

1 DRAFT PREPARED BY LEGISLATIVE COUNCIL  
2 For: Sen. Hayes  
3 Attorney: Hray  
4 Stenographer: Morgan  
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8

9 **A BILL**

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11  
12

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

15  
16

17 SECTION 1. Chapter 20, Title 59 of the 1976 Code is amended to  
18 read:

19

20 "CHAPTER 20

21

22 Education Finance Act ~~of 1977~~

23

24 Section 59-20-10. This chapter ~~shall be~~ is known and may be  
25 cited as the 'South Carolina Education Finance Act ~~of 1977~~'.

26

27 Section 59-20-20. As used in this chapter:

28

29 (1) 'Foundation program' means the ~~program proposed to~~  
30 ~~establish substantially equitable current operation funding levels~~  
31 ~~for programs for South Carolina's public school students,~~  
32 ~~regardless of their geographic location, after the students are~~  
33 ~~transported to school and housed in school plants~~ provision of  
34 revenues per pupil for the districts and schools to implement and  
35 deploy research-based educational strategies and practices to  
36 educate students to high academic standards as specified in  
37 Sections 59-18-300 and 59-18-310.

38

39 (2) 'Educational programs or elements of programs not  
40 included in the foundation program' means:

41

42 (a) 'Transportation', ~~which shall mean transportation to and~~  
43 ~~from public schools for the students of South Carolina's public~~  
44 ~~schools provided by state, local or federal funds, or a combination~~  
45 ~~thereof~~ which means the purchase and maintenance of school  
46 buses.

1 (b) ‘Capital outlay’, which ~~shall mean~~ means those funds  
2 used for the construction, improving, equipping, renovating or  
3 major repairing of school buildings or other school facilities, or the  
4 cost of acquisition of land ~~whereon~~ on which to construct or  
5 establish ~~such~~ these school facilities in accordance with the  
6 definition provided in Section 59-21-310.

7 (c) ~~‘Pilot programs’, which shall mean programs of a pilot  
8 or experimental nature usually designed for special purposes and  
9 for a specified period of time other than those included in the  
10 foundation program.~~

11 (d) ‘Adult education’, which ~~shall mean~~ means public  
12 education dealing primarily with students ~~above eighteen~~  
13 seventeen through twenty-one years of age not enrolled as full time  
14 public school students and not classified as students of technical  
15 schools, colleges or universities of the State.

16 (e) ~~‘Text books Textbooks’, which shall mean~~ means books,  
17 instructional materials, and digital materials and resources aligned  
18 with South Carolina content standards and distributed under  
19 pursuant to that system of rental and free text books now  
20 textbooks, instructional materials, and digital materials and  
21 resources operated by the Department of Education.

22 (f) ‘Food service programs’, which ~~shall mean~~ means those  
23 programs dealing directly with the nutritional welfare of the  
24 student, such as the school lunch and school breakfast programs.

25 (g) ‘Employee benefits’, which ~~shall mean~~ means those  
26 benefits received by employees of the state public school systems  
27 and paid at least in part by the State, such as retirement, social  
28 security, and health insurance.

29 (3) ‘Index of taxing ability’ means an index of a local  
30 district’s relative fiscal capacity in relation to that of all other  
31 districts of the State based on the full market value of all taxable  
32 property of the district assessed on the basis of property  
33 classification assessment ratios ~~set forth~~ provided in Article 3,  
34 Chapter 43 ~~of~~ Title 12 for the second completed taxable year  
35 preceding the fiscal year in which the index is used and these  
36 assessments must be the audited assessments by school district  
37 contained in the annual report submitted yearly to the office of the  
38 Comptroller General’s office General. The county auditor shall  
39 provide fiscal year-end audited assessments of real and personal  
40 property to the Property Division of the Department of Revenue  
41 for each of the school districts of the county for the second  
42 completed taxable year preceding the fiscal year in which the  
43 index is used not later than October first of each year. The index

1 must be used to calculate each district's share of the revenue to be  
2 raised locally for the foundation program. The index must include  
3 an imputed value for the property tax base implicitly generating  
4 impact aid revenue. The property tax base must be imputed at  
5 two-thirds the average ratio of all true value assessed property  
6 value statewide to prior year local revenue statewide in the  
7 foundation program, the resulting product multiplied times the  
8 average impact aid receipts during the prior three years. If impact  
9 aid receipts during the federal fiscal year are less than the average  
10 receipts for the prior three years, ~~then~~ state aid to the impact aid  
11 districts must be adjusted in the final payment for the state fiscal  
12 year. If the ~~State~~ Department of Education determines from fiscal  
13 simulations that the school finance system does not meet  
14 requirements of Section 5(D) of P. L. 81-874, the Department of  
15 Revenue shall exclude an imputed value of impact aid receipts  
16 from the index of taxpaying ability.

17 The index must be determined annually by the Department of  
18 Revenue from sales ratio data based on the most recent studies  
19 made which correspond with the base year assessments used to  
20 compute the current index pursuant to Section 12-43-250 for  
21 assessed property within a school district. The base year is the  
22 second completed taxable year preceding the fiscal year in which  
23 the index is used. The Department of Revenue shall provide a  
24 preliminary index by December first of each year end and a final  
25 index by February first of each year to the ~~State~~ Department of  
26 Education and to the auditor of each county who shall provide the  
27 index to any governmental entity responsible for approving or  
28 levying of millages for school purposes. Changes and corrections  
29 may be made to the index before February first but no change is  
30 allowed after that date. When the assessment of property is under  
31 appeal and the appeal extends beyond the year in which the  
32 assessment made pursuant to Section 12-43-305 is applied, the  
33 Department of Revenue shall adjust the index of taxpaying ability  
34 in the year in which the appeal is resolved by the amount of any  
35 difference between the assessments. ~~Any~~ A school district is  
36 entitled to a hearing before the Department of Revenue to review  
37 its designated index of taxpaying ability within thirty days of filing  
38 a request for the hearing. The data gathered by the Department of  
39 Revenue for the purpose of determining an annual index must be  
40 preserved as public records in the offices of the Department of  
41 Revenue for four years. The raw information gathered from the  
42 various county officers reflecting the representative sales within  
43 the school districts, the consideration, and the reported market

