

Report on the Utilization of  
the Flexibility Provisos  
Fiscal Year 2008-09



**SC EDUCATION  
OVERSIGHT COMMITTEE**



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## **Acknowledgements**

The Education Oversight Committee (EOC) recognizes the significant contribution of Mellanie Jinnette, of the South Carolina Department of Education, who provided copies of the transfer documents and financial information throughout the fiscal year to the EOC. Also, the EOC acknowledges the assistance of Susan Flanagan, also of the South Carolina Department of Education, who provided documentation of transfers from the Children's Education Endowment Fund, commonly referred to as the Barnwell Fund and information on school building allocations to school districts.



## **PART ONE**

### **Background and Prior Reports**

Since Fiscal Year 2002-03 the General Assembly of South Carolina has given school districts flexibility to transfer all or a portion of appropriated funds between education programs. Initially, the flexibility was a tool to assist school districts in addressing mid-year revenue shortfalls. Furthermore, since Fiscal Year 2003-04, the EOC has reported on the utilization of the flexibility provisos with prior reports available online at [www.eoc.sc.gov](http://www.eoc.sc.gov).

In Fiscal Year 2002-03 school districts were authorized by provisos in the general appropriations act 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 the fiscal year, 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 give greater flexibility and to require public reporting on the transfers. Beginning in Fiscal Year 2003-04 districts could transfer up to one hundred percent of funds to any program regardless of the funding sources. The revised provisos did 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 assigned responsibility to both the South Carolina Department of Education (SCDE) and the Education Oversight Committee (EOC). SCDE was 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 forms and flexibility procedures for school districts to follow in requesting transfers. The EOC was responsible for reviewing the utilization of the flexibility provisos and reporting to the General Assembly.

Last year the review of the utilization of the flexibility provisos in Fiscal Year 2007-08 was a detailed analysis of the utilization and impact of the flexibility provisos on school district expenditures and on student academic achievement. The first of a triennial evaluation designed 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 report analyzed the five-year trends in utilization of the flexibility provisos. The report also included comparative analyses of school districts that consistently utilized the flexibility proviso with those that did not focusing on the characteristics of these districts and evaluating what, if any, impact utilization of the provisos has had on educational achievement and resource allocation. The triennial evaluation determined and recommended the following:

### Determinations

- The number of school districts utilizing the flexibility provisos continued to increase as did the total amount and percentage of funds transferred.
- School districts overwhelmingly used the flexibility provisos to transfer funds from the Reduce Class Size program to the Act 135 Academic Assistance program.
- School districts that consistently utilized the flexibility provisos tended to be more rural, to have declining student enrollments and to have higher poverty indices.
- School districts that had not consistently utilized the flexibility provisos tended to have increasing student enrollments and more consistent leadership.
- Utilization of the flexibility provisos had not impacted student academic achievement as measured by the district absolute index.
- Utilization of the flexibility provisos had not resulted in higher per pupil expenditures for instruction.

### Recommendation

- Because per pupil expenditures for instruction are declining statewide, rather than increasing and based upon national finance research, the EOC recommended that the South Carolina General Assembly reevaluate the allocation formula for many categorical programs.

The flexibility provisos were adopted again in the 2008-09 General Appropriations Act along with the requirement that the EOC review and report on transfers made between education programs pursuant to provisos 1.45. and 1A.44. *The only difference in the two flexibility provisos is the last paragraph of proviso 1.45. that suspends for the current fiscal year the local financial effort requirement implemented with passage of the Education Improvement Act.*

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.

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

For Fiscal Year 2008-2009, Section 59-21-1030 is suspended.





## **PART TWO**

### **Utilization of Flexibility Provisos in Fiscal Year 2008-09**

The following is an analysis of the utilization of the flexibility provisos in Fiscal Year 2008-09. While there were no changes in the procedures governing the implementation of the flexibility provisos, utilization was affected by two factors: (1) successive mid-year budget reductions; and (2) passage of Act 86 (R.14, H.3352).

#### **Implementation Procedures**

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. The September 22, 2008 *Monthly Financial* newsletter from the Office of Finance to local school district business officials provided notification that the flexibility forms would be posted online. Then, on September 26, 2008 SCDE posted on its website the procedures, forms and sample accounting transactions to be used in submitting transfers per the flexibility provisos (Appendix A). This information remained online for the duration of the fiscal year. In addition SCDE included the flexibility procedures in the *2008-09 Funding Manual*.

Two distinct forms were used to request transfers of funds per the flexibility provisos. These forms were not amended in Fiscal Year 2008-09, and furthermore, have not been amended during the past six 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. Districts were also 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, 2009. 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 2008-09, districts may transfer up to 100% of funds between programs; however, federal funds, lottery funds for K-5 Reading, Math, Science and Social Studies Programs 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.<sup>1</sup> Furthermore, as in prior years, SCDE clarified that additional appropriations were excluded from the flexibility provisions (Table 1).

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<sup>1</sup> Lottery funds for 6-8 Reading, Math, Science and Social Studies Programs may be transferred per the flexibility provisos per an email from Mellanie Jinnette to Melanie Barton of the EOC, June 17, 2009.

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

<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 Education Pilot Program	3134
Junior Scholars Program	3523
National Board Certification 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

After mid-year budget reductions, these exclusions totaled approximately \$254.2 million and are reflected in Table 2. For comparison purposes, exclusions in Fiscal Year 2008-09 totaled \$25.5 million less than the \$279.7 million in exclusions in Fiscal Year 2007-08.

**Table 2**  
**Exclusions from Flexibility Provisos<sup>2</sup>**

<u>Program</u>	<u>Original Allocation</u>	<u>Revised Allocation</u>
EEDA 8 <sup>th</sup> Grade Career Awareness	\$400,000.00	\$400,000.00
EEDA Career Specialists	\$22,289,013.78	\$22,218,148.16
Refurbishment of K-8 Science Kits	\$0.00	\$0.00
Child Development Education Pilot Program	\$14,911,759.92	\$14,911,759.92
Junior Scholars Program	\$37,133.00	\$37,133.00
National Board Salary Supplement	\$41,871,030.55	\$46,201,426.14
Teacher of the Year	\$130,026.00	\$130,026.00
Teacher Salary Increase	\$76,084,353.00	\$75,888,441.00
Teacher Salary Increase Fringe	\$15,566,858.65	\$15,526,775.00
EAA Intervention and Assistance	\$69,411,468.00	\$62,945,215.00
Teacher Supplies	\$12,999,520.00	\$12,999,520.00
Principal Salary/Fringe Increase	\$2,917,719.00	\$2,917,719.00
Bus Driver Salary Supplement	\$400,000.00	\$0.00
<b>TOTAL:</b>	<b>\$257,018,882</b>	<b>\$254,176,163.22</b>

<sup>2</sup> South Carolina Department of Education, "Monthly Payments to School Districts," May 22, 2009, <<http://ed.sc.gov/agency/Finance-and-Operations/Finance/old/finance/monthlypayments/documents/MAYEIA09.txt>>.

Beginning January 2009 and continuing through March, school district business officials were notified monthly about the flexibility provisos and provided the following specific information.

- (1) Please ensure that the amount of your request equals the amount of funding you have remaining. Use the current allocation column on your payment summary to flex the correct funding amount.
- (2) Flexibility provisos 1.45 and 1A.44 direct that districts must provide categorical funding to charter schools before taking advantage of the flexibility proviso.
- (3) If you flex funds that require a match or have maintenance of effort requirements, please check regulation before using the flexibility. This is especially true for State Adult Ed funding.<sup>3</sup>

### **Mid-Year Budget Reductions**

As early as July of Fiscal Year 2008-09, the Board of Economic Advisors (BEA) made the first of several revised General Fund and Education Improvement Act (EIA) revenue projections. The first reduction totaled \$140 million. The Budget and Control Board responded by sequestering \$133.1 million in the Capital Reserve Fund and by ordering a 3% across-the-board reduction for all agencies. At the conclusion of the first quarter, the BEA further reduced its revenue estimate by an additional 6%. In response the General Assembly met in a special session in October and passed H.5300, the budget rescission bill. The legislature suspended the 3% across-the-board reduction imposed by the Budget and Control Board and instead targeted reductions totaling \$487,906,414 million or 7.4%. The legislature did validate and confirm the Budget and Control Board's use of \$133.1 million in monies in the Capital Reserve Fund to offset the revenue shortfall. H.5300 became law on October 31, 2008 without the Governor's signature.

The economy continued to decline with unemployment increasing in South Carolina and revenue collections declining. On November 7 the BEA again revised downward its revenue projection by another 2%. One month later the BEA met on December 10, 2008 to analyze national and state economic conditions. South Carolina's unemployment rate had climbed to 8.3%. As a result, the BEA reduced its estimate by another 3.5% or \$230 million. In response the Budget and Control Board met on December 11, 2008 and imposed a 7% across-the-board reduction of General Fund appropriations.

The economic downturn continued. On March 11, 2009 the BEA met and revised downward general fund revenue projections by another \$64.0 million. The Budget and Control Board responded on March 18, 2009 by reducing general fund appropriations across the board by another 2%. Table 3 documents the general fund reductions to the state's budget in Fiscal Year 2008-09 from July until May 1, the date that all flexibility transfers were to be completed.

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<sup>3</sup> South Carolina Department of Education, "Monthly Financial Aid Newsletters 2008-2009," <<http://ed.sc.gov/agency/Finance-and-Operations/Finance/old/finance/newsletter/documents/January09Newsletter.doc>>.

**Table 3  
General Fund Appropriation Reductions**

FY 2008-09 Adjusted Appropriation Base	\$6,602,544,132
Capital Reserve Fund – Sequestered	\$133,170,058
Reductions to Base:	
H.5300 (Act 414) Budget Rescission Targeted reductions of 7.4%	\$487,906,414
December 11, 2008 7% Across-the-Board Reductions	\$383,475,665
March 18, 2009 2% Across-the-Board Reductions	\$101,894,963
<b>Total Reductions</b>	<b>\$973,277,042</b>

Table 4 below documents how the general fund reductions were absorbed or offset by the South Carolina Department of Education.

