
Reduce Class Size	393	\$35,047,429.00
Alternative Schools	396	\$11,688,777.00
ADEPT	916	\$2,217,245.00
Education License Plates	917	\$150,000.00
Student Health & Fitness	937	\$5,688,911.00

**TOTAL EIA and General Funds: \$317,977,704.20**

**TOTAL Barnwell (Children's Endowment) Funds: \$27,618,037.29**

**GRAND TOTAL: \$345,595,741.49**

<sup>4</sup> Data do not include funds carried forward from FY07 to FY08 and available for transferring.

Based upon the transfer request documents provided to the EOC by SCDE, there were a total of 70 school districts and one special school district that transferred in Fiscal Year 2007-08 a total of \$31,290,913.45 or 9% of all available funds pursuant to the flexibility provisos. Appendices A and B detail the transfers made. The following analysis disaggregates the information by source of funds transferred.

**Transfers from Barnwell (Children’s Endowment) Fund**

Chapters 143 and 144 of Title 59 of the South Carolina Code of Laws create and allocate funds from the Children’s Education Endowment Fund, commonly referred to as the Barnwell Fund. Revenues from the nuclear waste disposal receipts are deposited by the State Treasurer into the Children’s Education Endowment Fund. Thirty percent of these monies must be allocated to Higher Education Scholarship Grants and expended as provided in Section 59-143-30. The remaining seventy percent must be allocated to Public School Facility Assistance and expended as provided in Chapter 144 of Title 59. Of the funds distributed to school districts, 35% are allocated based on the weighted pupil units, 35% on the EFA formula, 15% on a standardized assessment of districts’ needs and 15% based on an equalized effort. School districts are required to use the monies to construct, improve, enlarge or renovate facilities. The expressed legislative intent of the program is to provide adequate school facilities. The funds remain in the Children’s Education Endowment Fund at the State Treasurer’s Office until a district draws down its allocation, which must occur within six years of the initial authorization.

Through the flexibility provisos, school districts were given the ability to transfer funds from their Barnwell allocation to other programs. As of November 13, 2007 the South Carolina Department of Education reported that there was \$27,618,037.29 in total Barnwell funds available to all 85 school districts and special schools and special districts that had not been claimed for reimbursement by school districts.<sup>5</sup> Of this amount, approximately \$253,987.48 was allocated to the following special schools and special districts: John de la Howe School, the Wil Lou Gray Opportunity School, the School for the Deaf and Blind, the Department of Juvenile Justice and the Department of Corrections. In Fiscal Year 2007-08 eleven school districts that used the flexibility provisos to transfer approximately \$2.0 million from the Barnwell Fund. No special school or special district utilized the flexibility provisos. Table 3 documents that the number of districts utilizing the flexibility provisos to transfer Barnwell funds increased in Fiscal Year 2007-08 as did the amount transferred by approximately \$1.5 million over the prior year.

**Table 3  
Transfers FROM Barnwell (Children’s Endowment) Fund**

<b>Fiscal Year</b>	<b>No. Districts Making Transfers</b>	<b>Amount Transferred</b>	<b>Total Available Funds To Be Transferred</b>	<b>% of Available Transferred</b>
<b>2007-08</b>	<b>11</b>	<b>\$2,041,891.38</b>	<b>\$27,618,037.29</b>	<b>7.39%</b>
2006-07	4	\$ 590,479.30	\$13,785,706.78	4.28%
2005-06	7	\$2,300,172.49	\$25,780,390.84	8.92%
2004-05	6	\$1,717,943.49	\$31,897,929.00	5.39%
2003-04	22	\$8,429,451.56	\$49,623,450.00	16.99%

<sup>5</sup> South Carolina Department of Education. Office of Finance, [www.ed.sc.gov/agency/offices/finance/documents/SchoolBldgBalances.xls](http://www.ed.sc.gov/agency/offices/finance/documents/SchoolBldgBalances.xls).

As in prior fiscal years, all funds transferred were reallocated to the General Fund (Table 4). The General Fund includes those expenses related to the operation and maintenance of schools, including but not limited to, salaries and fringe benefits and transportation. Appendix A is a detailed list of the districts that transferred funds from the Barnwell (Children's Endowment) Fund.

**Table 4**  
**Transfers of Barnwell (Children's Endowment) Fund TO**

<b>Fiscal Year</b>	<b>General Fund</b>	<b>% of Total</b>	<b>Academic Assistance</b>	<b>% of Total Transferred</b>
<b>2007-08</b>	<b>\$2,041,891.38</b>			
2006-07	\$ 590,479.30	100.0%		
2005-06	\$2,300,172.49	100.0%		
2004-05	\$1,717,943.49	100.0%		
2003-04	\$8,301,654.66	98.48%	\$127,796.90	1.52%

**Transfers from State Revenue and EIA Funded Programs**

In Fiscal Year 2007-08 sixty-nine (69) school districts and one special school district, the South Carolina Department of Juvenile Justice, transferred \$29,328,414.93 from general and EIA-funded programs. Of these 69 school districts, ten also transferred funds from the Barnwell (Children's Endowment Fund). Transfers from general and EIA funds totaled approximately 9.22% of all available funds. Across all transfers, the least amount transferred from any one program was \$450, and the largest transfer from one program was \$1,738,420. The largest total amount of transfers requested by any one school district was \$2,507,268. The least amount of transfers requested by any one school district was \$2,791.63. Appendix B is a detailed list of transfers by school district along with the justifications for the transfers. As reflected in Table 5, across the past five years, the number of districts making transfers is generally increasing.

**Table 5**  
**Transfers FROM State Revenue and EIA Programs**

<b>Fiscal Year</b>	<b>No. Districts Making Transfers *</b>	<b>Amount Transferred</b>	<b>Total Available Funds</b>	<b>% of Available Funds Transferred</b>
<b>2007-08</b>	<b>69</b>	<b>\$29,328,414.93</b>	<b>\$317,977,704</b>	<b>9.22%</b>
2006-07	60	\$25,885,195.11	\$298,458,792	8.67%
2005-06	48	\$20,009,145.25	\$302,126,256	6.62%
2004-05	41	\$17,105,458.37	\$350,920,001	4.88%
2003-04	50	\$20,858,776.81	\$368,412,116	5.66%

\* Excludes special schools and school districts.

In Fiscal Year 2007-08, 65% of all funds transferred were officially requested and approved by SCDE in the last two months of the fiscal year as compared to 51% in Fiscal Year 2006-07. <sup>6</sup> One possible reason for the increase in the percentage of transfers made during April and May was the mid-year reduction in EIA revenues that occurred in April. In several justifications of the transfers, districts noted that the mid-year reduction which impacted the allocation of Act 135 funds necessitated a transfer of funds to cover instructional salaries of employees hired through Act 135. Table 6 is a summary of transfers by quarter, and Appendix C is a detailed list of quarterly transfers by program name.

**Table 6  
Transfers by Quarter**

Quarter	Amount Transferred	% of All Transfers
<b>1 (July –September)</b>	<b>\$1,095,259.42</b>	<b>4%</b>
<b>2 (October-December)</b>	<b>\$1,892,522.10</b>	<b>6%</b>
<b>3 (January-March)</b>	<b>\$7,379,505.44</b>	<b>25%</b>
<b>4 (April-May)</b>	<b><u>\$18,961,127.97</u></b>	<b>65%</b>
<b>TOTAL:</b>	<b>\$29,328,414.93</b>	

As in prior fiscal years, more than half of all transfers in Fiscal Year 2007-08 were reallocations of monies appropriated for the Reduce Class Size program with the percentage actually increasing. The Reduce Class Size program was created in the Education Accountability Act of 1998. Section 59-63-65 allows school districts that reduce class size in grades one through three to fifteen students to be eligible for special funding. These funds are allocated to districts based on the average daily membership in grades one through three and on the number of students eligible for free and reduced-price lunch program. The law further requires a local match which is based on the Education Finance Act formula for districts receiving these funds. The reallocation of \$15,001,745.68 in Reduce Class Size funds was 48% of the original \$35.0 million appropriation to the program. Furthermore, because of the reallocation, the local match is not required to be generated or expended on reduce class size.

In Fiscal Year 2007-08 43 school districts, or over 60% of all districts making transfers, reallocated all of their Reduce Class Size allocations as compared to 36 in Fiscal Year 2006-07. By transferring these funds, districts were also exempt from providing the local match. Districts increasing in student enrollment argued that maintaining a 15:1 ratio in grades 1 through 3 was impossible due to space and fiscal constraints. Similarly, districts that were declining in enrollment argued that the 15:1 student: teacher ratio could be maintained using alternative funds like Title One funds. Other districts declining in student population argued that they could maintain a comparable student to teacher ratio of 18:1 or 20:1 given the declining enrollment.

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<sup>6</sup> Annual Flexibility Reports published by the EOC can be found under Reports and Publications, <http://eoc.sc.gov>.

To summarize, school districts transferred funds from the following 21 programs in Fiscal Year 2007-08. Table 7 compares the amount transferred with the original appropriation for the program as well as with the total funds transferred.

**Table 7**  
**Funds Transferred FROM the Following Programs**  
**Fiscal Year 2007-08**

Program Name:	2007-08 Total Appropriation	Total Transferred	% of Appropriation	% of Total Transferred
High School Diploma	\$23,632,801	\$937,282.40	3.97%	3.20%
Technology Initiative	\$2,000,000	\$183,088.10	9.15%	0.62%
Parenting/Family Literacy	\$5,605,803	\$194,113.80	3.46%	0.66%
Advanced Placement	\$3,470,000	\$1,600.00	0.05%	0.01%
Gifted and Talented, Academic	\$30,451,889	\$125,000.00	0.41%	0.43%
Gifted and Talented, Artistic	\$4,302,531	\$118,290.00	2.75%	0.40%
Career and Technology Equipment	\$3,963,520	\$128,798.52	3.25%	0.44%
Critical Teaching Needs	\$602,611	\$43,058.70	7.15%	0.15%
Professional Development on Standards	\$6,130,000	\$45,344.00	0.74%	0.15%
Early Childhood	\$21,532,678	\$70,000.00	0.33%	0.24%
Early Intervention Preschool Handicapped	\$3,973,584	\$95,512.20	2.40%	0.33%
Act 135 Academic Assistance, K-3	\$60,399,459	\$3,547,067.79	5.87%	12.09%
Adult Education Literacy	\$2,300,000	\$7,905.00	0.34%	0.03%
Intervention and Assistance		\$40,038.83		0.14%
Summer School/Remediation	\$30,750,000	\$6,604,494.21	21.48%	22.52%
Excellence in Middle Schools	\$4,937,500	\$199,406.10	4.04%	0.68%
Reduce Class Size	\$35,047,429	\$16,767,082.64	47.84%	57.17%
Alternative Schools	\$11,688,777	\$82,185.24	0.70%	0.28%
ADEPT	\$2,217,245	\$5,845.21	0.26%	0.02%
Education License Plates	\$150,000	\$2,102.19	1.40%	0.01%
Student Health & Fitness	\$5,688,911	\$130,000.00	2.29%	0.44%
<b>TOTAL:</b>		<b>\$29,328,214.93</b>		

The districts transferred funds to the following 14 programs as reflected in Table 8.

**Table 8**  
**Funds Transferred TO the Following Programs**  
**Fiscal Year 2007-08**

Program Name:	2007-08 Total Appropriation	Total Transferred	% of Appropriation	% of Total Transferred
High School Diploma	\$23,632,801	\$5,431,358.48	22.98%	18.52%
Technology Initiative	\$2,000,000	\$75,000.00	3.75%	0.26%
Parenting/Family Literacy	\$5,605,803	\$16,000.00	0.29%	0.05%
Gifted and Talented, Academic	\$30,451,889	\$440,509.10	1.45%	1.50%
Gifted and Talented, Artistic	\$4,302,531	\$89,424.47	2.08%	0.30%
Trainable and Profoundly Mentally Disabled Student Services	\$4,205,017	\$45,662.00	1.09%	0.16%
Early Childhood	\$21,532,678	\$940,399.29	4.37%	3.21%
Preschool Programs for Children with Disabilities	\$3,973,584	\$37,146.10		0.13%
Act 135 Academic Assistance, K-3	\$60,399,459	\$10,009,991.35	16.57%	34.13%
Act 135 Academic Assistance, 4-12	\$55,753,347	\$10,743,622.44	19.27%	36.63%
Summer School/Remediation	\$30,750,000	\$26,366.57	0.09%	0.09%
Alternative Schools	\$11,688,777	\$1,147,573.21	9.82%	3.91%
K-5 Enhancement	\$46,500,000	\$125,361.92	0.27%	0.43%
6-8 Enhancement	\$2,000,000	\$200,000.00	10.00%	0.68%
<b>TOTAL:</b>		\$29,328,414.93		

Approximately 70% of all funds transferred were reallocated to the Act 135 Academic Assistance program with another 18% to High School Diploma Requirements. Act 135 Academic Assistance funds are allocated to school districts for two purposes. A portion of the funds, Subfund 346, provides resources to fund the kindergarten through grade 3 early childhood development programs. These K-3 funds are allocated to districts based on the number of students in kindergarten through grade three who are eligible for free or reduced-price lunch program. The second component is Subfund 348 which is funding for direct academic assistance to students in grades 4 through 12. Each district receives funds based on two factors: (1) the number of students eligible for free or reduced-price lunch in grades 4 through 12; and (2) the district's four-year average for the number of students in grades four through twelve scoring below basic on PACT. School districts can expend Act 135 funds on practically any educational cost. According to the *2007-08 Funding Manual* published by the South Carolina Department of Education, the only disallowed expenditures "include salaries for clerical aides and the costs of classroom furniture and noninstructional equipment (duplicating/copying

equipment, operation and maintenance items, and typewriters). Building renovations and construction are specifically excluded as allowed expenditures.”<sup>7</sup>

And, as in prior fiscal years, based on the forms provided by the South Carolina Department of Education, all transfer requests were approved in a timely manner. In Fiscal Year 2007-08 SCDE did deny one district’s request to transfer funds because the district’s transfer request form lacked the signature of the board chairman. The request was submitted on May 1, the deadline for all completed transfers.

In a qualitative review of the actual transfer request documents, the justifications often were generic. As Appendix B documents, school districts most often requested the transfers in order to pay for the salaries and related fringe benefits of instructional personnel without further clarification. One district, Horry, did provide extensive justification, explaining how the transfer is part of a district wide initiative targeting schools with the highest poverty and increasing formative assessments and instruction in science and social studies.

**Summary:** In Fiscal Year 2007-08, the flexibility provisos were used by school districts accordingly:

- Seventy school districts and one special school district transferred in Fiscal Year 2007-08 a total of \$31,370,306.31 or 9% of all available funds pursuant to the flexibility provisos.
- 65% of all transfers were made in the last two months of the fiscal year.
- School districts transferred approximately 48% of the funds initially appropriated to the Reduce Class Size program to other programs.
- School districts transferred approximately 21% of the funds initially appropriated to the Summer School/Remediation program to other programs.
- Of the funds transferred, districts allocated over 70% to Act 135 Academic Assistance.

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<sup>7</sup> “2007-08 *Funding Manual*,” South Carolina Department of Education, <http://ed.sc.gov/agency/offices/finance/manuals>.

## PART THREE

### Analyses of Utilization Patterns

The following analyses focus on utilization patterns across the past five years. Two research questions were posed:

- Have utilization patterns changed over the five years? Are more districts utilizing the flexibility provisos to transfer more funds?
- Generally, are the programs being increased or decreased as a result of the provisos the same across years?

#### Utilization Patterns

First, utilization patterns can be analyzed by looking at the total number of school districts utilizing the flexibility provisos over time. In the past five years, the average number of school districts requesting transfers during a fiscal year is 56 (Table 9). The number of districts requesting transfers has ranged from a low of 43 in FY2004-05 to 70 in FY2007-08. The trend is for greater utilization over the five years.

**Table 9**  
**Number of Districts Utilizing Flexibility Provisos \***

<b>Fiscal Year</b>	<b>Number Districts Requesting Transfers</b>	<b>Number Districts Not Requesting Transfers</b>
<b>2007-08</b>	<b>70</b>	<b>15</b>
2006-07	61	24
2005-06	53	32
2004-05	43	42
2003-04	55	30

\* Excluded are special school districts.

Utilization can also be analyzed by frequency. Table 10 shows the number of years that districts utilized the flexibility provisos between Fiscal Year 2003-04 and Fiscal Year 2007-08. As the table shows, there are currently three districts that have never utilized the provisos and 29 districts that have utilized the provisos annually for the past five years. Forty districts have utilized the provisos four or more years.

**Table 10**  
**Years Utilizing Flexibility Provisos**  
**FY2003-04 through FY 2007-08**

<b>Number of Districts</b>	<b>Frequency of Utilization (Years)</b>
3	0
11	1
11	2
20	3
11	4
29	5

Looking at non-utilization is an important component of the analysis. At the beginning of Fiscal Year 2007-08, there were seven districts that had never utilized the flexibility provisos. During the first six months of the fiscal year, the number declined to six when the school district of Berkeley requested and was granted a transfer. At the midway point in the fiscal year, there were six remaining districts that had never utilized the flexibility provisos: Clarendon 3, Fairfield, Florence 5, Lexington 2, Lexington 3 and Orangeburg 5.

