



## STATE OF SOUTH CAROLINA DEPARTMENT OF EDUCATION

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The Honorable Nikki R. Haley  
Governor, State of South Carolina  
First Floor, State House  
Columbia, SC 29201

Dear Governor Haley:

Thank you for your service and leadership to the people of South Carolina. The purpose of this letter is to comment and recommend budget vetoes regarding H.3710, the general appropriations act for Fiscal Year 2013-2014.

### Part 1A – Appropriations

The General Assembly deserves credit for allocating resources towards the classroom and necessary operational expenses. Examples include:

An additional \$18,440,647 for instructional materials as new standards are implemented this school year. This increase fully funds the South Carolina Department of Education's (SCDE) request.

An additional \$9,609,514 for school bus fuel and parts. Maintaining the oldest school bus fleet in the nation is expensive and requires funding to purchase replacement parts.

The budget authorizes \$23,525,506 for school bus purchases. While not all of this funding may be realized during the next fiscal year, it is an increase over the current appropriation of \$12,217,000.

Additionally, the budget does not reduce funding for the Base Student Cost (BSC) and the Education Finance Act (EFA). These dollars are closely tied classroom expenditures. To ensure these dollars are spent on the classroom, the budget maintains the requirement that 75% of funds must be used instruction, instructional support, and non-instruction pupil services categories as defined by the In\$ite software. During your service in the General Assembly, you championed this proviso and the General Assembly is wise to have kept this requirement in the budget.

Part 1A – CDEPP Expansion

Since announcing for public office I have consistently advocated for allocating taxpayer dollars towards areas that produce the most student learning. After reviewing numerous scientific studies, I have concluded that spending more money on pre-kindergarten programs is not the best use of limited resources because the effects of such programs fade by 3rd grade. This has been my consistent position on pre-kindergarten programs since 2009.

H.3710 expands the Child Development Education Pilot Program (CDEPP) to school districts with a poverty level of 75% or greater. Current law allows school districts that are not plaintiff districts to participate if they have a poverty level of 90% or greater. The new funding would be split between public providers (school districts) and private providers, with 65% allocated to school districts and 35% allocated to private providers.

My budget submission to you did not recommend CDEPP expansion. Your executive budget did not recommend expansion. The House Ways and Means Committee, at the subcommittee and full committee level, did not recommend expansion. The House version of the budget passed on March 13, 2013 did not recommend CDEPP expansion. The Senate Finance K-12 Education Subcommittee never discussed expansion. Only at full Senate Finance Committee was CDEPP expansion first discussed and incorporated into the Senate version of the budget, and ultimately, the House acquiesced to the Senate's CDEPP expansion. The public never had the opportunity to provide testimony to either committee about CDEPP expansion. Additionally, school districts can choose not to use CDEPP expansion funds for early childhood because the General Assembly has provided them the authority to flex these funds.

The Education Oversight Committee (EOC) released a study of CDEPP student performance in April. The data is clear: CDEPP students, at best, perform equally as well as other students in the same school district learning in the same classroom with regard to reading proficiency, and they perform worse than other students with regard to mathematics proficiency. Put another way, the additional year of instruction did not produce learning gains advocates for universal pre-kindergarten claim were guaranteed to happen with CDEPP.

The EOC study confirms the findings of two federal studies produced by the U.S. Department of Health and Human Services regarding the Head Start program, often cited by universal pre-kindergarten advocates as the "gold standard" in early childhood education. Both of these federal studies show there were no long-term benefits to a student who attended a Head Start program and that when compared to their peers, students who attended a Head Start program performed, at best, equally as well and sometimes at a lower level.

Most, though not all, of the funds appropriated for CDEPP expansion are recurring dollars. This means that there were recurring dollars available to increase the BSC. Alternatively, the General Assembly could have appropriated these dollars towards school bus purchases to replace 1/15th of the bus fleet as recommended by state law. Or the General Assembly could have used these recurring dollars for some other purposes, such as tax relief or reducing state-issued debt. Instead, the General Assembly has chosen to ignore the data and follow the orthodoxy of the education establishment to expand a pre-kindergarten program that is ineffective.

Given other pressing needs and the fact that school districts can transfer these funds to other purposes, it is a poor decision, not supported by any data, by the General Assembly to expand CDEPP.

Proviso 1.71

As adopted by the General Assembly, the proviso states, **“From the funds appropriated in program XB, Bus Shops, in the current fiscal year, the department must fund the Lee County School District Bus Shop and the Kershaw County School District Bus Shop at the same level as they were funded in the previous fiscal year.”**

The House deleted this proviso at the request of the SCDE, but the Senate reinserted the proviso and insisted on its position during the budget conference committee. The House deserves credit for its stance to reduce the costs of operating a statewide school bus fleet.

The SCDE is responsible for managing and implementing student transportation services across South Carolina. School districts do not own maintenance facilities for state-owned school buses; they are all owned by the State of South Carolina. Many of these state-owned facilities serve multiple school districts. School districts may own and operate maintenance facilities for district-owned buses, but the state budget does not fund locally-owned school bus operations and maintenance, which are commonly called activity buses.

Currently, there are 44 state-owned school bus maintenance facilities, but there is not one in every county. The SCDE has provided safe transportation to the districts that do not have a maintenance facility within their county boundaries. On May 9, 2012, after careful review of the operations of the state-owned maintenance facility located in Lee County, the SCDE informed employees they would be transferred to the state-owned facilities in Kershaw and Sumter Counties, along with the state-owned school buses they maintained. However, the SCDE complied with this proviso in the current year and both facilities were operated as required by the current budget.