**Table 4  
General Fund Reductions Absorbed or Offset by SCDE<sup>4</sup>**

	Original Appropriation	Total Reduction	Reduction (% of Original Appropriation)
<b>Direct Allocations to Districts:</b>			
Pass through (EFA, employer contributions, etc.)	\$2,216,494,150	\$252,594,767	11.4%
Bus Driver Salaries	\$48,326,407	\$5,247,891	10.9%
<b>Special Programs/Allocations:</b>			
Education & Economic Development Act	\$11,474,769	\$3,270,086	28.5%
Testing	\$6,830,000	\$3,357,530	49.2%
Textbooks	\$26,498,804	\$3,072,324	11.6%
Other	\$12,010,513	\$914,097	7.6%
SCDE- Administration, Leadership	\$29,078,760	\$6,477,669	22.3%
SCDE - Transportation,	\$61,389,204	\$16,897,548	22.3%
Office of First Steps, Governor's School for the Arts and Humanities, Governor's School for Math and Science, Public Charter School District	\$29,851,081	\$5,184,299	17.4%
<b>Total:</b>	<b>\$2,441,953,688</b>	<b>\$297,016,211</b>	<b>12.2%</b>

Of the \$252.6 million reduction in pass through allocations to school districts, the Education Finance Act (EFA) alone was reduced by \$248 million or 15.6%. The base student cost of the EFA was reduced from an appropriated level of \$2,578 down to \$2,184 based on actual weighted pupil unit counts (Table 5).

<sup>4</sup> South Carolina Budget and Control Board, Office of State Budget.

**Table 5  
Education Finance Act Funding<sup>5</sup>**

		<b>Base Student Cost</b>
<b>2008-09 Original Appropriation</b>	<b>\$1,586,767,788</b>	<b>\$2,578</b>
Mid-Year Cuts of 15.6% (through May 1, 2009)	<b>(248,034,801)</b>	
Balance (through May 1, 2009)	<b>\$1,338,732,987</b>	<b>\$2,184</b>

Like the General Fund revenues, Education Improvement Act (EIA) revenue collections were drastically reduced in Fiscal Year 2008-09 from an original appropriation of \$644.7 million to \$554.8 million (Table 6). Because National Board Certification salary supplement, teacher salaries and related fringe benefits are excluded from mid-year reductions, all other EIA programs took a combined 16.6% reduction or \$89.9 million.

**Table 6  
EIA Revenue Projections, Fiscal Year 2008-09**

2008-09 Original Appropriation	\$644,714,375
Revised BEA Estimate (7/21/08)	\$630,714,375
Revised BEA Estimate (10/08/08)	\$586,681,624
Revised BEA Estimate (11/10/08)	\$574,644,107
Revised BEA Estimate (12/10/08)	\$563,394,107
Revised BEA Estimate (03/11/09)	\$554,794,107

Table 7 below summarizes the impact of the national recession on revenue collections in South Carolina in Fiscal Year 2008-09 through May 1, 2009. Reduced state appropriations meant fewer funds over which districts had flexibility.

**Table 7  
2008-09 General Appropriations Act**

	July 1, 2008	March 11, 2009	Reduction	% Reduction
General Fund	\$6,602,544,132	\$5,629,267,090	\$973,277,042	14.7%
EIA	\$644,714,375	\$554,794,107	\$89,920,268	13.9%

<sup>5</sup>Office of State Budget, Email to Melanie Barton, April 16, 2009.

### **Act 86 (R.14, H.3352)**

To give school districts financial and staffing flexibility to deal with the reduced state appropriations to public education, joint resolution H.3352 was introduced on January 21, 2009 and signed by Governor Sanford on April 7, 2009. A copy of Act 86 is in Appendix B. First, Act 86 allows "school districts and special schools of the State to transfer and expend funds among appropriated state general fund revenues, Education Improvement Act funds, Education Lottery Act funds, and funds received from the Children's Education Endowment Fund for school facilities and fixed equipment assistance, to ensure the delivery of academic and arts instruction to students" for fiscal years 2008-09 and 2009-10. Unlike the flexibility provisos, Act 86 allows all lottery funds to be transferred and extends the date by which school districts can make transfers from May 1 until June 30.

In addition to financial flexibility, the resolution also allows school districts flexibility in staffing. The resolution allows districts to:

- suspend professional staffing ratios and expenditure regulations and guidelines;
- delay from April 15 to May 15 the date that contracts are issued to teachers,
- negotiate salaries for retired teachers who are not participants in the Teacher and Employee Retention (TERI) program; and
- furlough teachers up to five noninstructional days provided that district administrators are furloughed for twice the number of days.

Act 86 also encourages districts to reduce expenditures in other means such as by:

- "limiting the number of low enrollment courses;
- reducing travel for the staff and the school district's board;
- reducing and limiting activities requiring dues and memberships;
- reducing transportation costs for extracurricular and academic competitions; and
- expanding virtual instruction."

In return for the financial and staff flexibility, school districts must meet two requirements. First, districts in Fiscal Year 2009-10 must expend at least 65% of the district's per pupil expenditures on instruction, instructional support, and noninstructional pupil services as defined by In\$ite. The EOC in its report on the utilization of the flexibility provisos in Fiscal Year 2007-08 had documented the efforts of other states to implement a 65% spending rule. The report also documented that per pupil expenditures for instruction in South Carolina's public schools were actually declining and that districts that utilized the flexibility provisos had not increased the per pupil expenditure for instruction. Second, Act 86 requires districts to report publically on the transfers of funds and choices made in response to Act 86. SECTION 2, paragraph (C) of Act 86 requires that districts must report quarterly during Fiscal Year 2009-10 and during the fourth quarter of Fiscal Year 2008-09 accordingly:

the chairman of each school district's board and the superintendent of each school district must certify where noninstructional or nonessential programs have been suspended and the specific actions taken in response to the measures provided in Sections 1 and 2 of this joint resolution. The certification must be in writing, signed by the chairman and the superintendent, delivered electronically to the State Superintendent of Education, and an electronic copy forwarded to the Chairman of the Senate Finance Committee, the Chairman of the Senate Education Committee,

the Chairman of the House Ways and Means Committee, and the Chairman of the House Education and Public Works Committee. Additionally, the certification must be presented publicly at a regularly called school board meeting, and the certification must be posted on the Internet website maintained by the school district.

Upon passage of Act 86 in April, SCDE established separate guidelines and reporting requirements by which districts could transfer funds pursuant to the resolution. The flexibility procedures and forms were posted online on April 22, 2009.<sup>6</sup> Copies of the forms are in Appendix C. School districts requesting transfers prior to passage of Act 86 used the original flexibility transfer forms. School districts requesting transfers after passage of Act 86 used the new forms.

The combined impact of mid-year budget reductions and passage of Act 86 was an overall reduction in the utilization of the original flexibility provisos in Fiscal Year 2008-09. With introduction of joint resolution H.3352 in January, school districts were faced with a decision. Not knowing whether districts would receive full flexibility over all funding sources and under what conditions the flexibility would be granted, the number of transfers made per the flexibility provisos sharply declined. In addition general fund and EIA revenue reductions that resulted in lower allocations to programs and to school districts restricted the amount of funds over which districts had flexibility. From month to month district allocations declined. The impact of budget reductions and Act 86 on the utilization of the flexibility provisos is shown in Table 8. In Fiscal Year 2008-09 only 32 school districts requested transfers through the flexibility provisos, the lowest number since reporting began in 2003-04.

**Table 8  
Number of Districts Utilizing Flexibility Provisos \***

<b>Fiscal Year</b>	<b>Number Districts Requesting Transfers</b>	<b>Number Districts Not Requesting Transfers</b>
<b>2008-09</b>	<b>32</b>	<b>54</b>
2007-08	70	15
2006-07	61	24
2005-06	53	32
2004-05	43	42
2003-04	55	30

\* Excluded are special school districts. Beginning in Fiscal Year 2008-09 included in the total is the South Carolina Public Charter School District which totals 86 school districts in the state.

The decline in utilization of the flexibility provisos is also evident by the amount of transfers requested quarterly. Table 9 compares the percentage of transfers from general fund and EIA programs made by quarter in 2008-09 as compared to 2007-08 as well as the total amount of transfers. The percentage is defined as the total amount of general fund and EIA funds transferred by quarter as a percentage of the total amount of general fund and EIA funds transferred in the fiscal year. Transfers from the Barnwell, Children's Endowment Fund, are not reflected in Table 9. School districts significantly increased the amount of transfers made in the second quarter of Fiscal Year 2008-09, likely in response to budget reductions. Transfers, however, declined in the fourth quarter, likely as a result of passage of Act 86. The overall amount of general fund and EIA transfers in Fiscal Year 2008-09 was approximately 30% of the

<sup>6</sup> South Carolina Department of Education, "Flexibility Guidelines and Reporting Requirements," <<http://ed.sc.gov/agency/Finance-and-Operations/Finance/FlexibilityGuidelines.html>>.

total amount of general fund and EIA transfers in the prior fiscal year. Appendix D summarizes the quarterly transfers by program.

**Table 9**  
**General Fund and EIA Transfers by Quarter**

Quarter	2008-09	Amount	2007-08	Amount
1 (July –September)	2%	\$175,322.36	4%	\$1,095,259.42
2 (October-December)	47%	\$4,120,796.40	6%	\$1,892,522.10
3 (January-March)	29%	\$2,535,601.04	25%	\$7,379,505.44
4 (April-May)	22%	\$1,907,968.53	65%	\$18,961,127.97
<b>TOTAL TRANSFERRED</b>		<b>\$8,739,688.33</b>		<b>\$29,328,414.93</b>

On August 13, 2009 the South Carolina Department of Education transmitted to the General Assembly “a compilation of the school district flexibility requests and cost saving measures as directed by Joint Resolution H3352 for the 2008-09 school year.”<sup>7</sup> The data confirm that the majority of school districts utilized Act 86 rather than the flexibility provisos to transfer funds in Fiscal Year 2008-09. Forty-seven (47) school districts, along with the Palmetto Unified and the Department of Juvenile Justice, transferred \$29.8 million between April and June 30, 2009 from general fund and EIA programs with an additional twelve school districts transferring an additional \$1.6 million from the Barnwell (Children’s Endowment) Fund. (Table 10). Six districts transferred funds per the flexibility provisos and per H.3352.

**Table 10**  
**Transfers Made per Flexibility Provisos and Per Act 86**

	Flexibility Provisos	Act 86
Barnwell (Children’s Endowment)	\$2,228,156.05	\$1,623,844.54
General Fund & EIA Programs	\$8,739,688.33	\$29,823,368.34
<b>TOTAL:</b>	<b>\$10,967,844.38</b>	<b>\$31,447,212.88</b>

Between FY 2003-4 and FY 2—8-09, only one school district, Clarendon 3, has not requested a transfer of funds either through the flexibility provisos or through Act 86.

### **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

<sup>7</sup> Email from Mellanie Jinnette to Melanie Barton, August 13, 2009.