The EOC surveyed these six school districts to determine the reasons why the districts had chosen not to utilize the flexibility provisos. On February 7, 2008 a brief two-page survey was sent to the superintendents of these six districts along with a copy of the flexibility provisos. A copy of the survey is Appendix D. Responding for the six districts were one superintendent and five finance officers. Their responses to each question are provided below:

**Question 1: Why has your district opted not to transfer any funds pursuant to the flexibility provisos?**

3 districts responded that the state allocation of funds to each instructional program was sufficient to meet the education needs of the program in our districts.

3 districts chose alternative explanations as noted below.

“State allocations of funds to each instructional program are not adequate to meet the needs of the children in the program. Therefore, because the district felt the programs important General Fund allocations are used to supplement the program shortfalls.”

“Our district has not utilized the flexibility proviso to date because we have been able to maintain the parameters and guidelines associated with the various funds from the state. However, we do have several building needs; therefore, we have elected not to transfer the funds from our Barnwell allocation as these funds will be needed to address building needs in the future.”

“The district has kept programs in place that receive special funding from the State. For this fiscal year 2007-2008, the district will be requesting flexibility for the use of the Reduce Class Size funds to be used for other instructional programs.”

**Question 2: Does your district intend to submit a transfer request prior to May 1, 2008?**

3 districts responded Yes.

3 districts responded No.

**Question 3: Historically, over half of the funds transferred pursuant to the provisos were originally allocated to the Reduce Class Size program, has your district maintained the Reduce Class Size program?**

All 6 districts responded Yes.

When asked to explain why, two districts responded accordingly:

“At present our district has maintained the RCS program. We are fortunate at this time that adequate staff and classroom space have been available in order to continue this program. However, as our enrollment continues to increase, continuation of the program may not be feasible in future budgets. Upcoming revenue shortfalls may also impact the continuation of this program.”

“The district feels that small class sizes at the lower grade levels are important to maximize learning. This may be changed in the 2008-09 budget year due to limitations imposed by Act 388 on local funding.”

**Question 4: Do you believe that the flexibility provisos should be amended?**

One district responded Yes – “To allow greater flexibility through removing the exemption of additional state funds.”

5 districts responded No.

One Commented: “The flexibility proviso provides an excellent opportunity for districts to transfer funds to programs that best meet the instructional needs of students. Although we have not utilized this proviso to date, it is reassuring to know that this option is available. I fully support the opportunity this proviso allows for districts to formulate an instructional program best suited to address the needs of the students.”

**Question 5: Would you like to discuss these questions in greater detail in a telephone conference call?**

All 6 districts responded No.

As reflected in the survey results, of these six districts surveyed, three did make requests for transfers during the second half of the fiscal year. According to the results, the six districts maintained that they had chosen to implement all programs as authorized and funded by the General Assembly including the Reduce Class Size. Furthermore, only one of the six districts surveyed recommended amending the flexibility provisos to allow more funds to be available for transferring even though all voiced support for financial flexibility.

By the end of Fiscal Year 2007-08, there were only three districts that still had not requested transfers – Clarendon 3, Florence 5 and Orangeburg 5. One possible explanation for the non-utilization of the flexibility provisos by these three districts may be the existence of fund balances which assist in dealing with variations in local or state revenue collections. According to information provided by SCDE from the audited financial records of these districts in Fiscal Year 2006-07, these districts had fund balances or unobligated revenues documented in Table 11.

**Table 11  
FY07 Fund Balances of Districts Never Utilizing Flexibility Provisos**

District	FY06-07 Cash Balance	Cash Balance as % of State and Local Revenues	FY2006-07 Total State & Local Revenues
Clarendon 3	\$1,522,366	18.15%	\$8,385,787
Florence 5	\$2,423,338	20.07%	\$12,076,375
Orangeburg 5	\$6,959,286	10.39%	\$67,004,054
ALL DISTRICTS:	\$538,334,603	<b>9.91%</b>	\$5,432,585,457
Average:	\$6,333,348	<b>13.56%</b>	

Analyzing the fund balances as a percentage of total state and local revenues, these three districts had fund balances that ranged from just over 10% to almost 20% of the total state and local revenues collected in Fiscal Year 2006-07 in the district. All 85 school districts in the state had fund balances that totaled approximately \$538 million or 9.91% of the total state and local revenues generated statewide. The mean or average fund balance for all districts was just over six million dollars which represented an average of 13.56% of the total state and local revenues. Consequently, two-thirds of the districts that have never utilized the flexibility provisos have cash balances in excess of the average percentage of total state and local revenues on hand in school districts in South Carolina.

Another possible explanation for non-utilization by these three districts is the conviction that the current allocation of resources is resulting in academic achievement and therefore flexibility is not needed. Table 12 below documents the absolute rating of these districts between 2003 and 2007. Two of the three districts have consistently achieved, having an average or good absolute rating for each of the past five years.

**Table 12**  
**Absolute Rating of Districts Never Utilizing Flexibility Provisos**

District	2007	2006	2005	2004	2003
Clarendon 3	Good	Average	Average	Average	Average
Florence 5	Average	Average	Good	Good	Good
Orangeburg 5	Unsatisfactory	Below Average	Average	Average	Average

Finally, utilization patterns also document programs that have been consistently increased and decreased by the flexibility provisos. Since Fiscal Year 2003-04, school districts utilizing the flexibility provisos have consistently transferred funds from the same three EIA programs:

- Reduce Class Size – Section 59-63-65 of the South Carolina Code of Laws stipulates that districts may choose “to reduce class size to fifteen to one in grades one through three” and be “eligible for funding for the reduced pupil-teacher ratios from funds provided by the General Assembly. “ In addition the law requires a local match for the lower ratio funding based on the Education Finance Act formula. According to the *2007-08 Funding Manual*, “impaired districts receive a 3.9% increase over the prior year’s allocation. All other districts receive funds based on free-and reduced-price lunch count. A local match based on the second preceding year EFA formula is required for the reduce class-size funding.”<sup>8</sup> Furthermore, “allowed expenditures include costs for teacher salaries and employee benefits.”<sup>9</sup>
- Summer School/Comprehensive Remediation – Section 59-18-500 requires that schools develop individual academic assistance plans for each student in grades three through eight “who lacks the skills to perform at his current grade level based on assessment results, school work, or teacher judgment. “ At the end of the school year, when the students’ performance is reviewed again, additional intervention in the form of summer school or retention may be prescribed. The funds may be expended on “teacher salaries, employee benefits, and the costs of supplies, instruction equipment and transportation. Disallowed expenditures include the costs of classroom furniture, snacks or other food services, noninstructional equipment, and building renovations and construction.”<sup>10</sup>
- Act 135 Academic Assistance K-3 – Section 59-130-20 of Act 135, the Early Childhood and Academic Assistance Act, requires that beginning in FY1994-95 the legislature will appropriate funds for academic assistance. The assistance is divided between a K-3 component or early childhood assistance component and an allocation for grades four through twelve. The K-3 component allocates funds to districts based on the number of “students in kindergarten through grade three who are eligible for the federal free-and reduced-price lunch program at a weight of .26.” According to the law, “funds generated by kindergarten through grade three students must be used by the districts and schools to provide to any

<sup>8</sup> *2007-08 Funding Manual*, South Carolina Department of Education, August 2007, p.129.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid, p. 115.

student in these grades needed academic assistance.” The only disallowed expenditures “include salaries for clerical aides, assessment instruments other than South Carolina Readiness Assessments (SCRA) for kindergarten and first grade, costs of classroom furniture and noninstructional equipment (duplicating/copying equipment, operation and maintenance items, and typewriters), and costs of building renovations and construction.”<sup>11</sup>

As Table 13 documents, historically the majority of funds transferred were originally allocated to the Reduce Class Size program. The information shows that the portion of funds transferred from the Summer School account has increased significantly from 10% in FY04 to 23% in FY08. The percentage of transfers from the other account, Act 135 Academic Assistance K-3, has remained relatively constant.

**Table 13**  
**% of All Funds Transferred were FROM these EIA Programs**

	FY08	FY07	FY06	FY05	FY04
Reduce Class Size	57%	58%	62%	66%	60%
Summer School/Remediation	23%	18%	17%	13%	10%
Act 135 Academic Assistance, K-3	12%	14%	17%	8%	14%

Funds transferred have been regularly reallocated to the following three EIA programs.

- Act 135, Academic Assistance K-3 – Many districts realigned funds from the Reduce Class Size program or the Summer School/Remediation program to Act 135, Academic Assistance early childhood intervention.
- Act 135 Academic Assistance 4-12 – Section 59-139-20 of the South Carolina Code of Laws also stipulates that the General Assembly will allocate funds for “academic assistance for students” in grades four through twelve “who score below minimum basic skills act standards in reading, mathematics, or writing, or their equivalent, at a weight of.114.” The law further states that “funds generated by students in grades four through twelve must be used to provide any student with needed academic assistance with an emphasis on assistance at the time of need and on accelerating the progress of students performing below their peers. The assistance may be for short, intensive periods or for longer, on-going assistance as needed by the student.” The only disallowed expenditures “include salaries for clerical aides and the costs of classroom furniture and noninstructional equipment (duplicating/copying equipment, operation and maintenance items, and typewriters). Building renovations and construction are specifically excluded as allowed expenditures.”<sup>12</sup>

To determine how much of the total EIA Act 135 appropriation is allocated for academic assistance for grades 4-12, according to the *2007-08 Funding Manual*, funding “is based on a derived free- and reduced-lunch eligibility count for grades

<sup>11</sup> Ibid, p.68.

<sup>12</sup> Ibid, p.74.

four through twelve obtained by applying the state percentage of K-3 students eligible for free and reduced lunch to the 4-12 average daily membership. Individual district allocations are based on two equally weighted factors: (1) the district's derived lunch percentage of students in grades four through twelve and (2) the district's four-year average for the number of students in grades four through twelve "not meeting" standards on the state's testing programs for the years 1990 through 1993, subject to available funds."<sup>13</sup> This allocation is dictated by Proviso 1A.10. of the 2007-08 General Appropriation Act which states:

Notwithstanding any other provision of law, the total funding in Part IA, Section 1, XI.A.4. for the 4-12 Academic Assistance component of Act 135 of 1993 shall be based on a derived free and reduced lunch eligibility count for grades 4-12 obtained by applying the state percentage of K-3 students eligible for free and reduced lunch to the 4-12 average daily membership; and funding for individual districts shall be based on two equally weighted factors; the district's derived lunch percentage for grades 4-12 and its four year average for the number of 4-12 students "not meeting" standard on the state's testing programs for the years 1990-1993.

- Increase High School Diploma Requirements – Section 59-39-100 establishes the minimum number of units required for a high school diploma. Beginning with the ninth grade class of school year 1997-98, the number of units required increased from twenty to twenty-four. To assist districts in providing additional classes, the General Assembly appropriated funds. According to the funding manual, the district allocation is determined by dividing the districts' second preceding year's 135-day average daily membership for grades 9 through twelve by the state's preceding year's 135-day average daily membership for grades nine through twelve. "Allowed expenditures include the salaries and the corresponding employee benefits for teachers who must be hired."<sup>14</sup>

Prior to FY06 districts utilizing the flexibility provisos also consistently transferred funds to the Local School Innovation program. According to the *2004-05 Funding Manual*, the funds for Local School Innovation were allocated to districts based on each district's 135-day ADM count as a percentage of the state's 135-day average daily membership count. Districts were allowed to expend these funds "for any EIA strategy or program" as long as all expenditures were "outlined in the school's long-range school improvement plan or annual updates."<sup>15</sup> In the 2005-06 General Appropriation Act the funds were reallocated to the Education Finance Act. Table 14 documents the percentage of all funds reallocated to these EIA programs.

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<sup>13</sup> Ibid.

<sup>14</sup> Ibid, p.19.

<sup>15</sup> *2004-05 Funding Manual*, Department of Education, October 2004, p.17.

**Table 14**  
**% of All Funds Transferred were Reallocated TO these EIA Programs**

	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>
Act 135 Academic Assistance K-3	34%	36%	38%	27%	37%
Act 135 Academic Assistance 4-12	37%	35%	34%	21%	18%
High School Diploma	19%	21%	19%	18%	22%
Local School Innovation				32%	18%

There are likely multiple reasons why school districts transferred funds to and from the same EIA programs. Excluding the EIA appropriation for Teacher salaries and fringe benefits, which are exempt from the flexibility provisos, Act 135 is the single largest EIA line item appropriation. Because the only disallowed expenditures under Act 135 are for administrative functions, renovations and construction, districts have significant latitude in allocating and expending these funds, especially since the funds can be used across all grades. Second, because Act 135 funds were allocated to districts based on student achievement using BSAP test results and not on the current assessment system, the funds may not have been allocated in a manner consistent with addressing current student academic assistance needs. The Fiscal Year 2008-09 General Appropriations Act amended the allocation formula. In the future the 4-12 portion of the appropriation will be allocated to districts based on the number of students in grades three through eight who score Below Basic on the statewide grade level assessments in English language arts and students failing any portion of HSAP. And, finally, mid-year EIA revenue cuts in FY08 totaling \$30 million impacted the Act 135 allocation to school districts. Of the \$30 million reduction, district allocations of Act 135 funds were reduced by \$2,394,656. The balance of the reduction was absorbed by the South Carolina Department of Education and by unallocated school building funds. Several districts in their justification for transfers noted that the mid-year reduction was one reason for transferring funds into Act 135 accounts (Appendix B).

Regarding the other EIA programs, districts transferring Reduce Class Size funds are not required to maintain the 15:1 class size in grades K-3 and are not required expend a local match. Many of these districts are experiencing declines in student enrollment, and consequently, would prefer to maintain a ratio of 18:1 in the early grades. On the other hand, the reallocation of funds for High School Diploma Requirements may denote an increase in enrollment in courses or in course offerings or merely the reallocation of resources to high schools.

A final explanation may be reflected in Table 15 which documents the total appropriations, recurring and non-recurring EIA and general fund monies, for these five programs since Fiscal Year 1997-98. As the data show, there has been no increase in funding for two programs, Increase in High School Diploma Requirements or Reduce Class Size, since FY02 and no increase for Act 135 since FY06. Other EIA programs and educational initiatives have been funded including the Education and Economic Development Act (EEDA) and the Physical Education and School Nurse Act as well as increases in EAA technical Assistance. Utilization patterns likely reflect a need to reevaluate the appropriation and expenditure of these funds.

**Table 15**  
**Total Original Appropriations, FY97 through FY08**  
**(Programs Consistently Impacted by Flexibility Provisos)**

	Reduce Class Size	Act 135 Academic Assistance <sup>16</sup>	Summer School	Increase High School Diploma Requirements	Local School Innovation
FY97		\$99,568,758		\$5,532,800	\$22,000,000
FY98		\$105,378,670		\$9,934,596	\$22,000,000
FY99	\$19,608,761	\$111,353,600		\$14,195,667	\$22,000,000
FY00	\$37,220,049	\$119,237,070	\$10,000,000	\$18,648,634	\$22,000,000
FY01	\$38,552,245	\$125,170,000	\$18,000,000	\$23,931,954	\$22,000,000
FY02	\$35,491,067	\$126,821,221	\$21,000,000	\$23,931,950	\$22,000,000
FY03	\$35,491,067	\$120,412,397	\$21,000,000	\$23,931,950	\$20,888,245
FY04	\$35,491,067	\$120,412,397	\$21,000,000	\$23,931,950	\$20,888,245
FY05	\$35,047,429	\$120,352,806	\$21,000,000	\$23,632,801	\$9,970,064
FY06	\$35,047,429	\$120,436,576	\$31,000,000	\$23,632,801	
FY07	\$35,047,429	\$120,436,576	\$31,000,000	\$23,632,801	
FY08	\$35,047,429	\$120,436,576	\$31,000,000	\$23,632,801	

**Summary:** Over the past five fiscal years, the flexibility provisos have been utilized accordingly:

- The number of school districts utilizing the flexibility provisos is increasing annually to a high of 70 in Fiscal year 2007-08.
- Through Fiscal Year 2007-08, only three districts have never utilized the flexibility provisos with 29 districts having used it every year for the past five fiscal years. Forty districts or almost one-half of all districts have utilized the flexibility provisos in four or more years since Fiscal Year 2003-04.
- Surveying the six districts that had not utilized the flexibility provisos through the first half of Fiscal Year 2007-08, the EOC found that these districts support having the option to transfer funds but had not utilized the flexibility option and instead had maintained programs authorized and funded by the General Assembly.
- Over the past five years, districts have consistently transferred funds from the Reduce Class Size, Summer School/Comprehensive Remediation and Act 135 Academic Assistance, K-3 programs.
- Over the past five years, districts have consistently transferred funds to Act 135 Academic Assistance, K-3 and 4-12 programs and High School Diploma requirements program.

<sup>16</sup> Fiscal Year 2007-08 figure reflects mid-year reduction.

## PART FOUR

### Comparative Analyses of Districts and Educational Impact

Provisos 1.46. and 1A.46. also require the EOC to

review the utilization of the flexibility provision to determine how it enhances or detracts from the achievement of the goals of the educational accountability system, including the ways in which school districts and the state organize for maximum benefit to classroom instruction, priorities among existing programs and services, and the impact on short, as well as, long-term objectives.

