COMMITTEE REPORT

March 19, 2009

**H. 3352**

Introduced by 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

S. Printed 3/19/09--S.

Read the first time February 24, 2009.

**THE COMMITTEE ON FINANCE**

To whom was referred a Joint Resolution (H. 3352) to allow local school districts and special schools to transfer funds among appropriated revenues in order to ensure the delivery of academic and arts instruction during the 2008‑2009, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the joint resolution, as and if amended, by striking all after the enacting words and inserting:

/ 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.

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 specified in the employment contract between a teacher and a school district, 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 savings 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 non-essential 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.

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, the physical education assessment, and new textbook adoptions must be suspended. School districts and the State Department of Education must be granted permission to purchase the most economical type of bus fuel.

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.

SECTION 5. For Fiscal Years 2008-2009 and 2009-10, Section 59-21-1030 is suspended.

SECTION 6. This joint resolution takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

The State Department of Education (SDE) estimates this Joint Resolution will have no additional costs to the State; however, the department notes there would be undeterminable cost savings to local school districts, contingent upon the extent of furlough days and teacher salary negotiations pursuant to Section 2.4. The suspension of programs and activities according to Section 3 will reduce the department’s expenditures for the items listed. However, it is anticipated these reductions will be redirected to other programs.

*Approved By:*

Harry Bell

Office of State Budget

**A** **JOINT RESOLUTION**

TO ALLOW LOCAL SCHOOL DISTRICTS AND SPECIAL SCHOOLS TO TRANSFER FUNDS AMONG APPROPRIATED REVENUES IN ORDER TO ENSURE THE DELIVERY OF ACADEMIC AND ARTS INSTRUCTION DURING THE 2008‑2009 AND 2009‑2010 FISCAL YEARS; TO ALLOW SCHOOL DISTRICTS FOR FISCAL YEARS 2008‑2009 AND 2009‑2010 TO SUSPEND CERTAIN PROFESSIONAL STAFFING RATIOS, TO TRANSFER FUNDS, TO DELAY THE DATE THAT TEACHER CONTRACTS ARE ISSUED, AND TO NEGOTIATE SALARIES FOR RETIRED AND TERI TEACHERS BELOW MINIMUM SALARY REQUIREMENTS; TO ALLOW SCHOOL DISTRICTS FOR THE 2008‑2009 AND 2009‑2010 FISCAL YEARS TO FURLOUGH TEACHERS AND SCHOOL AND DISTRICT ADMINISTRATORS UPON CERTAIN CONDITIONS; TO PROVIDE CERTIFICATION AND REPORTING REQUIREMENTS; TO SUSPEND CERTAIN FORMATIVE ASSESSMENTS AND TO ALLOW SCHOOL DISTRICTS TO PURCHASE THE MOST ECONOMICAL TYPE OF BUS FUEL FOR THE 2008‑2009 AND 2009‑2010 FISCAL YEARS.

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

SECTION 1. For the 2008‑2009 and 2009‑2010 fiscal years, school districts and special schools of this State may transfer among appropriated state revenues, excluding lottery funds, as needed to ensure the delivery of academic and arts instruction to students.

SECTION 2. Notwithstanding another provision of law and for the 2008‑2009 and 2009‑2010 fiscal years, school districts must be granted:

1. suspension from professional staffing ratios and subfund level expenditure regulations and guidelines;

2. permission to transfer funds among funding categories, including capital funds from the Children’s Education Endowment Fund and excluding funds required for debt service or bonded indebtedness;

3. permission to 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 April 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;

4. permission to negotiate salaries below the minimum salary requirements for retired teachers if specified in the contract or otherwise authorized by law.

If specified in the contract or if the district is otherwise authorized by law to furlough teachers, a district may furlough teachers for up to five noninstructional days provided that district administrators are furloughed for twice the number of days. All other program regulations, guidelines, reporting, and audit requirements remain in effect unless addressed in this joint resolution. To further ensure resources are maximized, districts are encouraged to limit the number of low enrollment courses, expand virtual instruction, and, to the extent possible, develop schedules to minimize transportation costs of extracurricular and academic competitions. 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.

The school district board of trustees must certify that specific actions were taken in response to the measures provided in Sections 1 and 2 of this joint resolution. The certification and report must be in writing and delivered, on a quarterly basis, to the State Superintendent of Education, and a copy must be 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.

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, the physical education assessment, and new textbook adoptions must be suspended. School districts and the State Department of Education must be granted permission to purchase the most economical type of bus fuel.

SECTION 4. In order for a school district to take advantage of the flexibility provisions provided in this joint resolution and for the 2009 to 2010 Fiscal Year only, At least sixty‑five percent of the education operational budget of the school district as determined by the State Department of Education must be used for classroom instruction including, but not limited to, instruction, institutional support such as guidance and media, transportation, and food services. No portion of the sixty-five percent may include monies received as a portion of the federal stimulus package. No portion of the sixty‑five percent may be used for bureaucratic purposes. The school district shall report to the State Department of Education by August first of each year the actual percentage of its education operational budget that the school district used for classroom instruction for the previous school year.

SECTION 5. This joint resolution takes effect upon approval by the Governor.

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