1 value or assessed value for each sale are a part of the public  
2 records so preserved. The Department of Revenue shall file a  
3 statement stating the methodology employed in making the annual  
4 determination of the index and refer to all sources of factual  
5 information used in making the determination. All work sheets,  
6 computer printouts, and the actual calculation must be included as  
7 the public records to be preserved by the Department of Revenue.  
8 In determining sales to assessment ratio, the Department of  
9 Revenue shall use only reported consideration on sales for which  
10 deeds have been placed on public record. Where sufficient sales  
11 data is not available, the Department of Revenue shall make  
12 appraisals in lieu of sales in order to determine the index. The  
13 appraisals, including all working papers, must be included as the  
14 public records to be preserved by the Department of Revenue.  
15 With respect to school districts within counties where abstracts of  
16 duplicates reflecting the assessed value have been filed pursuant to  
17 Section 12-39-290, the same having been adopted by the auditors  
18 ~~under pursuant to~~ Article 3, Chapter 43 of Title 12, the index must  
19 be on the basis of the value of the property as stated in the  
20 abstracts as adjusted by sales ratio studies up to full assessments  
21 based on full fair market value.

22 The index of taxpaying ability for a particular current year ~~shall~~  
23 may not include the assessed value of property in a school district  
24 which is classified under ~~Section~~ Sections 12-43-220(a) and  
25 ~~Section~~ 12-43-220(e), which is at least fifteen percent of the total  
26 assessed value of real property in the school district, which on  
27 February first of the year has been in bankruptcy status for a  
28 minimum of thirty consecutive months, and on which no local  
29 school property taxes have been collected for at least two  
30 consecutive fiscal years. It is the responsibility of the county  
31 auditor to report ~~such~~ these exclusions from the index to the  
32 Department of Revenue and to ~~immediately~~ notify immediately the  
33 Department of Revenue of any change in the bankruptcy status of  
34 such real property or any collection of school property taxes from  
35 such real property.

36 For purposes of disbursing EFA funding and for purposes of the  
37 index of taxpaying ability, the value of a fee in lieu of taxes ~~shall~~  
38 must be computed by the Department of Revenue by basing the  
39 computation on the net fee received and retained by the school  
40 district. The value thus computed ~~shall~~ may not be inflated by any  
41 portion of the fee shared with or used by any other local taxing  
42 authority. ~~Provided~~, However, any revenue received by a taxing  
43 entity as a result of this section must be considered taxable

1 property for purposes of bonded indebtedness pursuant to Sections  
2 14 and 15 of Article X of the Constitution of this State, and for  
3 purposes of computing the “index of taxpaying ability” pursuant to  
4 item (3) of this section.

5 For Fiscal Year 2011-2012, for purposes of calculating the index  
6 of taxpaying ability, the Department of Revenue shall impute an  
7 index value for owner-occupied residential property qualifying for  
8 the special four percent assessment ratio allowed such residential  
9 property pursuant to Section 12-43-220(c) in the manner provided  
10 in this subsection. The Department of Revenue shall add the total  
11 of Tier 1, 2, and 3 reimbursements paid each school district in this  
12 State for property tax year 2009 pursuant to Section 11-11-156(A),  
13 not including the supplemental distribution paid pursuant to  
14 Section 11-11-156(B), and calculate an index value using the  
15 methodology the Department of Revenue uses to calculate such  
16 index value for fee-in-lieu of tax property. Fee-in-lieu of tax  
17 property is property for which an annual payment in lieu of  
18 property tax is required pursuant to Section 4-29-67; Chapter 12,  
19 Title 4; and Chapter 44, Title 12. For Fiscal Year 2012-2013, the  
20 Department of Revenue shall include an index value for  
21 owner-occupied residential property qualifying for the special four  
22 percent assessment ratio allowed such property pursuant to Section  
23 12-43-220(c) in the manner provided in this subsection, except that  
24 the reimbursements to be included in the calculation are those paid  
25 to school districts for property tax year 2010. For Fiscal year  
26 2013-2014 and beyond, the index must be calculated in the same  
27 manner using subsequent property tax years.

28 ~~(4) ‘Defined minimum program (DMP)’ means the program~~  
29 ~~established annually by the State Board of Education that is~~  
30 ~~necessary to provide public school students in the State with~~  
31 ~~minimum educational programs designed to meet their needs. The~~  
32 ~~State Board of Education shall transmit a per-weighted pupil~~  
33 ~~estimate of the full implementation of the defined minimum~~  
34 ~~program to the State Budget and Control Board and the General~~  
35 ~~Assembly for each proposed budgetary year. The State Board of~~  
36 ~~Education shall transmit any suggested changes in the basic~~  
37 ~~programs and their weightings as evidenced by changing~~  
38 ~~requirements and practices.~~

39 ~~(5) ‘Weightings’ means those cost figures assigned to student~~  
40 ~~classifications in Section 59-20-40(1)(c) which are based on~~  
41 ~~different relative cost of their educational programs in relation to~~  
42 ~~that of the base student which is given the weighting of 1.00. The~~  
43 ~~weightings must provide revenues for students with special needs~~

1 in order to provide additional educational services to ensure that  
2 the students achieve at high academic levels.

3 ~~(65) 'Base student cost' means that student classification that~~  
4 ~~represents the most economically educated pupil in the school~~  
5 ~~system, those in grades four through eight in regular classroom~~  
6 ~~settings. 'Base student cost' is the funding level necessary for~~  
7 ~~providing a minimum foundation program which includes the~~  
8 ~~funding level necessary for supporting the defined minimum~~  
9 ~~program and to meet, as funds are available, needs identified by~~  
10 ~~each district board of trustees' annual report, which reflects the~~  
11 ~~needs identified in the annual school reports of the district and~~  
12 ~~other assessments, and which is calculated in 1976 dollars to be six~~  
13 ~~hundred sixty five.~~

14 Provided, however, by July 1, 1983, that of the state and local  
15 monies generated by the base student cost above the cost of the  
16 defined minimum program, not more than fifty percent shall be  
17 used by the local school districts to meet the needs identified by  
18 the board of trustees' annual report. Monies generated by  
19 weightings above 1.00 shall not be used for revisions of the  
20 defined minimum program a level of funding to districts and  
21 schools to provide educational programs and services to an average  
22 student to ensure that the student achieves at the academic  
23 performance levels required by state constitution and by state law,  
24 including the Education Accountability Act, provided in Chapter  
25 18, Title 59, and by federal law. The base student cost must  
26 provide funding to ensure that students are provided quality  
27 instruction necessary to meet or exceed grade-specific performance  
28 standards in the core academic areas of mathematics,  
29 English/language arts, social studies, and science for kindergarten  
30 through twelfth grade students while recognizing the importance of  
31 the arts, health, physical education, and foreign language in the  
32 overall academic, social, and physical development of students.