Does utilization of the flexibility provisos enhance or detract from educational achievement and the goals of the state’s educational accountability system? Answering this research question requires first delineating the districts that utilized the flexibility proviso. Because academic data for school year 2006-07 is the most recent data available, districts that consistently utilized the flexibility provisos are defined as those districts that transferred funds per the flexibility provisos each year between Fiscal Years 2003-04 and Fiscal Years 2006-07. There were 30 of these school districts which are listed in Table 16:

**Table 16**  
**Districts that Consistently Utilized Flexibility Provisos**  
**FY2003-04 through FY2006-07**

Aiken	Barnwell 45	Dillon 2	Jasper	Pickens
Allendale	Beaufort	Dillon 3	Lancaster	Richland 1
Anderson 2	Chester	Florence 2	Laurens 56	Spartanburg 1
Anderson 3	Chesterfield	Greenwood 50	Lee	Spartanburg 2
Anderson 5	Colleton	Greenwood 51	Marion 1	Spartanburg 4
Barnwell 19	Dillon 1	Horry	Marion 2	Sumter 17

The following section of the report has two parts. Part A analyzes the common characteristics of the thirty districts that have consistently utilized the flexibility provisos. Part B addresses whether there has been an impact on educational achievement and resource allocation in these 30 districts when compared to the other 55 districts. The 30 districts that consistently utilized the flexibility provisos will be referred to herein as “flexible districts” while the remaining 55 districts will be referred to as “non-flexible districts.”

#### **Part A. Analysis of Common Characteristics**

Five research questions were posed to compare the flexible districts, the 30 districts that consistently utilized the flexibility provisos, with the non-flexible districts, the remaining 55 districts in the state. These questions seek to describe the common characteristics of the districts.

Are the districts utilizing the flexibility provisos:

1. More urban or rural?
2. Larger or smaller?
3. Experiencing increases or decreases in enrollment?
4. Characterized by higher or lower levels of poverty?
5. Have more or less stability in leadership?

### **1. Are the districts that consistently utilized the flexibility provisos more urban or rural?**

To examine this characteristic, two measures of “urban” were used. The first is whether or not the school district is located in a county designated as a Metropolitan Statistical Area (MSA). An MSA is defined as a county or group of counties that has either

- A city with a minimum population of 50,000 or
- An urbanized area (minimum population of 50,000) and a total population of at least 100,000 in the component counties.

The county that contains the largest city is called the “central county.” In addition to the central county, an MSA includes any outlying counties that exhibit certain commuting patterns and have a high degree of social and economic integration with the central county. The largest city in the MSA is used in the title. For example, the Columbia MSA currently includes the counties of Richland, Lexington, Kershaw, Calhoun, Fairfield and Saluda. In some cases, one or two additional central cities are included in the MSA title such as the Myrtle Beach-Conway-North Myrtle Beach MSA.

Although some care must be taken, MSA counties can be considered as urban in the sense that they are tied to a central urban county in terms of community patterns or other social/economic characteristics. Even some apparently “rural” counties might be considered urban in the sense that many residents commute to the central city for employment.

Examining the two groups of school districts, the 30 flexible districts are somewhat less urban than the non-flexible districts. Approximately 58% of the non-flexible districts were located in MSAs while 43% of the flexible districts were in MSAs (Appendix E, Table 1). Thus, using this measure of urban, it might be concluded that the group of counties which consistently utilized the flexibility are somewhat more rural than those that did not.

A second way of examining the urban and rural composition of these two groups of school districts is to look at the population per square mile for each district. The assumption of course is that the higher the density, the more “urban” the school district. In prior work for the EOC, Gallo and Miley gathered a variety of school district data for South Carolina and matched census population numbers with school district boundaries.<sup>17</sup> Table 17 utilizes this information to compare the 2000 population densities between the flexible and non-flexible districts. Appendix E, Table 2 contains the densities for all school districts in the state.

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<sup>17</sup> *School District Organization in South Carolina: Evaluating Performance and Fiscal Efficiency* (2003), Prepared for the Education Oversight Committee by Miley and Associates, Inc. Columbia, SC.

**Table 17  
Population Density**

	<b>Population Density/Sq Mile</b>
<b>Flexible Districts (30)</b>	
<b>Mean</b>	<b>165.62</b>
<b>Minimum</b>	<b>26.64</b>
<b>Maximum</b>	<b>1018.52</b>
<b>Standard Deviation</b>	<b>203.78</b>
<b>Non-Flexible Districts (55)</b>	
<b>Mean</b>	<b>172.26</b>
<b>Minimum</b>	<b>25.69</b>
<b>Maximum</b>	<b>1296.23</b>
<b>Standard Deviation</b>	<b>218.65</b>

As documented, non-flexible districts have slightly higher densities than flexible districts. While the difference is relatively small, it is consistent with the MSA conclusion concerning the more rural nature of the smaller group of flexible counties.

In conclusion, from the urban/rural perspective, there is a relatively small difference between these two groups of districts. However, the 30 districts that consistently utilized the flexibility provisos are somewhat more rural than all other districts.

**2. Are the districts that consistently utilized the flexibility provisos larger or smaller?**

The second issue is whether or not there are significant size differences between these two sets of school districts. The obvious issue is how does one measure size.

To most individuals, size as it relates to school districts is measured by total student enrollment. Thus, Table 18 compares average enrollment for these two groups of districts between school years 2001-02 and 2005-06. The flexible districts tend to be smaller than the non-flexibility districts. Overall, the mean student enrollment of the flexible districts was about 8 percent smaller than the non-flexible school districts. Both sets have large enrollment districts as represented by the maximum student enrollments of over 60,000 students as well as small enrollment districts as represented by the minimum student enrollment of less than 1,000 students. It is likely the difference between the two sets of districts results from two large districts in the non-flexible districts, Greenville and Charleston. The large standard deviation figure for this group indicates the significant differences in district size among the 55 districts that did not consistently utilize the flexibility provisos. (See Appendix E, Table 3 for all districts.)

**Table 18**  
**Mean Student Enrollment**  
**School Years 2001-02 through 2005-06**

<b>Flexible Districts (30)</b>	<b>Student Enrollment</b>
<b>Mean</b>	<b>7,763</b>
<b>Minimum</b>	<b>869</b>
<b>Maximum</b>	<b>34,479</b>
<b>Standard Deviation</b>	<b>8,395</b>
<b>Non-Flexible Districts (55)</b>	
<b>Mean</b>	<b>8,391</b>
<b>Minimum</b>	<b>900</b>
<b>Maximum</b>	<b>66,048</b>
<b>Standard Deviation</b>	<b>11,006</b>

A second and less accurate measure of district size is total population within the geographical boundaries of the district. The supposition is that the greater the general population of a district or county, the greater the population of school-age children residing in the district. However, because total population includes all persons of all ages, counties that are experiencing increases in the number of retired or elderly citizens may not necessarily see an increase in school-age population. Consequently, school enrollment is a better indicator of the size of a district. Nonetheless, Table 19, utilizing 2000 census population figures mapped to school district boundaries shows that the average population per district is almost identical for the two types of districts. The maximum populated district, however, is nearly double for districts that did not consistently utilize the flexibility provisos. This data may have more to say about the urban nature of these districts than about district size. (See Appendix E, Table 4 for all school districts.)

**Table 19**  
**Total Population by District**

<b>Flexible Districts (30)</b>	<b>District</b>
<b>Mean</b>	<b>47,705</b>
<b>Minimum</b>	<b>5,471</b>
<b>Maximum</b>	<b>201,786</b>
<b>Standard Deviation</b>	<b>54,601</b>
<b>Non-Flexible Districts (55)</b>	
<b>Mean</b>	<b>47,600</b>
<b>Minimum</b>	<b>5,273</b>
<b>Maximum</b>	<b>400,509</b>
<b>Standard Deviation</b>	<b>66,989</b>

**3. Are districts that consistently utilized the flexibility provisos increasing or decreasing in enrollment?**

The third issue to be considered is changes in enrollment patterns over time. Are there any measurable differences in the data on enrollment changes in the past few years which distinguish those districts that utilized the flexibility provisos and those that did not? Table 20 provides the information necessary to provide some initial insight into this question. (See Appendix E, Table 5 for all districts.)

Between school years 2001-02 and 2005-06, flexible districts increased their total enrollment by 11,776 or 5.59% as compared to the non-flexible districts that increased in total enrollment by 30,164 or 6.83%. Across all thirty flexible districts, the average enrollment increase was 393 as compared to the non-flexible districts that had a mean increase in enrollment of 548. Thus, the data substantiate slower rates of enrollment growth in school districts that consistently utilized the flexibility provisos than districts that did not consistently utilize the flexibility provisos. In fact, fourteen or 43 percent of the districts that consistently utilized the flexibility provisos experienced declines in enrollment during this period. Of the non-flexible districts, 18 or 33 percent had declining enrollments. On the other end of the spectrum, three or 10 percent of the flexible districts experienced enrollment growth of 1,000 students or more. In contrast, twelve or 22 percent of the non-flexible districts had enrollment growth exceeding 1,000 students or more. Table 20 highlights these differences.

**Table 20  
Change in Enrollment  
2001-02 through 2005-06**

<b>Flexible Districts (30)</b>	<b>Change in Enrollment</b>
<b>Total</b>	<b>11,776</b>
<b>% Change</b>	<b>5.59%</b>
<b>Average</b>	<b>393</b>
<b>Minimum</b>	<b>(688)</b>
<b>Maximum</b>	<b>6,013</b>
<b>% Districts Declining in Enrollment</b>	<b>43%</b>
<b>% Districts Growing by More than 1,000 students</b>	<b>10%</b>
<b>Non-Flexible Districts (55)</b>	
<b>Total</b>	<b>30,164</b>
<b>% Change</b>	<b>6.83%</b>
<b>Average</b>	<b>548</b>
<b>Minimum</b>	<b>(477)</b>
<b>Maximum</b>	<b>6,302</b>
<b>% Districts Declining in Enrollment</b>	<b>33%</b>
<b>% Districts Growing by More than 1,000 students</b>	<b>22%</b>

The data demonstrate that districts that consistently utilized the flexibility provisos were more apt to experience enrollment declines and to have fewer districts experiencing significant increases in enrollment as compared to all other districts. The 55 districts that did not consistently utilize the flexibility provisos had proportionately fewer school

districts with declining enrollment and significantly more districts with increases in student enrollment.

**4. Are districts that consistently utilized the flexibility provisos characterized by higher or lower levels of poverty?**

The fourth comparative item for these two groups of school districts is poverty. Are there any significant differences in the degree of poverty between flexible and non-flexible districts? (See Appendix E, Table 6 for all districts.) Poverty is measured by the poverty index as reported on the 2007 district report cards. The poverty index is a composite index that measures the percentage of students eligible for the free or reduced price lunch program and/or Medicaid. The statewide poverty index for 2007 was 64.3.

As Table 21 illustrates, the average poverty index for the flexible districts was 74.9 as compared to 71.5 for non-flexible districts. Thus, on average, based on the poverty index, the districts that did not utilize the flexibility provisos had less poverty than the districts that consistently utilized the flexibility provisos. Table 21 and Appendix E, Table 6 also document the variation in poverty. Of the 30 flexible districts, the school district of Pickens had the lowest poverty index at 55.4. On the other hand, in the non-flexible districts, York 4 had the lowest poverty index at 22.7, less than one-half of that of Pickens. In fact, seven non-flexible districts had poverty indices smaller than the Pickens. With the average of the two sets of districts so similar, the distribution of the poverty indices across the non-flexible districts is much greater as also evidenced by the larger standard deviation.

Another observation is the distribution of the poorest districts across the two groups. Of all districts having a poverty index of 80 or greater, ten consistently utilized the flexibility provisos while 13 did not. Consequently, 33% or one-third of the flexible districts had significant poverty as measured by a poverty index of 80 or greater. On the other hand, only 24% of the non-flexible districts had a poverty index of 80 or greater.

**Table 21  
District Poverty Index, 2007**

	<b>Student Enrollment</b>
<b>Flexible Districts (30)</b>	
<b>Mean</b>	<b>74.9</b>
<b>Minimum</b>	<b>55.4</b>
<b>Maximum</b>	<b>96.9</b>
<b>Standard Deviation</b>	<b>12.4</b>
<b>% with Poverty Index 80 or Greater</b>	<b>33%</b>
<b>Non-Flexible Districts (55)</b>	
<b>Mean</b>	<b>71.5</b>
<b>Minimum</b>	<b>22.7</b>
<b>Maximum</b>	<b>97.8</b>
<b>Standard Deviation</b>	<b>16.8</b>
<b>% with Poverty Index 80 or Greater</b>	<b>24%</b>

In sum, as measured by the district poverty index, school districts that consistently utilized the flexibility provisos had a higher concentration of students in poverty as measured by the poverty index as compared to non-flexible districts. The 30 flexible districts had a larger percentage of districts with poverty indices greater than 80 percent.

**5. Do the districts consistently utilizing the flexibility provisos have more or less leadership stability?**

The fifth item to be examined concerning the two groups of South Carolina school districts, those that consistently used the flexibility provisos and those that did not, is the stability of district leadership over time. Do districts that have stable leadership plan for and use the flexibility provisos to reallocate resources more consistently than all other districts? As a proxy for this factor, the name of the district superintendent as printed on the 2003 through 2007 district report cards was used to reflect changes in district leadership.

Appendix E, Table 7 presents the number of superintendents for each district in the two groups as reflected by changes on the district report cards. A quick glance at the table shows a range of one to four different superintendents for this time period. Interim superintendents reflect a change in leadership. The mean or average number of superintendents for each group is the same, slightly less than 2 (1.7) which implies that there is little difference in leadership stability between those districts who consistently utilized the flexibility provisos and those that did not.

If one were to assume, however, that the greatest degree of stability occurs when a school district has a single superintendent in place for the entire period, then it is worthwhile to examine the number of districts in each group who operated under a single individual for this five year period. A simple count indicates that 13 of the 30 districts that consistently utilized the flexibility provisos flexible districts or 43% had one superintendent. On the other hand, 26 of the 55 non-flexible districts or 52% had a single superintendent. From this data, one might infer that school districts that did not consistently utilize the flexibility provisos had more stable leadership (Table 22).

**Table 22  
Number of Superintendents  
School Years 2001-02 through 2005-06**

<b>Flexible Districts (30)</b>	<b>Superintendents</b>
<b>Mean</b>	<b>1.7</b>
<b>Minimum</b>	<b>1</b>
<b>Maximum</b>	<b>4</b>
<b>Non-Flexible Districts (55)</b>	
<b>Average</b>	<b>1.7</b>
<b>Minimum</b>	<b>1</b>
<b>Maximum</b>	<b>4</b>

## **Part B. Analysis of Impact on Educational Attainment and Resource Allocation**

### **Impact on educational achievement**

The next issue is whether or not utilization of the flexibility provisos has any impact on the educational achievement of students. To measure the level of and change in educational achievement, the following utilizes the “Absolute Index” for each school district. This measure is based on the Palmetto Achievement Challenge Test (PACT) and PACT-Alt scores in grades 3-8; HSAP first attempt; on-time graduation rate; and end-of-course test results. Thus, the index reflects a group of factors which measure different aspects of educational achievement for students in a particular school district.

The data on absolute index measure are examined from two perspectives. First is the “level” of a district’s absolute index. Differences in levels of this index will be examined between the two sets of districts, the 30 districts that consistently utilized the flexibility provisos and the remaining 55 districts that did not consistently utilize the flexibility provisos. Second, consideration will be given to “changes” in the absolute index of districts over time. Has this measure of academic achievement improved, declined, or stayed the same for the two groups of districts?

The measure of the “level” of academic achievement will be the 2007 absolute index value for each district. “Changes” will be represented by the change in a district’s absolute index between 2003 and 2007. Table 23 provides an overview of the level and change in absolute index for the group of districts that did consistently utilized the flexibility provisos and those that did not. (See Appendix E, Table 8 for all districts.)

**Table 23  
Educational Attainment  
District Absolute Index**

<b>30 Districts</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2007-2003</b>
<b>Mean</b>	2.9	2.8	3.0	3.1	2.8	0.1
<b>Minimum</b>	2.2	2.1	2.2	2.3	1.8	-0.4
<b>Maximum</b>	3.5	3.4	3.4	3.5	3.4	0.5
<b>Standard Deviation</b>	0.4	0.3	0.3	0.3	0.4	0.2

<b>55 Districts</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2007 - 2003</b>
<b>Mean</b>	2.9	2.9	3.0	3.1	2.9	0.1
<b>Minimum</b>	2.1	1.5	2.0	2.2	1.7	-0.5
<b>Maximum</b>	3.6	3.8	4.0	3.8	3.8	1.3
<b>Standard Deviation</b>	0.4	0.4	0.4	0.4	0.5	0.3

Table 23 shows little evidence of a strong relationship between either measure of educational achievement and utilization of the flexibility provisos. The mean value of the “level” measure or absolute index is 2.9 in 2007 for the 30 districts that consistently utilized the flexibility provisos and 2.9 in 2007 for the remaining 50 districts. Means for

the “change” measure is .1 for each of the groups of districts. Thus, measures of academic achievement are the same for the two types of districts.

Looking at the maximum and minimum values, one observes higher indices for the 55 districts that did not consistently utilize the flexibility provisos. The maximum index for these districts was 3.6 in 2007 and the minimum, 2.1. On the other hand, districts that consistently utilized the flexibility provisos had a maximum index of 3.4 and a minimum of 1.8 in 2007. The school district improving its absolute index value the greatest amount between 2003 for the non-flexible group was York 4 that had a index of 3.6 in 2007. On the other hand, Dillon 2, a district that consistently utilized the flexibility proviso experienced the largest improvement in its absolute index, a gain of .5 over this time period. It should also be noted that the district with the greatest decline in its absolute index over this period was a non-flexible district, Lexington Four which experienced a net decline of -.5 in its absolute index.

