

REPORT OF THE LEGISLATIVE SUBCOMMITTEE

Clyburn, Anthony, Whitmire, Erickson, and Cole
Staff Contact: Kenzie Riddle

HOUSE BILL 3343

H. 3343 -- Reprs. White, Allison and Daning: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 158 TO TITLE 59 SO AS TO ENACT THE "SOUTH CAROLINA EDUCATION SCHOOL FACILITIES ACT" TO PROVIDE FINANCIAL ASSISTANCE TO SCHOOL DISTRICTS IN ORDER TO ACQUIRE SCHOOL FACILITIES BY USING GENERAL OBLIGATION BONDS, AND OTHER FORMS OF ASSISTANCE, TO PROVIDE THAT THE STATE BOARD OF EDUCATION SHALL DETERMINE AND SELECT ON A PRIORITY BASIS, QUALIFIED SCHOOL PROJECTS WHICH SHALL RECEIVE FINANCIAL ASSISTANCE FROM THE STATE, TO PROVIDE FOR THE POWERS AND DUTIES OF THE STATE BOARD OF EDUCATION AND STATE DEPARTMENT OF EDUCATION IN THIS REGARD, AND TO PROVIDE FOR OTHER RELATED PROVISIONS IN CONNECTION WITH THE CONSTRUCTION OR RENOVATION OF SCHOOL FACILITIES; AND TO REPEAL CHAPTER 146, TITLE 59 RELATING TO THE STATE SCHOOL FACILITIES BONDS ACT WHICH AUTHORIZED THE ISSUANCE OF SPECIFIC DOLLAR AMOUNTS OF STATE SCHOOL FACILITIES BONDS WITHIN A SPECIFIED TIME PERIOD.

Summary of Bill:

This bill creates a South Carolina Facility Act to provide a process for the issuance of state general obligation debt to build or renovate public school facilities and other facility needs. The Department of Education, along with the State Board of Education, will be responsible for putting together a priority list that will go before the General Assembly. The General Assembly may adopt a proviso or joint resolution annually to authorize an amount of General Obligation debt to be issued for that particular year. The authorized amount will also go through JBRC and SFAA for the issuance of General Obligation debt through the treasurer's office.

Estimated Revenue Impact:

This bill would increase recurring General Fund expenditures of the Department of Education by \$894,450 in FY 2017-18 for eight FTE positions. Non-recurring General Fund expenditures would increase by \$12,000,000 to \$120,000,000 in FY 2017-18 depending on the cost per square foot charged by facility consultants hired to provide these specialized services. Local school district expenditures statewide for school district plans that describe present facilities, their deficiencies, and recommendations to remedy these deficiencies are undetermined since data on existing facility conditions

"THE BELOW CONSTITUTED SUMMARY IS PREPARED BY THE STAFF OF THE SOUTH CAROLINA HOUSE OF REPRESENTATIVES AND IS NOT THE EXPRESSION OF THE LEGISLATION'S SPONSOR(S) OR THE HOUSE OF REPRESENTATIVES. IT IS STRICTLY FOR THE INTERNAL USE AND BENEFIT OF MEMBERS OF THE HOUSE OF REPRESENTATIVES AND IS NOT TO BE CONSTRUED BY A COURT OF LAW AS AN EXPRESSION OF LEGISLATIVE INTENT".

are unavailable and expenditures would vary widely across the districts.

Subcommittee Recommendation: Favorable with Amendment

H. 3343 - SC Education School Facilities Act

Brief Summary: This bill provides a process for the issuance of state general obligation debt to build or renovate public school facilities and other facility needs based on an annual ranking of school district need.

Eligible Projects:

- Permanent school instructional facilities, health and safety upgrades, school technology access, and fixed building assets.

The State Board of Education Responsibilities:

- Develops standards for a uniform assessment of state facilities' needs to include capacity and condition, space requirements, program standards, and pupil growth.
- Develops standardized cost allowances, including costs per square foot, costs per teaching unit.
- Adopts policies to ensure accurate reporting by school districts.
- Adopts policies for the administration of grants and loans to school districts.
- Adopts policies to ensure proper fiscal controls and accounting procedures.
- Maintain an application process for qualified school projects.
- Establish advisory committees as needed.
- Promulgate regulations necessary to administer this act.

The Department of Education Responsibilities:

- Provides staff assistance to implement the adopted policies
- Ensures compliance with state standards, inspects construction projects, and approves completed construction.
- Defines school district capital improvement plans, which shall include maintenance and construction plans, student growth projections, cross district cooperation, partnership with local technical colleges and information technology needs.
- Rank the projects in priority order according to need.

