



STATE OF SOUTH CAROLINA  
DEPARTMENT OF EDUCATION

Mick Zais  
Superintendent

1429 Senate Street  
Columbia, South Carolina 29201

July 13, 2012

The Honorable Hugh K. Leatherman, Sr.  
Chairman, Senate Finance Committee

The Honorable W. Brian White  
Chairman, House Ways and Means Committee

Dear Chairman Leatherman and Chairman White:

Thank you for the opportunity to comment regarding gubernatorial vetoes of certain budget line items and provisos contained in the Fiscal Year 2012-2013 General Appropriations Bill.

**Gubernatorial Vetoes**

**Veto #4 – Writing Improvement Network; \$182,671 EIA Funds**

In letters to House Ways and Means Committee for Fiscal Year 2011-2012 and Fiscal Year 2012-2013, I recommended shifting scarce resources earmarked for the Writing Improvement Network to higher priorities within the Education Improvement Act (EIA). The Writing Improvement Network is a duplicative program that has been unable to demonstrate a significant impact on student achievement.

Respectfully, I request Veto #4 be sustained.

**Veto #5 – SC Geographic Alliance; \$155,869 EIA Funds**

In letters to House Ways and Means Committee for Fiscal Year 2011-2012 and Fiscal Year 2012-2013, I recommended shifting scarce resources earmarked to the SC Geographic Alliance to higher priorities within the EIA. While the SC Geographic Alliance serves a noble cause, geography education, there are other pressing needs for scarce EIA resources.

Respectfully, I request Veto #5 be sustained.

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**Veto #7 – Teacher Salary Support State Share (Non-Recurring); \$10,070,600 EIA Funds**

I have consistently argued that recurring dollars should be appropriated to fund recurring expenses. This new EIA appropriation line is a recurring expense yet is funded with non-recurring EIA funds, creating a \$10,070,600 annualization in the state budget that must be funded next year. Governor Haley is correct that using one-time funds to pay for on-going expenses is bad budgeting practice.

However, this is a budgeting decision made by the 170 members of the South Carolina General Assembly, not by the nearly 47,000 South Carolina teachers. Teachers and the salary increase mandated by the state budget should not be a casualty of the budget writing process. This appropriation line must be funded next year and if EIA revenues decline, the General Assembly must have the political will to reduce some of the EIA earmarks and pass-through appropriations in order to fund this line item. I look forward to playing an active role in that process if revenues decline.

Respectfully, I request Veto #7 be overridden.

**Veto #16 – Proviso 89.130**

This proviso, offered during the House budget debate in March and not considered by the House Ways and Means Committee, masquerades as a “good government” measure when in reality it is window dressing for a disgruntled corporation. Prior to my election as State Superintendent of Education, the SCDE and the Materials Management Office (now called Procurement Services) solicited bids for a statewide contract for school bus parts. Multiple awards were issued under this contract, which saves the taxpayers money by having the state purchase parts in bulk. Apparently, one vendor is unhappy with this competitively-bid contract and successfully lobbied the General Assembly to include this proviso. The effect of the proviso is to write SCDE human resources policy: requiring the SCDE to permit parts sales representatives onto state-owned bus shops for the sole purpose of selling parts.

Again, prior to my election as State Superintendent, it was agency policy not to allow sales representatives onto state-owned bus shops. The reason is straightforward: the SCDE has an Office of Procurement that manages procurement processes. The proviso as drafted is a prime example of the General Assembly overreaching into the operations of a state agency.

In addition to this overreach, this proviso is unnecessary. This competitively-bid, statewide school bus parts contract saves taxpayer money and ensures taxpayer money is spent with the highest degree of integrity. This proviso would have state-owned bus shops become sound stages for infomercial-like presentations. Furthermore, this proviso is inartfully drawn and could be interpreted to entice behavior in violation of state procurement law. This is unnecessary; it will not save taxpayer money. It will likely interfere with our ability to maintain a safe and effective transportation system for our students.

Respectfully, I request Veto #16 be sustained.