As indicated above, the question being raised here is whether choosing to use the flexibility provisos has an impact on the educational achievement of students. If so, then does utilization improve or reduce the degree of achievement? Table 23 would lead one to conclude that utilization of the flexibility provisos has no significant impact of educational outcomes.

To support this expectation, two simple linear regression estimations were performed. The first estimation or model focused on the issue of whether utilization of the flexibility provisos, an explanatory variable, can statistically explain a district's educational achievement, or are there other educational factors. The other factors included in the model were the district poverty index and district per pupil expenditures for instruction. This simple model is designed to examine whether or not poverty levels, per pupil expenditures on instruction and the use of the flexibility provisos have a statistically significant impact on the level of student achievement as measured by the 2007 district absolute index. The equation also can be used to say that given the level of poverty and instructional spending, utilization of the flexibility provisos does or does not have an impact on the level of educational attainment. The equation and results of the estimating model when applied to all 85 school districts are shown in Table 24.

**Table 24**  
**First Model**

$$(1) 07INDEX = A + bPOV + c\$INST + dFLEX$$

- 07INDEX = 2007 value for the absolute index
- POV = 2007 poverty index value (free and reduced lunches)
- \$INST = Per pupil expenditure for instruction
- FLEX = 1 if district consistently used flexibility provisos, 0 if it does not
- A is the constant term
- b, c, and d are coefficients for each of the explanatory variables.

The results of estimating the above model are as follows:

$$(2) 07INDEX = 4.96^{***} - .017POV^{***} - .0002\$INST^{***} - .051FLEX \quad R^2 = .65$$

(20.31)   (-10.27)            (-3.23)            (-.02)

Where:

- Values in parenthesis are t values
- \*\*\* significant at the 5 percent level

The first estimating equation or model indicates several things. First, as is well known and has been demonstrated in research, poverty is a key factor in explaining academic performance. It serves as a proxy for many factors including family stability, early exposure to printed material, nutritional meals, parental involvement, and so on. The negative and highly significant coefficient for poverty (POV) indicates this relationship – the higher the poverty index the lower the absolute index.

The second observation may on the surface appear confusing. The minus sign for instructional expenditure (\$INST) would imply that high spending per student would lower the level of academic achievement. It appears, however, that there is a fairly large positive correlation between instructional expenditure and poverty (POV). This correlation could result in the negative sign for \$INST. The correlation between poverty and instructional spending can also be explained by the infusion of federal dollars for Title I into districts with significant poverty.

The last explanatory variable represents utilization of the flexibility provisos and is referred to as FLEX. If a district consistently utilized the flexibility proviso, a variable of 1 was used. If the district did not consistently utilize the flexibility provisos, a variable of 0 was assigned. If academic achievement was enhanced by consistent use of the flexibility provisos, the coefficient for FLEX would have a positive sign and test significantly different from zero. As can be seen, this is not the case. The coefficient for FLEX has a negative sign and a t value of less than 0. Thus, the conclusion that utilizing the flexibility provisos has no impact on academic achievement is confirmed.

The second measure or model of educational achievement utilizes the “change” in the absolute index over time. Are districts that consistently utilized the flexibility provisos

seeing improvements in the absolute index? This model is designed to examine whether or not poverty levels, per student expenditures on instruction and the use of the flexibility provisos have a statistically significant impact on **changes** in the level of student achievement. The equation is again estimated over all 85 school districts in South Carolina. The only difference from equation 1 is the definition of the dependent variable. The basic model specified in Table 24 is again used, only with a different specification for the dependent variable. The results of the second model are shown in Table 25.

**Table 25**  
**Second Model**

(3)  $CHGINDEX = A + bPOV + c\$INST + dFLEX$

- CHNGINDEX = 2007 value for the absolute index minus the 2003 value
- POV = 2007 poverty index value (free and reduced lunches)
- \$INST = Per pupil expenditure for instruction
- FLEX = 1 if district uses flexibility proviso, 0 if it does not
- A is the constant term
- b, c, and d are coefficients for each of the explanatory variables.

The results of estimating the above model are as follows:

(4)  $CHNGINDEX = -.034 + .002POV^{***} - .0001\$INST + .051FLEX \quad R^2 = .11$   
                                   (-.12) (3.12)                   (-1.23)                   (-.02)

Where:

- Values in parenthesis are t values
- \*\*\* significant at the 5 percent level

The results shown in Table 25 are again interesting. First, the R2 value is only .11 while that for model 1 is .65. The first model thus does a much better job explaining the **level** of academic achievement than it does with **changes** in academic achievement. Second, the positive sign on the poverty variable (POV) indicates that districts with higher level of poverty tend to have larger levels of improvement in the absolute index. This finding may imply that districts are focusing efforts on improving the educational achievement of poor students, those who might have PACT scores that are Below Basic or Basic. Another explanation may be that districts with less poverty had initially higher **levels** of the absolute index and do not have significant improvement in moving students from Basic to Proficient or Proficient to Advanced. Most relevant to this discussion however, is the findings for the FLEX variable. Again the coefficient is not significantly different from zero, indicating that choosing or not choosing to use the flexibility provisos does not impact **changes** in the level of academic performance.

To conclude, the evidence provided above would lead one to the conclusion that utilization of the flexibility provisos does not affect academic outcomes. It was not

possible to connect this factor with either the level of or changes in academic performance.

### **Impact on resource allocation**

The last issue to be considered is the impact of the flexibility provisos on the allocation of resources within school districts. One scenario concerning resource allocation is that districts which regularly utilized the flexibility provisos were doing so with the objective of getting more funds to instruction. For example, hiring more teachers (smaller class size) and/or better qualified teachers are objectives that most educators would deem to be worthy and research-based. While there were not significant differences found in the demographics for the two sets of school districts, the 30 flexibility districts tended to be somewhat more rural, smaller and poorer than their counterparts. Flexibility might motivate the leadership in these districts to use the flexibility provisos to reinforce efforts to improve the educational experience for their students and improve performance on the mandated testing programs. This could be done by reallocating resources to attract more experienced teachers and provide smaller class size

While there are many factors impacting the relationship between total expenditures and expenditures for instruction, it is worthwhile to examine changes in the percent of total expenditures going to instruction over time for these two groups of school districts. Appendix E, Table 9 shows the percent of total expenditure per pupil which is utilized for instructional purposes. Two sets of data are provided, one for the 2001-2002 school years and the 2005-2006 school year. The data are analyzed separately between the 30 districts that consistently utilized the flexibility provisos and the 55 that did not.

There are two observations to be made about this data. First, in the 2001-2002 school year the districts that did not consistently utilize the flexibility provisos spent a slightly larger share of total per pupil expenditures on instruction than did districts that consistently utilized the flexibility proviso (63% vs. 60%). Also, two of the districts that did not consistently utilize the provisos, Marlboro and Spartanburg 6, expended 72 percent of per pupil expenditures on instruction while the highest percentage allocated for instruction among the 30 districts that consistently utilized the flexibility provisos was 64% by Barnwell 45, Chesterfield, and Spartanburg 1.

The next observation is that for both groups, the average percent of per pupil expenditures for instruction actually declined between the 2001-2002 and 2005-2006 periods. The non-flexibility group of districts declined from 63% to 56%. The 30 flexible districts dropped from 60% to 57%. In the 2005-2006 school year, the districts that utilized the flexibility provisos and had the largest percent of per student expenditures going to instruction were Aiken and Barnwell 45 at 62%. On the other hand, of the remaining 55 non-flexible districts, the Spartanburg 5 had the highest percentage of expenditures on instruction at 62%.

To conclude, the per pupil expenditure for instruction data reveals some interesting trends. First, for both groups of school districts, the share of per pupil expenditures going to instruction declined over the four year period considered. Second, the biggest decline of 7 percentage points occurred in the group of non-flexible districts. This group of 55 districts began in 2001-02 with spending 3 percentage points more on instruction than the 30 districts that consistently utilized the flexibility provisos. In comparison, districts

that consistently utilized the flexibility provisos experienced 3 percentage points decline. While the data do not prove that districts which regularly used the flexibility provisos were reallocating resources to instructional efforts, the findings do imply that the flexibility provisos are not being used to increase per pupil expenditures for instruction. Further examination of this process would be necessary to adequately determine the motivation of these districts. To provide a precise answer to these questions of why districts make do certain districts make these choices and what are the objectives would be a study in itself and should involve some survey work with a sample of districts that consistently utilized the flexibility provisos.

### **Summary:**

A comparison of the 30 school districts that consistently utilized the flexibility provisos between 2003-04 and 2006-07 with the remaining 55 districts documented the following:

- Districts that consistently utilized the flexibility provisos were generally more rural and had smaller student enrollments.
- Districts that consistently utilized the flexibility provisos were more apt to experience student enrollment declines and to have fewer districts experiencing significant increases in enrollment as compared to all other districts. The remaining districts had proportionately fewer school districts with declining enrollment and significantly more districts with increasing student enrollments.
- Districts that consistently utilized the flexibility provisos had a slightly higher poverty index and a greater concentration of poverty. One-third of these districts had a poverty index of 80 or greater while only one-fourth of all other districts had a poverty index of 80 or greater.
- Finally, districts that consistently utilized the flexibility provisos did not have more stable leadership as measured by the number of superintendents serving the districts between 2003-04 and 2006-07. In fact, 52% of the non-flexible districts had a single leader as compared to 43% for the flexible districts.

Analyzing the impact of the flexibility provisos on student academic achievement, the data reveal that utilization of the flexibility provisos has not impacted the absolute index or changes in the absolute index over time.

Finally, while the data do not prove that districts which consistently used the flexibility provisos were reallocating resources to instructional efforts, the findings do imply that the flexibility provisos are not being used to increase the percentage of per pupil for instruction. Districts that consistently utilized the flexibility provisos and those that did not experienced a reduction in the share of per pupil expenditures on instruction over the four-year period. Furthermore, the largest decline of 7 percentage points occurred in the group of districts that did not consistently utilize the flexibility provisos.

## **PART FIVE**

### **Flexibility within National Debate on School Finance**

Part Four of this report concluded that there is no significant difference in educational achievement between school districts that consistently utilized the flexibility provisos and all other districts. Given the history of the flexibility provisos, an argument can be made that the purpose of the provisos is not to increase student academic achievement but to give school districts flexibility in handling mid-year revenue shortfalls. However, school finance research and national debates on education finance argue that school finance policy should encourage resource allocation strategies that foster improved student achievement. Is the flexibility provision as used in South Carolina a school finance policy that encourages more efficient and effective allocation of funds? Below are four research questions that are posed to analyze the issue of allowing flexibility in spending in South Carolina with the issue of improving student performance.

1. What does the national research on school finance demonstrate about resource allocation and resource needs for public education?
2. What percentage of total funds is expended on instruction in public schools in the nation and by region? Is the percentage of increasing or decreasing over time regionally or nationally?
3. What strategies are being used or proposed by states to increase the percentage of funds spent on instruction?
4. Should funds be allocated to districts through categorical grants to guarantee the implementation of specific programs or do such categorical allocations interfere with the achievement of educational goals?

#### What does the national research on school finance demonstrate about resource allocation?

Prior to the 1990s lawsuits were brought in several states arguing for equity or equalization in funding between property wealthy districts and poor wealth districts. Low wealth districts argued for equalization of per-pupil funding to level the playing field with other districts. The result was the creation of foundation level funding programs like the Education Finance Act in South Carolina. States guaranteed a mandatory minimum level of funding, often referred to as the base student cost, to all students. In turn, based on the wealth of the district, school districts match the state contribution with property tax revenues. Pupil weights were commonly added to the base student cost to reflect educational needs of providing more costly services to students with disabilities, to students needing remediation, etc.

Then in the 1990s the school finance debate shifted focus from fiscal equity to fiscal adequacy. The Kentucky Supreme Court ruled in Rose v. Council that the state's educational system was unconstitutional because it failed to ensure all students an "adequate" education. In response the Kentucky legislature reformed the governance system, educational standards and assessments systems and school finance system. Similar legal challenges were brought in Montana, New Jersey and Texas.

Research supported the shift in the debate from equity to adequacy. Now a senior fellow at the Hoover Institution at Stanford University, Dr. Eric A. Hanushek, published in 1997 an assessment of the impact of school resources on student performance. Dr. Hanushek examined over 400 studies of student achievement to evaluate the relationship between resources and student performance and conducted meta-analytic approaches to determine how school resources affect labor market outcomes. His study concluded that “there is no strong or consistent relationship between school resources and student performance. In other words, there is little reason to be confident that imply adding more resources to schools as currently constituted will yield performance gains among students” (184) Hanushek pointed out that not all schools and teachers are the same. Instead, “in some circumstances resources are used effectively, but these are balanced by others that indicate ineffective use” (184). Dr. Hanushek recommended that

Added resources within the current organization and incentives of schools are neither necessary nor sufficient for improving student achievement. Instead, incentive structures that encourage better performance and recognize differences of students, teachers, and schools offer much greater likelihood of success than the centralized decision-making approaches currently prevalent. (141)

Since passage of the federal No Child Left Behind (NCLB) Act in 2001, the school finance debate on adequacy has intensified. Rather than focusing on equalizing allocations across schools and districts, the emphasis now is on allocating resources that will improve student learning and performance. The focus is on the outputs, student learning, rather than on inputs.

In the forefront on the research into adequacy, Allan Odden, and his associates, have conducted fifteen years of school finance research for the Consortium for Policy Research in Education as well as adequacy resource studies for the states of Washington, Arkansas and Wisconsin. In summarizing the major findings of this body of research, Odden proposes that states and school districts redesign finance systems to improve student learning.

First, Odden proposes that school districts gather the following information and then revise their school finance systems accordingly.

1. Detailed information on how dollars are used within the category known as “instruction” to determine the most effective use of resources;
2. A framework to conduct a professional development fiscal audit to focus on improving “teachers’ instructional practice in the core academic subjects of mathematics, science, reading, writing, communication and history”;
3. Adopt a new fiscal reporting structure that shows expenditures by educational strategies at the school and district levels;
4. Identify “an adequate level of resources for prototypical elementary, middle and high schools, as well as districts”; and

5. Conduct a human resource system alignment audit to tie instructional improvement strategies to the entire HR system of recruiting, hiring, etc.

At the state level, Odden recommends that legislatures:

1. “Sponsor studies of schools that have doubled performance in their states, and incorporate the findings into leadership and training program to help spread that knowledge to all districts and schools. States then should recalibrate their school finance structures to provide the resources needed for schools to deploy all the strategies needed to double student performance”;
2. Determine an “adequate” teacher salary level based on skills and job responsibilities and premiums for teacher in subject area shortages and working in low-performing schools;
3. Design and develop standards-based teacher evaluations; and
4. Link teacher compensation to student learning;

The research of Odden and others concludes that with limited resources states and school districts must allocate funds to initiatives that will improve student learning based on the individual needs of students in those districts and states. The initiatives funded should be those that have been demonstrated to have improved student learning. Simply adding more resources is not adequate.

What percentage of total funds is expended on instruction in states by states that are members of the Southern Regional Education Board? Is the percentage of increasing or decreasing over time regionally or nationally?

The National Center for Education Statistics (NCES), the entity charged by Congress with collecting, analyzing and reporting data, published in 2007 an overview of revenues and expenditures for public schools in the nation between school years 1990-91 and 2001-02. For purposes of clarification, school year 1990-91 is referred to as FY 90, school year 2001-02, as FY 02 and so on. With the data NCES was able to analyze trends in public school finance as well as to control for inflation by adjusting revenues and expenditures using the Consumer Price Index (CPI). All data were adjusted to FY02 dollars. Using data from the NCES report, Table 26 compares inflation-adjusted total expenditures per pupil and instruction expenditures per pupil from FY90 through FY02 in the United States.

**Table 26**  
**Comparison of Total Expenditures and Instruction Expenditures per Pupil as Adjusted for Inflation**

	Inflation-Adjusted <b>Total</b> Expenditure per Pupil	Inflation-Adjusted <b>Instruction</b> Expenditures Per Pupil
FY90	\$7,365	\$3,931
FY95	\$7,493	\$3,948
FY00	\$8,636	\$4,523
FY02	\$9,139	\$4,755

As a percentage of total expenditures, not adjusted for inflation, the percentage of expenditures for instruction was just over 60% in FY 90 and 61% in FY 02. NCES reported that the percentage increased from FY 02 to FY 97. However, a downward trend began in FY 98 when 61.83% of all expenditures in the nation were attributed to instruction. In FY 02, the percentage was down to 61.48%. Table 27 summarizes the changes over time for the sixteen states that are members of the Southern Regional Education Board (SREB). SREB is a nonprofit organization that works with policymakers to improve education from pre-Kindergarten through higher education.

**Table 27**  
**Percentage of Total Instruction to Current Expenditures for Public Elementary and Secondary Education, by Fiscal Year**

	<b>FY 90</b>	<b>FY 97</b>	<b>FY 02</b>
<b>United States</b>	60.33	61.87	61.48
<i>SREB States:</i>			
Alabama	62.25	61.27	61.24
Arkansas	59.39	62.34	61.62
Delaware	62.48	61.81	61.60
Florida	57.86	58.52	58.97
Georgia	61.28	62.44	63.87
Kentucky	59.70	60.73	61.37
Louisiana	58.42	59.54	61.12
Mississippi	63.41	61.36	60.23
North Carolina	61.91	62.11	63.31
Oklahoma	62.73	59.76	57.80
South Carolina	58.91	59.63	60.21
Tennessee	64.62	64.84	65.08
Texas	60.60	61.62	60.40
Virginia	59.37	60.73	61.64
West Virginia	59.81	61.94	61.68

In FY 02 six SREB states (Arkansas, Delaware, Georgia, Tennessee, Virginia and West Virginia) had a larger percentage of current expenditures on instruction than the national average. Ten of the 18 SREB states had a higher percentage of total expenditures on instruction in FY 02 than in FY 90. While South Carolina was one of the ten states that increased the percentage of total funds expended on instruction from 58.91% in FY 90 to 60.21 in FY 02, only Oklahoma and Florida had a lower percentage of total expenditures

on instruction than did South Carolina in FY 02. The largest gains between FY 90 and FY 02 were made by Arkansas and Virginia.

