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CHAPTER 20.

EDUCATION FINANCE ACT OF 1977

SECTION 59-20-10. Short title.

This chapter shall be known and may be cited as the "South Carolina Education Finance Act of 1977".

SECTION 59-20-20. Definitions.

As used in this chapter:

(1) "Foundation program" means the program proposed to establish substantially equitable current operation funding levels for programs for South Carolina's public school students, regardless of their geographic location, after the students are transported to school and housed in school plants.

(2) "Educational programs or elements of programs not included in the foundation program" means:

(a) "Transportation", which shall mean transportation to and from public schools for the students of South Carolina's public schools provided by state, local or federal funds, or a combination thereof.

(b) "Capital outlay", which shall mean those funds used for the construction, improving, equipping, renovating or major repairing of school buildings or other school facilities, or the cost of acquisition of land whereon to construct or establish such school facilities in accordance with the definition provided in Section 59-21-310.

(c) "Pilot programs", which shall mean programs of a pilot or experimental nature usually designed for special purposes and for a specified period of time other than those included in the foundation program.

(d) "Adult education", which shall mean public education dealing primarily with students above eighteen years of age not enrolled as full time public school students and not classified as students of technical schools, colleges or universities of the State.

(e) "Text books", which shall mean books distributed under that system of rental and free text books now operated by the Department of Education.

(f) "Food service programs", which shall mean those programs dealing directly with the nutritional welfare of the student, such as the school lunch and school breakfast programs.

(g) "Employee benefits", which shall mean those benefits received by employees of the state public school systems and paid at least in part by the State, such as retirement, social security and health insurance.

(3) "Index of taxpaying ability" means an index of a local district's relative fiscal capacity in relation to that of all other districts of the State based on the full market value of all taxable property of the district assessed on the basis of property classification assessment ratios set forth in Article 3, Chapter 43 of Title 12 for the second completed taxable year preceding the fiscal year in which the index is used and these assessments must be the audited assessments by school district contained in the annual report submitted yearly to the Comptroller General's office. The county auditor shall provide fiscal year-end audited assessments of real and personal property to the Property Division of the Department of Revenue for each of the school districts of the county for the second completed taxable year preceding the fiscal year in which the index is used not later than October first of each year. The index must be used to calculate each district's share of the revenue to be raised locally for the foundation program. The index must include an imputed value for the property tax base implicitly generating impact aid revenue. The property tax base must be imputed at two-thirds the average ratio of all true value assessed property value statewide to prior year local revenue statewide in the foundation program, the resulting product multiplied times the average impact aid receipts during the prior three years. If impact aid receipts during the federal fiscal year are less than the average receipts for the prior three years, then state aid to the impact aid districts must be adjusted in the final payment for the state fiscal year. If the State Department of Education determines from fiscal simulations that the school finance system does not meet requirements of Section 5(D) of P. L.

81-874, the Department of Revenue shall exclude an imputed value of impact aid receipts from the index of taxpaying ability.

The index must be determined annually by the Department of Revenue from sales ratio data based on the most recent studies made which correspond with the base year assessments used to compute the current index pursuant to Section 12-43-250 for assessed property within a school district. The base year is the second completed taxable year preceding the fiscal year in which the index is used. The Department of Revenue shall provide a preliminary index by December first of each year end and a final index by February first of each year to the State Department of Education and to the auditor of each county who shall provide the index to any governmental entity responsible for approving or levying of millages for school purposes. Changes and corrections may be made to the index before February first but no change is allowed after that date. When the assessment of property is under appeal and the appeal extends beyond the year in which the assessment made pursuant to Section 12-43-305 is applied, the Department of Revenue shall adjust the index of taxpaying ability in the year in which the appeal is resolved by the amount of any difference between the assessments. Any school district is entitled to a hearing before the Department of Revenue to review its designated index of taxpaying ability within thirty days of filing a request for the hearing. The data gathered by the Department of Revenue for the purpose of determining an annual index must be preserved as public records in the offices of the Department of Revenue for four years. The raw information gathered from the various county officers reflecting the representative sales within the school districts, the consideration, and the reported market value or assessed value for each sale are a part of the public records so preserved. The Department of Revenue shall file a statement stating the methodology employed in making the annual determination of the index and refer to all sources of factual information used in making the determination. All work sheets, computer printouts, and the actual calculation must be included as the public records to be preserved by the Department of Revenue. In determining sales to assessment ratio, the Department of Revenue shall use only reported consideration on sales for which deeds have been placed on public record. Where sufficient sales data is not available, the Department of Revenue shall make appraisals in lieu of sales in order to determine the index. The appraisals, including all working papers, must be included as the public records to be preserved by the Department of Revenue. With respect to school districts within counties where abstracts of duplicates reflecting the assessed value have been filed pursuant to Section 12-39-290, the same having been adopted by the auditors under Article 3, Chapter 43 of Title 12, the index must be on the basis of the value of the property as stated in the abstracts as adjusted by sales ratio studies up to full assessments based on full fair market value.