How the program Works:

- SDE will conduct a statewide facilities study by October 1, 2018.
- By October 1 of each year (beginning in 2018), school districts shall provide annually to the department a thorough facilities plan that describes the school facilities in that school district.
- Each plan shall describe the present facilities being utilized by the school district; the deficiencies of these facilities, and recommendations to remedy those deficiencies. The school districts must undertake a study of future enrollment trends so that both the construction and closing of buildings in considered.
- SDE prepares a prioritization report that ranks \$200 million of need. Factors include:
 - Current condition of facilities, population trends, millage and fee levels, district financial health, ability to pay bonded indebtedness, and the ability to incur debt without the need of a referendum.
- Prioritization report can recommend grants or loans or a combination of both.
- The State Board must approve all facilities studies, facility plans, and the prioritized list and make recommendation to the General Assembly by December 1, 2019.
- The General Assembly may adopt a proviso or joint resolution annually to authorize an amount of debt to be issued for that particular year.
- The State Board would then submit an amount equal to the General Assembly's authorized amount to JBRC and SFAA for the issuance of G.O. debt through the treasurer's office.

Nonrecurring Maintenance Grants:

- Sets up a revolving fund at SDE to provide nonrecurring aid districts for need-based facility maintenance expenses to include roof and heating and air conditioning repairs or replacements if the General Assembly appropriates general fund monies.

HOUSE
AMENDMENT

THIS AMENDMENT
ADOPTED

GOOD/MELTON
MARCH 6, 2017

CLERK OF THE HOUSE

REP. WHITMIRE PROPOSES THE FOLLOWING AMENDMENT
No. TO H. 3343 (COUNCIL\DG\3343C001.BBM.DG17):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, SECTION
1, PAGE 9, BY STRIKING SECTION 59-158-310(B)
AND SECTION 59-158-320 AND INSERTING:**

**/ (B) UPON THE REVIEW OF THE
INFORMATION PROVIDED WITHIN THIS SECTION,
THE GENERAL ASSEMBLY MAY BY PROVISIO TO
THE BUDGET FOR THE THEN FISCAL YEAR OR BY
JOINT RESOLUTION SET FORTH THE AMOUNT TO
BE RAISED FOR QUALIFIED SCHOOL PROJECTS.**

SECTION 59-158-320. WITHIN THIRTY DAYS AFTER THE EFFECTIVE DATE OF THE GENERAL APPROPRIATIONS BILL OR A JOINT RESOLUTION SETTING FORTH THE AMOUNT OF BOND PROCEEDS TO BE RAISED TO DEFRAY THE COSTS OF QUALIFIED SCHOOL PROJECTS, THE PRIORITIZATION REPORT, TOGETHER WITH THE CERTIFICATE OF THE STATE BOARD, MUST BE SUBMITTED TO THE JOINT BOND REVIEW COMMITTEE FOR ITS REVIEW. /

AMEND THE BILL FURTHER, BY ADDING AN APPROPRIATELY NUMBERED SECTION TO READ:

/ SECTION ____ . THE PROVISIONS OF PARAGRAPH 2 OF SECTION 11-27-30 OF THE 1976 CODE ARE INAPPLICABLE TO THE PROVISIONS OF CHAPTER 158 OF TITLE 59 OF THE 1976 CODE. /

RENUMBER SECTIONS TO CONFORM.

AMEND TITLE TO CONFORM.



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3343 Introduced on January 10, 2017
Author: White
Subject: South Carolina Education School Facilities Act
Requestor: House Ways and Means
RFA Analyst(s): Shuford and Kokolis
Impact Date: February 2, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	See Below	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	8.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	Undetermined	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would increase recurring General Fund expenditures of the Department of Education by \$894,450 in FY 2017-18 for eight FTE positions. Non-recurring General Fund expenditures would increase by \$12,000,000 to \$120,000,000 in FY 2017-18 depending on the cost per square foot charged by facility consultants hired to provide these specialized services. Local school district expenditures statewide for school district plans that describe present facilities, their deficiencies, and recommendations to remedy these deficiencies are undetermined since data on existing facility conditions are unavailable and expenditures would vary widely across the districts.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

This bill requires the State Board of Education (board) to develop policies and standards for a uniform facility assessment that includes capacity needs, space requirements, program standards, and pupil growth. The board shall establish policies and provide for the fiscal controls for making grants and loans to the school districts along with the financial and operating conditions to which school districts must agree prior to receiving assistance. The board shall develop and implement financial incentives to encourage school districts to consolidate non-instructional programs.

The Department of Education's responsibilities pursuant to this bill are to assist the board in performing their duties, ensure compliance with state standards for educational facilities, define

capital improvement plans, and rank projects according to need for submission to the board. The department is required by October 18, 2018, to conduct a study of all school districts' existing facilities and physical assets along with the additional construction, renovation, and equipment needs that would provide students comparable amenities, educational space, and safety infrastructure regardless of their location statewide.