Rather than instruction, the largest increase in expenditures for public education was in the area of facilities. NCES discovered that “over the 13-year period, expenditures for facilities acquisition and construction experienced the most year-to-year change of any of the expenditure items analyzed.” The total amount of expenditures, adjusted for inflation, increased by 121% over the period. Nationally, the annual percentage changes ranged from a decline of 1 percent to an increase of 15%. “At the state level, these annual changes ranged from a 90 percent decline to a 3,543 percent increase.”

What strategies are being used or proposed by states to increase the percentage of funds spent on instruction?

The grass-roots organization led by Patrick M. Byrne, President and Chairman of Overstock.com Inc., First Class Education has as its strategy

“to change the laws in all 50 states and the District of Columbia to make public schools more effective and efficient by requiring at least 65% of every K-12 education dollar be spent on “in the classroom instruction” as defined by the National Center for Educational Statistics.”

Known as the 65% solution or rule, this policy has been adopted by three states, Texas, Georgia and Kansas with legislation being considered by Colorado, Missouri and Oklahoma.

In August of 2005 the Governor of Texas issued an executive order implementing the 65% rule. The Texas Education Commissioner then developed procedures for implementing the order by including the 65% solution rule to the state’s financial accountability rating system for districts. By law, each district is required to prepare and distribute an annual financial management report as developed by the Commission of Education. The report is a description of the districts’ financial management performance based on a comparison of the district’s performance indicators. Beginning in Fiscal Year 2006-07 one of the indicators is the following: “Was the percent of operating expenditures expended for instruction more than or equal to 55%”? By Fiscal Year 2008-09 and beyond the threshold is 65%. Based on the most recent NCEs data, 60.40% of all expenditures for public education in Texas are spent on instruction, down from 61.62% in 1997.

In Georgia, a law enacted July 1, 2006 requires each local school system to spend a minimum of 65 percent of its total operating expenditure on direct classroom expenditures. The law specifically defines direct classroom expenditures. The definition also excludes the costs for administration, plant operations and maintenance, food services, transportation, instructional support including media centers, teacher training and student support such as nurses and guidance counselors.” (20-2-171). Any district that is less than 65 percent is required to increase its direct classroom expenditures by a minimum of 2 percent per fiscal year. Fiscal Year 2006-07 is the baseline year from which the required increase is based. The law allows districts to seek one-year renewable waiver from the State Board of Education. NCEs reports that in 2002 63.87% of all expenditures in public schools in Georgia were for instruction as compared to 62.44% in 1997.

In the 2008 legislative session in Georgia, a bill was signed into law allowing a local school system to request increased flexibility from laws, rules, and regulations, in exchange for increased accountability and consequences for not meeting student achievement. The law, Act 394, allows districts to enter into a contract with the State Board of Education, requesting flexibility from state laws, rules and regulations over a five-year period. Each district applying for flexibility must develop a five-year strategic plan to improve the performance of its schools using an electronic template developed by the Georgia Department of Education and based upon feedback from the department. In turn, the district is accountable to one or more student achievement measures including high school graduation rate; SAT or ACT performance; state standards test performance; and advanced placement or IB participation and performance. The Board can exempt districts from class size requirements, expenditure controls and categorical allotment requirements, salary schedule requirements, certification requirements, state curriculum requirements or any other requirements as identified. The consequences of not meeting achievement include interventions or sanctions and loss of governance of one or more nonperforming schools. If the school system has been in compliance with the accountability component for at least three consecutive years, consequences may not be involved upon the fifth year of the contract. Regarding the loss of governance, the law allows the State Board to convert a school to charter status with independent school governance, pass on operation of a school to a successful school system, or operate a school by a private entity. The law limits the number of school systems that may receive flexibility to five in the first calendar year.

In North Carolina, the Fiscal Research Division of the North Carolina General Assembly posted on its website a position paper on flexibility among local education agencies (LEA) which is another term for school districts. LEAs in North Carolina may expend most state funds on any education expenditure as long as class size requirements are maintained. The Division reported that allotments or allocations in North Carolina are simply the way money is dispersed to districts and not a requirement that the money should be expended for the initiative and that there is no “correct” level of LEA flexibility. The Division also interviewed 49 state and LEA-level officials to determine the factors that enabled or constrained efforts to connect resource allocations with education goals. The enabling factors were reported as being the supportive and flexible arrangements for allocating funds. The constraining factors were as follows:

- The perceived tendency for the state to ‘interfere’ by constraining local decision-making;
- Strings on the use of resources
- The legacy of centralization that has contributed to a culture of ‘rule following’ rather than innovation

The document concluded that there was a disconnect between “perceived” flexibility and “actual” flexibility. The disconnect may also explain the utilization patterns of school districts in South Carolina where few programs are actually impacted by the flexibility provisos.

In South Carolina a recent task force on funding commissioned by State Superintendent of Education Jim Rex also considered the impact of a standards-based education on school finance. The forty-member Task Force on Funding for World Class Learning issued forty-seven recommendations. Among those recommendations was a proposal

to replace the Education Finance Act (EFA) with an adequacy program based on a base student cost of \$7,270. The adequacy model would include the following:

- a poverty weight of 0.25 for children in poverty along with a graduated scale up to a maximum of .375 for districts with a poverty concentration of 50 percent or more with the weightings phased in over a three-year period beginning in Fiscal Year 2009-10;
- a weight of 0.60 for students with limited English proficiency;
- Special weights for students in elementary, middle and high schools eliminated with all other special weights maintained;

The adequacy model would allow districts to have “reasonable flexibility to use adequacy program funds and be held accountable for results. In the event that schools or districts fail to meet the necessary goals of the funding program, the South Carolina Department of Education (SCDE) should have authority to intervene.” As described in the report, “the new adequacy program would place substantially more resources in the classroom to support teaching and learning. The program includes significant improvements in the student-teacher ratio; more support for technology and equipment; more teachers, instructional assistance, and instructional supplies; and support for teacher coaches in core subjects.”

While the report proposes a level of resources as national researchers have suggested, it does not call for a change in the fundamental financial accounting system that would link educational expenditures to strategies at the school and district level. The school-level data is critical to determining how resources are being allocated to improve student achievement.

Should funds be allocated to districts through categorical grants to guarantee the implementation of specific programs or do such categorical allocations interfere with the achievement of educational goals?

Augenblick and others argued in 1997 that “states should give districts the broadest possible level of flexibility while holding them accountable for their performance.” Augenblick proposes a “successful schools approach” that analyzes “actual expenditures in several districts that are viewed as being successful or superior, after eliminating districts with unusual characteristics such as having extremely high family incomes or being very small in size.”

In 2007 Hanushek proposed an alternative finance system, one that focuses directly on achievement goals. Hanushek states that “if schools rare to improve and if we are to meet our achievement goals, the finance system must be harmonized with the policy structure. It must provide and support improved incentives within the schools” (76). Hanushek points to California as an example. One of the lowest performing states and one that spends below the national median, a review of California schools showed that “directing more money into the current system will not dramatically improve student achievement and will meet neither expectations nor needs. What matters most are the ways in which the available resources are used” (76). Hanusehk contends that the way “funds are distributed to schools introduces incentives for the behavior of districts and schools. Ignoring that introduces a structure that limits both efficiency and performance” (76).

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## **PART SIX**

### **Conclusions and Policy Implications**

The primary findings of this report are as follows:

- In Fiscal Year 2007-08 seventy school districts and one special school district utilized the flexibility provisos to transfer a total of \$31.4 million or 9% of the \$345.6 million available for transferring.
- In Fiscal Year 2007-08, forty-three districts utilized the flexibility provisos to transfer 100% of their state allocation for the Reduce Class Size to other programs. These funds were initially allocated to districts to reduce class size in grades one through three to fifteen students. The law requires that districts receiving the funds for Reduce Class Size must match the state funds with local funds based on the Education Finance Act formula.
- As in previous years, school districts utilized the flexibility provisos to transfer over seventy percent of funds to Act 135 Academic Assistance programs for students in grades K-3 and 4-12.
- Comparing districts that consistently utilized the flexibility provisos and those that did not, the analysis showed that districts that consistently utilized the provisos tend to be more rural, to have declining student enrollments and to have higher poverty indices and higher concentrations of poverty.
- Utilization of the flexibility provisos has not impacted student academic achievement as measured by the district absolute index. Furthermore, utilization of the flexibility provisos is not increasing the percentage of per pupil expenditures for instruction. Instead, for all districts, there is a reduction in the percentage of per pupil expenditures on instruction over the past four years. This trend is likely problematic for long-term educational achievement in the state especially given the national debate and efforts in education finance to reallocate more resources to the classroom.

In light of these findings the EOC would recommend that the General Assembly consider the following policy implications:

- The flexibility provisos which were initially intended to provide school districts with a mechanism for dealing with mid-year revenue shortfalls are being utilized to erode the state goal of reducing class size in grades one through three. Over half of the school districts in Fiscal Year 2007-08 opted not to utilize funds for this purposes and instead to transfer the funds to other programs. Because rural school districts with declining enrollments and higher concentrations of poverty are consistently utilizing the flexibility provisos, these districts likely have an accounting need to utilize the flexibility provisos to transfer funds. The issue is one of how to balance a statewide goal versus local education issues.
- Second, the data demonstrate that the flexibility provisos are not being utilized to increase per pupil expenditures for instruction. This finding may also explain why

it is not possible to correlate utilization of the flexibility provisos with the absolute index or with changes in the absolute index over time. The flexibility provisos provide an opportunity for districts to realign resources to improve instruction and student academic achievement as supported by the national research and debate on school finance. The flexibility provisos have not encouraged this innovation in education finance though it might be argued that, because not all state and EIA funds are eligible to be transferred, such innovation can not occur.

## APPENDICES

**APPENDIX A**

Fiscal Year 2007-08 Transfers from Barnwell (Children's Endowment) Fund									
Transfer From						Transfer To			
District	2006 Projects	2007 (When Available)	Total Available Funds	Transfer Amount	% of Available Funds	Program Name	Code	Date Completed by District	Date Reviewed by SCDE
Aiken	\$293,407.53	\$463,627.52	\$757,035.05	\$457,035.05	60.37%	General Fund	100	4/15/2008	4/17/2008
Barnwell 19		\$18,536.66	\$18,536.66	\$18,536.66	100.00%	General Fund	100	4/17/2008	4/17/2008
Barnwell 45		\$60,856.20	\$60,856.20	\$60,856.20	100.00%	General Fund	100	4/29/2008	4/29/2008
Charleston		\$626,612.84	\$626,612.84	\$626,612.84	100.00%	General Fund	100	2/4/2008	3/19/2008
Cherokee		\$173,309.19	\$173,309.19	\$173,309.19	100.00%	General Fund	100	1/30/2008	2/6/2008
Colleton		\$116,701.35	\$116,701.35	\$116,701.35	100.00%	General Fund	100	3/18/2008	4/14/2008
Marion 1		\$60,121.99	\$60,121.99	\$60,121.99	100.00%	General Fund	100	2/6/2008	3/11/2008
Marion 2		\$38,030.38	\$38,030.38	\$38,030.38	100.00%	General Fund	100	12/6/2007	12/20/2007
Oconee		\$160,238.12	\$160,238.12	\$160,238.12	100.00%	General Fund	100	3/18/2008	3/24/2008
Spartanburg 1		\$123,084.52	\$123,084.52	\$123,084.52	100.00%	General Fund	100	4/1/2008	4/29/2008
Sumter 2		\$207,365.08	\$207,365.08	\$207,365.08	100.00%	General Fund	100	4/15/2008	4/17/2008
<b>TOTAL:</b>	\$293,407.53	\$2,048,483.85	\$2,341,891.38	\$2,041,891.38	87.19%				

Source: Actual Transfer Documents as provided to the EOC by the South Carolina Department of Education (SCDE).

Appendix B

Transfer From						Transfer To				
District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Abbeville	Act 135 Academic Assistance, K-3	346	\$232,889.00	\$100,000.00	42.94%	Act 135 Academic Assistance, 4-12	348	"This transfer to the 4-12 Academic Assistance Fund will be used to help in covering the costs of after-school programs as well as academic programs needed to improve academic achievement. Academic achievement is measured through PACT, HSAP, SAT and EOC testing."	3/29/2008	3/13/2008
	Gifted and Talented Artistic	322	\$22,214.00	\$8,881.00	39.98%	Gifted and Talented Academic	320	"To help cover the costs of teacher salaries/benefits and instructional supplies"	4/30/2008	4/30/2008
	Reduce Class Size	393	\$183,348.00	\$183,348.00	100.00%	Act 135 Academic Assistance, K-3	346	"to fund salaries/benefits for instructional programs needed to improve academic achievement"	4/30/2008	4/30/2008
Aiken	Excellence in Middle Schools	391	\$201,503.64	\$199,406.10	98.96%	Gifted and Talented Academic	320	to pay for teacher salaries and benefits of Gifted and Talented teachers	10/10/2007	10/15/2007
Anderson 1	Gifted and Talented Academic	320	\$517,557.18	\$100,000.00	19.32%	Act 135 Academic Assistance, 4-12	348	continued to have a successful after school remedial program.	4/18/2008	4/20/2008
	Act 135 Academic Assistance, K-3	346	\$632,885.00	\$100,000.00	15.80%	Act 135 Academic Assistance, 4-12	348	Due to the popularity of this program more funds are needed to maintain the increased levels of service currently being provided to these students at several	4/18/2008	4/20/2008
				\$20,000.00	3.16%	Summer School Comprehensive Remediation	383		4/18/2008	4/20/2008
Anderson 2	Reduce Class Size	393	\$162,713.00	\$109,813.00	67.49%	Act 135 Academic Assistance, 4-12	348	"This transfer will allow Anderson School District Two to enhance funding and services to more diverse groups as coordinated by"	4/10/2008	4/17/2008
				\$52,900.00	32.51%	Act 135 Academic Assistance, K-3	346		4/10/2008	4/17/2008
Anderson 3	Reduce Class Size	393	\$150,809.00	\$4,900.00	3.25%	Gifted and Talented Academic	320	"requesting to move reduced class size funds to several accounts to fund instructional positions. Also, we are requesting to move comp remediation funds to cover the EIA cut in Academic Assistance and fund instructional salaries"	4/28/2008	4/24/2008
				\$3,502.00	2.32%	Gifted and Talented Artistic	322		4/28/2008	4/24/2008
				\$21,115.00	14.00%	Act 135 Academic Assistance, 4-12	348		4/28/2008	4/24/2008
				\$121,292.00	80.43%	Act 135 Academic Assistance, K-3	346		4/28/2008	4/24/2008
	Summer School Comprehensive Remediation	383/384	\$88,099.00	\$5,891.00	6.69%	Act 135 Academic Assistance, K-3	346		4/28/2008	4/24/2008
				\$3,638.00	4.13%	Act 135 Academic Assistance, 4-12	348		4/28/2008	4/24/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
				\$20,471.00	23.24%	Act 135 Academic Assistance, 4-12	348		4/28/2008	4/24/2008
Anderson 4	Reduce Class Size	393	\$111,632.00	\$111,632.00	100.00%	Act 135 Academic Assistance, 4-12	348	"this transfer will allow Anderson School District Four to enhance funding and services to more varied groups as coordinated by the District's curriculum strategies and school improvement plans. This transfer will better utilize these funds for a broader area of instructional programming and allow more instructional service to be offered to a larger student population."	4/28/2008	4/28/2008
Anderson 5	Summer School Comprehensive Remediation	383	\$290,338.00	\$290,338.00	100.00%	Act 135 Academic Assistance, 4-12	348	"EIA Academic Assistance funds are used to provide remediation and support for students who are performing below grade level. They are also used to support standards-based instruction in grades 3-12. Summer school is one of the remediation options for our middle and high school students. . . ."we also use various grant and other sources to offer summer school and beyond school hours remediation. By combining transferring these funds, we have greater flexibility to serve students in summer school, before/after school programs, and during the school day with targeted academic assistance strategies/materials."	1/8/2008	1/25/2008
Bamberg 1	Increase High School Diploma	301	\$60,991.63	\$60,991.63	100.00%	Act 135 Academic Assistance, 4-12	348	District has "had a hard time finding teachers this year."	2/13/2008	3/13/2008
	Critical teaching Needs	327	\$2,754.92	\$2,754.92	100.00%	Act 135 Academic Assistance, K-3	346	"to pay teacher salaries"	2/13/2008	3/13/2008
	Reduce Class Size	393	\$83,217.00	\$83,217.00	100.00%	Act 135 Academic Assistance, K-3	346	District "started out with 15 to 1 but due to our shortage of teachers by mid year all of our classes have more than the 15 to 1. This was also recommended during (the district's) State Audit this past year."	2/13/2008	3/13/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Bamberg 2	Increase High School Diploma	301	\$36,892.82	\$36,042.82	97.70%	Alternative Schools	396	"The transferred funds will be utilized for direct classroom instruction as outlined on the form."	3/10/2008	3/17/2008
	Parenting/Family Literacy	313	\$40,108.70	\$35,872.00	89.44%	Act 135 Academic Assistance, K-3	346		3/10/2008	3/17/2008
	Summer School Comprehensive Remediation	383	\$78,458.00	\$48,458.00	61.76%	Act 135 Academic Assistance, 4-12	348		3/10/2008	3/17/2008
	Reduce Class Size	393	\$380,857.60	\$100,000.00	26.26%	Act 135 Academic Assistance, K-3	346		3/10/2008	3/17/2008
				\$280,857.60	73.74%	Act 135 Academic Assistance, 4-12	348		3/10/2008	3/17/2008
Barnwell 19	Increase High School Diploma	301	\$32,228.91	\$32,228.91	100.00%	Act 135 Academic Assistance, 4-12	348	"for salaries and fringe. Our district does not have a G/T artistic program at this time.	4/17/2008	4/17/2008
	Gifted and Talented Artistic	322	\$5,372.00	\$5,372.00	100.00%	Gifted and Talented Academic	320	"to meet the goals of our academic assistance plan"	4/17/2008	4/17/2008
	Preschool Programs for Children with Disabilities	342	\$8,331.69	\$8,331.69	100.00%	Act 135 Academic Assistance, K-3	346	"to meet the goals of our academic assistance plan"	4/17/2008	4/17/2008
Barnwell 29	Reduce Class Size	393	\$57,508.00	\$5,000.00	8.69%	Preschool Programs for Children with Disabilities	342	"to help pay for a sign language interpreter for two deaf children"	10/29/2007	12/11/2007
				\$20,000.00	34.78%	Alternative Schools	396	"expenditures exceed allocations by over \$20,000"	10/29/2007	12/11/2007
Barnwell 45	Increase High School Diploma	301	\$90,063.47	\$90,063.47	100.00%	Act 135 Academic Assistance, 4-12	348	"to use these funds for direct classroom instructional needs, specifically, teacher salaries and fringes.	4/29/2008	4/29/2008
	Advanced Placement and IB Programs	315	\$450.00	\$450.00	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Critical teaching Needs	327	\$2,923.84	\$2,923.84	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Professional Development on the Standards	334	\$40,344.00	\$40,344.00	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Summer School Comprehensive Remediation	383	\$176,315.00	\$176,315.00	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	ADEPT	916	\$1,178.69	\$1,178.69	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Education License Plates	917	\$2,102.19	\$2,102.19	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Reduce Class Size	393	\$145,122.00	\$145,122.00	100.00%	Act 135 Academic Assistance, K-3	346		4/29/2008	4/29/2008

