



The South Carolina School Boards Association Legislative Advocacy Teleconference Support Materials

What's inside

- Program Order
 - State K-12 Budget Preview
 - Index of Taxpaying Ability Legislation Overview
 - Point of Sale Legislation Overview
 - Charter School Parity Legislation Preview
 - Public School Choice Legislation Overview
 - Education Accountability System Update
 - Education Votes 2010
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Thursday, October 1, 2009
6 to 7:30 p.m.

Program Order

- I. Welcome
Paul Krohne, SCSBA Executive Director
 - II. Legislative issues for 2010
Scott Price, SCSBA General Counsel
 - III. Education accountability update
Debbie Elmore, SCSBA Communications Director
 - IV. Election 2010, advocacy and you
Duane Cooper, SCSBA Legislative and Advocacy Coordinator
Debbie Elmore
 - V. Questions and comments
Call 1.800.206.1959 or send email to ask@scsba.org
 - VI. Closing remarks
Paul Krohne
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State K-12 Budget Preview

School funding will likely dominate educational issues to be debated by the General Assembly in 2010. Already faced with \$131 million less in revenues heading into the 2009-2010 school year, schools were again told in September to cut spending by 4 % (\$85.4 million). State economists are reporting that revenues are currently on track to meet the state's \$5.7 billion budget plan. But the state's Board of Economic Advisors has noted that a small surplus in July's revenues - a glimmer of an improving economy - had disappeared in an August decline.

Overview

- Federal stimulus funding (FSF)
 - The amount of FSF for a district is calculated based upon the amount needed to restore the district's state funding received through the state's "primary formulae" to the appropriated FY 09 level for each of the years 2009 and 2010, up to the state's total FSF amount.
 - For FY 2009-2010, the K-12 total for FSF is \$359,352,985.
 - The legislature appropriated \$185 million to K-12 for FY 09-10 to be disbursed according to the EFA base student cost (BSC) formula (the "\$300 EFA increase"). This leaves an estimated \$174,430,646 for appropriation in FY 2010-2011.
- State K-12 budget facts
 - When the legislative session ended, the BSC for the current year was \$2,334, which included \$2,034 in state funds and \$300 per pupil in FSF. However, with the recent 4% cut, the BSC is now approximately \$1,920, without the \$300 federal money. The BSC for the current fiscal year should be \$2,578.
 - The BSC for the next budget year 2010-2011, according to the S.C. Department of Education, should be \$2,720.
 - Last year's reductions to K-12 public schools totaled \$388 million statewide. Additional reductions in state funding during the legislative budgeting process in the spring of 2009 meant that schools were looking at beginning FY 2009-2010 with about \$513 million less than they began FY 2008-2009.
 - However, the anticipated infusion of federal stimulus funds totaling \$382 million (\$197 million in Title I and IDEA funds, plus \$185 million in stabilization funds that were involved in the dispute with Governor Sanford) allowed districts to budget based on a \$131 million reduction instead of a \$513 million reduction. In

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other words, districts based their budgets for the new school year, including their overall numbers of classroom teachers, on the smaller reduction made possible by the stimulus money.

Position statement and talking points

As we approach what appears to be another difficult budget year, SCSBA - at least for now - urges the General Assembly to take the following actions.

- Utilize a majority of the stabilization funds provided to the state through the Federal Stimulus Bill to restore the cuts in the BSC under the EFA.
- Use the economic crisis as a starting point to address the need to reform the state's education funding structure, which is long overdue.
- Acknowledge the critical need to at the least review the property tax relief plan enacted in 2006, which shifted most of the funding for schools from the stable source of property taxes to the unstable sales tax. In addition, the option for local districts to make up shortfalls in state funds at the local level was greatly impaired.