33  
34 Section 59-20-23. When an appeal of the assessed value of  
35 property assessed pursuant to Section 12-43-220(a) extends for  
36 more than two years and the amount in dispute is more than thirty  
37 percent of the total of assessed value of property in the school  
38 district in which the property under appeal is located, the index of  
39 taxing ability for the school district must be calculated using  
40 the value asserted by the taxpayer in the appeal.

41 If the final settlement of the appeal provides for an assessed  
42 value greater than the value asserted in the taxpayer's appeal, the  
43 local school district, within twelve months, ~~must~~ shall remit to the

1 general fund of the State any additional funds received from the  
2 State Department of Education due to the utilization of the value of  
3 the facility asserted in the taxpayer's appeal.

4 ~~Any~~ Funds remitted to the general fund of the State pursuant to  
5 this section are considered current fiscal year funds appropriated  
6 ~~under pursuant to~~ the Education Finance Act and must be included  
7 in the next distribution of ~~such~~ those funds to school districts.

8  
9 Section 59-20-25. For the purposes of computing the 'index of  
10 taxpaying ability' pursuant to item (3) of Section 3 of Act 163 of  
11 1977 (South Carolina Education Finance Act) for any area in  
12 which tax increment financing plan is in effect the value to be used  
13 ~~shall~~ must be the original assessed value plus any portion of the  
14 captured assessed value which is distributed among taxing  
15 authorities pursuant to Section 31-8-120.

16  
17 Section 59-20-30. It is the purpose of the General Assembly in  
18 this chapter:

19 (1) to guarantee to each student in the public schools of South  
20 Carolina the availability of ~~at least minimum~~ educational programs  
21 and services appropriate to his needs, using research-based  
22 educational strategies that are successful in educating students to  
23 high academic standards, with the goal of ensuring that students  
24 achieve at the academic performance levels required by state  
25 constitution and state law, including the Education Accountability  
26 Act, and by federal law and which are substantially equal to those  
27 available to other students with similar needs and reasonably  
28 comparable ~~from a program standpoint~~ to those students of all  
29 other classifications, notwithstanding geographic differences and  
30 varying local economic factors;:

31 (2) to encourage school district initiative in seeking more  
32 effective and efficient means of achieving the education goals of  
33 the ~~various programs. State:~~

34 (3) to establish a procedure for the distribution of a ~~specified~~  
35 ~~portion of~~ the state education funds so as to ensure that the funds  
36 are provided on the basis of student need to the extent set forth by  
37 this chapter ~~in order~~ to guarantee a ~~minimum~~ level of funding for  
38 each weighted pupil unit in the State;:

39 (4) to ~~make it possible for each school district to provide the~~  
40 ~~defined minimum program within approximately five years from~~  
41 ~~July 2, 1978, and to do so with an equal local tax effort. give~~  
42 schools and districts flexibility in implementing research-based

1 programs and strategies that are effective in educating students;  
2 and

3 ~~(5) To establish a reasonable balance between the portion of~~  
4 ~~the funds to be paid by the State and the portion of the funds to be~~  
5 ~~paid by the districts collectively in support of the foundation~~  
6 ~~program. For the initial stage of this program the proportionate~~  
7 ~~state share of the funds for this program shall be approximately~~  
8 ~~seventy percent statewide and the remainder of the program shall~~  
9 ~~be financed from local revenue sources.~~

10 ~~(6) To require each local school district to contribute its fair~~  
11 ~~share to the required local effort, which is to be in direct proportion~~  
12 ~~to its relative taxpaying ability.~~

13 ~~(7) to ensure that tax dollars spent in public schools are utilized~~  
14 ~~effectively and to ensure that adequate programs serve all the~~  
15 ~~children of the State.~~

16

17 Section 59-20-40. (A) The annual allocation to each school  
18 district for the operation of the foundation program as it relates to  
19 the school district ~~shall~~ must be determined as follows:

20 ~~(1) Computation of the basic amount to be included for~~  
21 ~~current operation in the foundation program: Base allocation to~~  
22 ~~each school district.~~

23 Of the funds appropriated to the Education Finance Act, each  
24 school district must first receive a one million dollar allocation to  
25 defray the fixed costs of operating a school district which includes  
26 the costs related to a local board of trustees as well as other district  
27 employees required by statute to operate and manage a school  
28 district. All remaining funds in the Education Finance Act will  
29 then be allocated to districts according to Section 59-20-40(A)(2).

30 (2) Allocation of instructional resources:

31 (a) Each school district shall maintain a program  
32 membership of each school by compiling the student membership  
33 of each classification. The cumulative one hundred thirty-five day  
34 average daily membership of each school district by program  
35 classification ~~will determine~~ determines its monetary entitlement.  
36 The district's average daily membership (ADM) ~~will~~ must be  
37 computed, currently maintained, and reported in accordance with  
38 the regulations of the State Board of Education. Funds for the  
39 state's portion of the per-pupil cost of the foundation program ~~shall~~  
40 must be disbursed monthly to the various school districts.  
41 End-of-year adjustments in state funds ~~shall~~ must be made based  
42 on the one hundred thirty-five day student average daily  
43 membership in each classification.



1 (b) The base student cost ~~shall~~ must be established  
2 annually by the General Assembly. ~~The base student cost shall be~~  
3 ~~established in such a manner that five years after July 2, 1978, the~~  
4 ~~funding level shall approximate the cost of the defined minimum~~  
5 ~~program as set forth by the State Board of Education.~~

6 Each year the Division of Research and Statistics of the Budget  
7 and Control Board shall submit to the ~~Legislature~~ General  
8 Assembly an estimate of the projected rate of inflation for the  
9 fiscal year to be budgeted, and the base student cost ~~shall~~ must be  
10 adjusted to incorporate the inflated cost of providing ~~the Defined~~  
11 Minimum Program educational services including increases to the  
12 minimum teacher salary schedule to maintain teacher salaries at  
13 the southeastern average for a one hundred ninety-day contract  
14 year.