Upon review of the prioritized facilities plan, the General Assembly may authorize by proviso or joint resolution an amount of state school facilities general obligation bonds. These bonds would be submitted to the Joint Bond Review Committee for review and the State Fiscal Accountability Authority for issuance approval.

Department of Education. The department indicates that providing additional assistance to the State Board of Education would increase General Fund expenditures by \$207,938 in FY 2017-18 for one Program Manager and two Program Assistants. Salary and employer fringe for the Program Manager position would amount to \$65,000 and \$27,510, respectively. Salary and employer fringe for the two Program Assistants positions would amount to \$74,500 and \$40,928, respectively. These three FTE positions would assist the board with fiscal controls for the grants and loans and monitoring the financial incentives to encourage school districts to consolidate non-instructional programs.

The department anticipates also that an additional five FTE positions are necessary for department responsibilities in monitoring the designs of the qualified school construction projects and providing an annual prioritization report that recommends which projects should be undertaken. These five positions would increase General Fund expenditures by \$531,512 in FY 2017-18. Salary and employer fringe for the five plan reviewers and inspectors would amount to \$380,000 and \$151,512, respectively. Travel, audit, supplies, and technology costs for the eight new FTE positions would amount to \$155,000 in FY 2017-18.

The facilities study specified in Section 59-158-180 of the bill requires the department to study all school districts' existing facilities and physical assets along with the additional construction, renovation, and equipment needs that would provide students comparable amenities, educational space and safety infrastructure regardless of their location statewide. We expect these requirements would increase the department's non-recurring General Fund expenditures by \$12,000,000 to \$120,000,000 in FY 2017-18 depending on the cost per square foot charged by facility consultants hired to provide these specialized services. Based on 2008 data, the proposed facility study would require examining over 120,000,000 square feet of school district buildings, which exceeds the capacity of the department's three engineers who presently review school building plans.

Based on the scope of the study and the required completion date of October 1, 2018, the department estimates that the facilities study will increase non-recurring expenditures by a total of \$55,815,200 in FY 2017-18 for the 1,254 schools statewide. This estimate is within the cost range suggested by our research, which suggests that a facilities study by a consultant firm can range in cost from \$0.10 to \$1.00 or more per square foot. The final cost will depend on the specifications outlined in the procurement process and the bids received.

Office of the State Treasurer. The office indicates that issuance of bonds pursuant to the Education School Facilities Act would not affect the day-to-day duties of the Debt Management Division of the Office of State Treasurer. The bill continues the existing practice of review and approval by the Joint Bond Review Committee and the State Fiscal Accountability Authority. Responsibility for issuing the bonds resides with the Office of State Treasurer. Therefore, the bill will have no expenditure impact on the General Funds, Other Funds, or Federal Funds for administration of the bond issuing activities. Bond issuance expenditures for legal and other professional fees incurred in connection with the issuance of long-term debt such as fees for financial advisors, disclosure counsel, rating agencies, and printing costs are state expenditures and are paid from the proceeds of the sale of the bonds as specified in the bill.

State Fiscal Accountability Authority. The agency indicates this bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds, as the preparation of documents for agency meetings is a normal part of the current bonding process.

State Auditor. The agency indicates this bill will have no expenditure impact on the General Funds, Other Funds, or Federal Funds, as monitoring the constitutional compliance of these bonds can be accomplished at current staffing levels.

State Revenue

N/A

Local Expenditure

Each school district by October 1, 2018, and each October one each year thereafter, shall provide the Department of Education a facilities plan that describes the district's present facilities, their deficiencies, and recommendations to remedy these deficiencies. Additional school district expenditures statewide are undetermined since data on existing facility conditions are unavailable and vary widely across the districts.

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
122nd Session, 2017-2018

H. 3343

STATUS INFORMATION

General Bill

Sponsors: Reps. White, Allison, Daning and B. Newton

Document Path: I:\council\bills\ntl\13637sd17.docx

Introduced in the House on January 10, 2017

Currently residing in the House Committee on **Ways and Means**

Summary: South Carolina Education School Facilities Act

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
12/15/2016	House	Prefiled
12/15/2016	House	Referred to Committee on Ways and Means
1/10/2017	House	Introduced and read first time
1/10/2017	House	Referred to Committee on Ways and Means (House Journal-page 167)
1/11/2017	House	Member(s) request name added as sponsor: Daning (House Journal-page 46)

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VERSIONS OF THIS BILL

[12/15/2016](#)