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 18, 2008, the South Carolina Department of Education reported that there was \$17,542,452.50 in total Barnwell funds available to all 85 school districts and special schools and special school districts that had not been claimed for reimbursement by school districts.<sup>8</sup> Of this amount, approximately \$69,352.45 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, and the Department of Juvenile Justice.

In Fiscal Year 2008-09 ten school districts used the flexibility provisos to transfer approximately \$2.3 million from the Barnwell Fund. No special school or special district utilized the flexibility provisos to transfer Barnwell Funds. Table 11 documents that the number of districts utilizing the flexibility provisos to transfer Barnwell funds in Fiscal Year 2008-09 and the amount transferred. Of these ten school districts, five also transferred funds from general fund and EIA programs. The data document a significant increase in the percentage of available funds transferred in 2008-09, up from 7.39% in the prior year to over 13% in the current year. Appendix E is a detailed list of the districts that transferred funds from the Barnwell (Children's Endowment) Fund in Fiscal Year 2008-09.

**Table 11**  
**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>2008-09</b>	<b>10</b>	<b>\$2,299,839.21</b>	<b>\$17,542,452.50</b>	<b>13.11%</b>
2007-08	11	\$2,041,891.38	\$27,618,037.29	7.39%
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%

Barnwell funds transferred in 2008-09 were reallocated to the General Fund and to Academic Assistance (Table 12). 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. Academic Assistance refers to the Act 135 Academic Assistance program which was funded in 2008-09 in a separate EIA line item appropriation. 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 *2008-09 Funding Manual* published by the Department of Education, the only

<sup>8</sup> Office of Finance, South Carolina Department of Education, Information Faxed from Susan Flanagan to Melanie Barton, June 8, 2009.

disallowed expenditures under the Act 135 Academic Assistance program are “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 renovation and construction.”<sup>9</sup>

**Table 12  
Transfers of Barnwell (Children’s Endowment) Fund TO**

<b>Fiscal Year</b>	<b>General Fund</b>	<b>% of Total Transferred</b>	<b>Academic Assistance</b>	<b>% of Total Transferred</b>
<b>2008-09</b>	<b>\$2,228,156.05</b>	<b>96.88%</b>	<b>\$71,683.16</b>	<b>3.12%</b>
2007-08	\$2,041,891.38	100.0%		
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 General Fund and EIA Funded Programs**

In response to mid-year general fund and EIA reductions in revenue, the South Carolina Department of Education decreased allocations to school districts. Reduced allocations to general fund and EIA-funded programs that were eligible to be transferred pursuant to the flexibility provisos are reflected in Table 13. School districts were eligible to transfer up to \$253.5 million in funds allocated to specific programs funded with either general fund or EIA revenues in Fiscal Year 2008-09. In comparison, in Fiscal Year 2007-08 districts were eligible to transfer \$318.0 million or 20% more, in general fund and EIA programs.

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<sup>9</sup> South Carolina Department of Education, *2008-09 Funding Manual*, <[http://ed.sc.gov/agency/Finance-and-Operations/Finance/old/finance/manuals/documents/FundingManual2008Part1\\_Web\\_Final.doc](http://ed.sc.gov/agency/Finance-and-Operations/Finance/old/finance/manuals/documents/FundingManual2008Part1_Web_Final.doc)>.

**Table 13**  
**General Fund and EIA Funded Programs Eligible for Transfers<sup>10</sup>**

<b>Program</b>	<b>Subfund</b>	<b>Original Allocation</b>	<b>Reduced Allocation</b>	<b>% Change</b>
Increase High School Diploma	301	\$22,256,663.00	\$15,505,460.20	-30.3%
Parenting/Family Literacy	313	\$5,750,262.00	\$5,750,262.00	0.0%
Advanced Placement Courses and IB	315	\$578,260.00	\$578,260.00	0.0%
Gifted and Talented Academic	320	\$28,714,623.00	\$27,196,643.99	-5.3%
Gifted and Talented Artistic	322	\$4,051,994.00	\$4,051,994.00	0.0%
Career and Technology Education Equipment	325	\$3,732,724.00	\$3,102,672.00	-16.9%
Critical Teaching Needs	327	\$291,385.78	\$291,385.78	0.0%
Trainable and Profoundly Mentally Disabled Student Services	330	\$3,610,159.00	\$3,610,159.00	0.0%
Professional Development on the Standards	334	\$5,364,600.00	\$4,935,830.00	-8.0%
Four-Year-Old Program	340	\$20,261,361.00	\$19,510,514.95	-3.7%
Preschool Programs for Children with Disabilities	342	\$3,742,202.00	\$3,742,202.00	0.0%
Act 135 Academic Assistance, K-3	346	\$34,658,906.00	\$32,885,206.64	-5.1%
Act 135 Academic Assistance, 4-12	348	\$74,564,648.00	\$49,460,395.26	-33.7%
Reading Recovery	349	\$2,949,672.00	\$2,720,492.03	-7.8%
Adult Education Remedial	353	\$359,700.00	\$359,700.00	0.0%
Adult Education Literacy	365	\$1,949,940.00	\$1,949,940.00	0.0%
Principal Salary Supplement	382	\$2,917,719.00	\$2,917,719.00	0.0%
Summer Schools	383	\$29,264,247.00	\$21,935,811.38	-25.0%
Middle School Initiative <sup>11</sup>	391	\$4,184,990.00	\$4,202,333.00	0.4%
Reduce Class Size <sup>12</sup>	393	\$33,067,617.00	\$26,559,228.02	-19.7%
Alternative Schools	396	\$7,899,208.00	\$9,150,057.00	15.8%
Career and Technology Education Equipment	905	\$4,739,548.00	\$4,190,036.00	-11.6%
ADEPT	916	\$1,587,740.13	\$1,587,740.13	0.0%
Student Health & Fitness	937	\$7,135,200.00	\$7,278,482.59	2.0%
<b>TOTAL EIA and General Funds:</b>		<b>\$303,633,368.91</b>	<b>\$253,472,524.97</b>	<b>-16.5%</b>

In Fiscal Year 2008-09 twenty-seven (27) school districts transferred \$8,739,688.33 from general and EIA-funded programs. Of these 27 school districts, five also transferred funds from

<sup>10</sup> EIA funds allocated to School Technology Initiative were retained by the South Carolina Department of Education and used on behalf of the districts for PowerSchool. Email from Mellanie Jinnette to Melanie Barton June 17, 2009 and "Monthly Payments to School Districts," May 22, 2009, <http://ed.sc.gov/agency/Finance-And-Operations/Finance/old/finance/monthlypayments/documents/MAYGEN09.txt>.

<sup>11</sup> The increase was due to the addition of one school eligible for funding. Email from Mellanie Jinnette to Melanie Barton, June 18, 2009.

<sup>12</sup> The original allocation included only the base funding to school days. The adjusted amount includes the per pupil for the weighting at the 135-day ADM count. Email from Mellanie Jinnette to Melanie Barton, June 18, 2009.

the Barnwell (Children's Endowment Fund). Transfers from general and EIA funds totaled approximately 2.84% of all available funds, the lowest percentage transferred since reporting began in 2003-04 (Table 14). Appendix F is a detailed list of transfers by school district along with the justifications for the transfers.

**Table 14**  
**Transfers FROM General Fund and EIA-Funded 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>2008-09</b>	<b>27</b>	<b>\$8,739,688.33</b>	<b>\$264,263,254</b>	<b>3.31%</b>
2007-08	69	\$29,328,414.93	\$317,977,704	9.22%
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.

Across all transfers, the least amount transferred from any one program was \$58.71, and the largest transfer from one program was \$629,977. The largest total amount of transfers requested by any one school district, Cherokee County, was \$1,351,778.56 or 15% of all transfers made. The least amount of transfers requested by any one school district was \$2,524.98. Table 15 documents the distribution of districts by the amount of funds transferred.

**Table 15**  
**Distribution of School Districts by General Fund and EIA Funds Transferred**

<b>Total Transfer Amount</b>	<b>Number of Districts</b>
Less than \$10,000	3
\$10,001 to \$75,000	2
\$75,001 to \$100,000	3
\$100,001 to \$125,000	2
\$125,001 to \$200,000	3
\$200,001 to \$250,000	2
\$250,001 to \$300,000	2
\$300,001 to \$350,000	1
\$350,001 to \$400,000	2
\$400,001 to \$500,000	2
\$500,001 to \$600,000	1
\$600,000 to \$1,000,000	2
Over \$1,000,000	<u>2</u>
<b>TOTAL</b>	<b>27</b>

## **Summary**

In Fiscal Year 2008-09 utilization of the flexibility provisos declined with only thirty-two (32) school districts choosing to transfer funds authorized by provisos 1.45 and 1A.44. Ten school districts transferred approximately \$2.3 million in Barnwell (Children's Endowment) Funds and twenty-seven districts transferred another \$8.7 million in general fund and EIA funds between programs. Five school districts transferred funds from both Barnwell and general fund/EIA programs.

The total amount of general fund and EIA transfers in Fiscal Year 2008-09 was 30% of the total amount of general fund and EIA transfers in the prior fiscal year. The decline is likely attributable to successive mid-year budget reductions and passage of Act 86. With mid-year budget reductions, districts had fewer funds to transfer and greater economic uncertainty. Act 86 gave school districts greater financial and staffing flexibility to handle the mid-year budget reductions; therefore, reducing in the fourth quarter of the fiscal year utilization of the original flexibility provisos. Furthermore, after passage of Act 86 the guidelines and forms required by districts to transfer funds supplanted the original flexibility forms and procedures.



## PART THREE

### Analysis of Transfers, 2008-09

The following is an analysis of the general fund and EIA transfers made in Fiscal Year 2008-09 between July 1 and April 7, 2009, the date when the Governor signed in law Act 86 (R.14, H.3352).

In Fiscal Year 2008-09 school districts reallocated funds from sixteen general fund and EIA-funded programs (Table 16).

