AS PASSED BY THE SENATE

April 10, 2019

**S. 203**

Introduced by Senators Young, Shealy and Massey

S. Printed 4/10/19--S. [SEC 4/11/19 4:22 PM]

Read the first time January 8, 2019.

**A** **BILL**

TO AMEND CHAPTER 17, TITLE 59 OF THE 1976 CODE, RELATING TO SCHOOL DISTRICTS, BY ADDING SECTION 59‑17‑45, TO PROVIDE CRITERIA FOR SCHOOL DISTRICT CONSOLIDATION, AND TO PROVIDE FOR AN EXCEPTION.

Amend Title To Conform

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 59‑17‑45. (A)(1) On or before August 1, 2022, any local school district meeting the following characteristics shall be eligible to receive appropriated funds for the purpose of consolidating with other districts within its county:

(a) based on the forty-five day average daily student membership count received by the Department of Education for the 2018-19 School Year, maintains an average daily membership that is less than one thousand five hundred; and

(b) is located within a county ranked as Tier IV in the 2018 tax year pursuant to Section 12‑6‑3360(B).

(2) The funds must be used to support costs directly related to the consolidation, including, but not limited to, salary adjustments, facilities, debt mitigation, millage rate adjustments, transportation, technology, and other factors that the district demonstrates are necessary to complete consolidation. The Department of Education is eligible to carry forward these funds from one fiscal year to the next and use them for the same purpose.

(3) On or before August 1, 2020, eligible districts must submit a preliminary consolidation plan and timeline to the Department of Education for review and approval and must include the proposed use of funds. Upon approval by the Department of Education, the districts shall forward the consolidation plan to their local legislative delegation for action. Upon approval of a consolidation plan by the Department of Education, the Department of Education shall make an initial allocation to the impacted districts. The Department of Education shall allocate the remaining funds following any legislative action formally consolidating the districts.

(B)(1) After August 1, 2022, any local school district satisfying the characteristics of subsection (A)(1) that has not implemented consolidation pursuant to subsection (A) shall be merged with one or more districts in the same county and is not eligible for appropriated funds. The Department of Education will direct the merger and shall report to the General Assembly any legislative actions necessary to accomplish the merger.

(2) If a district began consolidation and received funding pursuant to subsection (A) but did not fully implement the consolidation, then the district shall be consolidated pursuant to this subsection. The Department of Education shall direct the district to remit payment in an amount equal to the funds allocated pursuant to subsection (A). The Department of Education shall work with the districts involved to identify services that will be consolidated and to enhance educational services and the programs available to students.

(C) After August 1, 2020, a local school district eligible for consolidation pursuant to subsection (A) may not incur new bonded indebtedness, spend existing district reserves, dispose of district assets, or increase the salary of any district employee without prior approval by the Department of Education unless otherwise directed by the General Assembly.

(D) If sufficient funds are not appropriated to support subsection (A), then the Department of Education is directed to submit a report to the General Assembly by January 10, 2020, outlining the districts that meet the criteria of subsection (A)(1). School districts included in the report required by this subsection are subject to the consolidation process in subsection (B). The report shall include information on shared services, district efficiency reviews, and other relevant information related to school district consolidation.”

SECTION 2. Chapter 17, Title 59 of the 1976 Code is amended by adding:

“Section 59-17-46. (A) Notwithstanding the provisions of Section 59-17-45, any local school district shall be eligible to receive appropriated funds for the purpose of consolidating with other districts within its county if the district maintains an average daily membership that is less than one thousand five hundred based on annual student counts received by the Department of Education. These funds must be used to support costs directly related to the consolidation, including, but not limited to, salary adjustments, facilities, debt mitigation, millage rate adjustments, transportation, technology, and other factors that the district demonstrates are necessary to complete consolidation. The Department of Education is eligible to carry forward these funds from one fiscal year to the next and use them for the same purpose.

(B) An eligible district intending to consolidate must submit a preliminary consolidation plan, timeline, and the proposed use of funds to the local legislative delegation for review and approval through the passage of local legislation. Upon approval by the local legislative delegation, the district shall forward the consolidation plan to the Department of Education. The Department of Education shall make an initial allocation to the impacted districts. The Department of Education shall allocate the remaining funds following any legislative action formally consolidating the districts.

(C) Upon submission of a consolidation plan, a local school district may not incur new bonded indebtedness, spend existing district reserves, dispose of district assets, or increase the salary of any district employee without prior approval by the Department of Education, unless otherwise directed by its local legislative delegation.

(D) If sufficient funds are not appropriated to support the consolidation, then the Department of Education is directed to submit a report annually to the General Assembly outlining the districts that have submitted consolidation plans. The report shall include information on shared services, district efficiency reviews, and other relevant information related to school district consolidation.”

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

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