**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59‑17‑160 SO AS TO ALLOW LOCAL SCHOOL DISTRICTS AND SPECIAL SCHOOLS TO TRANSFER CERTAIN 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 IN ORDER TO MEET ANY LEGITIMATE SCHOOL PURPOSE BEGINNING WITH THE 2017‑2018 FISCAL YEAR, TO PROVIDE THAT A SCHOOL DISTRICT MAY NOT TRANSFER FUNDS REQUIRED FOR DEBT SERVICE OR BONDED INDEBTEDNESS, AND TO PROVIDE THAT AT LEAST SIXTY‑FIVE PERCENT OF THE SCHOOL DISTRICT’S PER PUPIL EXPENDITURES MUST BE UTILIZED WITHIN THE CATEGORIES OF INSTRUCTION, INSTRUCTIONAL SUPPORT, AND NONINSTRUCTION PUPIL SERVICES.

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 59‑17‑160. (A) Beginning with the 2017‑2018 Fiscal Year, 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 in order to meet any legitimate school purpose, including school facilities and equipment assistance. However, a school district may not transfer funds required for debt service or bonded indebtedness.

(B) In order for a school district to take advantage of the flexibility provisions provided in subsection (A), at least sixty‑five percent of the school district’s per pupil expenditures must be utilized within the categories of instruction, instructional support, and noninstruction pupil services as defined by the State Department of Education. No portion of the sixty‑five percent may be used for business services, debt service, capital outlay, program management, and leadership services, also as defined by the State Department of Education. By August 1, 2018, and on August first of each year thereafter, a 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 the previous June thirtieth.”

SECTION 2. This act takes effect July 1, 2017.

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