**Table 16**  
**Funds Transferred FROM the Following Programs, Fiscal Year 2008-09**

Program Code	Program Name	Transfer Amount	% of Total Transfers
301	High School Diploma	\$85,448.28	0.98%
313	Parenting/Family Literacy	\$40,361.00	0.46%
317	AP Singleton	\$177.00	0.00%
322	Gifted and Talented, Artistic	\$90,766.29	1.04%
327	Critical Teaching Needs	\$41,962.25	0.48%
334	Professional Development on the Standards	\$83,994.95	0.96%
342	Preschool Programs for Children with Disabilities	\$36,805.28	0.42%
346	Act 135 Academic Assistance, K-3	\$414,831.21	4.75%
348	Act 135 Academic Assistance, 4-12	\$651,664.05	7.46%
349	Reading Recovery	\$31,465.81	0.36%
391	Excellence in Middle Schools	\$304.81	0.00%
393	Reduce Class Size	\$5,658,255.97	64.74%
916	ADEPT	\$2,336.00	0.03%
937	Student Health and Fitness	\$79,926.92	0.91%
967	Lottery 6-8	\$3,000.00	0.03%
383/384	Summer School Comprehensive Remediation	\$1,518,388.51	17.37%
	<b>TOTAL:</b>	<b>\$8,739,688.33</b>	

Almost two-thirds of all general fund and EIA monies transferred were reallocations of monies appropriated for the Reduce Class Size program. Section 59-63-65 of the South Carolina Code of Laws School allow districts “to 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.” 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 \$5,658,256 in Reduce Class Size funds was 21% of the reduced authorization for the program of \$26,559,228 in Fiscal Year 2008-09. 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. Other districts noted that with the maximum 15:1 ratio the addition of one child in the classroom necessitates the realignment of classrooms and/or the hiring of a new teacher. The ratio of 15:1 is a maximum and is not based on mean student enrollments. 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: teacher ratio of 18:1 or 20:1 given the declining enrollment and declining revenues.

Comparing utilization patterns across years, Tables 17 documents a significant increase in the percentage of funds transferred from the Reduce Class Size Program. There were also comparable declines in the percentage of funds transferred from the Summer School and Act 135 Academic Assistance K-3 programs in Fiscal Year 2008-09.

**Table 17**  
**% of All Funds Transferred were FROM these EIA Programs**

<b>Program</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>
Reduce Class Size	<b>65%</b>	57%	58%	62%	66%	60%
Summer School/Remediation	<b>17%</b>	23%	18%	17%	13%	10%
Act 135 Academic Assistance, K-3	<b>6%</b>	12%	14%	17%	8%	14%

In Fiscal Year 2008-09 school districts transferred funds to nine specific programs (Table 18).

**Table 18**  
**Funds Transferred TO the Following Programs, Fiscal Year 2008-09**

<b>Program Code</b>	<b>Program Name</b>	<b>Transfer Amount</b>	<b>% of Total Transfers</b>
301	High School Diploma	\$1,924,535.85	22.02%
313	Parenting/Family Literacy	\$17,783.87	0.20%
320	Gifted and Talented, Academic	\$86,236.53	0.99%
330	Trainable and Profoundly Mentally Disabled Student Services	\$25,852.12	0.30%
340	Four-Year-Old Program	\$814,456.47	9.32%
346	Act 135 Academic Assistance, K-3	\$4,154,150.95	47.53%
348	Act 135 Academic Assistance, 4-12	\$1,470,447.44	16.82%
391	Excellence in Middle Schools	\$7,448.10	0.09%
396	Alternative Schools	\$238,777.00	2.73%
	<b>TOTAL:</b>	<b>\$8,739,688.33</b>	



Over 64% of the transfers were allocations to Act 135 Academic Assistance. As previously described, Act 135 Academic Assistance funds are allocated to school districts for two purposes: (1) an early childhood development program and (2) a student intervention program for children in grades 4 through 12 who scored Below Basic on PACT in school year 2007-08. School districts have great flexibility over the expenditure of these funds. Another fourth of the transfers were increases to the High School Diploma Program. “Beginning with the ninth-grade class of school year 1997–98, the number of units required for a high school diploma” was increased to twenty-four units.<sup>13</sup> Funds were appropriated to pay for the cost of salaries, fringe benefits, technology, and equipment so that high school schools could meet the new requirement. The district allocation is a percentage of the district’s second preceding 135-day ADM count for grades 9 through 12 as compared to the state’s second preceding 135-day ADM count for grades 9 through 12 multiplied by the state appropriation.

Comparing utilization patters across years, Tables 19 document a significant increase in the percentage of total funds transferred that were reallocated to the EIA half-day four-year-old program. For comparison purposes, last year school districts transferred approximately \$940,000 or 3% of all funds transferred to the EIA four-year-old program.

**Table 19**  
**% of All Funds Transferred were Reallocated TO these EIA Programs**

<b>Program</b>	<b>FY09</b>	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>	<b>FY05</b>	<b>FY04</b>
Act 135 Academic Assistance K-3	<b>48%</b>	34%	36%	38%	27%	37%
Act 135 Academic Assistance 4-12	<b>17%</b>	37%	35%	34%	21%	18%
High School Diploma	<b>22%</b>	19%	21%	19%	18%	22%
Local School Innovation					32%	18%
Four-Year-Old Program	<b>9%</b>	3%	2%	5%	2%	2%

In their justification for the transfers, school districts maintained that the transfers were needed to pay teacher salaries and benefits. Districts often referred to the “budget reductions” as well. One district, Spartanburg 7, provided an extensive justification for its transfer requests noting how the district was using flexibility to make greater investments in early childhood education and how the district had “met its class size reduction targets through the use of other funds such as Title I and its General Fund.” (Appendix F) As in prior fiscal years, based on the forms provided by the South Carolina Department of Education, transfer requests were approved in a timely manner.

### **Impact of Transfers**

Flexibility provisos 1.45. and 1A.44. 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.”

In looking at the impact of the flexilbity provisos on the education goals of the state in 2008-09, the EOC staff is unaware of any new data or analysis that would contradict the prior year’s

<sup>13</sup> “2008-09 Funding Manual,” South Carolina Department of Education. August 2008, page 19.

findings. The “Report on the Utilization of the Flexibility Provisos, Fiscal Year 2007-08,” compared thirty school districts that consistently utilized the flexibility provisos between 2003-04 and 2006-07 with the remaining 55 school districts. The analysis 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 had slower rates of student enrollment growth than districts that did not consistently utilize the flexibility provisos and had fewer numbers of districts experiencing enrollment growth of 1,000 students or more during the time period.
- 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.

After analyzing the impact of the flexibility provisos on student academic achievement as measured by the district absolute index, the data revealed that utilization of the flexibility provisos had not affected student academic outcomes. It was not possible to correlate utilization of the flexibility provisos with the absolute index or with changes in the absolute index over time. The mean district absolute index was 2.90 in 2007 for the 30 districts that consistently utilized the flexibility provisos and 2.9 in 2007 for the remaining 50 districts. To determine if poverty levels, per student expenditures on instruction or the use of the flexibility provisos had a statistically significant impact on the absolute index or changes in the absolute index over time, linear regression estimates were conducted. The results were consistent: utilization of the flexibility provisos did not affect academic outcomes.

Finally, while the data did not prove that districts which consistently used the flexibility provisos reallocated resources to instructional efforts, the findings implied that the flexibility provisos were not being used to increase per pupil expenditures 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. “The average percent of per pupil expenditures for instruction actually declined between 2001-2002 and 2005-2006 periods. The non-flexibility group of districts declined from 63% to 56%. The 30 flexible districts dropped from 67% to 57%.”<sup>14</sup>

In fact, resource reallocation as provided for in Act 86 and consolidation of several EIA line items in Fiscal Year 2009-10 would make further analysis of the education impact of the flexibility provisos a moot issue. With passage of Act 86, districts have not only financial flexibility but also staffing flexibility which will impact resource reallocations, in the last quarter of 2008-09 and especially in the 2009-10 school year. Act 86 also mandates accountability for the reallocation of resources and requires that at least 65% of a district’s per pupil expenditures be on instruction, instructional support, and noninstructional pupil services as defined by In\$ite. In addition the consolidation of several EIA line items in 2009-10 should also impact resource allocation and improve student academic achievement. The General Assembly in the 2009-10 General Appropriations Act consolidated fourteen line item appropriations into four (Table 20).

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<sup>14</sup> South Carolina Education Oversight Committee, “Report on the Utilization of the Flexibility Provisos, Fiscal Year 2007-08,” p. 37. < <http://eoc.sc.gov/NR/rdonlyres/005CF7BA-A43F-421B-AB04-72B8B8B6E4A3/19173/ReportontheUtilizationtheFlexProvisos0708.pdf>>.

The key components of the consolidation are Reduce Class Size and Act 135 Academic Assistance, two programs from which funds have been transferred from and into consistently over time. The consolidation gives districts flexibility and responsibility for addressing individual student academic needs and amends the allocation formula so that funding more closely follows the individual child.

**Table 20**  
**Consolidation of EIA Line Items, 2009-10**

<b>New Line Item</b>	<b>Consolidated Line Items</b>
Students at Risk of School Failure	Reduce Class Size, Act 135 Academic Assistance, Summer School/Remediation, Alternative Schools, Parent Support, Family Literacy
High Achieving Students	Gifted and Talented, Advanced Placement/IB, Junior Scholars Program
Reading	Reading Recovery, Governor's Institute of Reading, 25% of Professional Development Funds
Professional Development	Critical Teaching Needs, 75% of Professional Development Funds, Principal Executive Institute, Professional Development NSF Grants

**Summary**

In Fiscal Year 2008-09, the flexibility provisos were used to transfer funds from general and EIA-funded programs accordingly. Approximately, two-thirds of all transfers were reallocations of funds from the Reduce Class Size program. Of the funds transferred, districts allocated over 65% to Act 135 Academic Assistance, 22% to the High School Diploma program and 9% to the half-day four-year-old program. With passage of Act 86 and consolidation of several EIA line item appropriations that were historically transferred per the flexibility provisos, school districts are now operating under new guidelines and procedures that provide greater financial and staffing flexibility over funds and programs. No additional analysis beyond the scope of the "Report on the Utilization of the Flexibility Provisos, Fiscal Year 2007-08" was conducted to determine the impact of the flexibility provisos on student achievement.



## **PART FOUR Conclusions**

- Due to successive budget reductions in Fiscal Year 2008-09, school districts were eligible to transfer \$253.5 million in funds allocated for education programs funded through general fund and EIA revenues or 20% less than in less than in Fiscal Year 2007-08.
- The number of school districts utilizing the flexibility provisos declined in Fiscal Year 2008-09 to the lowest level since reporting began in 2003-04. Ten school districts transferred funds from the Barnwell (Children's Endowment) Fund and twenty-seven school districts transferred funds from general and EIA-funded programs. Five districts transferred funds from both Barnwell and from general and EIA-funded programs.
- The total amount of transfers made per the flexibility provisos was 30% of the amount transferred in the prior fiscal year. In 2008-09 districts transferred approximately \$2.3 million in Barnwell (Children's Endowment) Funds and another \$8.7 million in general fund and EIA funds. Successive mid-year budget reductions and passage of joint resolution H.3352 likely impacted utilization of the flexibility provisos. Mid-year budget reductions reduced the total amount of funds available for transferring. Act 86 (R.14, H.3352) supplanted the flexibility provisos by giving districts greater financial and staffing flexibility beginning April 7, 2009.
- Approximately, two-thirds of all transfers were reallocations of funds from the Reduce Class Size program.
- Of the funds transferred, districts allocated over 64% to Act 135 Academic Assistance, 22% to the High School Diploma program and 9% to the half-day four-year-old program.