15 (c) Weightings, used to provide for relative cost  
16 differences, between programs for different students, are  
17 established ~~in order that~~ so funds may be equitably distributed on  
18 the basis of pupil needs. The criteria for qualifications for each  
19 special classification must be established by the State Board of  
20 Education according to definitions established in this article ~~and in~~  
21 ~~accordance with Sections 59-21-510, 59-35-10, 59-53-1860, and~~  
22 ~~59-53-1900. Cost factors enumerated in this section must be used~~  
23 ~~to fund programs approved by the State Board of Education.~~ Pupil  
24 data received by the Department of Education is subject to audit by  
25 the department. Cost factors or weightings are as follows:

Pupil Classification	Weightings
(1) Kindergarten pupils	<del>1.30</del> <u>1.00</u>
(2) <del>Primary pupils (grades 1 through 3)</del>	<del>1.24</del>
<u>Elementary pupils (grades 1 through 5)</u>	<u>1.00</u>
(3) <del>Elementary pupils (grades 4 through 8)</del>	<del>1.00</del>
<u>base students Middle school pupils (grades 6 through 8)</u>	<u>1.00</u>
(4) High school pupils (grades 9 through 12)	<del>1.25</del> <u>1.00</u>
Special Programs for Exceptional Students	Weightings
(5) <del>Handicapped Disabilities</del>	1.74
a. <del>Educable mentally handicapped pupils</del> <u>Mild intellectual</u>	
<u>disabled pupils</u>	
b. Learning disabilities pupils	
(6) <del>Handicapped Disabilities</del>	2.04
a. <del>Trainable mentally handicapped pupils</del> <u>Moderate</u>	
<u>intellectual disabled pupils</u>	
b. Emotionally <del>handicapped</del> <u>disabled</u> pupils	
c. Orthopedically <del>handicapped</del> <u>disabled</u> pupils	
(7) <del>Handicapped Disabilities</del>	2.57

1	a. Visually <del>handicapped</del> <u>disabled</u> pupils	
2	b. Hearing <del>handicapped</del> <u>disabled</u> pupils	
3	c. Pupils with autism	
4	(8) Speech <del>handicapped</del> <u>disabled</u> pupils	1.90
5	(9) Homebound pupils	<del>2.10</del> <u>1.00</u>
6	a. pupils who are homebound	
7	b. pupils who reside in emergency shelters	
8	<del>Career and Technology Technical Programs</del> <u>Vocational</u> and	
9	<u>Young Adult Education Programs</u>	Weightings
10	(10) <del>Pre-career and technology</del> <u>Vocational</u>	1.20
11	(11) <del>Career and technology</del> <u>Young adult education</u>	<del>1.29</del> <u>0.20</u>
12	<del>Add-on Weights for Early Childhood</del>	<del>Weightings</del>
13	<del>Development and Academic Assistance</del>	
14	(12) <del>Early childhood assistance</del>	0.26
15	(13) <del>Grades 4-12 academic assistance</del>	0.114
16	<del>Adult Education</del>	
17	(14) <del>Adult Education</del>	0.15
18	<u>Add on weightings for:</u>	
19	<u>Gifted and talented education pupils</u>	<u>0.15</u>
20	<u>Academic Assistance</u>	<u>0.15</u>
21	<u>Poverty</u>	<u>0.20</u>
22	<u>Limited English proficiency</u>	<u>0.20</u>

23 ~~No local match is required for adult education and the number of~~  
24 ~~weighted pupil units funded depends on funding available from the~~  
25 ~~general fund of the State and the Education Improvement Act of~~  
26 ~~1984 Fund.~~

27 The weighting for young adult education is for services to  
28 individuals between the ages of seventeen to twenty-one years who  
29 are pursuing a diploma or GED through adult education or other  
30 means but who are not longer enrolled as full-time students.

31 The weighting for gifted and talented students includes  
32 academically and artistically talented students eligible for and  
33 receiving services in grades three through twelve as well as  
34 students enrolled in Advanced Placement or International  
35 Baccalaureate courses. Twelve percent of the funds must be used  
36 to serve artistically gifted and talented students in grades three  
37 through twelve.

38 The weighting for poverty must provide additional revenues  
39 for students in kindergarten through grade twelve who qualify for  
40 Medicaid or who qualify for reduced or free lunches, or both.  
41 Revenues generated by this weighting must be used by districts  
42 and schools to provide services and research-based strategies for  
43 addressing academic or health needs of these students to ensure

1 their future academic success. These may include, but are not  
2 limited to, summer school, reduced class size, after school  
3 programs, extended day, instructional materials, or other  
4 research-based educational strategy to improve student academic  
5 performance.

6 The weighting for limited English proficiency must provide  
7 additional revenues for students whose native language is not  
8 English; or who come from an environment where a language  
9 other than English is dominant; or who have difficulty speaking,  
10 reading, writing, or understanding the English language; or whose  
11 language assessment scores indicated that they are not proficient in  
12 the English language. Schools and districts shall use the revenues  
13 to provide services for assisting the students in improving their  
14 English proficiency.

15 The weighting for academic assistance must provide additional  
16 revenues for students who fail to meet state standards on grade  
17 level or course standards on state standards-based assessments  
18 used in the state accountability system.

19 Each student in the State must be counted in only one of the first  
20 eleven pupil classifications. ~~Students shall generate funds for early~~  
21 ~~childhood assistance and grades 4-12 academic assistance in~~  
22 ~~accordance with Section 59-139-20. The State Board of Education~~  
23 ~~must determine the qualifications for each classification in~~  
24 ~~accordance with Sections 59-21-510, 59-35-10, 59-53-1860,~~  
25 ~~59-53-1900, and Chapter 30 of this title. The program for each~~  
26 ~~classification must meet specifications approved by the State~~  
27 ~~Board of Education~~ Each student is eligible for multiple add-on  
28 weightings.

29 School districts may count each student who is instructed at  
30 home ~~under the provisions of~~ pursuant to Section 59-65-40 in the  
31 district's weighted pupil units at a weighting of .25 for supervising,  
32 overseeing, or reviewing the student's program of home  
33 instruction. ~~No~~ A local match is not required for students  
34 instructed at home ~~under the provisions of~~ pursuant to Section  
35 59-65-40."

36 (d) The basic amount for the foundation program for each  
37 district ~~shall~~ must be computed as follows:

38 (1) The calculated average daily membership in each  
39 student classification ~~shall~~ must be multiplied by the weighting  
40 factor for that respective classification.