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A BILL

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING CHAPTER 158 TO TITLE 59 SO AS TO ENACT THE "SOUTH CAROLINA EDUCATION SCHOOL FACILITIES ACT" TO PROVIDE FINANCIAL ASSISTANCE TO SCHOOL DISTRICTS IN ORDER TO ACQUIRE SCHOOL FACILITIES BY USING GENERAL OBLIGATION BONDS, AND OTHER FORMS OF ASSISTANCE, TO PROVIDE THAT THE STATE BOARD OF EDUCATION SHALL DETERMINE AND SELECT ON A PRIORITY BASIS, QUALIFIED SCHOOL PROJECTS WHICH SHALL RECEIVE FINANCIAL ASSISTANCE FROM THE STATE, TO PROVIDE FOR THE POWERS AND DUTIES OF THE STATE BOARD OF EDUCATION AND STATE DEPARTMENT OF EDUCATION IN THIS REGARD, AND TO PROVIDE FOR OTHER RELATED PROVISIONS IN CONNECTION WITH THE CONSTRUCTION OR RENOVATION OF SCHOOL FACILITIES; AND TO REPEAL CHAPTER 146, TITLE 59 RELATING TO THE STATE SCHOOL FACILITIES BONDS ACT WHICH AUTHORIZED THE ISSUANCE OF SPECIFIC DOLLAR AMOUNTS OF STATE SCHOOL FACILITIES BONDS WITHIN A SPECIFIED TIME PERIOD.

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

SECTION 1. Title 59 of the 1976 Code is amended by adding:

1 "CHAPTER 158

2
3 South Carolina Education School Facilities Act

4
5 Article 1

6
7 School Facilities Assistance

8
9 Section 59-158-110. This chapter is known and may be cited as
10 the 'South Carolina Education School Facilities Act'.

11
12 Section 59-158-120. As used in this chapter:

13 (1) 'Authority' means the South Carolina State Fiscal
14 Accountability Authority.

15 (2) 'Bonds' means general obligation bonds, notes, interim
16 certificates, grant or bond anticipation notes, or any other similar
17 types of indebtedness issued by the State of South Carolina.

18 (3) 'Facilities plan' means the report described in Section
19 59-158-180(B).

20 (4) 'Facilities study' means that study described in Section
21 59-158-180(A).

22 (5) 'Financing agreement' means an agreement entered into
23 between the state board and a school district pertaining to a loan or
24 other financial assistance. This agreement may contain, in addition
25 to financial terms, provisions relating to the regulation and
26 supervision of a qualified school project, and those other provisions
27 as the state board may determine.

28 (6) 'Loan' means an obligation subject to repayment which is
29 provided by the state board to a school district for all or a part of the
30 eligible cost of a qualified school project. A loan may be disbursed
31 in anticipation of reimbursement for or direct payment of eligible
32 costs of a qualified school project.

33 (7) 'Other financial assistance' means, but is not limited to,
34 grants, contributions, credit enhancement, capital or debt reserves
35 for bonds or debt instrument financing, interest rate subsidies,
36 provision of letters of credit and credit instruments, provision of
37 bond or other debt financing instrument security, and other lawful
38 forms of financing and methods of leveraging funds that are
39 approved by the state board, and in the case of federal funds, as
40 allowed by federal law.

41 (8) 'Prioritization report' means the report described in Section
42 59-158-180, and which is prepared by the state board.

1 (9) 'Qualified school projects' mean school facilities that are
2 constructed, renovated or equipped with money generated under the
3 provisions of this chapter and in accordance with the provisions of
4 this chapter.

5 (10) 'School district' means a public body corporate and politic
6 operating as a school district under the provisions of Chapter 17,
7 Title 59, and charter schools within the meaning of Chapter 40, Title
8 59.

9 (11) 'School facilities' means only facilities necessary for
10 instructional and related supporting purposes including, but not
11 limited to, classrooms, libraries, media centers, laboratories,
12 cafeterias, physical education spaces, related interior and exterior
13 facilities, and the conduit, wiring, and powering of hardware
14 installations for classroom computers or for area network systems.
15 School facilities under this chapter also include:

- 16 (a) health and safety upgrades;
- 17 (b) technology upgrades inside school facilities;
- 18 (c) upgrades associated with career and technology education
19 programs;
- 20 (d) deferred maintenance needs as described in the district's
21 capital improvement plan.

22 'School facilities' does not include unimproved real property,
23 centralized district administration facilities, or other facilities,
24 including those normally identified with interscholastic sports
25 activities.

26 (12) 'South Carolina Education School Facilities General
27 Obligation Bonds' means bonds issued under the authority of
28 Article 3 of this chapter.

29 (13) 'State board' means the State Board of Education.

30

31 Section 59-158-130. (A) Consistent with the definition of
32 school facilities in Section 59-158-120(11), funds made available
33 through this chapter must be used for permanent school instructional
34 facilities, health and safety upgrades, technology access inside the
35 school, and fixed building assets including the costs for
36 construction, improvement, enlargement, or renovation of school
37 facilities.