Appendix B

*Transfer From*

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District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
<b>Beaufort</b>	<b>Reduce Class Size</b>	<b>393</b>	<b>\$834,875.00</b>	<b>\$834,875.00</b>	<b>100.00%</b>	<b>Act 135 Academic Assistance, K-3</b>	<b>346</b>	"The transferred funds will be used to expend direct classroom instruction at our facilities by providing a source of additional funding for teacher salaries at locations requiring additional needs. . . . All funds transferred will be used for teacher salaries and benefits."	4/29/2008	4/29/2008

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## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Berkeley	Summer School Comprehensive Remediation	383	\$1,278,390.00	\$600,000.00	46.93%	Act 135 Academic Assistance, 4-12	348	The funds as appropriated are "limited to grades three through eight." The transfer would allow the district "to provide tutorial assistance for high schools students that are at-risk of not passing one ore more sections of HSAP, did not pass PACT ELA or Math in the 8th grade, or need academic assistance to ensure their graduation. Tutorial assistance will also become more possible for ESOL students during school hours at three of our largest middle schools where student needs are most evident." The funds will be expended on salaries and benefits.	9/11/2007	9/17/2007
Calhoun	Critical teaching Needs	327	\$2,791.63	\$2,791.63	100.00%	Act 135 Academic Assistance, 4-12	348	The district "has not used this money for three years due to the size of the district and our professional development needs. There were not enough teachers who needed the same professional development to warrant offering a course. We have been using Teacher Quality and PDSI funds to make sure that our staff is highly qualified under the No Child Left Behind law. . . . The money will be placed in Academic Assistance 4-12 (348) to provide instructional materials for our academic assistance extended day program."	12/17/2007	1/15/2008
Cherokee	Reduce Class Size	393	\$480,696.00	\$480,696.00	100.00%	Increase High School Diploma	301	"To aid in the District's instructional programs for high school students"	1/30/2008	2/6/2008
	Summer School Comprehensive Remediation	383	\$485,621.97	\$250,000.00	51.48%	Increase High School Diploma	301		1/30/2008	2/6/2008
	School Technology Initiative *	305	\$183,088.10	\$120,000.00	65.54%	Increase High School Diploma	301		1/30/2008	2/6/2008
				\$1,968.90	1.08%	Preschool Programs for Children with Disabilities	342	"to aid in the Districts' instructional programs for children with disabilities"	1/30/2008	2/6/2008
				\$20,000.00	10.92%	Gifted and Talented Academic	320	"to assist with classroom instruction for the Districts GT-Academic students"	1/30/2008	2/6/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
				\$20,000.00	10.92%	Gifted and Talented Artistic	322	"to assist with classroom instruction for the District GT-Artistic students"	1/30/2008	2/6/2008
Cherokee				\$8,088.00	4.42%	Four-Year-Old Program	340	"to assist with classroom instruction related to the District's four year old program"	1/30/2008	2/6/2008
				\$13,031.20	7.12%	Preschool Programs for Children with Disabilities	342	"to aid in the Districts' instructional programs for children with disabilities"	1/30/2008	2/6/2008
	Student Health and Fitness	937	\$96,861.00	\$16,000.00	16.52%	Parenting/Family Literacy	312	"to aid in the District's instructional programs" for the specific students served by each program	4/22/2008	4/24/2008
				\$20,000.00	20.65%	Gifted and Talented Artistic	322		4/22/2008	4/24/2008
				\$4,000.00	4.13%	Preschool Programs for Children with Disabilities	342		4/22/2008	4/24/2008
				\$10,000.00	10.32%	Alternative Schools	396		4/22/2008	4/24/2008
				\$10,000.00	10.32%	Increase High School Diploma	301		4/22/2008	4/24/2008
Chester	Reduce Class Size	393	\$296,672.00	\$296,672.00	100.00%	Act 135 Academic Assistance, K-3	346	"The District was not financially able to meet the specific class size requirements as outlined in the guidelines for utilization of	4/14/2008	4/17/2008
	Critical teaching Needs	327	\$3,727.05	\$3,727.05	100.00%	Act 135 Academic Assistance, K-3	346		4/14/2008	4/17/2008
Chesterfield	Reduce Class Size	393	\$439,088.00	\$243,875.00	55.54%	Increase High School Diploma	301	"to cover salaries in high school secondary positions. With shortage of funds, it is difficult to have 15-1 classes; therefore, we feel these funds are needed more in HS Diploma Credit."	3/17/2008	4/17/2008
Clarendon 1	Reduce Class Size	393	\$380,857.00	\$203,480.47	53.43%	Increase High School Diploma	301	"The transfers will continue to allow the district to better utilize the funds in the instruction of the students within our district to continue to meet district and state standards."	4/29/2008	5/5/2008
				\$20,922.47	5.49%	Gifted and Talented Artistic	322		4/29/2008	5/5/2008
				\$156,454.06	41.08%	Act 135 Academic Assistance, K-3	346		4/29/2008	5/5/2008
Colleton	Critical teaching Needs	327	\$3,778.07	\$3,778.07	100.00%	Increase High School Diploma	301	"The transferred funds will be utilized for direct classroom instruction at the high school level. The funds will be spent on high school teacher salaries and the associated fringe."	3/18/2008	3/20/2008
	Summer School Comprehensive Remediation	383	\$437,340.00	\$437,340.00	100.00%	Increase High School Diploma	301		3/18/2008	3/20/2008
	Reduce Class Size	393	\$398,494.00	\$398,494.00	100.00%	Increase High School Diploma	301		3/18/2008	3/20/2008
	Gifted and Talented Artistic	322	\$38,456.00	\$33,061.00	85.97%	Act 135 Academic Assistance, K-3	346	"The transferred funds will be utilized for direct classroom instruction at the primary school level. The funds will be spent on primary school teacher salaries and the associated fringe."	4/24/2008	4/24/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Darlington	Reduce Class Size	393	\$656,602.00	\$656,602.00	100.00%	Act 135 Academic Assistance, K-3	346	"We are unable to reduce class size to 15:1 ratio. We are requesting to move these funds to EIA 346."	2/11/2008	2/22/2008
Dillon 1	Parenting/Family Literacy	313	\$38,885.00	\$2,121.00	5.45%	Act 135 Academic Assistance, K-3	346	"First Steps funding is paying for parenting coordinator. Programs needs in 346 and 348 exceed allocations." "Title One and other funds are used to reduce class size at elementary level. Program needs in 348 and 320 exceed"	4/21/2008	4/28/2008
				\$26,285.00	67.60%	Act 135 Academic Assistance, 4-12	348		4/21/2008	4/28/2008
	Reduce Class Size	393	\$48,374.00	\$29,709.00	61.42%	Act 135 Academic Assistance, 4-12	348		4/21/2008	4/28/2008
				\$18,665.00	38.58%	Gifted and Talented Academic	320		4/21/2008	4/28/2008
Dillon 2	Advanced Placement and IB Programs	315	\$1,150.00	\$1,150.00	100.00%	Act 135 Academic Assistance, 4-12	348	"Funds are needed for instructional salaries in Act 135"	4/29/2008	4/29/2008
	Summer School Comprehensive Remediation	383	\$248,523.00	\$102,312.97	41.17%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	ADEPT *	916	\$4,666.52	\$4,666.52	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Alternative Schools	396	\$26,823.32	\$26,823.32	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Adult Education Literacy	365	\$7,905.00	\$7,905.00	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
	Intervention and Assistance **	370	\$40,038.83	\$40,038.83	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/29/2008
Dillon 3	Critical teaching Needs	327	\$2,698.30	\$2,698.30	100.00%	Act 135 Academic Assistance, 4-12	348	"can be better utilized to fund classroom instructional salaries" District allocation for Act 135 Academic Assistance decreased this year	9/11/2007	10/9/2007
Dorchester 2	Preschool Programs for Children with Disabilities	342	\$45,662.00	\$45,662.00	100.00%	Trainable and Profoundly Mentally Disabled	330	"Funds will be used to assist in funding teachers' salaries and benefits for the district's services to profoundly and mentally disabled students. This does not reduce services provided by the district under the Early Intervention Preschool program." "Funds will be used to support the district's Academic Assistance programs in all elementary, middle and high schools."	4/15/2008	4/17/2008
	Reduce Class Size	393	\$629,539.00	\$395,886.00	62.89%	Act 135 Academic Assistance, K-3	346		4/15/2008	4/17/2008
				\$233,653.00	37.11%	Act 135 Academic Assistance, 4-12	348		4/15/2008	4/17/2008
	Summer School Comprehensive Remediation *	383	\$947,172.00	\$379,286.00	40.04%	Act 135 Academic Assistance, K-3	346		4/15/2008	4/17/2008
				\$216,343.00	22.84%	Act 135 Academic Assistance, K-3	346		4/15/2008	4/17/2008

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District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
				\$223,856.00	23.63%	Act 135 Academic Assistance, 4-12	348		4/15/2008	4/17/2008
				\$127,687.00	13.48%	Act 135 Academic Assistance, 4-12	348		4/15/2008	4/17/2008
Dorchester 4	Gifted and Talented Artistic	322	\$14,047.00	\$14,047.00	100.00%	Gifted and Talented Academic	320	District "does not offer special programs for Gifted and Talented Students in the Artistic areas."	5/1/2008	5/2/2008
Fairfield	Gifted and Talented Academic	320	\$176,527.80	\$25,000.00	14.16%	Gifted and Talented Artistic	322	"the allocation in the Artistic program will not be adequate to fund the Artworks program. The Artworks program provides our students a balance of academic and artistic experiences to promote a holistic learning process. It incorporates dance, drama, music and the visual arts. The students that participate in the program require an educational program that goes beyond that which is normally provided by the general school program for the arts. The transfer is a means to help fund Artworks.	4/22/2008	4/30/2008
Florence 2	Reduce Class Size	393	\$64,950.00	\$64,950.00	100.00%	Act 135 Academic Assistance, K-3	346	"It is difficult to maintain the 15:1 ratio in a small school district when students move into the district all throughout the school year. The district is maintaining a slightly higher 20:1 ratio in these classes. The flexibility proviso allows small districts the opportunity to ease the restrictions on Fund 393 received from the state. Our district feels the instructional integrity remains the same. The money can be transferred to Act 135 Fund 346 and achieve the same goals and objectives.	4/15/2008	4/17/2008

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*Transfer From*

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District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Florence 3	Critical teaching Needs	327	\$6,366.57	\$6,366.57	100.00%	Summer School Comprehensive Remediation	383	"Our district allows PACE teachers to take courses through the Pee Dee Education Center to expend CTN monies. This year we have had no courses taken. We are always in need of extra funding for our summer school program to assist as many students as possible. The monies will be used to pay teacher salaries for conducting summer school classes."	5/1/2008	5/2/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Florence 4	Reduce Class Size	393	\$428,465.31	\$428,465.31	100.00%	Act 135 Academic Assistance, K-3	346	"to offset the instructional costs associated with our academic assistance in grades K-3."	4/29/2008	5/2/2008
	Parenting/Family Literacy	313	\$40,000.00	\$18,150.58	45.38%	Act 135 Academic Assistance, K-3	346	"To offset instructional costs associated with our academic assistance in grades k-3"	2/26/2008	3/13/2008
				\$21,849.42	54.62%	Act 135 Academic Assistance, 4-12	348		2/26/2008	3/13/2008
	Critical teaching Needs	327	\$4,072.00	\$4,072.00	100.00%	Act 135 Academic Assistance, 4-12	348	"To offset the instructional costs associated without academic assistance in grades 4-12"	2/26/2008	3/13/2008
	Professional Development on the Standards	334	\$5,000.00	\$5,000.00	100.00%	Act 135 Academic Assistance, 4-12	348		2/26/2008	3/13/2008
Greenville	Act 135 Academic Assistance, K-3	346	\$5,254,944.00	\$871,000.00	16.57%	Act 135 Academic Assistance, 4-12	348	"The redistribution of funding by the State Department of Education in July 06 based on the updated student cost, increased the Act 135 K-3 allocation and decreased the Act 135 4-12 allocation from the original Conference Committee Projections. For the second year in a row this transfer offsets the decrease in Act 135 4-12 and enables continued funding of math lab teachers and reading lab teachers in the high schools.	4/7/2008	4/14/2008
	Summer School Comprehensive Remediation	383	\$2,952,528.00	\$108,260.00	3.67%	Act 135 Academic Assistance, K-3	346	This transfer is to reflect the FY 07-08 Academic Assistance budget cuts from the SDE in EAA Comprehensive Remediation. The transfer will maintain school instructional positions funded from Academic Assistance for FY08.	4/30/2008	4/30/2008
				\$74,093.00	2.51%	Act 135 Academic Assistance, 4-12	348		4/30/2008	4/30/2008
Greenwood 50	Reduce Class Size	393	\$476,975.00	\$476,975.00	100.00%	Increase High School Diploma	301	"one of our most critical instructional needs is the funding for additional secondary teachers to provide a quality program."	10/5/2007	10/9/2007

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Greenwood 51	Summer School Comprehensive Remediation *	383	\$51,084.00	\$50,000.00	97.88%	Act 135 Academic Assistance, 4-12	348	"We have a grant to help fund our summer school program, for this reason we would like to . . . Purchase smart boards and additional computers in our Elementary School Instructional lab. These would be used for all core content areas and literacy learning."	4/14/2008	4/14/2008
Greenwood 52	Critical teaching Needs	327	\$2,724.12	\$2,724.12	100.00%	Act 135 Academic Assistance, 4-12	348	"Funds needed for direct classroom instruction"	9/15/2007	9/17/2007
Hampton 1	Critical teaching Needs	327	\$2,986.68	\$2,986.68	100.00%	Alternative Schools	396	"Our district will use this money to fund instructional salaries under the Alternative School Program. We will have two full time teachers under this program. We need to transfer this amount to help pay some of the teacher's salary and match."	2/13/2008	2/28/2008
	Summer School Comprehensive Remediation *	383	\$318,687.33	\$63,268.71	19.85%	Alternative Schools	396	"district will use this money to fund instructional salaries under the Alternative School Program and	4/29/2008	4/29/2008
			\$86,686.00	\$23,417.29	7.35%	Four-Year-Old Program	340	Four Year Old Early Childhood		
Horry	Reduce Class Size	393	\$1,738,420.00	\$1,738,420.00	100.00%	Act 135 Academic Assistance, K-3	346	"The following initiatives will be funded from the transfer: additional classroom resources for middle and high school social studies and science; 9th Grade Summer School and remediation, on-line SAT, ACT and EBSCO reference materials for middle and high schools; benchmark assessments for science and social studies; and additional resources for after school tutorials. . . The District is piloting a three year program at several of our highest poverty schools where all classes in grades 1-3 are at 15:1. This flexibility would provide other schools more options in determining class sizes."	4/21/2008	4/28/2008
	Act 135 Academic Assistance, K-3	346	\$3,642,243.00	\$768,848.00	21.11%	Act 135 Academic Assistance, 4-12	348			
Jasper	Reduce Class Size	393	\$761,715.19	\$464,827.90	61.02%	Increase High School Diploma	301	Because we do not have the space or finances to maintain the 15:1 ratio, Jasper County School District will be using the flexibility proviso . . . To help with the instructional cost in our High School Diploma Credit our ACT	1/9/2008	1/25/2008
				\$296,887.29	38.98%	Act 135 Academic Assistance, 4-12	348		1/9/2008	1/25/2008
	Critical teaching Needs	327	\$3,000.05	\$3,000.05	100.00%	Act 135 Academic Assistance, K-3	346		1/9/2008	1/25/2008