41 (2) The subtotals (totals in each student classification) in  
42 ~~all~~ the classifications ~~shall~~ must be added to get the district's total  
43 weighted pupil units.

1 (3) The district's weighted pupil units ~~shall~~ must be  
2 multiplied by the base student cost figure as established annually  
3 by the General Assembly to determine the total allocation to each  
4 district.

5 (e) Computation of the required local revenue in support of  
6 the foundation program.

7 The amount that each school district shall provide toward the  
8 cost of the ~~South Carolina~~ foundation program ~~shall~~ must be  
9 computed by determining the total statewide collective local share  
10 (approximately thirty percent) of the total cost of the foundation  
11 program, and multiplying this by the index of taxpaying ability of  
12 each district as defined in Section 59-20-20.

13 (f) Computation of the required state effort.

14 The amount that the State shall provide to each school district  
15 toward the cost of the foundation program ~~shall~~ must be the  
16 difference between the district's basic amount as computed in  
17 subsection (d) minus the required amount raised locally as  
18 computed in subsection (e).

19 (g) Notwithstanding the provisions of this section, state aid  
20 to ~~any~~ a school district ~~shall~~ must be reduced in proportion to the  
21 ratio that its local school tax effort falls below that required by  
22 subsection (2) of Section 59-20-50.

23 (2) Reserved.

24 (3) ~~Provisions for a phase in plan of implementation~~

25 (a) ~~As a result of the cost of implementing the foundation~~  
26 ~~program at both state and local level as calculated in this section,~~  
27 ~~there will be a phase in implementation period of five years to~~  
28 ~~assist in implementing the education finance program.~~

29 (b) ~~Each year of the phase in period the General Assembly~~  
30 ~~shall specify the base student cost and the percentage of the~~  
31 ~~difference between current funding and full funding of the defined~~  
32 ~~minimum program which shall be achieved each year. It is the~~  
33 ~~intent of this chapter that the full implementation of the foundation~~  
34 ~~program from present funding level in present financing plans, in~~  
35 ~~terms of real dollars, be achieved in substantially equal annual~~  
36 ~~intervals over a period of five years; provided, that if a district~~  
37 ~~increases its local effort annually by at least five percent in real~~  
38 ~~dollars, the period of time for full implementation may be extended~~  
39 ~~five years. However, it is recognized that, during periods of~~  
40 ~~abnormally low growth in state revenue, appropriations may~~  
41 ~~necessarily have to be reduced below the anticipated trend and that~~  
42 ~~during periods of abnormally high revenue growth an effort would~~  
43 ~~be made to restore progress in funding to achieve full~~

1 implementation during the five year phase period. It is recognized  
2 further that, should the trend of growth in state revenue diverge  
3 substantially from historical experience, then the length of the  
4 phase period might be increased or decreased accordingly. Each  
5 local school district shall progress annually in eliminating the  
6 difference between its current funding and full funding of the  
7 defined minimum program at the same percentage as mandated by  
8 the General Assembly for statewide progress toward full funding;  
9 provided, that each district shall increase its local effort annually  
10 by at least the amount required in this section or by five percent in  
11 real dollar terms, or shall increase its millage for the local share of  
12 expenditures under the foundation program by at least two and  
13 one half mills. Any district failing to make either the required  
14 local effort or the five percent increase in real dollars terms or the  
15 two and one half mill increase will have its entitled increase in  
16 state aid reduced by the proportion that its actual increase in local  
17 effort falls below its required increase of five percent in real  
18 dollars, or two and one half mills, whichever is less Reserved.

19 (4) Impact aid revenue shall be counted as local effort for  
20 purposes of computing actual local effort, in order to meet  
21 requirements of Section 59-20-40(3) (b). Provided, however, that  
22 should the degree of equality achieved under this chapter prove  
23 insufficient to qualify South Carolina for utilizing impact aid in the  
24 school finance equalization plan, then impact aid would not be  
25 counted as local revenue Reserved.

26 (5)(a) To qualify for funds provided in this chapter, each  
27 district must attain an average pupil-teacher ratio based on average  
28 daily membership in the basic skills of reading and mathematics in  
29 grades one through three of 21:1.

30 (b) ~~Provided, That any~~ A local district may apply to the State  
31 Board of Education for approval of a waiver to this subsection by  
32 submitting and justifying an alternative educational program to  
33 serve the basic skill needs of average daily membership in grades  
34 one through three.

35 (c) The State Board of Education shall approve or  
36 disapprove of ~~such~~ the waiver forty-five days after receipt of ~~such~~  
37 the application. ~~Provided, Further, That~~ Beginning with Fiscal  
38 ~~Year 1978-79~~ 1978-1979, if a school district violates the  
39 provisions of this subsection, the state aid for the ensuing fiscal  
40 year to ~~such~~ that school district ~~shall~~ must be reduced by the  
41 percentage variance that the actual pupil-teacher ratios in ~~such~~ the  
42 school district has to the required pupil-teacher ratios ~~mandated~~  
43 required in this subsection.

1           (d) ~~Provided, that~~ Notwithstanding the provisions of this  
2 ~~section subsection~~, the State Board of Education is ~~authorized to~~  
3 must waive the pupil-teacher requirements specified ~~herein~~ in this  
4 subsection upon a finding that a good faith effort is being made by  
5 the school district ~~concerned~~ to comply with the ratio provisions  
6 but that for lack of classroom space which was beyond its control  
7 it is physically impossible for the district to comply for the Fiscal  
8 Years 1978-1979 and 1979-1980 and the cost of temporary  
9 classroom space cannot be justified.

10       (B) It is the intent of the General Assembly that the average  
11 daily membership pupil-teacher ratio for grades ~~±~~ one through ~~3~~  
12 three stipulated in the chapter be implemented to the extent  
13 possible on an individual class basis and that the pupil enrollment  
14 in these grades should not exceed twenty-eight pupils in each class.