The index of taxpaying ability for a particular current year shall not include the assessed value of property in a school district which is classified under Section 12-43-220(a) and Section 12-43-220(e), which is at least fifteen percent of the total assessed value of real property in the school district, which on February first of the year has been in bankruptcy status for a minimum of thirty consecutive months, and on which no local school property taxes have been collected for at least two consecutive fiscal years. It is the responsibility of the county auditor to report such exclusions from the index to the Department of Revenue and to immediately notify the Department of Revenue of any change in the bankruptcy status of such real property or any collection of school property taxes from such real property.

For purposes of disbursing EFA funding and for purposes of the index of taxpaying ability, the value of a fee in lieu of taxes shall be computed by the Department of Revenue by basing the computation on the net fee received and retained by the school district. The value thus computed shall not be inflated by any portion of the fee shared with or used by any other local taxing authority. Provided, however, any revenue received by a taxing entity as a result of this section must be considered taxable property for purposes of bonded indebtedness pursuant to Sections 14 and 15 of Article X of the Constitution of this State, and for purposes of computing the "index of taxpaying ability" pursuant to item (3) of this section.

(4) "Defined minimum program (DMP)" means the program established annually by the State Board of Education that is necessary to provide public school students in the State with minimum educational programs designed to meet their needs. The State Board of Education shall transmit a per-weighted pupil estimate of the full implementation of the defined minimum program to the State Budget and Control

Board and the General Assembly for each proposed budgetary year. The State Board of Education shall transmit any suggested changes in the basic programs and their weightings as evidenced by changing requirements and practices.

(5) "Weightings" means those cost figures assigned to student classifications in Section 59-20-40(1)(c) which are based on different relative cost of their educational programs in relation to that of the base student which is given the weighting of 1.00.

(6) "Base student" means that student classification that represents the most economically educated pupil in the school system, those in grades four through eight in regular classroom settings. "Base student cost" is the funding level necessary for providing a minimum foundation program which includes the funding level necessary for supporting the defined minimum program and to meet, as funds are available, needs identified by each district board of trustees' annual report, which reflects the needs identified in the annual school reports of the district and other assessments, and which is calculated in 1976 dollars to be six hundred sixty-five.

Provided, however, by July 1, 1983, that of the state and local monies generated by the base student cost above the cost of the defined minimum program, not more than fifty percent shall be used by the local school districts to meet the needs identified by the board of trustees' annual report. Monies generated by weightings above 1.00 shall not be used for revisions of the defined minimum program.

SECTION 59-20-23. Index of taxpaying ability calculation.

When an appeal of the assessed value of property assessed pursuant to Section 12-43-220(a) extends for more than two years and the amount in dispute is more than thirty percent of the total of assessed value of property in the school district in which the property under appeal is located, the index of taxpaying ability for the school district must be calculated using the value asserted by the taxpayer in the appeal.

If the final settlement of the appeal provides for an assessed value greater than the value asserted in the taxpayer's appeal, the local school district, within twelve months, must remit to the general fund of the State any additional funds received from the State Department of Education due to the utilization of the value of the facility asserted in the taxpayer's appeal.

Any funds remitted to the general fund of the State pursuant to this section are considered current fiscal year funds appropriated under the Education Finance Act and must be included in the next distribution of such funds to school districts.