38 (B) Funds made available under this chapter must be allocated
39 to school districts for school facilities according to priorities
40 established by the Office of School Facilities of the Department of
41 Education as approved by the State Board of Education.

42

1 Section 59-158-140. (A) The State Board of Education's
2 responsibilities in regard to this chapter include:

3 (1) developing policies and standards for a uniform
4 assessment of facilities' needs and standardized cost allowances for
5 estimating the cost in meeting these needs in order to provide for a
6 systematic reporting of each district's needs to be used in calculating
7 the priority allotment of funds under this chapter. Any standardized
8 cost allowances must take into account regional variances that are
9 beyond the control of individual districts. Facilities' needs include,
10 but are not limited to, facility need capacity and condition, space
11 requirements, program standards, and pupil growth. Cost
12 allowances shall be developed to include such measures as costs per
13 square foot, costs per pupil, or costs per teaching unit with such costs
14 adjusted annually to reflect changes in the cost of labor and
15 materials. These standards and cost allowances are to be used only
16 for providing a uniform reporting of districts' needs for allotment
17 and priority purposes and are not intended to limit district options in
18 determining the most appropriate manner in which to meet
19 individual district needs; and

20 (2) adopting policies and standards to ensure the accuracy of
21 district reporting required under this chapter and the use of funds
22 disbursed under this chapter.

23 (B) In order to implement the provisions of this chapter, the state
24 board also shall:

25 (1) establish policies, procedures, and priorities for the
26 making and administering of grants, loans or a combination of these
27 to the various school districts which policies, procedures, and
28 priorities must be established by appropriate regulations of the state
29 board;

30 (2) enter into agreements with departments, agencies, or
31 instrumentalities of the United States or of this State, including
32 particularly the Offices of State Auditor, State Treasurer, and
33 Comptroller General, for the purposes of administering operations
34 and establishing fiscal controls and accounting procedures that
35 promote financial integrity of the programs contemplated in this
36 chapter;

37 (3) maintain an application process for school districts to
38 request funding for qualified school projects; and

39 (4) develop financial and operating conditions to which
40 school districts must agree prior to receiving financial assistance
41 provided for in this chapter.

42 (C) In order to fulfill its duties set forth in this section, the state
43 board may:

1 (1) expend funds credited to the state board as the state board
2 determines necessary for the costs of administering the operations
3 of the state board;

4 (2) establish advisory committees as the state board
5 determines appropriate, which may include individuals from the
6 private sector with banking and financial expertise;

7 (3) collect fees and charges in connection with its loans or
8 other financial assistance;

9 (4) apply for, receive and accept from any source, aid, grants,
10 and contributions of money, property, labor, or other things of value
11 to be used to carry out the purposes of this chapter subject to the
12 conditions upon which the aid, grants, or contributions are made;

13 (5) enter into contracts or agreements for the servicing and
14 processing of financial agreements;

15 (6) promulgate regulations considered necessary to effect the
16 responsibilities set forth in this chapter; in order to aid the state
17 board in the performance of its duties, the State Department of
18 Education shall provide staff and technical assistance as necessary;
19 and

20 (7) do all other things necessary or convenient to exercise
21 powers granted or reasonably implied by this chapter.

22
23 Section 59-158-150. The Department of Education's
24 responsibilities under this chapter to assist the state board in the
25 performance of its duties shall include:

26 (1) providing staffing assistance to the state board in the
27 development of policies and standards, and regulations
28 implementing this chapter;

29 (2) ensuring compliance with state standards and requirements,
30 inspecting construction projects for education facilities, and
31 approving completed construction pursuant to Chapter 23 of this
32 title for projects financed in whole or in part with funds allocated
33 under this chapter;

34 (3) defining capital improvement plans that shall include
35 maintenance and construction plans, student growth projections,
36 cross district cooperation, partnership with local technical colleges
37 and information technology needs; and

38 (4) ranking the projects in priority order according to need and
39 submitting the rankings for approval to the State Board of
40 Education.

41
42 Section 59-158-160. All money of the state board received under
43 this chapter, except as otherwise authorized by law or provided in

1 this chapter, must be deposited with and invested by the State
2 Treasurer. Funds of the state board not needed for immediate use
3 or disbursement may be invested by the State Treasurer in
4 obligations or securities which are declared to be legal obligations
5 by the provisions of Section 11-9-660.

6
7 Section 59-158-170. Following the close of each state fiscal
8 year, the state board shall submit an annual report of its activities for
9 the preceding year to the Governor and to the General Assembly.
10 An independent certified public accountant shall perform an audit
11 of the books and accounts of the state board at least once in each
12 state fiscal year.