# APPENDICES





**Appendix A**  
**SAMPLE ACCOUNTING TRANSACTIONS FOR FUNDING FLEXIBILITY**

**Education  
Improvement Act:**

<u>FUND</u>	<u>SUBFUND</u>	<u>ACCOUNT NUMBER</u>	<u>TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
	EIA 320 - Gifted & Talented-Academic	422-710	Transfer to EIA Fund (Expenditure)	\$20,000	
	EIA 346 - Academic Assistance K-3	422-710	Transfer to EIA Fund (Expenditure)	40,000	
	EIA 348 - Academic Assistance 4-12	5230	Transfer from EIA Fund (Revenue)		\$60,000

**OR**

<u>FUND</u>	<u>SUBFUND</u>	<u>ACCOUNT NUMBER</u>	<u>TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
	EIA 393 - EAA Reduce Class Size, Grades 1-3	422-710	Transfer to EIA Fund (Expenditure)	\$30,000	
	EIA 383 - EAA Summer School	422-710	Transfer to EIA Fund (Expenditure)	10,000	
	EIA 375 - Increase HS Diploma Requirements	5230	Transfer from EIA Fund (Revenue)		\$40,000

**Children's Education  
Endowment  
(Barnwell):**

<u>FUND</u>	<u>SUBFUND</u>	<u>ACCOUNT NUMBER</u>	<u>TITLE</u>	<u>DEBIT</u>	<u>CREDIT</u>
	Building 500 - Children's Education Endowment	420-710	Transfer to General Fund (Expenditure)	\$100,000	
	General 100-General	5250	Transfer from School Building Fund (Revenue)		\$100,000

**Questions related to the above accounting procedures should  
be directed to  
the Office of Finance at 803-734-8180**

### Appendix A (cont.)

**Barnwell (Children's Endowment ) Fund Flexibility - Fiscal Year 2008-2009**

**Deadline May 1, 2009**  
**All Transfers must be reported and completed by**  
**deadline**

**Provisos 1.45 and 1A.44**

**District Name:** \_\_\_\_\_

Barnwell Funds	Current Balance	Transfer Amount	Transfer To (Include Program Name and Sub-Fund)
2002 Projects			
2003 Projects			
2004 Projects			
2005 Projects			
2006 Projects			
2007 Projects			
2008 Projects (when available)			

District Approval:

Board Chair Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Superintendent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Completed by: (please print) \_\_\_\_\_ Date: \_\_\_\_\_

Contact Phone No: \_\_\_\_\_

SDE Review: \_\_\_\_\_ Date: \_\_\_\_\_

Questions related to the above form completion should be directed to the Office of Finance at 803-734-8488  
 The flexibility provision is to be evaluated annually by the Education Oversight Committee (EOC)

## APPENDIX B

### South Carolina General Assembly

118th Session, 2009-2010

**A86, R14, H3352**

#### STATUS INFORMATION

##### Joint Resolution

Sponsors: Reps. Cooper, Owens, Stewart, Whitmire, Funderburk, Rice, Wylie, Allison, E.H. Pitts, R.L. Brown, White, Stavrinakis, Miller, Anderson, Battle, Hayes, Gilliard, Sottile, Mack, Harvin, Whipper, Hutto, G.R. Smith, Knight, Willis, Neilson, T.R. Young, Cobb-Hunter, J.H. Neal, Clyburn, G.M. Smith, Kennedy, Herbkersman, Merrill, Bingham, Ott, J.R. Smith, A.D. Young, Kirsh, Lucas, Littlejohn, Edge, Limehouse, M.A. Pitts, Loftis, D.C. Smith, Pinson, Barfield, Bannister, Dillard, Stringer, Allen, Nanney, Govan, Parker, Frye, Hardwick, Hearn, J.E. Smith, Clemmons, Agnew, Bedingfield, Williams, Vick, Horne, Bales and Umphlett

Document Path: I:\council\bill\ncd\11152bh09.docx

Companion/Similar bill(s): 379

Introduced in the House on January 27, 2009

Introduced in the Senate on February 24, 2009

Last Amended on March 26, 2009

Passed by the General Assembly on April 1, 2009

Governor's Action: April 7, 2009, Signed

Summary: School districts

#### HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
1/27/2009	House	Introduced and read first time HJ-19
1/27/2009	House	Referred to Committee on <b>Ways and Means</b> HJ-19
1/28/2009	House	Member(s) request name added as sponsor: Funderburk, Rice
1/29/2009	House	Member(s) request name added as sponsor: Wylie, Allison, E.H.Pitts, R.L.Brown
2/3/2009	House	Member(s) request name added as sponsor: White, Stavrinakis, Miller, Anderson, Battle, Hayes, Gilliard, Sottile, Mack, Harvin, Whipper
2/4/2009	House	Member(s) request name added as sponsor: Hutto, G.R.Smith, Knight
2/5/2009	House	Member(s) request name added as sponsor: Willis, Neilson
2/10/2009	House	Member(s) request name added as sponsor: T.R.Young
2/11/2009	House	Member(s) request name added as sponsor: Cobb-Hunter, J.H.Neal, Clyburn, G.M.Smith, Kennedy, Herbkersman, Merrill, Bingham, Ott, J.R.Smith, A.D.Young, Kirsh, Lucas, Littlejohn, Edge, Limehouse, M.A.Pitts, Loftis, D.C.Smith, Pinson
2/11/2009	House	Committee report: Favorable with amendment <b>Ways and Means</b> HJ-2
2/12/2009	House	Member(s) request name added as sponsor: Bannister, Dillard, Stringer, Allen, Nanney, Govan, Parker, Frye, Hardwick, Hearn

2/12/2009 Scrivener's error corrected  
2/17/2009 House Member(s) request name added as sponsor: J.E.Smith, Clemmons, Agnew, Bedingfield, Williams, Vick, Horne  
2/17/2009 House Requests for debate-Rep(s). Crawford HJ-15  
2/17/2009 House Amended HJ-15  
2/17/2009 House Debate interrupted HJ-28  
2/18/2009 House Member(s) request name added as sponsor: Bales, Umphlett  
2/18/2009 House Amended HJ-16  
2/18/2009 House Debate interrupted HJ-22  
2/18/2009 House Read second time HJ-24  
2/19/2009 House Read third time and sent to Senate HJ-18  
2/19/2009 Scrivener's error corrected  
2/24/2009 Senate Introduced and read first time SJ-10  
2/24/2009 Senate Referred to Committee on **Finance** SJ-10  
3/19/2009 Senate Committee report: Favorable with amendment **Finance** SJ-3  
3/24/2009 Scrivener's error corrected  
3/25/2009 Senate Committee Amendment Amended and Adopted SJ-81  
3/25/2009 Senate Special order, set for March 25, 2009 SJ-96  
3/26/2009 Scrivener's error corrected  
3/26/2009 Senate Amended SJ-27  
3/26/2009 Senate Read second time SJ-27  
3/27/2009 Scrivener's error corrected  
3/31/2009 Senate Read third time and returned to House with amendments SJ-36  
4/1/2009 House Concurred in Senate amendment and enrolled HJ-27  
4/2/2009 Ratified R 14  
4/7/2009 Signed By Governor  
4/9/2009 Effective date 04/07/09  
7/21/2009 Act No. 86

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## VERSIONS OF THIS BILL

[1/27/2009](#)  
[2/11/2009](#)  
[2/12/2009](#)  
[2/17/2009](#)  
[2/18/2009](#)  
[2/19/2009](#)  
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[3/27/2009](#)

**NOTE: THIS COPY IS A TEMPORARY VERSION. THIS DOCUMENT WILL REMAIN IN THIS VERSION UNTIL PUBLISHED IN THE ADVANCE SHEETS TO THE ACTS AND JOINT RESOLUTIONS. WHEN THIS DOCUMENT IS PUBLISHED IN THE ADVANCE SHEET, THIS NOTE WILL BE REMOVED.**

(A86, R14, H3352)

**A JOINT RESOLUTION TO ALLOW LOCAL SCHOOL DISTRICTS AND SPECIAL SCHOOLS TO TRANSFER CERTAIN FUNDS AMONG APPROPRIATED REVENUES, EDUCATION IMPROVEMENT ACT FUNDS, EDUCATION LOTTERY ACT FUNDS, AND FUNDS RECEIVED FROM THE CHILDREN'S EDUCATION ENDOWMENT FUND IN ORDER TO ENSURE THE DELIVERY OF ACADEMIC AND ARTS INSTRUCTION DURING THE 2008-2009 AND 2009-2010 FISCAL YEARS, AND TO PROVIDE THAT A SCHOOL DISTRICT MAY NOT TRANSFER FUNDS REQUIRED FOR DEBT SERVICE OR BONDED INDEBTEDNESS; TO ALLOW SCHOOL DISTRICTS FOR FISCAL YEARS 2008-2009 AND 2009-2010 TO SUSPEND CERTAIN PROFESSIONAL STAFFING RATIOS AND EXPENDITURE REGULATIONS, TO DELAY THE DATE THAT TEACHER CONTRACTS ARE ISSUED, TO NEGOTIATE SALARIES FOR CERTAIN RETIRED TEACHERS BELOW THE SCHOOL DISTRICT SALARY SCHEDULE, AND TO FURLOUGH TEACHERS FOR UP TO FIVE NONINSTRUCTIONAL DAYS, PROVIDED THAT DISTRICT ADMINISTRATORS ARE FURLOUGHED FOR TWICE THE NUMBER OF DAYS; TO PROVIDE FURTHER MEASURES SCHOOL DISTRICTS AND EDUCATION-RELATED ENTITIES ARE ENCOURAGED TO TAKE TO MAXIMIZE RESOURCES; TO PROVIDE DISTRICT REPORTING REQUIREMENTS FOR COST-SAVING MEASURES UNDERTAKEN BY THE DISTRICT; TO REQUIRE SCHOOL DISTRICTS TO PROVIDE TO PUBLIC CHARTER SCHOOLS PUPIL ALLOCATION FOR EACH CATEGORICAL PROGRAM BEFORE IMPLEMENTING THESE FLEXIBILITY PROVISIONS; TO SUSPEND CERTAIN FORMATIVE ASSESSMENTS, TO ALLOW SCHOOL DISTRICTS TO SUSPEND TEXTBOOK ADOPTIONS, AND TO ALLOW SCHOOL DISTRICTS TO PURCHASE THE MOST ECONOMICAL TYPE OF BUS FUEL FOR THE 2008-2009 AND 2009-2010 FISCAL YEARS; TO REQUIRE SCHOOL DISTRICTS FOR THE 2009-2010 FISCAL YEAR TO UTILIZE AT LEAST SIXTY-FIVE PERCENT OF ITS PER PUPIL EXPENDITURES WITHIN PROVIDED CATEGORIES OF INSTRUCTION WITH CERTAIN CONDITIONS, AND TO PROVIDE REPORTING REQUIREMENTS; TO REQUIRE SCHOOL DISTRICTS FOR THE 2009-2010 FISCAL YEAR TO MAINTAIN A TRANSACTION REGISTER THAT RECORDS CERTAIN EXPENDED FUNDS, TO PROVIDE WHAT THE REGISTER MUST INCLUDE, TO REQUIRE SCHOOL DISTRICTS TO PUBLISH THEIR CREDIT CARD STATEMENTS ON THEIR WEBSITES, AND TO REQUIRE THE COMPTROLLER GENERAL TO PUBLISH ON ITS WEBSITE CREDIT CARD INFORMATION OF SCHOOL DISTRICTS THAT DO NOT MAINTAIN THEIR OWN WEBSITES; AND TO SUSPEND SECTION 59-21-1030 OF THE 1976 CODE FOR THE 2008-2009 AND 2009-2010 FISCAL YEARS.**