SECTION 59-20-25. Index of taxpaying ability as applied to area in which a tax increment financing plan is in effect.

For the purposes of computing the 'index of taxpaying ability' pursuant to item (3) of Section 3 of Act 163 of 1977 (South Carolina Education Finance Act) for any area in which tax increment financing plan is in effect the value to be used shall be the original assessed value plus any portion of the captured assessed value which is distributed among taxing authorities pursuant to Section 31-8-120.

SECTION 59-20-30. Declaration of legislative purpose.

It is the purpose of the General Assembly in this chapter:

(1) To guarantee to each student in the public schools of South Carolina the availability of at least minimum educational programs and services appropriate to his needs, and which are substantially equal to those available to other students with similar needs and reasonably comparable from a program standpoint to those students of all other classifications, notwithstanding geographic differences and varying local economic factors.

(2) To encourage school district initiative in seeking more effective and efficient means of achieving the goals of the various programs.

- (3) To establish a procedure for the distribution of a specified portion of the state education funds so as to ensure that the funds are provided on the basis of need to the extent set forth by this chapter in order to guarantee a minimum level of funding for each weighted pupil unit in the State.
- (4) To make it possible for each school district to provide the defined minimum program within approximately five years from July 2, 1978, and to do so with an equal local tax effort.
- (5) To establish a reasonable balance between the portion of the funds to be paid by the State and the portion of the funds to be paid by the districts collectively in support of the foundation program. For the initial stage of this program the proportionate state share of the funds for this program shall be approximately seventy percent statewide and the remainder of the program shall be financed from local revenue sources.
- (6) To require each local school district to contribute its fair share to the required local effort, which is to be in direct proportion to its relative taxpaying ability.
- (7) To ensure that tax dollars spent in public schools are utilized effectively and to ensure that adequate programs serve all children of the State.

SECTION 59-20-40. Determination of annual allocations.

The annual allocation to each school district for the operation of the foundation program as it relates to the school district shall be determined as follows:

- (1) Computation of the basic amount to be included for current operation in the foundation program:
 - (a) Each school district shall maintain a program membership of each school by compiling the student membership of each classification. The cumulative one hundred thirty-five day average daily membership of each school district by program classification will determine its monetary entitlement. The district's average daily membership (ADM) will be computed, currently maintained, and reported in accordance with the regulations of the State Board of Education. Funds for the state's portion of the per-pupil cost of the foundation program shall be disbursed monthly to the various school districts. End-of-year adjustments in state funds shall be made based on the one hundred thirty-five day student average daily membership in each classification.
 - (b) The base student cost shall be established annually by the General Assembly. The base student cost shall be established in such a manner that five years after July 2, 1978, the funding level shall approximate the cost of the defined minimum program as set forth by the State Board of Education. Each year the Division of Research and Statistics of the Budget and Control Board shall submit to the Legislature an estimate of the projected rate of inflation for the fiscal year to be budgeted, and the base student cost shall be adjusted to incorporate the inflated cost of providing the Defined Minimum Program.
 - (c) Weightings, used to provide for relative cost differences, between programs for different students are established in order that funds may be equitably distributed on the basis of pupil needs. The criteria for qualifications for each special classification must be established by the State Board of Education according to definitions established in this article and in accordance with Sections 59-21-510, 59-35-10, 59-53-1860, and 59-53-1900. Cost factors enumerated in this section must be used to fund programs approved by the State Board of Education. Pupil data received by the Department of Education is subject to audit by the department. Cost factors or weightings are as follows:

Pupil Classification	Weightings
(1) Kindergarten pupils	1.30
(2) Primary pupils (grades 1 through 3)	1.24
(3) Elementary pupils (grades 4 through 8) base students	1.00
(4) High school pupils (grades 9 through 12)	1.25
Special Programs for Exceptional Students	Weightings
(5) Handicapped	1.74
a. Educable mentally handicapped pupils	
b. Learning disabilities pupils	