Index of Taxpaying Ability House bill 3748

With the passage of Act 388 (property tax relief act of 2006), the General Assembly altered the way taxes are collected on taxable property in school districts and the results of the Index of Taxpaying Ability (ITA) calculations. As part of the Education Finance Act (EFA), the ITA is the main tool used to partly equalize education funding across school districts by determining what share of education cost is paid by the state and the amount that must be raised locally in each district. The amount is based on the assessed value of taxable property in a district divided by the total assessed value of taxable property in the state. A district with a high index relies more on local funding, while a low index entitles a district for more state aid. With Act 388, a significant portion of the property taxes used in this calculation will cease to be included in the ITA calculation beginning in fiscal year 2010-2011, and will cause significant and unintended shifts in the distribution of EFA funds. This is because Act 388 exempts owner-occupied property from taxes levied for school operations. According to the Department of Revenue (DOR), exempt property cannot be used in the calculation of the ITA. House bill 3748 offers a temporary means for addressing this issue in a timely manner

Components of the bill

- The value of owner-occupied (residential) property must be included in the calculation of the index of taxpaying ability until a permanent change in the method of computation of the ITA is enacted by the General Assembly.
- During 2009, the bill was filed as a temporary means for determining the ITA that will be calculated by DOR in December. This bill offered a temporary approach of adjusting the ITA by imputing the equivalent assessed value to equate the reimbursement on owner-occupied property to school districts as it is currently done for industrial property under fee-in-lieu of agreements.

Position statement

SCSBA supports the provisions of H.3748 as a temporary means for determining the ITA prior to the February deadline. SCSBA also supports provisions of H.3748 that call for the creation of an ITA study committee to examine methodologies for computing the index. This committee is to be charged with determining an appropriate measure for calculating an individual school district's ability to support the education foundation

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program required by the state, reporting back to the General Assembly by a certain date on the appropriate method to be used as the measure of relative school district ability to support the education foundation program.

During the 2009 SCSBA annual business meeting in December, the association's delegate assembly will vote on the following legislative priority: "SCSBA supports prompt legislative action to address the negative financial impact caused by the removal of owner-occupied home value from the calculation of the Index of Taxpaying Ability (ITA) as a result of Act 388."

Talking points

- The ITA is broken and time is of the essence. The ITA is determined annually by DOR. With the passage of Act 388, a significant portion of the property taxes used in this calculation will cease to be included in the ITA calculation for FY 2010-2011. The removal of this segment of property taxes for the calculation of the ITA will cause significant and unintended shifts in the distribution of EFA funds.
- Under state law, the calculation of the ITA to be used in FY 2010-2011 will occur during the interim and will be finalized by DOR by February 1, 2010. DOR has confirmed that it will not include residential property values in the ITA calculation for FY 2010-2011.



Point of Sale House bill 3272

Set for special order on the Senate calendar, the Point of Sale bill would change the provision under the 2006 Property Tax Relief Act (Act 388) that adjusts the property value to the selling price or full fair market value at the time of sale.

Components of the bill

- The bill would allow the value of the property recorded for tax purposes to not increase more than 15% over the currently recorded tax value, even if the sales price is 20% or even 100% greater than the value recorded for tax purposes. In other words the artificial value of the property remains for tax purposes.

Position statement

SCSBA opposes this bill along with the Municipal Association of South Carolina and the South Carolina Association of Counties.

Talking points

- The exemption for property value increases due to turnover above 15% for all property means that commercial and other 6% property value increases above 15% will be excluded from the calculation of the Index of Taxpaying Ability. This will impact the distribution of funding for schools through the Education Finance Act formula.
- The Board of Economic Advisors estimated a fiscal impact of \$44 million to local government revenues. Of this, \$19.6 million would be in school districts; \$16.1 million would be in counties; and \$8.3 million would be in cities.
- The bill is another piecemeal attempt at tax reform that will result in unintended consequences for public schools and local government services. South Carolina needs comprehensive tax reform.



Charter School Parity No bill filed yet

It is anticipated that House leadership will introduce a comprehensive charter school "parity" bill in 2010. The overall goal of the legislation is to expand charter school growth in the state by ensuring state funding for charters, as well as providing steps to secure facilities for charter schools that need them. The bill is presently in draft form and specific details are unavailable. However, certain issues will likely be included in the bill.