15       (6) ~~No district shall be required to increase local revenue if~~  
16 ~~combined state and local revenue exceeds the amount necessary to~~  
17 ~~meet the base student cost of the minimum foundation program at~~  
18 ~~full implementation.~~

19       (7) ~~{Deleted}~~

20       (8) ~~The General Assembly shall annually provide the portion~~  
21 ~~of the local required support of the foundation program required by~~  
22 ~~the South Carolina Education Improvement Act of 1984 on the~~  
23 ~~basis of the district's taxpaying ability in the annual general~~  
24 ~~appropriation act.~~

25  
26       Section 59-20-41. Notwithstanding ~~any other~~ another provision  
27 of law:

28       ~~All~~ School districts providing educational services to children  
29 admitted or committed to residential institutions of the Department  
30 of Mental Health ~~are authorized to~~ may count children admitted or  
31 committed to residential institutions of the Department of Mental  
32 Health from the first day of residency in ~~such~~ these institutions,  
33 provided, that the first day is within the particular district's school  
34 year. The inclusion of these children is for the purpose of  
35 participation in the districts' educational programs for handicapped  
36 children supported under the Education Finance Act ~~of South~~  
37 ~~Carolina.~~

38  
39       Section 59-20-50. (1) Notwithstanding the computations  
40 prescribed in Section 59-20-40, the level of state contributions to  
41 each district ~~shall~~ may not be reduced to a per-pupil level of  
42 foundation program funds below that per-pupil level of state  
43 funding of programs for the fiscal years ~~prior to~~ before

1 implementation of this chapter which will be incorporated in the  
2 foundation program.

3 Provided, ~~no~~ a district ~~shall~~ may not receive annually an  
4 increase in state funds less than the full rate of the inflationary  
5 adjustment in the base student cost specified in Section  
6 59-20-40(A)(1)(b). This increase ~~shall~~ must be computed annually  
7 ~~over and~~ above the amount actually received from the State for the  
8 foundation program in the prior fiscal year.

9 Provided, further, after the fiscal year ~~1982-83~~ no 1982-1983 a  
10 district ~~shall~~ may not receive annually an increase in state funds  
11 less than four-fifths of the inflationary adjustment in the base  
12 student cost specified in Section 59-20-40(A)(1)(b). This increase  
13 ~~shall~~ must be computed annually ~~over and~~ above the amount  
14 actually received from the State for the foundation program in the  
15 prior fiscal year.

16 ~~Beginning July 1, 1994, no additional school district shall~~  
17 ~~receive hold harmless funds under this subsection due to decreases~~  
18 ~~in student numbers or upward adjustments in the index of~~  
19 ~~taxpaying ability.~~

20 (2) Notwithstanding any provisions of this chapter, any local  
21 school district may increase the local effort above the foundation  
22 program funding level as deemed necessary to meet the aspirations  
23 of the people of the district.

24 (3) Eighty-five percent of the funds appropriated through state  
25 and local effort for each weighted classification ~~shall~~ must be spent  
26 in direct and indirect aid in the specific area of the program  
27 planned to serve those children who generated the funds. Districts  
28 expending less than the required eighty-five percent of the  
29 appropriated amount ~~shall~~ must be subject to a penalty the  
30 following fiscal year in the amount equal to the difference between  
31 the amount spent and the required eighty-five percent figure.

32 However, this requirement ~~shall~~ does not apply to the funds  
33 generated by children in the pupil classification 'Speech  
34 Handicapped Pupils'.

35 (4)(a) Each school district shall pay each certified teacher or  
36 administrator an annual salary at least equal to the salary stated in  
37 the statewide minimum salary schedule for the person's experience  
38 and class. ~~No~~ A teacher or an administrator employed in the same  
39 position, over the same time period, ~~shall~~ may not receive less total  
40 salary, including ~~any~~ a normal incremental increase, than that  
41 teacher or administrator received for the fiscal year before the  
42 implementation of this article.

1 (b) The state minimum salary schedule must be based on the  
2 state minimum salary schedule index in effect as of July 1, 1984.  
3 In Fiscal Year 1985, the 1.000 figure in the index is \$14,172.  
4 (This figure is based on a 10.27% increase pursuant to the South  
5 Carolina Education Improvement Act of 1984.) Beginning with  
6 Fiscal Year 1986, the 1.000 figure in the index must be adjusted on  
7 a schedule to stay at the southeastern average as projected by the  
8 Division of Research and Statistical Services and provided to the  
9 Budget and Control Board and General Assembly during their  
10 deliberations on the annual appropriations bill. The southeastern  
11 average teacher salary is the average of the average teachers'  
12 salaries of the southeastern states. In projecting the southeastern  
13 average, the division shall include in the South Carolina base  
14 teacher salary all local teacher supplements and all incentive pay.  
15 Under this schedule, school districts are required to maintain local  
16 salary supplements per teacher no less than their prior fiscal level.  
17 In Fiscal Year 1986 and thereafter teacher pay raises through  
18 adjustments in the state's minimum salary schedule may be  
19 provided only to teachers who demonstrate minimum knowledge  
20 proficiency by meeting one of the following criteria:

- 21 (1) holding a valid professional certificate;
- 22 (2) having a score of 425 or greater on the Commons  
23 Examination of the National Teachers Examinations;
- 24 (3) meeting the minimum qualifying score on the  
25 appropriate area teaching examination; or
- 26 (4) meeting the minimum standards on the basic skills  
27 examinations as prescribed by the State Board of Education  
28 provided in Section 59-26-20.

29  
30 Section 59-20-55. Beginning July 1, 1986, and thereafter,  
31 employment may be provided only to teachers who demonstrate  
32 minimum knowledge proficiency by meeting one of the criteria  
33 outlined in Section ~~59-20-50(4)(b)~~ 59-20-50(3)(b). The criteria do  
34 not have to be met by teachers having twenty-five years or more of  
35 teaching service as of the effective date of the South Carolina  
36 Education Improvement Act of 1984 in order for them to be  
37 employed.

38  
39 Section 59-20-60. (1) ~~School districts shall give first spending~~  
40 ~~priority of funds allocated under this chapter to full~~  
41 ~~implementation of the defined minimum program.~~

42 ~~(2) The State Board of Education shall audit the programmatic~~  
43 ~~and fiscal aspects of this chapter, including the degree to which a~~



1 school meets all prescribed standards of the defined minimum  
2 program and shall report the results in the Annual Report of the  
3 State Superintendent of Education. Schools which have been  
4 classified as 'dropped' by the defined minimum program  
5 accreditation procedures are not eligible for funding in the  
6 following fiscal year until an acceptable plan to eliminate the  
7 deficiencies is submitted and approved by the State Board of  
8 Education.