(6) Handicapped	2.04	
a. Trainable mentally handicapped pupils		
b. Emotionally handicapped pupils		
c. Orthopedically handicapped pupils		
(7) Handicapped	2.57	
a. Visually handicapped pupils		
b. Hearing handicapped pupils		
c. Pupils with autism		
(8) Speech handicapped pupils	1.90	
(9) Homebound pupils	2.10	
a. pupils who are homebound		
b. pupils who reside in emergency shelters		
Career and Technology Technical Programs		Weightings
(10) Pre-career and technology	1.20	
(11) Career and technology	1.29	
Add-on Weights for Early Childhood		Weightings
Development and Academic Assistance		
(12) Early childhood assistance	0.26	
(13) Grades 4-12 academic assistance	0.114	
Adult Education		
(14) Adult Education	0.15	

No local match is required for adult education and the number of weighted pupil units funded depends on funding available from the general fund of the State and the Education Improvement Act of 1984 Fund.

Each student in the State must be counted in only one of the first eleven pupil classifications. Students shall generate funds for early childhood assistance and grades 4-12 academic assistance in accordance with Section 59-139-20. The State Board of Education must determine the qualifications for each classification in accordance with Sections 59-21-510, 59-35-10, 59-53-1860, 59-53-1900, and Chapter 30 of this title. The program for each classification must meet specifications approved by the State Board of Education.

School districts may count each student who is instructed at home under the provisions of Section 59-65-40 in the district's weighted pupil units at a weighting of .25 for supervising, overseeing, or reviewing the student's program of home instruction. No local match is required for students instructed at home under the provisions of Section 59-65-40."

(d) The basic amount for the foundation program for each district shall be computed as follows:

(1) The calculated average daily membership in each student classification shall be multiplied by the weighting factor for that respective classification.

(2) The subtotals (totals in each student classification) in all classifications shall be added to get the district's total weighted pupil units.

(3) The district's weighted pupil units shall be multiplied by the base student cost figure as established annually by the General Assembly.

(e) Computation of the required local revenue in support of the foundation program.

The amount that each school district shall provide toward the cost of the South Carolina foundation program shall be computed by determining the total statewide collective local share (approximately thirty percent) of the total cost of the foundation program, and multiplying this by the index of taxpaying ability of each district as defined in Section 59-20-20.

(f) Computation of the required state effort.

The amount that the State shall provide to each school district toward the cost of the foundation program shall be the difference between the district's basic amount as computed in subsection (d) minus the required amount raised locally as computed in subsection (e).

Notwithstanding the provisions of this section, state aid to any school district shall be reduced in proportion to the ratio that its local school tax effort falls below that required by subsection (2) of Section 59-20-50.

(2) Reserved.

(3) Provisions for a phase-in plan of implementation

(a) As a result of the cost of implementing the foundation program at both state and local level as calculated in this section, there will be a phase-in implementation period of five years to assist in implementing the education finance program.

(b) Each year of the phase-in period the General Assembly shall specify the base student cost and the percentage of the difference between current funding and full funding of the defined minimum program which shall be achieved each year. It is the intent of this chapter that the full implementation of the foundation program from present funding level in present financing plans, in terms of real dollars, be achieved in substantially equal annual intervals over a period of five years; provided, that if a district increases its local effort annually by at least five percent in real dollars, the period of time for full implementation may be extended five years. However, it is recognized that, during periods of abnormally low growth in state revenue, appropriations may necessarily have to be reduced below the anticipated trend and that during periods of abnormally high revenue growth an effort would be made to restore progress in funding to achieve full implementation during the five year phase period. It is recognized further that, should the trend of growth in state revenue diverge substantially from historical experience, then the length of the phase period might be increased or decreased accordingly. Each local school district shall progress annually in eliminating the difference between its current funding and full funding of the defined minimum program at the same percentage as mandated by the General Assembly for statewide progress toward full funding; provided, that each district shall increase its local effort annually by at least the amount required in this section or by five percent in real dollar terms, or shall increase its millage for the local share of expenditures under the foundation program by at least two and one-half mills. Any district failing to make either the required local effort or the five percent increase in real dollars terms or the two and one-half mill increase will have its entitled increase in state aid reduced by the proportion that its actual increase in local effort falls below its required increase of five percent in real dollars, or two and one-half mills, whichever is less.