13
14 Section 59-158-180. (A) The State Department of Education
15 shall conduct a facilities study of all school districts' facilities and
16 physical assets. The facilities study shall provide an assessment of
17 the facilities presently being utilized by the various school districts
18 and outline the required construction, renovation and equipping of
19 facility needs of each school district in order to enable each school
20 district to provide for comparable access to school amenities,
21 educational space and infrastructure, and safety to students
22 regardless of their school district of residence. The facilities study
23 shall be completed by October 1, 2018, and delivered to the state
24 board, and shall be utilized by the state board in the performance of
25 its duties and functions under this chapter. The facilities study shall
26 be updated from time to time by the department as necessary to
27 enable the state board to perform its duties and functions under this
28 chapter.

29 (B) By October 1, 2018, and the first day of October of each year
30 thereafter, each school district shall provide annually to the
31 department a thorough facilities plan that describes the school
32 facilities in that school district. Each facilities plan shall:

33 (1) describe the present facilities being utilized by the school
34 district;

35 (2) describe the deficiencies of these facilities; and

36 (3) provide the school district's recommendations to remedy
37 these deficiencies, including appropriate designs, and an estimated
38 cost of implementing such recommendations, including a cost
39 estimate of utility and other infrastructure to be provided by public
40 entities necessary to serve each proposed facility.

41 In doing so, the school districts must undertake a study of future
42 enrollment trends so that both the construction and closing of
43 buildings is considered. Additionally, each school district's

1 facilities plan shall ensure that school districts have a building
2 maintenance plan. Failure on the part of a school district to prepare
3 an annual facility plan and deliver it to the state board shall prohibit
4 that school district from receiving funds as provided in this chapter.

5 (C) Upon receipt of the facilities study and the facilities plan
6 prepared by the school districts, the department annually shall
7 prepare a prioritization report which ranks the needs of each school
8 district beginning with those most in need of school facilities in
9 accordance with the provisions of this chapter. Factors which must
10 be used by the department in creating its ranking within the
11 prioritization report are comprised of the following:

12 (1) the current condition of school facilities in each school
13 district;

14 (2) school district population trends;

15 (3) school district millage and fee levels;

16 (4) school district financial health which includes whether the
17 school district has achieved balanced budgets;

18 (5) ability of a school district to pay bonded indebtedness; and

19 (6) ability of a school district to incur debt, without the
20 necessity of a referendum, under the provisions of Section 15,
21 Article X of the Constitution.

22 (D) Each annual prioritization report shall list the qualified
23 school projects required by each school district and a
24 recommendation of those qualified school projects which should be
25 undertaken immediately and cost in the aggregate not more than two
26 hundred million dollars. The department also shall provide a
27 recommendation within the prioritization report whether assistance
28 for a specific qualified school project of a particular school district
29 shall be by way of grants, loans or a combination of both.

30 (E) All designs of qualified school projects are subject to
31 approval by the department, which may periodically amend design
32 standards to improve the efficiency, safety, or effectiveness of each
33 qualified school project.

34 (F) All facilities studies, facilities plans, prioritization reports,
35 and related material prepared by the department under this section
36 must be submitted to the state board for its approval and
37 implementation.

38
39 Section 59-158-190. The state board, with the assistance of the
40 department, by regulation shall develop and implement financial
41 incentives in the form of additional allocations of school facility
42 funding under this chapter to encourage school districts and their
43 governing bodies to combine their purchasing, procurement,

1 accounting, food service, transportation, human resources, or other
2 noninstructional functions with another school district or districts in
3 the county or with an adjoining school district or districts in another
4 county, or to consolidate with one or more other school districts in
5 their county. Nothing in this section prevents a school district from
6 receiving additional allocations in both categories. However,
7 together with the additional allocations authorized by this section,
8 the total allocations for all school districts may not exceed in any
9 year the total amount of general obligation bonds authorized to be
10 issued as provided by Section 59-158-310, for that year.

11

12 Section 59-158-200. In addition to all other provisions of this
13 chapter, as a condition of receiving funds from the state board as
14 provided in this chapter, the department shall require districts to
15 undergo a thorough energy audit that highlights the operation of
16 school buildings in terms of being energy efficient and as cost
17 effective as possible. Designs for new school facilities to be built in
18 whole or in part with funds provided under this chapter also must be
19 as energy efficient and cost effective as possible. The state board
20 may require recommendations made by the energy audit to be
21 incorporated into existing facilities and into new facilities as a
22 condition of receiving funds under this chapter to the extent funds
23 are available to make these recommended energy improvements.

24

25 Section 59-158-210. To qualify for funding under this chapter,
26 each school district shall meet the requirements of this chapter and
27 any regulations promulgated pursuant to this chapter. Funds may be
28 withheld from a school district by the state board when the
29 Department of Education finds inappropriate reporting of facilities'
30 needs, inappropriate use of funds, or other violations of this chapter,
31 including the provisions of this section.