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**Veto #17 – Proviso 1.92**

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 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. The proviso, as adopted, refers to two non-existent entities: the Lee County School District Bus Shop and the Kershaw County School District Bus Shop. However, there are two state-owned facilities in Lee and Kershaw counties.

Currently, there are 47 school bus maintenance facilities, but there is not one in every county. The SCDE has provided safe transportation to 9 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. No state employees were terminated; they were transferred to other facilities.

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 4 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.

In a letter to the budget conference committee on June 8, 2012, I informed the conferees of my opposition to this proviso. The inclusion of this proviso raises serious doubts about the commitment of state government to a more efficient student transportation system.

However, this inartfully drawn proviso may be interpreted to apply to state-owned facilities in Lee and Kershaw counties. Based on the premise, the proviso appears to limit the ability of the SCDE to manage safety issues at these two facilities. For example, if a fire were to consume the state-owned facility in Lee County or its buses, the proviso limits SCDE’s ability to fund this facility to an amount equal to the level in Fiscal Year 2011-2012. Certainly such a disaster would require funds to be shifted from other areas to repair the facility and its buses, but under the proviso, the SCDE would be prohibited from making the necessary repairs. But I repeat: this interpretation is flawed because the proviso references two non-existent entities, and not the state-owned facilities in Lee and Kershaw counties.

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A plan to decentralize student transportation services to school districts is likely to be debated in the 120th South Carolina General Assembly. My position on decentralization will not change: I am not opposed to it. Previous State Superintendents have been strongly opposed to any effort to decentralize transportation services; I stand ready and willing to provide any data or information to those legislators who want a safe, but more efficient student transportation system that may include decentralization.

Every other state in the nation provides student transportation services at the local level; I am confident South Carolina school districts have the managerial and intellectual capacity to manage these services as well.

Respectfully, I request Veto #17 be sustained.

**Veto #18 – Proviso 1A.64**

This proviso creates a new “education incubator” program under the Education Oversight Committee (EOC). 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 the Education Improvement Act (EIA). The language of the proviso possibly grants new statutory authority to the EOC as it permits the “education incubator” to grant waivers in state law and state regulations in the name of “piloting” the initiative. The General Assembly has provided clear authority to the State Superintendent of Education and the State Board of Education grant waivers, as these entities are either popularly elected or appointed by legislative delegations.

Innovation won’t happen in an “education incubator.” One needs only to look at successful companies such as BMW, Boeing, Michelin, Fuji Films, Nucor, and hundreds of others in South Carolina as innovative companies that weren’t born in a “business incubator.” Incubators may actually stifle innovation because a central planning committee will determine winners and losers, rather than the competitive marketplace.

Furthermore, this incubator isn’t designed to help the lowest-performing schools, which are the ones most in need of flexibility. The proponents of the incubator want to cherry-pick high-performing schools, those with graduation rates of at least 95%, for this pilot project. Respectfully, those schools are succeeding already, and they will continue to succeed with or without this pilot. The choice of high-performing schools in my opinion is designed to ensure a “quick win” for this new government program. I think this is disingenuous and political.

I’ve proposed and supported many pieces of legislation that empower parents, teachers, and local school districts to innovate. Innovation occurs from the bottom-up, grassroots ideas; not top-down, central planning committees.

Respectfully, I request Veto #18 be sustained.

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**Veto #71 – Proviso 70.32**

This proviso was adopted without any discussion by a committee, as it was proposed 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 the Education Improvement Act (EIA). While I respect the accountability functions and research capabilities of the EOC, their agency 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.

In addition, SC Code of Laws 59-6-110 expressly prohibits the EOC from conducting “fiscal audit functions.” This proviso skirts state law to line the pockets of education consultants.

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.

Respectfully, I request Veto #71 be sustained.

**Veto #72 – Proviso 90.20B, Item 56; Education Oversight Committee School District Efficiency Review Pilot Program, \$300,000**

For the same reasons stated above regarding Veto #71, I respectfully request Veto #72 be sustained.

Sincerely,

Mick Zais, Ph.D.  
State Superintendent of Education

CC: The Honorable Nikki R. Haley, Governor  
Members, South Carolina General Assembly