(4) Impact aid revenue shall be counted as local effort for purposes of computing actual local effort, in order to meet requirements of Section 59-20-40(3) (b). Provided, however, that should the degree of equality achieved under this chapter prove insufficient to qualify South Carolina for utilizing impact aid in the school finance equalization plan, then impact aid would not be counted as local revenue.

(5) To qualify for funds provided in this chapter, each district must attain an average pupil-teacher ratio based on average daily membership in the basic skills of reading and mathematics in grades one through three of 21:1.

Provided, That any local district may apply to the State Board of Education for approval of a waiver to this subsection by submitting and justifying an alternative educational program to serve the basic skill needs of average daily membership in grades one through three.

The State Board of Education shall approve or disapprove of such waiver forty-five days after receipt of such application. Provided, Further, That beginning with Fiscal Year 1978-79, if a school district violates the provisions of this subsection, the state aid for the ensuing fiscal year to such school district shall be reduced by the percentage variance that the actual pupil-teacher ratios in such school district has to the required pupil-teacher ratios mandated in this Subsection.

Provided, That notwithstanding the provisions of this Section, the State Board of Education is authorized to waive the pupil-teacher requirements specified herein upon a finding that a good faith effort is being made by the school district concerned to comply with the ratio provisions but that for lack of classroom space which was beyond its control it is physically impossible for the district to comply for the Fiscal Years 1978-1979 and 1979-1980 and the cost of temporary classroom space cannot be justified.

It is the intent of the General Assembly that the average daily membership pupil-teacher ratio for grades 1 through 3 stipulated in the chapter be implemented to the extent possible on an individual class basis and that the pupil enrollment in these grades should not exceed twenty-eight pupils in each class.

(6) No district shall be required to increase local revenue if combined state and local revenue exceeds the amount necessary to meet the base student cost of the minimum foundation program at full implementation.

(7) [Deleted]

(8) The General Assembly shall annually provide the portion of the local required support of the foundation program required by the South Carolina Education Improvement Act of 1984 on the basis of the district's taxpaying ability in the annual general appropriation act.

SECTION 59-20-41. Inclusion of children admitted to residential institutions of the Department of Mental Health.

Notwithstanding any other provision of law:

All school districts providing educational services to children admitted or committed to residential institutions of the Department of Mental Health are authorized to count children admitted or committed to residential institutions of the Department of Mental Health from the first day of residency in such institutions, provided, that the first day is within the particular district's school year. The inclusion of these children is for the purpose of participation in the districts' educational programs for handicapped children supported under the Education Finance Act of South Carolina.

SECTION 59-20-50. Certain requirements shall be met; salary schedules.

(1) Notwithstanding the computations prescribed in Section 59-20-40, the level of state contributions to each district shall not be reduced to a per-pupil level of foundation program funds below that per-pupil level of state funding of programs for the fiscal years prior to implementation of this chapter which will be incorporated in the foundation program.

Provided, no district shall receive annually an increase in state funds less than the full rate of the inflationary adjustment in the base student cost specified in Section 59-20-40(1)(b). This increase shall be computed annually over and above the amount actually received from the State for the foundation program in the prior fiscal year.

Provided, further, after the fiscal year 1982-83 no district shall receive annually an increase in state funds less than four-fifths of the inflationary adjustment in the base student cost specified in Section 59-20-40(1)(b). This increase shall be computed annually over and above the amount actually received from the State for the foundation program in the prior fiscal year.

Beginning July 1, 1994, no additional school district shall receive hold-harmless funds under this subsection due to decreases in student numbers or upward adjustments in the index of taxpaying ability.

(2) Notwithstanding any provisions of this chapter, any local school district may increase the local effort above the foundation program funding level as deemed necessary to meet the aspirations of the people of the district.

(3) Eighty-five percent of the funds appropriated through state and local effort for each weighted classification shall be spent in direct and indirect aid in the specific area of the program planned to serve those children who generated the funds. Districts expending less than the required eighty-five percent of the appropriated amount shall be subject to a penalty the following fiscal year in the amount equal to the difference between the amount spent and the required eighty-five percent figure.