Likely bill components

- Determine a method to provide recurring and sustained funding for charter schools.
- Codify budget proviso 1.75 to establish a charter school funding schedule for charter schools with approved growth plans so that districts with charter schools will receive funds from the state department by a specific date after verification of student attendance. Districts then must provide the funds to the charter school by a certain date.
- Require that charter sponsors provide state and federal categorical funds to charter schools within a specified time period.
- Authorize a charter school sponsor to retain a percentage of a charter school's state funding for administrative purposes.
- For facilities, the proposal may establish a revolving loan fund for charter school construction using federal funds and grants. For a conversion school, the proposal would ensure that the converted school has an opportunity to use facilities and equipment as before the conversion, but only until the end of the contract period.
- Clarifies the local district's roles and responsibilities, particularly relating to special education.
- Provides charter student eligibility to participate in competitive and extracurricular school activities.
- Make the charter school contract separate from the application. Also, revise the application timeline so that the timetable for determining if an application is in compliance will be increased from 60 to 90 days.

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- Provide that sponsors can establish reasonable pre-opening conditions and requirements for safety, health and related issues.
- Repeal the one-year delay currently in law for a private school to convert to a charter school.
- Review the reporting process for charters, including giving sponsors some enforcement for charter school compliance.

Position statement

Because details of the proposal are limited, SCSBA does not have a position statement at this time. However, districts meeting with their legislative delegation members should discuss charter schools and their impact on the local schools, including any concerns regarding current charter school operations. It is important for legislators to receive district input and suggestions on any charter school legislation.

Talking points

- South Carolina enacted the Charter School Act in 1996. Under the original act, local school boards were the only entities authorized to sponsor a charter school. In 2006, the act was amended to create the nation's first statewide public charter school district as an additional authorizing entity with an appointed board of trustees. There are currently 39 charter schools operating in 16 districts, including three virtual charter schools.
- Charter schools have led a tumultuous existence in South Carolina, often at odds with cash-strapped school districts over funding issues and concerns regarding management, oversight and accountability. Some charter schools have struggled with transportation services, obtaining adequate and safe facilities, and financially making ends meet.
- Nationally, there are varying numbers of charter schools by states. Eleven states prohibit charter schools.
- The Obama administration supports charter schools and requires states to have charter-friendly laws to qualify for new federal funding under the administration's "Race to the Top" program. In the program, the U.S. Education Department is to consider the extent to which a state allows charter growth, has adequate policies for holding charter schools accountable, ensures the schools get "equitable funding," and provides money and assistance to help charters obtain facilities.



Public School Choice Senate bill 607 and House bill 3737

The public school choice bill would require school districts, over a two year period, to provide education program choices, including but not limited to, public charter schools, virtual school programs, extended day or school year programs, flexible school scheduling programs, Montessori programs, single gender programs, learning team programs, magnet school programs, arts programs, and school within a school programs.

Components of the bill

- Beginning with the 2009-2010 school year, each district would convene a school choice committee. The committee is to develop ideas for at least one in-district choice option at the elementary, middle and high school levels.
- During the 2010-2011 school year, each district would be required to begin implementation of the school choice program, with a minimum of one option at the elementary, middle, and high school levels and may utilize technical assistance funds.
- Also in the second year, each district school choice committee and district administration must present a study to the district's board of trustees on the feasibility of partnering with neighboring districts to:
 - establish a voluntary, open enrollment program that allows students to move across district lines at no charge. The General Assembly is to provide funding to offset transportation costs.
 - identify at least one possibility for providing education opportunities to out-of-district students and identify the amount of additional funding, if any, needed to implement the inter-district option.
- A district that chooses to participate in the inter-district program shall:
 - accept students on a tuition-free basis;
 - choose students through a lottery drawing if more students desire to participate than space is available.

Position statement

SCSBA supports public school choice options, particularly when designed to increase opportunities for all children to learn in ways that best meet their abilities and needs.

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SCSBA believes in the right of local boards to determine school choice options within their own districts or between districts. Mandated school choice programs must be driven by local flexibility, remain within the public school system, and reflect a focus on academic achievement.