Be it enacted by the General Assembly of the State of South Carolina:

### **School districts transfer of certain funds**

SECTION 1. For the 2008-2009 and 2009-2010 fiscal years, school districts and special schools of this State may transfer and expend funds among appropriated state general fund revenues, Education Improvement Act funds, Education Lottery Act funds, and funds received from the Children's Education Endowment Fund for school facilities and fixed equipment assistance, to ensure the delivery of academic and arts instruction to students. However, a school district may not transfer funds required for debt service or bonded indebtedness.

### **School district staffing flexibility; cost-reducing measures**

SECTION 2. (A) Notwithstanding another provision of law and for the 2008-2009 and 2009-2010 fiscal years, school districts may:

(1) suspend professional staffing ratios and expenditure regulations and guidelines at the sub-function and service area level, except for four-year-old programs. The funds shall be utilized in accordance with Section 4 of this joint resolution;

(2) delay from April fifteenth to May fifteenth the date that contracts are issued to teachers. A teacher who is reemployed by written notification pursuant to Section 59-25-410 shall notify the board of trustees of the district in writing of his acceptance of the contract within ten days of such notification or May twenty-fifth, whichever occurs later. Failure on the part of the teacher to notify the board of acceptance within the specified time limit is conclusive evidence of the teacher's rejection of the contract;

(3) uniformly negotiate salaries below the school district salary schedule for the 2009-2010 school year for retired teachers who are not participants in the Teacher and Employee Retention Incentive Program; and

(4) if not prohibited by an applicable employment contract, furlough teachers for up to five noninstructional days, provided that district administrators are furloughed for twice the number of days.

(B) To further ensure resources are maximized, school districts are encouraged to reduce expenditures by means, including, but not limited to:

- (1) limiting the number of low enrollment courses;
- (2) reducing travel for the staff and the school district's board;
- (3) reducing and limiting activities requiring dues and memberships;
- (4) reducing transportation costs for extracurricular and academic competitions; and
- (5) expanding virtual instruction.

Education related entities that require dues from school districts are encouraged to consider cost-saving measures for school districts including, but not limited to, coordination and reductions in dues, workshops, and professional training initiatives.

(C) Quarterly throughout the 2009-2010 fiscal year, and during the fourth quarter of Fiscal Year 2008-2009, the chairman of each school district's board and the superintendent of each school district must certify where noninstructional or nonessential programs have been suspended and the specific actions taken in response to the measures provided in Sections 1 and 2 of this joint resolution. The certification must be in writing, signed by the chairman and the superintendent, delivered electronically to the State Superintendent of Education, and an electronic copy forwarded to the Chairman of the Senate Finance Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee, and the Chairman of the House Education and Public Works Committee. Additionally, the

certification must be presented publicly at a regularly called school board meeting, and the certification must be posted on the Internet website maintained by the school district.

(D) Prior to implementing the flexibility provisions provided in this joint resolution, school districts must provide to public charter schools the per pupil allocation due to the charter schools for each categorical program.

(E) All other provisions of law, program regulations, guidelines, reporting, and audit requirements remain in effect unless addressed in this joint resolution.

### **Suspension of formative assessments; textbook adoption; bus fuel**

SECTION 3. Notwithstanding another provision of law and for the 2008-2009 and 2009-2010 fiscal years, implementation of formative assessments for grades one, two, and nine, the foreign language program assessment and the physical education assessment, must be suspended. New textbook adoptions may be suspended. Nothing in this joint resolution suspends, amends, modifies, or otherwise authorizes changes in the manner in which textbooks are purchased. School districts and the State Department of Education must be granted permission to purchase the most economical type of bus fuel.

### **Per pupil expenditures must reach sixty-five percent**

SECTION 4. In order for a school district to take advantage of the flexibility provisions provided in this joint resolution and for the 2009-2010 fiscal year only, at least sixty-five percent of the school district's per pupil expenditures must be utilized within the In\$ite categories of instruction, instructional support, and noninstruction pupil services. No portion of the sixty-five percent may be used for business services, debt service, capital outlay, program management, and leadership services, as defined by In\$ite. By August 1, 2010, the school district shall report to the State Department of Education the actual percentage of its per pupil expenditures used for classroom instruction, instructional support, and noninstruction pupil services for the school year ending June 30, 2010.

For purposes of this section, "In\$ite" means the financial analysis model for education program utilized by the State Department of Education.

### **Transaction register; credit card reporting by school districts**

SECTION 5. (A)(1) For the 2009-2010 fiscal year, school districts must maintain a transaction register that includes a complete record of all funds expended over one hundred dollars, from whatever source for whatever purpose. The register must be prominently posted on the district's Internet website and made available for public viewing and downloading.

(2)(a) The register must include for each expenditure:

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

(b) The register must not include an entry for salary, wages, or other compensation paid to individual employees.

(c) The register must not include any information that can be used to identify an individual employee.

(d) The register must be accompanied by a complete explanation of any codes or acronyms used to identify a payee or an expenditure.

(3) The register must be searchable and updated at least once a month. Each monthly register must be maintained on the Internet website for at least five years.

(B)(1) For the 2009-2010 fiscal year, each school district also must maintain on its Internet website a copy of each monthly statement for all of the credit cards maintained by the entity, including credit cards issued to its officers or employees for official use.

(2) The credit card number on each statement must be redacted prior to posting on the Internet website.

(3) Each credit card statement must be posted not later than the thirtieth day after the first date that any portion of the balance due as shown on the statement is paid. Each statement must be maintained on the website for at least five years.

(C)(1) The Comptroller General must establish and maintain a website to contain the information required by this section from a school district that does not maintain its own Internet website. The Internet website must be organized so that the public can differentiate between the school districts and search for the information they are seeking.

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

(D) The provisions contained in this section do not amend, suspend, supercede, replace, revoke, restrict, or otherwise affect Chapter 4, Title 30, the South Carolina Freedom of Information Act.

(E) The provisions contained in this section must be implemented within one hundred eighty days of the effective date of this joint resolution.

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

### **Suspension of Section 59-21-1030**

SECTION 6. For Fiscal Years 2008-2009 and 2009-2010, Section 59-21-1030 of the 1976 Code is suspended.

### **Time effective**

SECTION 7. This joint resolution takes effect upon approval by the Governor.

Ratified the 2<sup>nd</sup> day of April, 2009.

Approved the 7<sup>th</sup> day of April, 2009.

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## APPENDIX C

**Funding Flexibility - Fiscal Year 2008-2009**

**Deadline June 30, 2009**  
**All Transfers must be reported and completed by deadline**

**Joint Resolution H. 3352**

<b>SCDE Receipt:</b>
----------------------

**District Name:** \_\_\_\_\_

**Section I. (provide additional forms as necessary)**

Transfer From (Include Program name and sub-fund *) (Identify any prior year carryover amounts)	Current Allocation	Transfer Amount (up to 100%)	Transfer to (Include Program name and sub-fund)
--	--------------------	------------------------------	---

Ex. 348-Acad Asst 4-12	321,987.46	321,987.46	100-General fund
Ex. 960-K-5 Lottery	100,000	50,000	340-Early Childhood

\* The following appropriations are excluded from this flexibility (both as transfers into and out): Teacher Salary Supplement/Fringe, National Board Certification, Teacher Supply and Teacher of the Year  
 Districts should use judicious caution when transferring those funds received through a competitive grant process

**Section 2. (provide additional information as necessary)**

- (1) Our district suspended staffing ratios in the following areas:
- (2) Our district delayed the following number of teacher contracts:
- (2)b The following number of contracts were not renewed
- (3) Our district negotiated the following number of retiree salaries
- (4) Our district furloughed teachers the following number of days
- (4)b Our district furloughed administrators the following number of days
- (5) Our district has suspended the following noninstructional/nonessential programs for the 2008-2009 school year.

District Approval: The signatures below certify that this action was approved at a regularly scheduled school board meeting.