However, this requirement shall not apply to the funds generated by children in the pupil classification "Speech Handicapped Pupils".

(4)(a) Each school district shall pay each certified teacher or administrator an annual salary at least equal to the salary stated in the statewide minimum salary schedule for the person's experience and class. No teacher or administrator employed in the same position, over the same time period, shall receive less total

salary, including any normal incremental increase, than that teacher or administrator received for the fiscal year before the implementation of this article.

(b) The state minimum salary schedule must be based on the state minimum salary schedule index in effect as of July 1, 1984. In Fiscal Year 1985, the 1.000 figure in the index is \$14,172. (This figure is based on a 10.27% increase pursuant to the South Carolina Education Improvement Act of 1984.) Beginning with Fiscal Year 1986, the 1.000 figure in the index must be adjusted on a schedule to stay at the southeastern average as projected by the Division of Research and Statistical Services and provided to the Budget and Control Board and General Assembly during their deliberations on the annual appropriations bill. The southeastern average teacher salary is the average of the average teachers' salaries of the southeastern states. In projecting the southeastern average, the division shall include in the South Carolina base teacher salary all local teacher supplements and all incentive pay. Under this schedule, school districts are required to maintain local salary supplements per teacher no less than their prior fiscal level. In Fiscal Year 1986 and thereafter teacher pay raises through adjustments in the state's minimum salary schedule may be provided only to teachers who demonstrate minimum knowledge proficiency by meeting one of the following criteria:

- (1) holding a valid professional certificate;
- (2) having a score of 425 or greater on the Commons Examination of the National Teachers Examinations;
- (3) meeting the minimum qualifying score on the appropriate area teaching examination; or
- (4) meeting the minimum standards on the basic skills examinations as prescribed by the State Board of Education provided in Section 59-26-20.

SECTION 59-20-55. Proficiency requirements as to employment as teacher.

Beginning July 1, 1986, and thereafter, employment may be provided only to teachers who demonstrate minimum knowledge proficiency by meeting one of the criteria outlined in Section 59-20-50(4)(b). The criteria do not have to be met by teachers having twenty-five years or more of teaching service as of the effective date of the South Carolina Education Improvement Act of 1984 in order for them to be employed.

SECTION 59-20-60. Spending priority; audits; evaluations and reports; statewide testing programs; Innovation Initiative; improvement councils; Education Finance Review Committee.

(1) School districts shall give first spending priority of funds allocated under this chapter to full implementation of the defined minimum program.

(2) The State Board of Education shall audit the programmatic and fiscal aspects of this chapter, including the degree to which a school meets all prescribed standards of the defined minimum program and shall report the results in the Annual Report of the State Superintendent of Education. Schools which have been classified as 'dropped' by the defined minimum program accreditation procedures are not eligible for funding in the following fiscal year until an acceptable plan to eliminate the deficiencies is submitted and approved by the State Board of Education.

(3) Each school district board of trustees shall cause the district and each school in the district to develop comprehensive five-year plans with annual updates to outline the District and School Improvement Plans. Districts which have not begun a strategic planning cycle must do so and develop a plan no later than the 1994-95 school year. Districts which have undertaken such a planning process may continue in their planning cycle as long as the process meets the intent of this section and the long-range plans developed or under development can be amended to encompass the requirements of this section. For school year 1993-94, districts may submit either the improvement plan consistent with State Department guidelines or their five-year comprehensive plan.

The State Board of Education shall recommend a format for the plans which will be flexible and adaptable to local planning needs while encompassing certain state mandates, including the early

childhood and academic assistance initiative plans pursuant to Section 59-139-10. All district and school plans must be reviewed and approved by the board of trustees. The District Plan should integrate the needs, goals, objectives, strategies, and evaluation methods outlined in the School Plans. Measures of effectiveness must include outcome and process indicators of improvement and must provide data regarding what difference the strategies have made. Staff professional development must be a priority in the development and implementation of the plans and must be based on an assessment of needs. Long and short-range goals, objectives, strategies, and time lines need to be included.