32

33 Section 59-158-220. Neither the state board, state department,
34 nor any officer, employee, or committee of the state board or
35 department acting on behalf of it, while acting within the scope of
36 this authority, is subject to any liability resulting from carrying out
37 any of the powers given in this chapter.

38

39 Section 59-158-230. By December 1, 2019, the State Board of
40 Education shall recommend to the General Assembly changes to be
41 made to this chapter regarding program objectives, appropriate
42 funding levels, and funding allotments formulas.

43

1 Article 3

2
3 Process and Procedures

4
5 Section 59-158-310. (A) By January first of each year, the
6 facilities study, as originally completed or updated from time to
7 time, each facilities plan, as originally completed or as updated from
8 time to time, and the prioritization report, as originally completed or
9 as updated from time to time, must be submitted by the state board
10 to the following:

- 11 (1) Governor of South Carolina;
- 12 (2) President Pro Tempore of the South Carolina Senate;
- 13 (3) Speaker of the South Carolina House of Representatives; and
- 14 (4) State Treasurer of South Carolina;
- 15 (5) Chairman of the House Ways and Means Committee;
- 16 (6) Chairman of the Senate Finance Committee;
- 17 (7) Chairman of the House Education and Public Works
18 Committee; and
- 19 (8) Chairman of the Senate Education Committee.

20 The above must be accompanied by a certificate of the state board
21 which contains the following information:

- 22 (1) a description of each qualified school project;
- 23 (2) an estimate of the cost of each qualified school project; and
- 24 (3) certificates of the State Auditor and State Treasurer setting
25 forth the available debt limit under Section 13(6)(c), Article X of
26 the South Carolina Constitution.

27 (B) Upon the review of the information provided within this
28 section, the General Assembly may by proviso to the budget for the
29 then fiscal year or by joint resolution set the principal amount of the
30 State School Facilities General Obligation Bonds to be considered.

31
32 Section 59-158-320. Within thirty days after the effective date
33 of the general appropriations bill or a joint resolution setting forth
34 the amount of general obligation bonds which may be issued as
35 provided in Section 59-158-310, the prioritization report, together
36 with the certificate of the state board, must be submitted to the Joint
37 Bond Review Committee for its review.

38
39 Section 59-158-330. Thereafter, the prioritization report must be
40 submitted to the Authority, together with a resolution providing for
41 the issuance of bonds, with a certificate of the state board setting
42 forth the following:

1 (1) that it is necessary for bonds to be issued in the amount
2 proposed; and

3 (2) that the bonds are being issued in accordance with Section
4 13(6)(c), Article X of the South Carolina Constitution and Article 3
5 of this chapter.

6
7 Section 59-158-340. Those state entities charged with the
8 responsibility of issuing or approving the issuance of these bonds
9 are directed to synchronize their duties and functions under this
10 chapter so that a continuous stream of revenue will be available to
11 the school districts to defray the costs of qualified school projects.

12
13 Article 5

14
15 Education School Facilities General Obligation Bonds

16
17 Section 59-158-510. Following the receipt of the information
18 presented pursuant to Section 59-158-330, the Authority, upon its
19 approval, by resolution duly adopted, shall effect the issuance of the
20 bonds, or pending the issuance of the bonds, effect the issuance of
21 bond anticipation notes pursuant to Chapter 17, Title 11.

22
23 Section 59-158-520. In order to effect the issuance of the bonds,
24 the Authority shall adopt a resolution providing for the issuance of
25 the bonds pursuant to the provisions of this chapter. The authorizing
26 resolution must include:

27 (1) the list of qualified school projects and the estimated cost of
28 each as set forth in the prioritization report;

29 (2) schedules setting forth the aggregate of all general obligation
30 debt of the State, excluding highway bonds, state institution bonds,
31 tax anticipation notes, and bond anticipation notes, together with
32 certificates of the State Treasurer and State Auditor evidencing
33 compliance with the provisions of Section 13(6)(c), Article X of the
34 South Carolina Constitution;

35 (3) a schedule showing the aggregate of bonds issued, the
36 purposes for which they were issued, the annual payments required
37 to retire the bonds, the interest on the bonds, and the amount of any
38 special funds applicable to the retirement of outstanding bonds;

39 (4) the amount of bonds to be issued; and

40 (5) a schedule showing future annual principal requirements and
41 estimated annual interest requirements on the bonds to be issued.

