**A** **JOINT RESOLUTION**

TO DIRECT THE SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE TO DEVELOP A REPORT RECOMMENDING A NEW FUNDING MODEL OR MODELS AND OPTIONS FOR THE APPROPRIATING, MONITORING, AND REPORTING OF REVENUE AND EXPENDITURES AT THE STATE AND LOCAL SCHOOL DISTRICT LEVELS FOR THE GENERAL ASSEMBLY TO CONSIDER IN THE 2020 LEGISLATIVE SESSION.

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

SECTION 1. The General Assembly finds that:

(1) the primary funding formula for public education, the Education Finance Act, was established over forty years ago; and

(2) with the passage of time, this formula has become outdated due to additions of multiple new educational programs in the annual general appropriations acts; and

(3) significant statutory and economic changes, including the Great Recession, have affected the property tax base in South Carolina; and

(4) the current funding formula lacks sufficient measures of accountability in student outcomes; and

(5) issues remain regarding equity in public education funding in South Carolina, therefore a need exists to establish a new, updated funding model to guide state appropriations and local school district expenditures for public education in order to improve efficiency, transparency, accountability, and affordability.

SECTION 2. (A) The South Carolina Revenue and Fiscal Affairs Office, in consultation with the State Department of Education and the Education Oversight Committee, shall provide a report recommending a new funding model or models and options for the appropriating, monitoring, and reporting of revenue and expenditures at the state and local school district level for the General Assembly to consider in the 2020 legislative session. This model should be based on the current level of spending at the local school district level and seek to:

(1) address equity, efficiency, transparency, and accountability in resource allocations and expenditures at the state and local school district levels;

(2) maximize existing resources, while maintaining realistic expectations for long‑term growth in state and local funding without increasing taxes on the citizens of this State, and

(3) options to increase the state share of funding in major educational program areas.

(B) The report and funding model, as developed by the Revenue and Fiscal Affairs Office, should include, at a minimum, but not be limited to:

(1) a review of current state, federal, and local appropriations, revenues, and expenditures for the operation of public schools in the State and other documents that support the options or recommendations in its report;

(2) options or recommendations for simplifying and streamlining state appropriations for public education;

(3) recommendations for consolidating existing current line item appropriations into fewer line items by major educational programs;

(4) options for improving the alignment of appropriations and revenues with local school district expenditures by major educational programs;

(5) options for standards or measures of fiscal accountability for funding categories as recommended by the South Carolina Department of Education and options for standards or measures of student performance accountability as recommended by the South Carolina Education Oversight Committee;

(6) examples of reports that improve simplicity and transparency in reviewing and monitoring state and local funding and revenues, local school district expenditures, and accountability measures at the state and local levels;

(7) methods to simplify estimating or projecting future educational funding needs;

(8) a goal to create and maintain a competitive work force of teachers by examining the teacher salary structure and providing options to increase the minimum teacher salary to $35,000 or more;

(9) options or incentives for encouraging consolidation or shared services among local school districts;

(10) options to phase in a higher percentage of state funding than is outlined in the Education Finance Act; and

(11) recommendations to phase in any funding changes over time and to estimate the cost to hold harmless local school districts during a transition to a new funding method.

(C) The South Carolina Department of Education, the Education Oversight Committee, local school districts, and other agency or education associations shall earnestly support the Revenue and Fiscal Affairs Office in this endeavor by providing, upon request, technical and programmatic information or advice, and any data necessary to achieve the purpose of this joint resolution. The Department of Education and the Education Oversight Committee specifically shall provide recommendations regarding accountability measures, student outcomes, and other issues in their respective areas of expertise.

(D) The Revenue and Fiscal Affairs Office shall submit status reports of its progress to the President of the Senate, the Chairman of the Senate Education Committee, the Chairman of the Senate Finance Committee, the Speaker of the House of Representatives, the Chairman of House Education and Public Works Committee, and the Chairman of House Ways and Means Committee on a quarterly basis. The first status report must be submitted by May 9, 2019, and the final report must be submitted by December 15, 2019. The periodic status reports may contain recommendations as they are developed for consideration by the General Assembly for the 2020 legislative session.

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

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