(4) Each plan shall provide for an Innovation Initiative, designed to encourage innovative and comprehensive approaches based on strategies identified in the research literature to be effective. The Innovation Initiative must be utilized by school districts to implement innovative approaches designed to improve student learning and accelerate the performance of all students. Funds may be expended on strategies in one or more of the following four categories:

(a) new approaches to what and how students learn by changing schooling in ways that provide a creative, flexible, and challenging education for all students, especially for those at risk. Performance-based outcomes which support a pedagogy of thinking and active approaches for learning must be supported;

(b) applying different teaching methods permitting professional educators at every level to focus on educational success for all students and on critical thinking skills and providing the necessary support for educational successes are encouraged;

(c) redefining how schools operate resulting in the decentralization of authority to the school site and allowing those closest to the students the flexibility to design the most appropriate education location and practice;

(d) creating appropriate relationships between schools and other social service agencies by improving relationships between the school and community agencies (health, social, mental health), parents and the business community, and by establishing procedures that cooperatively focus the resources of the greater community upon barriers to success in school, particularly in the areas of early childhood and parenting programs, after-school programs, and adolescent services.

Funds for the Innovation Initiative must be allocated to districts based upon a fifty percent average daily membership and fifty percent pursuant to the Education Finance Act formula. At least seventy percent of the funds must be allocated on a per school basis for school based innovation in accord with the District-School Improvement Plan. Up to thirty percent may be spent for district-wide projects with direct services to schools. District and school administrators must work together to determine the allocation of funds.

For 1993-94, districts and schools may use these funds for designing their Innovation Initiatives to be submitted to the peer review process established in Section 59-139-10 prior to implementation of the innovations in 1994-95. Notwithstanding any other provisions of law, districts may carry over all unexpended funds in 1993-94, and up to twenty-five percent of allocated funds each year thereafter in order to build funds for an approved program initiative.

(5) An annual district programmatic report to the parents and constituents of the school district must be developed by the local school board. Each report shall include the goals and objectives of the school district, the strategies implemented to meet the goals and objectives, and an evaluation of the outcomes. An annual school report to the parents and constituents of the school must be developed by the School Improvement Council and shall provide information on the school's progress on meeting the school and district goals and objectives. These reports shall be provided by November fifteenth of each year.

(6) Each school board of trustees shall establish an improvement council at each school in the district and this council is to be involved in improvement and innovation efforts at the school. The council shall be composed of at least two parents, elected by the parents of the children enrolled in the school; at least two teachers, elected by the faculty; at least two students in schools with grades nine and above elected by the students; other representatives of the community and persons appointed by the principal. The elected members of the council shall comprise at least a two-thirds majority of the elected and appointed membership of the council. The council should also include ex-officio members such as the principal and others holding positions of leadership in the school or school organizations, such as parent-teacher

groups, booster clubs, and federal program advisory groups. Each council shall assist in the preparation of the five-year plan and annual updates required in this section, assist with the development and monitoring of school improvement and innovation, provide advice on the use of school incentive grant awards, and provide assistance as the principal may request as well as carrying out any other duties prescribed by the local school board. The local school board shall make provisions to allow any council to file a separate report to the local school board if the council considers it necessary. However, no council has any of the powers and duties reserved by law or regulation to the local school board. Notwithstanding any other provisions of this subsection, an area vocational center's school improvement council must be composed as defined exclusively by federal law. The council shall perform all duties and responsibilities provided for in any state or federal law which applies to these councils.

In order to provide additional accountability for funds expended under statutory requirements, the elected members of the school improvement council shall serve a minimum term of two years. Parents of students or students in their last year of enrollment at an individual school may serve terms of one year only. The terms must be staggered and initially determined by lot. Elections of members to school improvement councils shall occur no later than October fifteenth of the school year. The elections must be organized to ensure that every parent and faculty member has an opportunity to vote each year. Within thirty days following the election, the names, addresses, terms of service, and status of all council members as a parent, teacher, student, or representative of the community must be provided to the School Improvement Council Assistance at the University of South Carolina for the purpose of sharing information. The district board of trustees shall include in its annual district report a summary of the training opportunities provided or to be provided for school improvement council members and professional educators in regard to council-related tasks and a summary of programs and activities involving parents and citizens in the school.