Board Chair Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Superintendent Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Completed by: (please print) \_\_\_\_\_ Date: \_\_\_\_\_

Contact Phone No: \_\_\_\_\_

## APPENDIX C (cont.)

**Barnwell (Children's Endowment  
 ) Fund Flexibility - Fiscal Year  
 2008-2009  
 Joint Resolution - H. 3352**

**Deadline June 30, 2009**

**All Transfers must be reported and completed by  
 deadline**

**District Name:** \_\_\_\_\_

Barnwell Funds	Current Balance	Transfer Amount	Transfer To (Include Program Name and Sub-Fund)
2002 Projects			
2003 Projects			
2004 Projects			
2005 Projects			
2006 Projects			
2007 Projects			
2008 Projects (when available)			

District Approval:

Board Chair Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Superintendent Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Completed by: (please print) \_\_\_\_\_

Date: \_\_\_\_\_

Contact Phone No: \_\_\_\_\_

SDE Review: \_\_\_\_\_

Date: \_\_\_\_\_

Questions related to the above form completion should be directed to the Office of Finance at 803-734-8488  
The flexibility provision is to be evaluated annually by the Education Oversight Committee (EOC)

**APPENDIX D**

QUARTER 1 (July through September)						
	<b>Funds Transferred FROM:</b>				<b>Funds Transferred TO:</b>	
<b>CODE</b>	<b>Program Name</b>	<b>Total</b>		<b>CODE</b>	<b>Program Name</b>	<b>Total</b>
327	Critical Teaching Needs	\$8,186.36		346	Act 135 Academic Assistance, K-3	\$167,136.00
348	Act 135 Academic Assistance, 4-12	\$113,000.00		348	Act 135 Academic Assistance, 4-12	<u>\$8,186.36</u>
393	Reduce Class Size	<u>\$54,136.00</u>				
	<b>TOTAL:</b>	<b>\$175,322.36</b>				<b>\$175,322.36</b>
QUARTER 2 (October through December)						
	<b>Funds Transferred FROM:</b>				<b>Funds Transferred TO:</b>	
<b>CODE</b>	<b>Program Name</b>	<b>Total</b>		<b>CODE</b>	<b>Program Name</b>	<b>Total</b>
301	High School Diploma	\$55,646.65		301	High School Diploma	\$1,557,506.90
317	AP Singleton	\$177.00		313	Parenting/Family Literacy	\$17,783.87
322	Gifted and Talented, Artistic	\$33,395.29		320	Gifted and Talented, Academic	\$67,205.53
327	Critical Teaching Needs	\$25,397.99		330	Trainable and Profoundly Mentally Disabled Student Services	\$12,489.12
334	Professional Development on the Standards	\$77,959.95		340	Four-Year-Old Program	\$604,300.04
342	Preschool Programs for Children with Disabilities	\$32,749.28		346	Act 135 Academic Assistance, K-3	\$997,888.53
346	Act 135 Academic Assistance, K-3	\$414,831.21		348	Act 135 Academic Assistance, 4-12	\$640,891.41
348	Act 135 Academic Assistance, 4-12	\$296,124.52		396	Alternative Schools	<u>\$222,731.00</u>
349	Reading Recovery	\$31,465.81				
383/384	Summer School Comprehensive Remediation	\$429,509.29				
391	Excellence in Middle Schools	304.81				
393	Reduce Class Size	\$2,657,772.79				
916	ADEPT	\$2,336.00				
937	Student Health and Fitness	\$60,125.81				
967	Lottery 6-8	<u>\$3,000.00</u>				
	<b>TOTAL</b>	<b>\$4,120,796.40</b>		<b>TOTAL</b>		<b>\$4,120,796.40</b>

QUARTER 3 (January through March)						
	Funds Transferred FROM				Funds Transferred TO:	
CODE	Program Name:	Total		CODE	Program Name	Total
301	High School Diploma	\$29,801.63		301	High School Diploma	\$367,028.95
313	Parenting/Family Literacy	\$40,361.00		320	Gifted and Talented, Academic	\$19,031.00
322	Gifted and Talented, Artistic	\$57,371.00		330	Trainable and Profoundly Mentally Disabled Student Services	\$13,363.00
327	Critical Teaching Needs	\$8,377.90		340	Four-Year-Old Program	31900.9
334	Professional Development on the Standards	\$6,035.00		346	Act 135 Academic Assistance, K-3	\$1,259,413.42
342	Preschool Programs for Children with Disabilities	\$4,056.00		348	Act 135 Academic Assistance, 4-12	\$821,369.67
348	Act 135 Academic Assistance, 4-12	\$64,284.00		391	Excellence in Middle Schools	\$7,448.10
383/384	Summer School Comprehensive Remediation	\$458,902.22		396	Alternative Schools	<u>\$16,046.00</u>
393	Reduce Class Size	\$1,846,611.18				
937	Student Health and Fitness	<u>\$19,801.11</u>				
	<b>TOTAL</b>	<b>\$2,535,601.04</b>			<b>TOTAL:</b>	<b>\$2,535,601.04</b>
QUARTER 4 (April)						
	Funds Transferred FROM				Funds Transferred TO:	
CODE	Program Name:	Total		CODE	Program Name	Total
348	Act 135 Academic Assistance, 4-12	\$178,255.53		340	Four-Year-Old Program	\$178,255.53
383/384	Summer School Comprehensive Remediation	\$629,977.00				
393	Reduce Class Size	<u>\$1,099,736.00</u>		346	Act 135 Academic Assistance, K-3	<u>\$1,729,713.00</u>
	<b>TOTAL</b>	<b>\$1,907,968.53</b>			<b>TOTAL</b>	<b>\$1,907,968.53</b>
	<b>GRAND TOTAL:</b>	<b>\$8,739,688.33</b>			<b>GRAND TOTAL:</b>	<b>\$8,739,688.33</b>

## APPENDIX E

Fiscal Year 2008-09 Transfers from Barnwell (Children's Endowment) Fund											
Transfer From								Transfer To			
District	2005 Projects	2006 Projects	2007 Projects	2008 Projects	Total Available Funds	Transfer Amount	% of Available Funds	Program Name	Code	Date Completed by District	Date Reviewed by SCDE
Anderson 5				\$152,774.53	\$152,774.53	\$152,774.53	100.00%	General Fund	100	5/1/2009	5/12/2009
<i>Dillon 3 *</i>			\$53,927.85		\$53,927.85	\$53,927.85	100.00%	General Fund	100	1/8/2009	1/14/2009
<i>Dorchester 2 *</i>			\$273,750.33	\$45,135.13	\$318,885.46	\$318,885.49	100.00%	General Fund	100	4/16/2009	5/18/2009
Florence 1				\$30,513.97	\$30,513.97	\$30,325.80	99.38%	General Fund	100	3/31/2009	4/1/2009
		\$161,202.81	\$268,569.22		\$429,772.03	\$429,772.03	100.00%	General Fund	100	3/3/2009	3/9/2009
<i>Florence 4 *</i>	\$17,218.73	\$25,733.39	\$25,905.05	\$2,825.99	\$71,683.16	\$71,683.16	100.00%	Academic Assistance, K-3	346	2/10/2009	2/12/2009
<i>Florence 5 *</i>				\$63,485.91	\$63,485.91	\$63,485.91	100.00%	General Fund	100	3/23/2009	3/26/2009
Lancaster	\$45,942.42	\$141,289.24	\$231,699.62	\$25,952.77	\$444,884.05	\$443,686.05	99.73%	General Fund	100	2/18/2009	2/18/2009
<i>Marion 2 *</i>				\$4,287.20	\$4,287.20	\$4,287.20	100.00%	General Fund	100	4/1/2009	4/13/2009

**Fiscal Year 2008-09 Transfers from Barnwell (Children's Endowment) Fund**

Transfer From								Transfer To			
District	2005 Projects	2006 Projects	2007 Projects	2008 Projects	Total Available Funds	Transfer Amount	% of Available Funds	Program Name	Code	Date Completed by District	Date Reviewed by SCDE
Pickens	\$232,494.48	\$182,979.39	\$288,746.88		\$704,220.75	\$704,220.75	100.00%	General Fund	100	11/24/2008	1/8/2009
Sumter 2				\$26,790.44	\$26,790.44	\$26,790.44	100.00%	General Fund	100	5/6/2009	5/12/2009
<b>TOTAL:</b>	<b>\$295,655.63</b>	<b>\$511,204.83</b>	<b>\$1,142,598.95</b>	<b>\$351,765.94</b>	<b>\$2,301,225.35</b>	<b>\$2,299,839.21</b>	<b>99.94%</b>				

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

\* Districts also transferred funds from EIA and General Fund programs.

## APPENDIX F

*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	Reduce Class Size	393	\$139,234.66	\$139,234.66	100.0%	Act 135 Academic Assistance, K-3	346	"fund salaries/benefits for instructional programs needed to improve academic achievement"	2/17/2009	3/26/2009
	Summer School Comprehensive Remediation	383/384	\$80,000.00	\$16,145.16	20.2%	Act 135 Academic Assistance, 4-12	348	"to help cover the costs of teachers salaries/benefits"	2/17/2009	3/26/2009
				\$61,854.84	77.3%	Act 135 Academic Assistance, K-3	346		2/17/2009	3/26/2009
Bamberg 1	Critical Teaching Needs	327	\$2,488.86	\$2,488.86	100.0%	Act 135 Academic Assistance, 4-12	348	"to pay teacher salaries"	11/24/2008	1/21/2009
	Increase High School Diploma	301	\$55,646.65	\$55,646.65	100.0%	Act 135 Academic Assistance, 4-12	348	"had a hard time finding teachers this year."	11/24/2008	1/21/2009
	Reduce Class Size	393	\$76,719.00	\$76,719.00	100.0%	Act 135 Academic Assistance, K-3	346	"shortage of teachers and closing one school we were unable to meet the 15 to 1. This was also recommended during my State Audit."	11/24/2008	1/21/2009
	Preschool Programs for Children with Disabilities	342	\$16,477.96	\$16,477.96	100.0%	Act 135 Academic Assistance, K-3	346	"shortage of Special Education teachers and not being able to fill these positions"	11/24/2008	1/21/2009
	Summer School Comprehensive Remediation	383/384	\$16,932.95	\$16,932.95	100.0%	Act 135 Academic Assistance, 4-12	348	"to pay teacher salaries"	11/24/2008	1/21/2009









*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 2	Reduce Class Size	393	\$54,136.00	\$54,136.00	100.0%	Act 135 Academic Assistance, K-3	346	Difficult to maintain 15:1 ratio in a small school district when students move into the district all throughout the 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."	7/18/2008	10/17/2008
Florence 3	Reduce Class Size	393	\$270,371.00	\$38,008.00	14.1%	Act 135 Academic Assistance, 4-12	348	"Due to the budget cuts . . . And the inability to hire additional teachers:	12/4/2008	12/8/2008
<i>Florence 4</i>	Increase High School Diploma	301	\$14,129.73	\$7,448.10	52.7%	Excellence in Middle Schools	391	"to offset instructional costs associated with our middle school initiative (guidance counselor)	2/10/2009	3/26/2009
				\$6,681.63	47.3%	Act 135 Academic Assistance, K-3	346	"to offset the instructional costs associated with our academic assistance in these grade levels"	2/10/2009	3/26/2009
	Professional Development on Standards	334	\$19,050.00	\$1,035.00	5.4%	Act 135 Academic Assistance, K-3	346		2/10/2009	3/26/2009
	Summer School Comprehensive Remediation	383/384	\$78,046.00	\$24,117.60	30.9%	Act 135 Academic Assistance, K-3	346		2/10/2009	3/26/2009
	Reduce Class Size	393	\$342,865.31	\$10,354.84	3.0%	Act 135 Academic Assistance, K-3	346		2/10/2009	3/26/2009