Talking points

- Many districts offer school choice options that include open enrollment, magnet schools, charter schools, year-round schools, and special programs.
- If school choice is to be mandated by the State, then it must be within the public school system, which is open to all children and accountable to the public and it must be a component of our ongoing strategies to improve academic achievement for all students.
- The legislation must recognize that school choice programs have different meanings and implications for each school and school district and as such, should provide maximum flexibility for decision-making authority of school boards on such issues as capacity.



Education Accountability System Changes Update

During the 2008 legislative session, the General Assembly revised the state's education accountability system to include, among other things, a new state standardized test and system for rating schools and districts. While the legislation called for changes, the responsibility to implement them rests with the South Carolina Education Oversight Committee (EOC). The EOC is charged with approving the new test - Palmetto Assessment of State Standards or PASS - and setting cut scores for the test's three performance levels of "Not Met", "Met" and "Exemplary". The three performance levels for PASS are a change from the former Palmetto Achievement Challenge Test or PACT. PACT included four performance levels of "Below Basic", "Basic", "Proficient" and "Advanced". Test results are used to rate schools and districts and to determine Adequate Yearly Progress (AYP) for schools under the federal No Child Left Behind Act (NCLB).

Palmetto Assessment of State Standards (PASS)

- At its September 21 meeting, the EOC approved the state's new standardized test, PASS. PASS, which was administered for the first time in the Spring of 2009, is given to students in grades 3 through 8 in reading and research, writing, math, science and social studies.
- The Academic Standards Assessment Subcommittee of the EOC on September 28 voted unanimously to approve the cut score recommendations from the SCSBA and South Carolina Association of School Administrator (SCASA) for PASS. The recommendations call for the "Met" score on PASS to be set at a level very similar to the "Basic" score on PACT, ensuring that both mean a student has met the state standards in a subject area. The EOC full committee must still approve the subcommittee's actions at its next meeting on Monday, October 5, 2009.
- If approved, the cut scores could result in more South Carolina schools meeting AYP. That is because under PACT, students had to score "proficient" - a level that studies have shown is much higher than that used by most states - for their schools to meet AYP.

School and district ratings system

- Once cut scores are established, the EOC is to set the benchmarks for determining the five ratings or grades schools annually receive by the state

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on the school and district report card. The five rating levels are “Excellent”, “Good”, “Average”, “Below Average” and “At Risk” (this term replaces the former term of Unsatisfactory).

- In addition to the AYP rating, schools and districts are given a rating for their performance during the school year that is based on student test results called an Absolute Rating. Schools and districts also receive a rating for their performance over a two-year period called a Growth Rating.
- The EOC is scheduled to run simulations of the PASS scores in October to determine how test results should be used in calculating the ratings and bring the results of the simulations to the EOC in November. The simulations will include several models that could be considered. A public hearing and recommendations are scheduled to be presented to the EOC in December.

Position statement

SCSBA supports the “Met” student performance level on PASS to be set at a level very similar to the “Basic” student performance level on PACT and a rating system that sets a range of performance targets for each rating category. These targets should remain constant for at least five years at which time they will be evaluated as part of the cyclical review. (In the past, the rating system increased expectations each year).

Talking points

- One of the purposes outlined in the EAA for school ratings is to create a sense of urgency and call to action to improve weaknesses and celebrate successes. School ratings are not to be used as a hammer. However, low report card ratings have severe consequences. They make schools less attractive to families, which may foster economic and racial segregation. They make schools less attractive as a place to teach, and without good teachers (who are the most likely to have a choice of where to teach), the cycle of poor achievement may be perpetuated. They reduce home values, making a thriving community economy which could potentially support achievement less likely. They discourage businesses from locating in the area, a situation harmful to the locality and to the state as a whole.
- In general, constituents want to know how students are performing and what kind of growth is occurring from year to year. Rating systems that escalate from year to year mask the answers to these questions.