(7) Each school district board of trustees shall:

(a) review each school improvement plan and the annual updates for integration with district plans and objectives and school progress in meeting those goals and objectives;

(b) cause to be prepared an annual written report to account for funds expended in each pupil classification as prescribed by the State Board of Education;

(c) participate in the statewide testing program as prescribed by the State Board of Education;

(d) maintain an ongoing systematic evaluation of the educational program needs in the district and shall develop a comprehensive annual and long-range plan for meeting these program needs. These plans shall include an assessment of needs. At minimum, the process of assessing needs and establishing goals and objectives must be carried out for each of the program classifications specified in Section 59-20-40(1)(c). Each school district board of trustees shall develop and execute a method of evaluating the extent to which the goals and objectives specified in its comprehensive plan are being achieved and shall annually report the results of its evaluation to the people of the school district and to the State Board of Education.

(e) provide a program for staff development for all educational personnel. A portion of the funds in the foundation program must be used for this staff development that may include, but not be limited to:

(1) college courses in education, subject area of certification or management;

(2) teaching center offerings;

(3) State Department of Education workshops; and

(4) district-wide or in-school training for the purpose of fostering professional growth or improving the competency of all educational personnel.

(f) in accordance with the format approved by the State Board of Education, annually submit to the State Board of Education and to the people of the district that district's fiscal report.

(8) The State Department of Education shall:

(a) develop, by September, 1993, a plan for offering help to districts and schools in designing and implementing the district and school comprehensive improvement plan;

(b) develop, by December, 1993, with approval by the State Board of Education, criteria for monitoring the district and school plans;

(c) review each district's annual fiscal report;

- (d) provide assistance to school districts in improving the programs, correcting the deficiencies, and in carrying out its staff development program;
 - (e) develop or select and field test a competency-based student assessment program;
 - (f) prepare an annual fiscal and programmatic report to the Governor and the General Assembly each year to assess compliance with this chapter and to make recommendations concerning necessary changes in this chapter;
 - (g) in compliance with the intent of the chapter, waive the prescribed reporting practices if considered necessary by the State Board of Education and authorize the substitution of alternate reporting practices which accomplish the objectives implied in this section. This waiver may not be utilized to avoid full accountability and implementation of this chapter.
- (9) The Legislative Audit Council shall audit to assess compliance with this chapter as requested by the General Assembly. On the basis of these audits, the Legislative Audit Council shall make recommendations to the General Assembly concerning necessary changes in this chapter.
- (10) A twelve-member Education Finance Review Committee must be established to advise the General Assembly and review its implementation of this chapter. This advice and review may include, but not be limited to:
- (a) the cost of the defined minimum program;
 - (b) provisions included in the defined minimum program;
 - (c) the pupil classification weights in Section 59-20-40;
 - (d) the formula for computing required local effort;
 - (e) the ongoing evaluation of the education program needs of the school districts.

The committee must be made up of three representatives from each of the following committees of the General Assembly - Senate Education, Senate Finance, House Education and Public Works, and House Ways and Means - appointed by each respective chairman. The committee shall seek the advice of professional educators and all other interested persons when formulating its recommendations.

SECTION 59-20-65. Furnishing by State Board of Education of services and training activities to support school improvement councils.

The State Board of Education, acting through the existing School Council Assistance Project at the University of South Carolina, shall provide services and training activities to support school improvement councils and their efforts in preparing an annual school improvement report as required in this section.

SECTION 59-20-70. Exemption from statutory provisions relating to fiscal accountability of state agencies, departments and institutions.

Notwithstanding any other provisions of law, any school district which complies with the provisions of Section 59-20-60 is exempted from the provisions of Article 15 of Chapter 1 of Title 1 relating to the fiscal accountability of state agencies, departments and institutions.

SECTION 59-20-80. School budgets shall be made public; itemization of salaries.

Notwithstanding any other provision of law, each school board of trustees in this State shall annually make available to the general public its budget for that year, which budget shall include an itemized list of the average salaries paid to the superintendents, supervisors, administrators, principals, consultants, counselors and teachers employed by the district. No state aid shall be given to any school district whose board of trustees fails to comply with the provisions of this chapter.