9 (3) Each school district board of trustees shall cause the district  
10 and each school in the district to develop comprehensive five-year  
11 plans with annual updates to outline the District and School  
12 Improvement Plans. Districts which have not begun a strategic  
13 planning cycle ~~must~~ shall do so and develop a plan no later than  
14 the ~~1994-95~~ 1994-1995 school year. Districts which have  
15 undertaken such a ~~this~~ planning process may continue in their  
16 planning cycle as long as the process meets the intent of this  
17 section and the long-range plans developed or under development  
18 can be amended to encompass the requirements of this section.  
19 For school year 1993-94, districts may submit either the  
20 improvement plan consistent with State Department guidelines or  
21 their five-year comprehensive plan.

22 The State Board of Education shall recommend a format for the  
23 plans which will be flexible and adaptable to local planning needs  
24 while encompassing certain state mandates, including the early  
25 childhood and academic assistance initiative plans pursuant to  
26 Section 59-139-10 and the provision of services for students in  
27 poverty. All District and school plans must be reviewed and  
28 approved by the board of trustees. The District Plan should  
29 integrate the needs, goals, objectives, strategies, and evaluation  
30 methods outlined in the School Plans. Measures of effectiveness  
31 must include outcome and process indicators of improvement and  
32 must provide data regarding what difference the strategies have  
33 made. Staff professional development must be a priority in the  
34 development and implementation of the plans and must be based  
35 on an assessment of needs. Long and short-range goals,  
36 objectives, strategies, and time lines need to be included.

37 (42) Each plan shall provide for an Innovation Initiative,  
38 designed to encourage innovative and comprehensive approaches  
39 based on strategies identified in the research literature to be  
40 effective. The Innovation Initiative must be utilized by school  
41 districts to implement innovative approaches designed to improve  
42 student learning and accelerate the performance of all students.

1 Funds may be expended on strategies in one or more of the  
2 following four categories:

3 (a) new approaches to what and how students learn by  
4 changing schooling in ways that provide a creative, flexible, and  
5 challenging education for all students, especially for those at risk.  
6 Performance-based outcomes which support a pedagogy of  
7 thinking and active approaches for learning must be supported;

8 (b) applying different teaching methods permitting  
9 professional educators at every level to focus on educational  
10 success for all students and on critical thinking skills and providing  
11 the necessary support for educational successes are encouraged;

12 (c) redefining how schools operate resulting in the  
13 decentralization of authority to the school site and allowing those  
14 closest to the students the flexibility to design the most appropriate  
15 education location and practice;

16 (d) creating appropriate relationships between schools and  
17 other social service agencies by improving relationships between  
18 the school and community agencies (health, social, mental health),  
19 parents and the business community, and by establishing  
20 procedures that cooperatively focus the resources of the greater  
21 community upon barriers to success in school, particularly in the  
22 areas of early childhood and parenting programs, after-school  
23 programs, and adolescent services.

24 ~~Funds for the Innovation Initiative must be allocated to districts  
25 based upon a fifty percent average daily membership and fifty  
26 percent pursuant to the Education Finance Act formula. At least  
27 seventy percent of the funds must be allocated on a per school  
28 basis for school based innovation in accord with the  
29 District School Improvement Plan. Up to thirty percent may be  
30 spent for district wide projects with direct services to schools.  
31 District and school administrators must work together to determine  
32 the allocation of funds.~~

33 ~~For 1993-94, districts and schools may use these funds for  
34 designing their Innovation Initiatives to be submitted to the peer  
35 review process established in Section 59-139-10 prior to  
36 implementation of the innovations in 1994-95. Notwithstanding  
37 any other provisions of law, districts may carry over all  
38 unexpended funds in 1993-94, and up to twenty five percent of  
39 allocated funds each year thereafter in order to build funds for an  
40 approved program initiative.~~

41 (3) An annual district programmatic report to the parents and  
42 constituents of the school district must be developed by the local  
43 school board. Each report shall include the goals and objectives of

1 the school district, the strategies implemented to meet the goals  
2 and objectives, and an evaluation of the outcomes. An annual  
3 school report to the parents and constituents of the school must be  
4 developed by the School Improvement Council and shall provide  
5 information on the school's progress on meeting the school and  
6 district goals and objectives. These reports ~~shall~~ must be provided  
7 by ~~November fifteenth of each year~~ and advertised no later than  
8 April thirtieth annually.

9 (64) Each school board of trustees shall establish an  
10 improvement council at each school in the district and this council  
11 is to be involved in improvement and innovation efforts at the  
12 school. The council ~~shall~~ must be composed of at least two  
13 parents, elected by the parents of the children enrolled in the  
14 school; at least two teachers, elected by the faculty; at least two  
15 students in schools with grades nine and above elected by the  
16 students; other representatives of the community and persons  
17 appointed by the principal. The elected members of the council  
18 shall comprise at least a two-thirds majority of the elected and  
19 appointed membership of the council. The council should also  
20 include ex-officio members such as the principal and others  
21 holding positions of leadership in the school or school  
22 organizations, such as parent-teacher groups, booster clubs, and  
23 federal program advisory groups. Each council shall assist in the  
24 preparation of the five-year plan and annual updates required in  
25 this section, assist with the development and monitoring of school  
26 improvement and innovation, provide advice on the use of school  
27 incentive grant awards, and provide assistance as the principal may  
28 request as well as carrying out any other duties prescribed by the  
29 local school board. The local school board shall make provisions  
30 to allow any council to file a separate report to the local school  
31 board if the council considers it necessary. However, no council  
32 has any of the powers and duties reserved by law or regulation to  
33 the local school board. Notwithstanding any other provisions of  
34 this subsection, an area vocational center's school improvement  
35 council must be composed as defined exclusively by federal law.  
36 The council shall perform all duties and responsibilities provided  
37 for in any state or federal law which applies to these councils.

38 In order to provide additional accountability for funds expended  
39 under statutory requirements, the elected members of the school  
40 improvement council shall serve a minimum term of two years.  
41 Parents of students or students in their last year of enrollment at an  
42 individual school may serve terms of one year only. The terms  
43 must be staggered and initially determined by lot. Elections of

1 members to school improvement councils shall occur no later than  
2 October fifteenth of the school year. The elections must be  
3 organized to ensure that every parent and faculty member has an  
4 opportunity to vote each year. Within thirty days following the  
5 election, the names, addresses, terms of service, and status of all  
6 council members as a parent, teacher, student, or representative of  
7 the community must be provided to the School Improvement  
8 Council Assistance at the University of South Carolina for the  
9 purpose of sharing information. The district board of trustees shall  
10 include in its annual district report a summary of the training  
11 opportunities provided or to be provided for school improvement  
12 council members and professional educators in regard to  
13 council-related tasks and a summary of programs and activities  
14 involving parents and citizens in the school.