42

1 Section 59-158-530. The bonds must bear the date and mature at
2 the time that the resolution provides, except that no bond may
3 mature more than thirty years from its date of issue. The bonds may
4 be in the denominations, be payable in the medium of payment, be
5 payable at the place and at the time, and be subject to redemption or
6 repurchase and contain other provisions determined by the
7 Authority before their issuance. The bonds may bear interest
8 payable at the times and at the rates as determined by the Authority.
9

10 Section 59-158-540. All bonds issued under this chapter are
11 exempt from taxation as provided in Section 12-2-50.
12

13 Section 59-158-550. All bonds issued under this chapter must be
14 signed by the Governor and the State Treasurer. The Governor and
15 the State Treasurer may sign these obligations by a facsimile of their
16 signatures. The Great Seal of the State must be affixed to, impressed
17 on, or reproduced upon each of them and each must be attested by
18 the Secretary of State. The delivery of the bonds executed and
19 authenticated is valid notwithstanding changes in officers or seal
20 occurring after the execution or authentication.
21

22 Section 59-158-560. For the payment of the principal and
23 interest on all bonds issued and outstanding pursuant to this chapter
24 there is pledged the full faith, credit, and taxing power of the State
25 of South Carolina, and in accordance with the provisions of Section
26 13(4), Article X of the South Carolina Constitution, the General
27 Assembly hereby allocates on an annual basis sufficient tax
28 revenues to provide for the punctual payment of the principal and
29 interest on the bonds authorized by this chapter.
30

31 Section 59-158-570. Bonds must be sold by the Governor and
32 the State Treasurer at public sale, after publication of notice of the
33 sale one or more times at least seven days before the sale, in a
34 financial paper published in New York City which regularly
35 publishes notices of sale of state or municipal bonds. The right is
36 reserved to waive technicalities or to reject all bids and to
37 readvertise the bonds for sale. For the purpose of bringing about
38 successful sales of the bonds, the Authority may do all things
39 ordinarily and customarily done in connection with the sale of state
40 or municipal bonds. All expenses incident to the sale of the bonds
41 must be paid from the proceeds of the sale of the bonds.
42

1 Section 59-158-580. The proceeds of the sale of bonds must be
2 received by the State Treasurer and applied to the purposes for
3 which issued, except that the accrued interest, if any, must be used
4 to discharge in part the first interest to become due on the bonds, but
5 the purchasers of the bonds are not liable for the proper application
6 of the proceeds to the purposes for which they are intended.

7
8 Section 59-158-590. It is lawful for all executors,
9 administrators, guardians, and other fiduciaries to invest any monies
10 in their hands in bonds issued pursuant to this chapter.

11
12 Section 59-158-600. The proceeds received from the issuance of
13 bonds, after deducting the costs of issuance, must be deposited at
14 the Office of State Treasurer and used to defray the costs of the
15 qualified school projects as provided in the resolution of the
16 Authority.

17
18 Section 59-158-610. The financial assistance received for a
19 particular qualified school project must be used by that school
20 district and its governing body for that qualified school project. The
21 state board, together with the Office of State Treasurer, is
22 responsible for establishing a program to ensure that the proceeds
23 are utilized by the receiving school districts in accordance with the
24 requirements of this chapter.

25
26 Section 59-158-620. The bonds are legal investments in which
27 all public officers or public bodies of the State, its political
28 subdivisions, all municipalities and political subdivisions, all
29 insurance companies and associations and other persons carrying on
30 insurance business, all banks, bankers, banking associations, trust
31 companies, savings banks, savings associations, including savings
32 and loan association investment companies, and other persons
33 carrying on a banking business, all administrators, guardians,
34 executors, trustees, and other fiduciaries, and all other persons who
35 are now or may be authorized in the future to invest in bonds or other
36 obligations of the State, may invest funds in their control or
37 belonging to them. The bonds are also securities which may be
38 deposited with and received by all public officers and bodies of the
39 State or any agency or political subdivision of the State and all
40 municipalities and public corporations for any purpose for which the
41 deposit of bonds or other obligations of the State is now or may later
42 be required by law.

43

1 Article 7

2
3 Nonrecurring Maintenance Grants
4

5 Section 59-158-710. The State Board of Education shall
6 establish a revolving fund with such monies as may be appropriated
7 by the General Assembly to operate a grant program to provide
8 nonrecurring aid to school districts for facility maintenance
9 expenses to include roof and heating and air conditioning repairs or
10 replacements. The state board must manage the fund and
11 promulgate regulations setting forth the requirements for a school
12 district to become an aid recipient. In making aid determinations,
13 the state board by regulation must establish a priority system where
14 school districts with the most critical needs shall receive priority
15 funding first, based on the requirements developed by the state
16 board in these regulations.”

17
18 SECTION 2. Chapter 146, Title 59 of the 1976 Code is repealed.

19
20 SECTION 3. This act takes upon approval by the Governor.

21 ----XX----

22