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
<i>Florence 4 (cont.)</i>				\$332,510.47	97.0%	Act 135 Academic Assistance, 4-12	348		2/10/2009	3/26/2009
<i>Florence 5</i>	Reduce Class Size	393	\$72,078.00	\$72,078.00	100.0%	Act 135 Academic Assistance, K-3	346	"to fund classroom instructional salaries in the fund designated"	3/23/2009	3/26/2009
	Student Health and Fitness	937	\$15,335.00	\$11,000.00	71.7%	Act 135 Academic Assistance, 4-12	348		3/23/2009	3/26/2009
	Parenting/Family Literacy	313	\$41,535.00	\$13,000.00	31.3%	Act 135 Academic Assistance, 4-12	348		3/23/2009	3/26/2009
Georgetown	Summer School Comprehensive Remediation	383/384	\$94,925.54	\$67,072.00	70.7%	Act 135 Academic Assistance, K-3	346	"These funds will allow us the opportunity to close the achievement gap for all children. . . . Students in smaller class-size settings will learn much more rapidly than providing additional after school and summer sessions for students. Learning spread over a longer period of time in a class setting with more interactions provides long term retention."	2/3/2009	2/6/2009
				\$27,853.54	29.3%	Act 135 Academic Assistance, 4-12	348		2/3/2009	2/6/2009
Greenwood 50	Reduce Class Size	393	\$442,679.00	\$442,679.00	100.0%	Increase High School Diploma	301	"One of our most critical instructional needs is the funding for additional secondary teachers to provide a quality program."	10/20/2008	10/23/2008

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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
Greenwood 51	Summer School Comprehensive Remediation	383/384	\$10,906.06	\$10,906.06	100.0%	Act 135 Academic Assistance, 4-12	348	"Due to funding cuts, we are not planning to have a summer school program for the 2008/2009 school year and we are not planning to offer courses for the CTN funding. The flexed funds . . . will be used to pay prorated salaries for a portion of the instructional time that is devoted to instruction that meets academic assistance regulations. If we have enough funding, we would also like to purchase smart boards and additional computers for our classrooms."	12/16/2008	1/21/2009
	Summer School Comprehensive Remediation *	383/384	\$31,670.28	\$31,670.28	100.0%	Act 135 Academic Assistance, 4-12	348		12/16/2008	1/21/2009
	Critical Teaching Needs	327	\$2,250.00	\$2,250.00	100.0%	Act 135 Academic Assistance, K-3	346		12/16/2008	1/21/2009
	Critical Teaching Needs *	327	\$2,659.73	\$2,659.73	100.0%	Act 135 Academic Assistance, K-3	346		12/16/2008	1/21/2009
	Act 135 Academic Assistance, 4-12	348	\$102,007.20	\$30,000.00	29.4%	Act 135 Academic Assistance, K-3	346		"Funds are needed to pay prorated salaries and fringe for a portion of the instructional time of academic assistance for teachers in grades K-3."	3/18/2009
Greenwood 52	Critical Teaching Needs	327	\$2,527.35	\$2,527.35	100.0%	Act 135 Academic Assistance, 4-12	348	"Funds need to be transferred due to state budget cuts."	9/15/2008	10/17/2008

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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
Hampton 1	Critical Teaching Needs	327	\$2,651.02	\$2,651.02	100.0%	Four-Year-Old Program	340	"will use this money to fund instructional salaries under the Four Year Old Program. We will have two part-time teachers under this program. We need to transfer this amount to help pay some of the teacher's salary and match."	3/30/2009	4/3/2009
Jasper	Reduce Class Size	393	\$761,715.19	\$464,827.90	61.0%	Increase High School Diploma	301	"Because we do not have the space or finances to maintain the 15:1 ratio," the district will use the funds to "help with the instructional cost" of the other programs	12/8/2008	1/21/2009
			\$296,887.29		39.0%	Act 135 Academic Assistance, 4-12	348		12/8/2008	1/21/2009
	Critical Teaching Needs	327	\$2,676.24	\$2,676.24	100.0%	Act 135 Academic Assistance, K-3	346		12/8/2008	1/21/2009
	Act 135 Academic Assistance, K-3	346	\$371,594.61	\$129,831.21	34.9%	Act 135 Academic Assistance, 4-12	348	To cover salaries	11/20/2008	1/21/2009
Laurens 56	Gifted and Talented Artistic	322	\$19,031.00	\$19,031.00	100.0%	Gifted and Talented Academic	320	"to offset state budget cut"	2/16/2009	2/19/2009
	Summer School Comprehensive Remediation	383/384	\$50,706.00	\$25,716.00	50.7%	Act 135 Academic Assistance, K-3	346	cover personnel	2/16/2009	2/19/2009
	Reduce Class Size	393	\$146,165.00	\$146,165.00	100.0%	Increase High School Diploma	301	"district could not meet the 15:1 ratio without disproportionately affecting other class sizes"	2/16/2009	2/19/2009
	Professional Development on Standards	334	\$34,300.00	\$5,000.00	14.6%	Act 135 Academic Assistance, K-3	346	"to offset state budget cut"	2/16/2009	2/19/2009
	Act 135 Academic Assistance, 4-12	348	\$426,096.00	\$34,284.00	8.0%	Act 135 Academic Assistance, K-3	346	"to keep personnel in place"	2/16/2009	2/19/2009

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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
Laurens 56 (cont.)	Gifted and Talented Artistic *	322	\$27,457.00	\$27,457.00	100.0%	Increase High School Diploma	301	"to offset state budget cut . . to keep high school teachers in place"	2/16/2009	2/19/2009
Lexington 5	Act 135 Academic Assistance, 4-12	348	\$934,255.00	\$113,000.00	12.1%	Act 135 Academic Assistance, K-3	346	To meet salary needs	9/15/2008	10/17/2008
	Critical Teaching Needs	327	\$5,661.38	\$5,661.38	100.0%	Act 135 Academic Assistance, 4-12	348	To meet salary needs	9/15/2008	10/17/2008
Marion 1	Reduce Class Size	393	\$180,660.00	\$180,660.00	100.0%	Act 135 Academic Assistance, K-3	346	"The purpose of the transfer request through the flexibility procedures 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."	10/27/2008	1/21/2009
	Act 135 Academic Assistance, 4-12 *	348	\$46,939.97	\$46,939.97	100.0%	Act 135 Academic Assistance, K-3	346	The transfers "will be used to fund instructional programs thus for direct classroom instruction."	10/27/2008	1/21/2009
	Act 135 Academic Assistance, 4-12	348	\$503,003.00	\$38,060.03	7.6%	Act 135 Academic Assistance, K-3	346		10/27/2008	1/21/2009
Marion 2	Reduce Class Size	393	\$115,387.00	\$115,387.00	100.0%	Act 135 Academic Assistance, K-3	346	"This transfer will allow us to coordinate the funds and the staffing in order to provide the most beneficial learning environment for the children."	4/1/2009	4/13/2009

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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 7	AP Singleton *	317	\$177.00	\$177.00	100.0%	Act 135 Academic Assistance, 4-12	348	"to pay for instructional salaries and benefits"	11/11/2008	1/21/2009
	Gifted and Talented Artistic	322	\$4,610.00	\$4,610.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Gifted and Talented Artistic *	322	\$3,785.29	\$3,785.29	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Critical Teaching Needs	327	\$2,250.00	\$2,250.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Critical Teaching Needs *	327	\$2,381.00	\$2,381.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Professional Development on the Standards	334	\$19,500.00	\$19,500.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Reading Recovery *	349	\$11,223.11	\$11,223.11	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Reading Recovery	349	\$5,006.70	\$5,006.70	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Preschool Programs for Children with Disabilities *	342	\$14,815.19	\$1,293.04	8.7%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Excellence in Middle Schools	391	\$1,278.57	\$304.81	23.8%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	ADEPT *	916	\$2,336.00	\$2,336.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Student Health and Fitness	937	\$2,838.00	\$125.81	4.4%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Lottery 6-8	967	\$3,000.00	\$3,000.00	100.0%	Act 135 Academic Assistance, 4-12	348		11/11/2008	1/21/2009
	Reduce Class Size	393	\$252,836.60	\$252,836.60	100.0%	Act 135 Academic Assistance, K-3	346	"to pay for instructional salaries and benefits"	10/9/2008	1/21/2009





*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	Reduce Class Size	393	\$378,953.00	\$378,953.00	100.0%	Act 135 Academic Assistance, K-3	346	district "has met its class size reduction targets through the use of other funds such as Title I and its General Fund. The school district has placed a significant emphasis on supplemental classroom level strategies to meet the needs of primary grade level at-risk students and has been unable to meet all those needs with the existing level of funds allocated to EIA fund 346. Consequently, the district requests using all of the CSR funds to assist with supplemental academic assistance needs at the primary grade levels."	4/7/2009	4/13/2009

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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
Spartanburg 7 (cont.)	Act 135 Academic Assistance, 4-12	348	\$1,034,546.17	\$178,255.53	17.2%	Four-Year-Old Program	340	The district "has and continues to place importance to providing academic assistance for grades 4-12. However, it has used a variety of fund sources including EIA Fund 348, Title I, IDEA, Technical Assistance (TA) and its General fund to meet those needs. Due to the variety of fund sources used, the district has some extra funds in EIA fund 348 it would like to deploy to expand its offerings for child development classes. The district believes that a significant investment in child development class offerings for at-risk children will, in the long term, reduce the amount of academic assistance needed in the primary and secondary levels."	4/7/2009	4/13/2009
Sumter 17	Reduce Class Size	393	\$193,406.95	\$193,406.95	100.0%	Increase High School Diploma	301	"to maintain the integrity of the high school classes. . . . One hundred percent of the dollars will be used for direct classroom instruction."	3/17/2009	3/25/2009

<i>Transfer From</i>						<i>Transfer To</i>				
District	Program Name	Code	Current Allocation	Transfer Amount	% of Allocation	Program Name	Code	Explanation	Date Completed by District	Date Reviewed by SCDE
York 1	Reduce Class Size	393	\$222,731.00	\$222,731.00	100.0%	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." Funds transferred will be used "for instructional salaries and fringe" at the alternative school"	12/1/2008	1/21/2009
				<b>\$8,739,688.33</b>						
<b>GRAND TOTAL:</b>										

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

Districts in italics also transferred funds from Barnwell (Children's Endowment) Fund.