**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59‑17‑170 SO AS TO PROVIDE THAT AT LEAST SIXTY-FIVE PERCENT OF THE EDUCATION OPERATIONAL EXPENDITURES OF EACH SCHOOL DISTRICT MUST BE USED FOR CLASSROOM INSTRUCTIONAL EXPENDITURES, TO PROVIDE THAT EACH SCHOOL DISTRICT SHALL SUBMIT ITS PROPOSED BUDGET TO THE STATE SUPERINTENDENT OF EDUCATION WITH THE ACTUAL PERCENTAGE OF ITS EDUCATION OPERATIONAL EXPENDITURES USED FOR CLASSROOM INSTRUCTION, TO PROVIDE FOR A WAIVER, TO PROVIDE THAT THE GOVERNING BODY IN A COUNTY MAY AMEND THE FISCAL YEAR BUDGET OF A SCHOOL DISTRICT WITHIN THE COUNTY UPON A FINDING BY THE STATE SUPERINTENDENT OF EDUCATION THAT A SCHOOL DISTRICT HAS DEMONSTRATED BLATANT DISREGARD FOR THESE REQUIREMENTS, TO PROVIDE THAT THE SUPERINTENDENT OF EDUCATION SHALL DEVELOP MODEL PLANS AND THE STATE BOARD OF EDUCATION SHALL PROMULGATE REGULATIONS TO AID IN THE IMPLEMENTATION OF THESE REQUIREMENTS, AND TO DEFINE CERTAIN TERMS.

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

SECTION 1. Chapter 17, Title 59 of the 1976 Code is amended by adding:

“Section 59‑17‑170. (A)(1) Each school district shall spend at least sixty-five percent of its operational expenditures, excluding maintenance and transportation costs, on classroom instructional expenditures.

(2) A school district that does not spend at least sixty-five percent of its operational expenditures, excluding maintenance and transportation costs, on classroom instructional expenditures in the 2009‑2010 school year shall increase the percentage of its operational expenditures that it spends on classroom instructional expenditures by at least two percent each fiscal year until the school district spends at least sixty-five percent of its operational expenditures, excluding maintenance and transportation costs, on classroom instructional expenditures.

(B) Each school district shall submit its proposed annual budget to the State Superintendent of Education who shall verify that the school district’s planned classroom instructional expenditures are in compliance with subsection (A). In addition, the required annual report from each district must reflect the total classroom instructional expenditures as a percentage of the total operational expenditures for the year. If the budget submitted pursuant to this subsection indicates that a school district is unable to meet the requirement prescribed in subsection (A)*,* the district’s annual report shall show that it did not comply with this section for a particular year.

(C) The school district may petition the State Superintendent of Education for a one‑year waiver from the requirements of subsection (A). The State Superintendent of Education shall notify the school district within thirty days after the submission of the waiver petition whether the Superintendent will grant, deny, or grant in part the waiver request. In determining whether or not to grant a full or partial waiver, the State Superintendent of Education shall consider all of the facts and circumstances including, but not limited to, whether the costs of transportation services are demonstrably higher because of the geographic size of or the distribution of the students throughout the district.

(D) Upon a finding by the State Superintendent of Education that a school district has demonstrated blatant disregard for the requirements of this section and upon recommendation or request by the State Superintendent of Education, the governing body in each respective county may amend the fiscal year budget of a school district within the county. A budget amendment must be limited in scope and solely for the purpose of ensuring compliance with the requirements of this section.

(E) The State Superintendent of Education shall develop model plans and provide the tools to assist districts in meeting the requirements of this section. The State Board of Education shall promulgate regulations to aid in the implementation of this section.

(F) Nothing in this section should be construed to require the consolidation of a district with another district or the closing or elimination of a school or school district.

(G) For purposes of this section:

(1) ‘Classroom instructional expenditures’ means expenditures directly related to classroom instruction, including instructional staff and instructional materials. Classroom instructional expenditures includes activities dealing directly with interaction between students and teachers, teachers’ aides, special education instruction, tutors, and others assigned to instruct students regularly in a learning situation. Classroom instructional expenditures also includes books, classroom computers, general instruction supplies, instructional aides, libraries and librarians, class activities such as field trips, athletics, arts, music, and multidisciplinary learning, and extra‑curricular activities including, but not limited to, drama, sports, and band.

(2) ‘Operational expenditures’ means expenditures made by a school district other than expenditures for capital construction or debt or bond payments, including but not limited to, the payment of interest on debt or bonds, and expenditures for facilities’ leases and facilities’ rental payments.

(H) A school district may not meet the requirements of this section solely by means of an increase in revenues collected.”

SECTION 2. This act takes effect upon approval by the Governor.

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