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## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Kershaw	Reduce Class Size	393	\$441,117.00	\$441,117.00	100.00%	Increase High School Diploma	301	"The district feels that this money can be better used for instructional purposes in the Increase high School Diploma requirements fund to pay teacher salaries. It is difficult to meet the 15:1 funding guidelines of the EAA Reduce Class Size Fund due to the fact that our small rural elementary schools have only one or two first and second grade classes."	4/23/2008	4/29/2008
Lancaster	Summer School Comprehensive Remediation	383	\$554,596.00	\$300,000.00	54.09%	Act 135 Academic Assistance, 4-12	348	"To continue to provide academic assistance during the school day and after school throughout the school year whenever that assistance is most appropriate and instructionally helpful for our students. We will continue to provide summer assistance for students who would most benefit from such a program."	4/11/2008	4/11/2008
	Reduce Class Size	393	\$481,373.00	\$481,373.00	100.00%	Act 135 Academic Assistance, K-3	346	"to have an appropriate number of students in all classrooms. We can serve more students effectively without overloading any one class because of the 15:1 student-teacher ratio requirement."	4/11/2008	4/11/2008
	Gifted and Talented Artistic	322	\$70,355.00	\$27,929.00	39.70%	Gifted and Talented Academic	320	"to provide continued funding for GT teacher salaries necessary to serve all student identified as gifted and talented throughout the district."	4/11/2008	4/11/2008
Laurens 55	Reduce Class Size	393	\$354,518.00	\$250,000.00	70.52%	Four-Year-Old Program	340	"to cover the excess cost of the 4 Year old Kindergarten program"	4/21/2008	4/21/2008
	Summer School Comprehensive Remediation	383	\$248,523.00	\$200,000.00	80.48%	Act 135 Academic Assistance, 4-12	348	"to cover the cost of computer lab assistants and Montessori classroom teachers and assistants"	4/21/2008	4/21/2008
Laurens 56	Act 135 Academic Assistance, K-3	346	\$348,507.00	\$75,000.00	21.52%	School Technology Initiative	305	"With special funding from a number of other sources, academic assistance could be provided substantially in the earlier grades but inadequate in grades 4-12."	2/6/2008	3/13/2008



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## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Lee	Summer School Comprehensive Remediation	383	\$212,527.00	\$212,527.00	100.00%	Act 135 Academic Assistance, K-3	346	"for instructional purposes"	4/30/2008	5/2/2008
	Reduce Class Size	393	\$904,537.70	\$288,057.69	31.85%	Act 135 Academic Assistance, K-3	346		4/30/2008	5/2/2008
				\$616,480.11	68.15%	Act 135 Academic Assistance, 4-12	348		4/30/2008	5/2/2008
Lexington 2	Reduce Class Size	393	\$470,548.00	\$235,274.00	50.00%	Act 135 Academic Assistance, K-3	346	"The District intends to maintain the original intent of the Reduction in Class Size fund; however, due to the challenge of balancing	4/22/2008	4/30/2008
				\$235,274.00	50.00%	Act 135 Academic Assistance, 4-12	348		4/22/2008	4/30/2008
Lexington 3	Reduce Class Size	393	\$112,309.00	\$112,309.00	100.00%	Gifted and Talented Academic	320	"Student enrollment has been declining for several years in the district. The requirement of 15 to 1 for the student-teacher ratio is extremely small and causes other class sizes to increase. The transfer of the funds to the Gifted and Talented Academic program will be used for the instructional teachers serving gifted and talented students in grades three through eight."	4/8/2008	4/1/2008
Lexington 4	Reduce Class Size	393	\$208,381.00	\$208,381.00	100.00%	Act 135 Academic Assistance, K-3	346	"enable the district to lower class size in the primary grades and enhance the instructional programs offered. Lexington 4 is unable to meet the 15:1 requirement for subfund 393.	10/15/2007	10/19/2007
Lexington 5	Act 135 Academic Assistance, K-3 *	346	\$659,168.00	\$237,000.00	35.95%	Act 135 Academic Assistance, 4-12	348	"to meet salary needs" and personnel raises adopted by district Board of Trustees	9/12/2007	10/9/2007
				\$19,000.00	2.88%	Act 135 Academic Assistance, 4-12	348	"to meet the salary needs of iCoaches at CMS and DFMS."	11/5/2007	11/29/2007
McCormick	Reduce Class Size	393	\$55,478.00	\$55,478.00	100.00%	Act 135 Academic Assistance, K-3	346	"We do not currently have classrooms that meet the qualifications for Reduced Class Size funds and we have other	2/12/2008	3/13/2008
	Critical teaching Needs	327	\$2,381.00	\$2,381.00	100.00%	Act 135 Academic Assistance, K-3	346		2/12/2008	3/13/2008

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District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Marion 1	Reduce Class Size	393	\$188,084.00	\$188,084.00	100.00%	Act 135 Academic Assistance, K-3	346	"The funds being transferred will be used to reduce class size, thus for direct classroom instructional purposes. The purpose of the transfer request through the flexibility procedure is to not adhere strictly to the fifteen to one ratio. . . . The flexibility will allow a ratio of up to eighteen to one instead of the fifteen to one class size reduction plan."	11/12/2007	11/29/2007
	Summer School Comprehensive Remediation *	383	\$317,730.04	\$65,327.04	20.56%	Act 135 Academic Assistance, 4-12	348	Funds for Academic Assistance K-3 "will be used to fund instructional programs thus for direct classroom instruction . . . A substantial portion of the amount transferred to subfund 348 will be used to purchase Smart Boards for classrooms. These Smart	2/6/2008	3/13/2008
				\$94,672.96	29.80%	Act 135 Academic Assistance, 4-12	348		2/6/2008	3/13/2008
				\$30,000.00	9.44%	Act 135 Academic Assistance, K-3	346		2/6/2008	3/13/2008
Marion 2	Reduce Class Size	393	\$138,018.00	\$138,018.00	100.00%	Act 135 Academic Assistance, K-3	346	"These funds will be used for salaries and fringes at McCormick Elementary and North Mullins Primary. This transfer will allow us to coordinate the funds and the staffing in order to provide the most beneficial learning environment for the children."	12/6/2007	12/20/2007
Marion 7	Reduce Class Size	393	\$252,837.00	\$252,837.00	100.00%			"to pay for instructional salaries and benefits"	9/11/2007	9/17/2007
Oconee	Increase High School Diploma	301	\$365,204.57	\$365,204.57	100.00%	Act 135 Academic Assistance, 4-12	348	"to provide additional funding for targeted instructional assistance and smaller class sizes across the district. We provide many more instructional positions than our academic assistance funding will allow and this flexibility allows us to do that."	3/18/2008	4/4/2008
	Reduce Class Size	393	\$483,402.00	\$483,402.00	100.00%	Act 135 Academic Assistance, K-3	346		3/18/2008	4/4/2008
Pickens	Reduce Class Size	393	\$605,183.00	\$605,183.00	100.00%	Act 135 Academic Assistance, 4-12	348		3/31/2008	4/17/2008
	Summer School Comprehensive Remediation	383	\$774,797.24	\$649,797.24	83.87%	Act 135 Academic Assistance, 4-12	348	"The request to transfer these funds is based on the necessity of using the funds for direct classroom instructional needs, mainly funding teacher salaries and benefits."	3/31/2008	4/17/2008
	Act 135 Academic Assistance, K-3	346	\$1,282,591.00	\$21,407.62	1.67%	Act 135 Academic Assistance, 4-12	348		3/31/2008	4/17/2008

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## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Richland 1	Act 135 Academic Assistance, K-3 *	346	\$2,970,986.00	\$282,000.00	9.49%	Four-Year-Old Program	340	of funds needed to support instructional programs in Pre-K and grades 4-12, we are exercising the funding flexibility provision. "the effort to serve more Pre-K students requires that additional funds for program support be allocated. . . An increased demand to upgrade	4/25/2008	4/29/2008
				\$275,000.00	9.26%	Act 135 Academic Assistance, 4-12	348		4/25/2008	4/29/2008
	Increase High School Diploma *	301	\$844,376.31	\$352,751.00	41.78%	Act 135 Academic Assistance, 4-12	348		4/25/2008	4/29/2008
	Summer School Comprehensive Remediation *	383	\$1,551,489.00	\$300,000.00	19.34%	Act 135 Academic Assistance, 4-12	348		4/25/2008	4/29/2008
Saluda	Reduce Class Size	393	\$111,632.00	\$111,632.00	100.00%	Act 135 Academic Assistance, K-3	346	"Class sizes were not able to be 15:1 due to staff and space. . . .	3/5/2008	4/4/2008
	Critical teaching Needs	327	\$2,854.47	\$2,854.47	100.00%	Act 135 Academic Assistance, 4-12	348	"We would like to use this money to still pay for teacher salary and	3/5/2008	4/4/2008
Spartanburg 1	Career and Technology Education Equipment	325	\$48,806.00	\$48,806.00	100.00%	Increase High School Diploma	301	"These funds . . . Will be used to cover salaries and fringes of additional teachers hired due to increased enrollment at the high school level."	4/1/2008	3/18/2008
	Summer School Comprehensive Remediation	383	\$136,440.00	\$136,440.00	100.00%	Increase High School Diploma	301		4/1/2008	3/18/2008
	Parenting/Family Literacy	313	\$50,760.80	\$50,760.80	100.00%	Increase High School Diploma	301		4/1/2008	3/18/2008
	Reduce Class Size	393	\$196,203.00	\$196,203.00	100.00%	Increase High School Diploma	301		4/1/2008	3/18/2008
Spartanburg 2	Reduce Class Size	393	\$374,476.00	\$374,476.00	100.00%	Increase High School Diploma	301	"Flexibility needed to accommodate direct classroom instructional expenses."	4/29/2008	4/30/2008
	Preschool Programs for Children with Disabilities	342	\$41,518.51	\$41,518.51	100.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/30/2008
	Alternative Schools	396	\$87,188.00	\$55,361.92	63.50%	K-5 Enhancement	960		4/29/2008	4/30/2008
	Gifted and Talented Artistic	322	\$58,599.00	\$29,000.00	49.49%	Gifted and Talented Academic	320		4/29/2008	4/30/2008
	Summer School Comprehensive Remediation	383	\$323,748.00	\$20,000.00	6.18%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/30/2008
				\$200,000.00	61.78%	6-8 Enhancement	967		4/29/2008	4/30/2008
	Act 135 Academic Assistance, K-3	346	\$763,772.00	\$125,000.00	16.37%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/30/2008
Student Health and Fitness	937	\$101,078.87	\$70,000.00	69.25%	K-5 Enhancement	960	4/29/2008	4/30/2008		
Spartanburg 3	Reduce Class Size	393	\$133,621.00	\$133,621.00	100.00%	Act 135 Academic Assistance, K-3	346	"This re-allocation will allow us to leverage our efforts to reduce class size beyond the approximately two or three classes the original allocation would allow. We intend to expend 100% of the funds on classroom teachers and associated employee benefits.	4/29/2008	4/30/2008

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## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Spartanburg 4	Reduce Class Size	393	\$139,371.00	\$139,371.00	100.00%	Act 135 Academic Assistance, K-3	346	"The District does intend to use the money for the original purpose of the funding which was to reduce class size. However, it is not practical for the District to fund three classes at a 15 to 1 teacher pupil ratio, while other classes will be 22 to 24 to 1."	2/23/2008	3/3/2008
	Career and Technology Education Equipment	325	\$79,992.52	\$79,992.52	100.00%	Act 135 Academic Assistance, 4-12	348	"The District does intend to use the money to purchase technology updates. However instead of being limited to purchases in CATE classrooms, the funds could be used for all classrooms in grades 4 through 12 including CATE. The District is planning to expend approximately \$300,000 for these upgrades."	4/29/2008	4/30/2008
Spartanburg 5	Reduce Class Size	393	\$252,695.00	\$252,695.00	100.00%	Act 135 Academic Assistance, K-3	346	"The district fully intends to maintain the original purposes of these funds, which is to reduce class size in grades one through three. However, the district intends to use a student teacher ratio of 18 to 1 rather than the 15 to 1 for these funds. Due to the growing number of students in the district, maintaining the 15 to 1 ratios in a select number of classrooms is causing an internal inequity of class sizes. It is becoming more and more difficult to justify to parents why their child is in a classroom with a large number of students when there are several classes down the hall with only 15 students.	4/17/2008	4/18/2008
Spartanburg 6	Summer School Comprehensive Remediation	383	\$414,923.00	\$147,300.00	35.50%	Act 135 Academic Assistance, K-3	346	"To support additional kindergarten classes and first grade aides. The district will continue to provide summer school and comprehensive	4/28/2008	4/30/2008
	Four-Year-Old Program	340	\$362,706.00	\$70,000.00	19.30%	Act 135 Academic Assistance, K-3	346		4/28/2008	4/30/2008

## Appendix B

## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Spartanburg 7	Summer School Comprehensive Remediation	383	\$786,218.00	\$297,261.00	37.81%	Act 135 Academic Assistance, 4-12	348	"Students in grades 3-6 with Academic plans are provided intervention through after school programs to meet the requirements of comprehensive remediation. Therefore, funds from this account are being transferred to Academic Assistance 4-12 . . . so that the salaries and benefits for instructional staff that provide daily direct instruction for students can be funded. This transfer of funds can be made without limiting the effectiveness of the total academic program for elementary schools and making possible greater impact on student achievement by providing daily direct instruction for students."	4/8/2008	4/14/2008
	Act 135 Academic Assistance, K-3	346	\$858,390.00	\$187,640.00	21.86%	Four-Year-Old Program	340	"Funds are being transferred to support the Early Childhood Program . . . by funding salaries and benefits for Child Development Teachers and Instructional Assistants who provide full day direct classroom instruction for four-year-old children who are most at-risk of later school failure."	4/8/2008	4/14/2008
Sumter 2	Reduce Class Size	393	\$721,935.00	\$600,000.00	83.11%	Alternative Schools	396	"lower than expected projected tax revenue has reduced the amount of General Fund money available to transfer to our Alternative School Program for the 2007-07 school year."	4/9/2008	4/11/2008
	Summer School Comprehensive Remediation	383	\$538,442.00	\$189,254.00	35.15%	Four-Year-Old Program	340	"to pay for additional preschool teachers and paraprofessionals hired due to increased enrollment."	4/9/2008	4/11/2008
Sumter 17	Reduce Class Size	393	\$518,922.00	\$518,922.00	100.00%	Increase High School Diploma	301	"The Reduce Class Size allocation is not sufficient to make a significant dist wide impact in grades 1 - 3."	11/27/2007	11/29/2007

## Appendix B

## Transfer From

## Transfer To

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
Union	Reduce Class Size	393	\$258,446.00	\$245,300.00	94.91%	Act 135 Academic Assistance, K-3	346	"We are currently able to maintain successful pupil/teacher ratio targets. Therefore, we choose to transfer his allocation" to other funds. "All fund transfers being requested will be utilized for direct classroom and instruction expenses."	4/29/2008	4/30/2008
				\$13,146.00	5.09%	Preschool Programs for Children with Disabilities	342	focus "funds on instruction at the Prek-3 grade levels"	4/29/2008	4/30/2008
	Summer School Comprehensive Remediation	383	\$236,237.00	\$130,700.00	55.33%	Act 135 Academic Assistance, 4-12	348	"allows us to reinforce and maintain emphasis on student achievement and testing improvement"	4/29/2008	4/30/2008
Williamsburg	Summer School Comprehensive Remediation	383	\$260,378.00	\$35,000.00	13.44%	Act 135 Academic Assistance, K-3	346	"These funds will be used to pay for teacher salaries and fringe. This is to compensate for the EOY cut."	5/1/2008	5/2/2008
				\$35,000.00	13.44%	Act 135 Academic Assistance, 4-12	348		5/1/2008	5/2/2008
York 1	Reduce Class Size	393	\$233,075.00	\$233,075.00	100.00%	Alternative Schools	396	"Due to growth in our student population, we have been unable to maintain classrooms in grades 1-3 at a teacher/student ratio of 15:1 to meet the requirements of this funding strategy. . . We request to be allowed to utilize the funds available . . .for instructional salaries and fringe."	1/8/2008	1/25/2008
York 2	Summer School Comprehensive Remediation *	383	\$360,240.00	\$178,040.00	49.42%	Act 135 Academic Assistance, K-3	346	"This request is being made because we have learned that we can serve students more efficiently in these programs than	4/20/2008	5/2/2008
				\$182,200.00	50.58%	Alternative Schools	396		4/20/2008	5/2/2008
York 3	Reduce Class Size	393	\$681,635.00	\$388,180.74	56.95%	Increase High School Diploma	301	"Due to a large growth in our student population this fiscal year, we have been unable to maintain enough classrooms in grades 1-3	1/15/2008	1/25/2008
	Act 135 Academic Assistance, K-3	346	\$1,436,607.00	\$410,172.17	28.55%	Act 135 Academic Assistance, 4-12	348		1/15/2008	1/25/2008
York 4	Reduce Class Size	393	\$118,736.00	\$46,218.00	38.93%	Act 135 Academic Assistance, K-3	346	Growth in the district "does not all us to maintain the ratio required for Reduce Class Size. This money can benefit us more in	10/9/2007	10/19/2007
				\$72,518.00	61.07%	Act 135 Academic Assistance, 4-12	348			

Appendix B

*Transfer From*

*Transfer To*

District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
SCDJJ	Parenting/Family Literacy	312/313	\$39,075.00	\$19,537.50	50.00%	Increase High School Diploma	301	"We have been developing a strong parenting program at our school district because we are finding more and more parents are incarcerated. We have also developed some interactive literacy activities between the parents and their children and will continue to do so with some of other programs that we have within our school district. . . .This year all our salary allocations are down and we are facing a deficit in payroll funds. . . This transfer will begin to allow (district) to meet the needs to cover the deficit in payroll for this fiscal year."	4/29/2008	4/30/2008
				\$19,537.50	50.00%	Act 135 Academic Assistance, 4-12	348		4/29/2008	4/30/2008
<b>TOTAL:</b>				\$29,328,414.93						

\* Includes carry forward from FY2006-07.