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Education Votes 2010 Actions and Efforts

The 2010 elections will be a “change election” in South Carolina. On November 2, 2010, voters will elect a new governor, Lt. governor, superintendent of education, attorney general and a number of state representatives. The outcome of these races could dramatically impact public education. Public education supporters and advocates should take steps now to prepare for the election year. An organized and committed effort can make a difference in the outcome of major races. It is important to remember campaigns are marathons not sprints. Be zealous in your civic responsibility - get involved in the election process on behalf of public education. But, be smart. State law prohibits the use of school district personnel, equipment, materials, office buildings or other resources to influence the outcome of an election. Also, district policies prohibit campaigning for candidates - or campaign materials - on school or district property.

Board member actions and efforts

- Identify and recruit pro-public education candidates
There will be a minimum of four open seats in the state House of Representatives. To ensure seats are held by supporters of public education, it is important to identify, encourage and recruit pro-public education candidates to run for office.
- Support pro-public education candidates
Contribute/donate to pro-public education candidates. Campaigns need money to be successful. Any donation, no matter the amount, can have a significant role in successful campaigns.
- Volunteer
All successful campaigns have canvassing (door-to-door) efforts, phone bank efforts, letters to the editor and other activities that require the commitment and work of volunteers. If time does not permit you to volunteer, encourage your friends and family to do so. As elected officials, consider activating your local political machines to support pro-public education candidates.

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- Educate the community
Educating the community about public education facts may be the most important role public education advocates can play during the 2010 election year. Anti-public education activists understand the importance of the 2010 elections and their efforts will center on misleading statements and positions about public school performance and funding. Public education supporters and advocates must be ready to counter these messages but also prepared to proactively inform the public of public education priorities and challenges. Some of the effective methods to educate the community are:
 - Hosting candidate forums
 - Writing editorials
 - Creating an online blog
 - Talking with social circles about education priorities

Known open seats

- House District 15 (Laurens, Newberry) - currently held by Jeff Duncan
- House District 26 (Greenville, Pickens) - currently held by Rex Rice
- House District 69 (Lexington) - currently held by Ted Pitts
- House District 87 (Lexington) - currently held by Nikki Haley

Possible open seats

Seats that may become open because current official is considering a run for another office

- House District 42 (Spartanburg, Union) - currently held by Mike Anthony
- House District 95 (Orangeburg) - currently held by Jerry Govan
- House District 119 (Charleston) - currently held by Leon Stavrinakis
- Senate District 8 (Greenville) - currently held David Thomas
- Senate District 25 (Aiken, Edgefield, McCormick) - currently held by Shane Massey

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Key dates and events

- September 7, 2009 - The unofficial start of election year 2010.
- October 10, 2009 - Candidates quarterly financial report due.
- January 10, 2010 - Candidates quarterly financial report due.
- March 16, 2010 (12:00pm) - Filing opens for party primary and convention candidates.
- March 30, 2010 (12:00pm) - Filing closes for party primary and convention candidates.
- April 9, 2010 - First public notice of primary and polling locations published.
- April 10, 2010 - Candidates quarterly financial report due (last report before June primary).
- April 24, 2010 - Last day to mail absentee ballots to Uniformed and Overseas Citizens Absentee Voting Act (UOCAVA) voters.
- May 8, 2010 - Last day to register to vote in June 8 primary.
- June 8, 2010 - Primaries held.
- June 22, 2010 - Primary run-offs (if required).
- July 10 - Candidates quarterly financial report due.
- July 15, 2010 (12:00pm) - Last day to submit petitions for name to be placed on November 2 general election ballot.
- August 16, 2010 (12:00pm) - Petition candidates must be certified by this date.
- October 2, 2010 - Last day to register to vote for the general election.
- October 10, 2010 - Candidates quarterly financial report due (last report before General Election).
- November 2, 2010 - Election day

Online resources

- SC Election Commission (www.scvotes.org)
- SC Republican Party (www.imarepublicantoo.com)
- SC Democratic Party (www.scdp.org)
- SC Ethics Commission (www.ethics.sc.gov)