The fact of the matter is the state-owned Lee County facility is inefficient because of the small number of buses maintained there. In fact, the SCDE shifted 28 state-owned buses to the facility approximately 5 years ago in attempt to “justify” its continued use. Given the pressing needs in transportation, such as increased fuel and parts expenses due to an aging fleet, the SCDE cannot justify the operation of the state-owned facility in Lee County.

I have consistently opposed this proviso and I thank you for vetoing this proviso last year. The House sustained your veto, but as often occurs in the General Assembly, a “mulligan” was called and another vote held that overrode your veto. The Senate then overrode your veto. The inclusion of this proviso in this year’s budget raises serious doubts about the commitment of state government to a more efficient student transportation system.

The employees who work in the Lee County facility will not lose their jobs. Maintaining the oldest bus fleet in the nation requires technicians, and if your veto of this proviso was sustained by the General Assembly, you have my assurance no employee will lose their job due to the closure of the Lee County facility.

Respectfully, the SCDE requests a gubernatorial veto of Proviso 1.71.

Proviso 1.80

This is a new proviso inserted by the Senate. It was not requested by the SCDE. This proviso is essentially an earmark for a Florida-based company called Beanstalk Innovation. The SCDE has a data system that has the capabilities required by the proviso; therefore, the proviso is unnecessary.

Respectfully, the SCDE requests a gubernatorial veto of Proviso 1.80.

Proviso 1A.36

Proviso 1A.36 was amended by the House to include an earmark of \$1,000,000 for Clemson University. SCDE did not request this amendment. Allegedly, these funds are to study, not fund, operations of a summer reading pilot project in ten Greenville County schools. The SCDE has already expended approximately \$70,000 with the University of South Carolina to analyze the effects of a lottery-funded summer reading pilot project in twelve schools. The Senate amended this proviso, at the request of SCDE, to delete the Clemson University earmark, but acquiesced to the House version.

The original intent of the proviso was to ensure the SCDE had funding to purchase bus fuel because the General Assembly did not appropriate sufficient funds. However, during the last two budgets the General Assembly has funded special interest projects with EIA carryforward funds unrelated to transportation expenses. Frankly, this proviso has become a legislative slush fund.

The SCDE does not request a gubernatorial veto of Proviso 1A.36. However, the SCDE will recommend deletion of this proviso and request additional funding for school bus fuel for Fiscal Year 2014-2015. The Department of Agriculture must be envious of the "pork" appropriated by this proviso.

Proviso 1A.54

This is a new proviso inserted by the House. It was not requested by the SCDE. The House adopted it during the floor debate because its adoption in committee was in violation of House Rule 5.3.F. This is a prime example of how a special interest circumvents appropriate decision-making channels simply to guarantee state funding. The Microsoft Corporation's net income for the fiscal year ending June 30, 2012 was over \$17 billion. The funding for this earmark, as directed by the proviso, will reduce school district allocations for career and technology equipment.

Respectfully, the SCDE requests a gubernatorial veto of Proviso 1A.54.

Proviso 1A.62

This is a new proviso inserted by the Senate. The proviso conflicts with federal law requiring students to be assessed using a state-assessment approved by the federal government. Currently, PASS, HSAP, and EOCEP are all approved. This proviso would exempt 5 school districts from giving PASS in ELA and mathematics as well as HSAP, and without approved alternative tests, they and the state would be violation of federal law.

Additionally, the SCDE does not support the last sentence of the proviso as it is premature. No one knows yet what the requirements will be to resubmit an Elementary and Secondary Education Act (ESEA) Flexibility Request or if one will be necessary because Congress is likely to debate ESEA reauthorization this summer.

Respectfully, the SCDE requests a gubernatorial veto of Proviso 1A.62.

Proviso 91.26

The General Assembly adopted this proviso without any discussion by a committee, as it was adopted during the Senate floor debate. The language of the proviso directs the Education Oversight Committee (EOC) to, "review certain school districts' central operations with a focus on non-instructional expenditures so as to identify opportunities to improve operational efficiencies and reduce costs for the district."

The statutory missions of the EOC, found in Chapters 6 and 18 of Title 59, are approval of academic standards, approval of the statewide accountability assessment, implementation of school report cards and parent surveys, and recommendations regarding programs funded by EIA. The EOC has not historically and does not today play a role in evaluating school district operations. It simply isn't in their statutory authority or their agency's mission. Their agency staffing level suggests they cannot manage this workload, and will likely have to contract with a vendor for these services, which is another earmark for a special interest.

Furthermore, the proviso guts what is a core function of the EOC: evaluating academic progress. The proviso specifically states, "The review shall not address the effectiveness of the educational services being delivered by the district." I've long advocated for more efficient school operations because a dollar spent on administrative expenses is one less dollar spent on instructional expenses. Yet, this proviso mandates the EOC to ignore a school district's academic progress. If this proviso remains in the budget, and the contracted vendor finds severe academic malpractice in a school district, are they supposed to simply turn a blind eye? I would hope not.

There is no requirement for school districts to implement any recommendations offered by the external consultants who would conduct the reviews. Additionally, a review would only be available for 3 school districts. Why not grant the SCDE the authority to conduct these reviews, and the educational services at the same time, for all 82 school districts? The General Assembly's approach to this proviso is short-sighted.

Respectfully, the SCDE requests a gubernatorial veto of Proviso 91.26.

Thank you for your consideration of this letter and veto requests.

Sincerely,



Mick Zais, Ph.D.  
State Superintendent of Education