\*\* According to SCDE, these funds represent carryover funds from an allocation made to the district in Fiscal Year 2006-07 for supply and material funding due to the district's absolute rating. Districts in Bold Italic print transferred 100% of their Reduce Class Size funds to other instructional purposes.

**APPENDIX C**

**Fiscal Year 2007-08  
Transfers by Quarter and by Program**

**QUARTER 1 (July through September)**

Funds Transferred FROM:			Funds Transferred TO:		
CODE	Program Name	Total	CODE	Program Name	Total
327	Critical Teaching Needs	\$5,422.42	346	Act 135 Academic Assistance, K-3	\$252,837.00
346	Act 135 Academic Assistance, K-3	\$237,000.00	348	Act 135 Academic Assistance, 4-12	\$842,422.42
383	Summer School/Remediation	<u>\$600,000.00</u>			
393	Reduce Class Size	\$252,837.00			
	<b>TOTAL:</b>	<b>\$1,095,259.42</b>			<b>\$1,095,259.42</b>

**QUARTER 2 (October through December)**

Funds Transferred FROM:			Funds Transferred TO:		
CODE	Program Name	Total	CODE	Program Name	Total
346	Act 135 Academic Assistance, K-3	\$19,000.00	301	High School Diploma	\$995,897.00
391	Excellence in Middle Schools	\$199,406.10	320	Gifted and Talented, Academic	\$199,406.10
393	Reduce Class Size	<u>\$1,674,116.00</u>	342	Preschool Programs for Children with Disabilities	\$5,000.00
			346	Act 135 Academic Assistance, K-3	\$580,701.00
			348	Act 135 Academic Assistance, 4-12	\$91,518.00
			396	Alternative Schools	<u>\$20,000.00</u>
	<b>TOTAL:</b>	<b>\$1,892,522.10</b>			<b>\$1,892,522.10</b>

**APPENDIX C**

**Fiscal Year 2007-08  
Transfers by Quarter and by Program**

QUARTER 3 (January through March)

Funds Transferred FROM			Funds Transferred TO:		
CODE	Program Name:	Total	CODE	Program Name	Total
301	High School Diploma	\$462,239.02	301	High School Diploma	\$3,142,975.51
305	School Technology Initiative	\$183,088.10	305	School Technology Initiative	\$75,000.00
313	Parenting/Family Literacy	\$126,632.80	320	Gifted and Talented, Academic	\$20,000.00
325	Career and Technology Equipment	\$48,806.00	322	Gifted and Talented, Artistic	\$20,000.00
327	Critical Teaching Needs	\$24,618.82	342	Preschool Programs for Children with Disabilities	\$15,000.10
334	Professional Development on the Standards	\$5,000.00	346	Act 135 Academic Assistance, K-3	\$1,721,860.55
346	Act 135 Academic Assistance, K-3	\$640,172.17	340	Four-Year-Old Program	\$8,088.00
383	Summer School/Remediation	\$1,352,576.00	348	Act 135 Academic Assistance, 4-12	\$2,104,476.78
393	Reduce Class Size	\$4,536,372.53	396	Alternative Schools	\$272,104.50
	<b>TOTAL:</b>	<b>\$7,379,505.44</b>		<b>TOTAL:</b>	<b>\$7,379,505.44</b>

**APPENDIX C**

**Fiscal Year 2007-08  
Transfers by Quarter and by Program**

**QUARTER 4 (April through May)**

Funds Transferred FROM			Funds Transferred TO:		
CODE	Program Name:	Total	CODE	Program Name	Total
301	High School Diploma	\$475,043.38	301	High School Diploma	\$1,292,485.97
313	Parenting/Family Literacy	\$67,481.00	313	Parenting/Family Literacy	\$16,000.00
315	Advanced Placement and IB Programs	\$1,600.00	320	Gifted and Talented, Academic	\$221,103.00
320	Gifted and Talented, Academic	\$125,000.00	322	Gifted and Talented, Artistic	\$69,424.47
322	Gifted and Talented, Artistic	\$118,290.00	330	Trainable and Profoundly Mentally Disabled Student Services	\$45,662.00
325	Career and Technology Equipment	\$79,992.52	340	Four-Year-Old Program	\$932,311.29
327	Critical Teaching Needs	\$13,017.46	342	Preschool Programs for Children with Disabilities	\$17,146.00
334	Professional Development on the Standards	\$40,344.00	346	Act 135 Academic Assistance, K-3	\$7,454,592.80
340	Four-Year-Old Program	\$70,000.00	348	Act 135 Academic Assistance, 4-12	\$7,705,205.24
342	Preschool Programs for Children with Disabilities	\$95,512.20	383	Summer School/Remediation	\$26,366.57
346	Act 135 Academic Assistance, K-3	\$2,650,895.62	396	Alternative Schools	\$855,468.71
365	Adult Education Literacy	\$7,905.00	960	Lottery K-5 Enhancement	\$125,361.92
370	Intervention and Assistance	\$40,038.83	967	Lottery 6-8 Enhancement	\$200,000.00
383	Summer School/Remediation	\$4,651,918.21			
393	Reduce Class Size	\$10,303,957.11			
396	Alternative Schools	\$82,185.24			
916	ADEPT	\$5,845.21			
917	Education License Plates	\$2,102.19			
937	Student Health and Fitness	\$130,000.00			
	<b>TOTAL:</b>	<b>\$18,961,127.97</b>		<b>TOTAL:</b>	<b>\$18,961,127.97</b>

**APPENDIX C**

**Fiscal Year 2007-08  
Transfers by Quarter and by Program**

<b>GRAND TOTAL:</b>	<b>\$29,328,414.93</b>			<b>\$29,328,414.93</b>
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**Appendix D**  
**EOC SURVEY OF SCHOOL DISTRICTS**  
**Fiscal Year 2007-08 Review of Flexibility Provisos**

**Explanation of the Survey:** Between Fiscal Year 2003-04 and January 31, 2008 seven school districts in the state have chosen not to request any transfer of funds pursuant to the flexibility provisos. The flexibility provisos allow school districts and special schools of South Carolina to “transfer up to one hundred percent of funds between programs to any instructional program provided the funds are utilized for direct classroom instruction.” The following survey seeks to determine the reasons why the school districts have chosen not to utilize the flexibility provisos.

District: \_\_\_\_\_

Name of Person Completing Survey: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

1. Why has your district opted not to transfer any funds pursuant to the flexibility provisos? Please check all that apply.

\_\_\_\_\_ The process to request the transfers is too cumbersome.

\_\_\_\_\_ The local board of trustees is not supportive of requesting any transfers.

\_\_\_\_\_ The exemption of some state funds from the flexibility provisos deterred the district from transferring funds.

\_\_\_\_\_ The state allocation of funds to each instructional program was sufficient to meet the educational needs of the program in our district.

\_\_\_\_\_ Other (Please explain)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please use additional pages as needed to explain.

2. Does your district intend to submit a transfer request prior to May 1, 2008?

\_\_\_ Yes

\_\_\_ No

3. Historically, over half of the funds transferred pursuant to the provisos were originally allocated to the Reduce Class Size program. Has your district maintained the Reduce Class Size Program?

Yes

No

Why?

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4. Do you believe that the flexibility provisos should be amended?

Yes

No

If yes, what changes should be made? (Please use additional pages as needed to explain.)

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5. Would you like to discuss these questions in greater detail in a telephone conference call

Yes

No

If so, we can schedule an appointment between March 3 and March 14.

Please indicate the best time. \_\_\_\_\_.

Appendix E, Table 9

**Instructional Expenditures  
As % of Total Per Pupil Expenditures**

Flexible Proviso Group	FY 05-06 TOTAL	ONLY INSTRUCTION	PERCENT INSTRUCTION	FY 01-02 TOTAL	ONLY INSTRUCTION	PERCENT INSTRUCTION
Aiken	\$7,081	\$4,422	62%	\$6,403	\$4,054	63%
Allendale	\$11,956	\$5,910	49%	\$10,404	\$5,511	53%
Anderson 2	\$7,444	\$4,520	61%	\$7,022	\$4,213	60%
Anderson 3	\$7,859	\$4,386	56%	\$6,307	\$3,775	60%
Anderson 5	\$8,317	\$4,906	59%	\$7,423	\$4,415	59%
Barnwell 19	\$10,036	\$5,350	53%	\$8,549	\$4,860	57%
Barnwell 45	\$7,644	\$4,707	62%	\$6,849	\$4,417	64%
Beaufort	\$8,835	\$5,089	58%	\$8,114	\$4,691	58%
Chester	\$8,511	\$4,740	56%	\$7,348	\$4,695	64%
Chesterfield	\$7,613	\$4,532	60%	\$6,991	\$4,190	60%
Colleton	\$8,026	\$4,494	56%	\$7,056	\$4,235	60%
Dillon 1	\$8,108	\$4,330	53%	\$6,895	\$3,940	57%
Dillon 2	\$7,258	\$3,782	52%	\$6,473	\$3,634	56%
Dillon 3	\$7,025	\$3,842	55%	\$6,509	\$3,631	56%
Florence 2	\$8,183	\$4,774	58%	\$7,436	\$4,460	60%
Greenwood 50	\$7,682	\$4,411	57%	\$6,874	\$4,190	61%
Greenwood 51	\$8,367	\$4,608	55%	\$7,749	\$4,343	56%
Horry	\$8,369	\$5,123	61%	\$7,546	\$4,564	60%
Jasper	\$8,242	\$4,550	55%	\$7,822	\$4,531	58%
Lancaster	\$7,859	\$4,618	59%	\$6,888	\$4,214	61%
Laurens 56	\$8,332	\$4,634	56%	\$7,064	\$4,073	58%
Lee	\$9,173	\$4,918	54%	\$8,903	\$5,209	59%
Marion 1	\$7,657	\$4,404	58%	\$6,883	\$4,345	63%
Marion 2	\$8,575	\$4,763	56%	\$7,559	\$4,308	57%
Pickens	\$7,086	\$4,210	59%	\$6,543	\$4,053	62%
Richland 1	\$10,854	\$6,293	58%	\$9,262	\$5,381	58%
Spartanburg 1	\$7,940	\$4,826	61%	\$7,506	\$4,821	64%
Spartanburg 2	\$6,563	\$3,689	56%	\$5,951	\$3,643	61%
Spartanburg 4	\$7,062	\$4,077	58%	\$6,433	\$3,839	60%
Sumter 17	\$7,902	\$4,598	58%	\$7,065	\$4,207	60%
<b>AVERAGE</b>			<b>57%</b>			<b>60%</b>

Appendix E, Table 9

**Instructional Expenditures  
As % of Total Per Pupil Expenditures**

<b>Non-Flexible Proviso Group</b>	<b>FY 05-06 TOTAL</b>	<b>ONLY INSTRUCTION</b>	<b>PERCENT INSTRUCTION</b>	<b>FY 01-02 TOTAL</b>	<b>ONLY INSTRUCTION</b>	<b>PERCENT INSTRUCTION</b>
Abbeville	\$8,372	\$4,965	59%	\$7,318	\$4,965	68%
Anderson 1	\$6,572	\$3,913	60%	\$6,251	\$3,913	63%
Anderson 4	\$8,639	\$4,595	53%	\$7,361	\$4,595	62%
Bamberg 1	\$8,537	\$4,965	58%	\$7,635	\$4,965	65%
Bamberg 2	\$11,887	\$5,728	48%	\$10,392	\$5,728	55%
Barnwell 29	\$8,792	\$4,617	53%	\$7,780	\$4,617	59%
Berkeley	\$7,413	\$4,241	57%	\$6,836	\$4,241	62%
Calhoun	\$10,337	\$5,324	52%	\$8,919	\$5,324	60%
Charleston	\$9,038	\$4,993	55%	\$7,373	\$4,993	68%
Cherokee	\$8,302	\$4,680	56%	\$7,083	\$4,680	66%
Clarendon 1	\$9,312	\$4,734	51%	\$8,557	\$4,734	55%
Clarendon 2	\$7,198	\$4,150	58%	\$6,341	\$4,150	65%
Clarendon 3	\$7,238	\$4,225	58%	\$7,033	\$4,225	60%
Darlington	\$8,198	\$4,659	57%	\$7,245	\$4,659	64%
Dorchester 2	\$6,958	\$4,199	60%	\$6,247	\$4,199	67%
Dorchester 4	\$10,232	\$5,415	53%	\$8,589	\$5,415	63%
Edgefield	\$7,886	\$4,529	57%	\$7,704	\$4,529	59%
Fairfield	\$12,094	\$6,118	51%	\$9,518	\$6,118	64%
Florence 1	\$8,040	\$4,755	59%	\$7,048	\$4,755	67%
Florence 3	\$8,151	\$4,476	55%	\$7,361	\$4,476	61%
Florence 4	\$8,941	\$5,008	56%	\$9,788	\$5,008	51%
Florence 5	\$8,939	\$4,684	52%	\$7,442	\$4,684	63%
Georgetown	\$9,101	\$5,161	57%	\$8,577	\$5,161	60%
Greenville	\$7,163	\$4,234	59%	\$6,372	\$4,234	66%
Greenwood 52	\$7,841	\$4,358	56%	\$6,701	\$4,358	65%
Hampton 1	\$7,875	\$4,511	57%	\$7,607	\$4,511	59%
Hampton 2	\$10,130	\$4,975	49%	\$8,645	\$4,975	58%
Kershaw	\$7,590	\$4,517	60%	\$6,662	\$4,517	68%
Laurens 55	\$7,540	\$4,092	54%	\$7,033	\$4,092	58%
Lexington 1	\$8,089	\$4,848	60%	\$7,210	\$4,848	67%
Lexington 2	\$8,272	\$5,010	61%	\$8,013	\$5,010	63%

Appendix E, Table 9

**Instructional Expenditures  
As % of Total Per Pupil Expenditures**

<b>Non-Flexible Proviso Group</b>	<b>FY 05-06 TOTAL</b>	<b>ONLY INSTRUCTION</b>	<b>PERCENT INSTRUCTION</b>	<b>FY 01-02 TOTAL</b>	<b>ONLY INSTRUCTION</b>	<b>PERCENT INSTRUCTION</b>
Lexington 3	\$9,932	\$5,133	52%	\$8,189	\$5,133	63%
Lexington 4	\$8,340	\$4,236	51%	\$6,941	\$4,236	61%
Lexington 5	\$8,757	\$4,927	56%	\$7,694	\$4,927	64%
Marion 7	\$10,473	\$5,289	51%	\$9,738	\$5,289	54%
Marlboro	\$8,560	\$4,902	57%	\$6,786	\$4,902	72%
McCormick	\$10,550	\$5,260	50%	\$9,428	\$5,260	56%
Newberry	\$9,038	\$5,264	58%	\$7,851	\$5,264	67%
Oconee	\$8,788	\$4,976	57%	\$8,122	\$4,976	61%
Orangeburg 3	\$9,334	\$5,194	56%	\$8,450	\$5,194	61%
Orangeburg 4	\$8,342	\$4,550	55%	\$7,581	\$4,550	60%
Orangeburg 5	\$10,077	\$5,591	55%	\$8,848	\$5,591	63%
Richland 2	\$8,491	\$5,004	59%	\$7,412	\$5,004	68%
Saluda	\$7,961	\$4,057	51%	\$8,227	\$4,057	49%
Spartanburg 3	\$9,345	\$5,137	55%	\$8,563	\$5,137	60%
Spartanburg 5	\$7,824	\$4,871	62%	\$7,419	\$4,871	66%
Spartanburg 6	\$7,239	\$4,446	61%	\$6,503	\$4,446	68%
Spartanburg 7	\$9,527	\$5,772	61%	\$8,016	\$5,772	72%
Sumter 2	\$7,589	\$4,103	54%	\$6,811	\$4,103	60%
Union	\$7,907	\$4,715	60%	\$7,435	\$4,715	63%
Williamsburg	\$8,576	\$4,620	54%	\$7,446	\$4,620	62%
York 1	\$7,771	\$4,633	60%	\$6,965	\$4,633	67%
York 2	\$8,831	\$5,055	57%	\$8,900	\$5,055	57%
York 3	\$7,628	\$4,482	59%	\$6,750	\$4,482	66%
York 4	\$7,585	\$4,528	60%	\$7,011	\$4,528	65%
<b>AVERAGE</b>			<b>56%</b>			<b>63%</b>