15 (75) Each school district board of trustees shall:

16 (a) review each school improvement plan and the annual  
17 updates for integration with district plans and objectives and  
18 school progress in meeting those goals and objectives;

19 (b) cause to be prepared an annual written report to account  
20 for funds expended in each pupil classification as prescribed by the  
21 State Board of Education;

22 (c) participate in the statewide testing program as prescribed  
23 by the State Board of Education;

24 (d) maintain an ongoing systematic evaluation of the  
25 educational program needs in the district and shall develop a  
26 comprehensive annual and long-range plan for meeting these  
27 program needs. These plans shall include an assessment of needs.  
28 At minimum, the process of assessing needs and establishing goals  
29 and objectives must be carried out for each of the program  
30 classifications specified in Section 59-20-40(A)(1)(c). Each  
31 school district board of trustees shall develop and execute a  
32 method of evaluating the extent to which the goals and objectives  
33 specified in its comprehensive plan are being achieved and shall  
34 annually report the results of its evaluation to the people of the  
35 school district and to the State Board of Education.

36 (e) provide a program for staff development for all  
37 educational personnel. A portion of the funds in the foundation  
38 program must be used for this staff development that may include,  
39 but not be limited to:

40 (1) college courses in education, subject area of  
41 certification or management;

42 (2) teaching center offerings;

43 (3) State Department of Education workshops; ~~and~~

1 (4) district-wide or in-school training for the purpose of  
2 fostering professional growth or improving the competency of all  
3 educational personnel; and

4 (5) professional development opportunities for both  
5 teachers and administrators on the standards in the core academic  
6 areas of mathematics, English/language arts, social studies, and  
7 science for kindergarten through twelfth grade and on  
8 research-based best practices for teaching those standards.

9 (f) in accordance with the format approved by the State  
10 Board of Education, annually submit to the State Board of  
11 Education and to the people of the district that district's fiscal  
12 report.

13 (86) The State Department of Education shall:

14 (a) ~~develop, by September, 1993, a plan for offering help to~~  
15 ~~districts and schools in designing and implementing the district~~  
16 ~~and school comprehensive improvement plan;~~

17 (b) ~~develop, by December, 1993, with approval by the State~~  
18 ~~Board of Education, criteria for monitoring the district and school~~  
19 ~~plans;~~

20 (c) review each district's annual fiscal report;

21 (d) ~~provide assistance to school districts in improving the~~  
22 ~~programs, correcting the deficiencies, and in carrying out its staff~~  
23 ~~development program;~~

24 (e) ~~develop or select and field test a competency based~~  
25 ~~student assessment program;~~

26 (fb) prepare an annual fiscal and programmatic report to the  
27 Governor and the General Assembly each year to assess  
28 compliance with this chapter and to make recommendations  
29 concerning necessary changes in this chapter;

30 (gc) in compliance with the intent of the chapter, waive the  
31 prescribed reporting practices if considered necessary by the State  
32 Board of Education and authorize the substitution of alternate  
33 reporting practices which accomplish the objectives implied in this  
34 section. This waiver may not be utilized to avoid full  
35 accountability and implementation of this chapter; and

36 (d) administer a statewide assessment program to measure  
37 student performance on state standards pursuant to Article 3,  
38 Chapter 18, Title 59.

39 (97) The Legislative Audit Council shall audit to assess  
40 compliance with this chapter as requested by the General  
41 Assembly. On the basis of these audits, the Legislative Audit  
42 Council shall make recommendations to the General Assembly  
43 concerning necessary changes in this chapter.

1       ~~(10) A twelve member Education Finance Review Committee~~  
2 ~~must be established to advise the General Assembly and review its~~  
3 ~~implementation of this chapter. This advice and review may~~  
4 ~~include, but not be limited to:~~

- 5       ~~(a) the cost of the defined minimum program;~~
- 6       ~~(b) provisions included in the defined minimum program;~~
- 7       ~~(c) the pupil classification weights in Section 59-20-40;~~
- 8       ~~(d) the formula for computing required local effort;~~
- 9       ~~(e) the ongoing evaluation of the education program needs~~  
10 ~~of the school districts.~~

11       ~~The committee must be made up of three representatives from~~  
12 ~~each of the following committees of the General Assembly—~~  
13 ~~Senate Education, Senate Finance, House Education and Public~~  
14 ~~Works, and House Ways and Means—appointed by each respective~~  
15 ~~chairman. The committee shall seek the advice of professional~~  
16 ~~educators and all other interested persons when formulating its~~  
17 ~~recommendations.~~

18  
19       Section 59-20-65. The State Board of Education, acting  
20 through the existing School Council Assistance Project at the  
21 University of South Carolina, shall provide services and training  
22 activities to support school improvement councils and their efforts  
23 in preparing an annual school improvement report as required in  
24 this section.

25  
26       Section 59-20-70. Notwithstanding any other provisions of law,  
27 any school district which complies with the provisions of Section  
28 59-20-60 is exempted from the provisions of Article 15 of Chapter  
29 1 of Title 1 relating to the fiscal accountability of state agencies,  
30 departments and institutions.

31  
32       Section 59-20-80. Notwithstanding any other provision of law,  
33 each school board of trustees in this State shall annually make  
34 available to the general public its budget for that year, which  
35 budget shall include an itemized list of the average salaries paid to  
36 the superintendents, supervisors, administrators, principals,  
37 consultants, counselors and teachers employed by the district. No  
38 state aid shall be given to any school district whose board of  
39 trustees fails to comply with the provisions of this chapter.

40  
41       Section 59-20-90. The State Superintendent of Education and  
42 the State Board of Education shall review and recommend to the

1 General Assembly changes to or deletions of regulations which are  
2 inconsistent with the intent of this chapter.

3  
4 Section 59-20-100. Beginning with fiscal year 2012, the General  
5 Assembly in the annual general appropriations act with general  
6 fund revenues must appropriate sufficient revenues to provide  
7 allocations to school districts under this chapter based on the full  
8 amount of the base student cost as determined under this chapter.”

9  
10 SECTION 2. Section 59-21-160 of the 1976 Code is repealed.

11  
12 SECTION 3. This act takes effect upon approval by the Governor.

13 -----XX-----