



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3759	Amended by the House of Representatives on March 6, 2019
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Subject:	Education	
Requestor:	House of Representatives	
RFA Analyst(s):	Wren, Gallagher, Jolliff, A. Martin, and Miller	
Impact Date:	March 27, 2019	

Fiscal Impact Summary

Expenditures

The amended bill will increase General Fund expenses of the Department of Commerce (Commerce) by \$100,000 for 1 FTE, travel expenses, and miscellaneous operating expenses. The amended bill will have no expenditure impact on the State Ethics Commission (SEC) since trustees and school officials currently fall within the jurisdiction of the agency. This bill will have no expenditure impact on the Education Oversight Committee (EOC), the Office of First Steps to School Readiness (First Steps), the Department of Employment and Workforce (DEW), the Revenue and Fiscal Affairs Office (RFA), the Department of Revenue (DOR), the Department of Administration, the State Board for Technical and Comprehensive Education (SBTCE), or the Legislative Audit Council (LAC) since any expenses occurring as a result of the bill can be managed within existing appropriations. This bill is not expected to impact expenses of the Senate or the House of Representatives since the appointments to the Special Council on Revitalizing Education can be managed within the budgets of the appointees' respective legislative bodies.

We anticipate that the amended bill will increase General Fund expenses of the Commission on Higher Education (CHE) by \$87,000 for 1 FTE to assist with the requirements of the bill.

Section 41 of the amended bill will increase General Fund expenses by \$44,882,000 or \$58,909,000 to increase the minimum teacher salary from \$32,000 to \$35,000, depending upon whether the state splits the cost with local districts under the EFA formula or pays the full increase.

The amended bill will increase General Fund expenses of the Office of the Governor by approximately \$716,000 for 5 FTEs and operating expenses related to the new FTEs for the Special Council on Revitalizing Education.

The expenditure impact on the Department of Social Services (DSS), the Department of Mental Health, and the Department of Employment and Workforce (DEW) pursuant to the provisions of Section 47 requiring local representatives to serve on a stakeholder group is expected to be managed within the agencies' current budgets.

Section 6 of the amended bill is expected to increase General Fund expenses of SDE by \$3,380,000 in FY 2019-20. Of this amount, \$3,280,000 is recurring for professional development, certification attainment, equipment, 2 FTEs, course materials, and design costs for

the required computer science courses. Non-recurring funds of \$100,000 are needed every five years to implement the standards revision requirement.

Sections 7, 8, and 9 of the amended bill are expected to reduce General Fund expenses of SDE by \$2,285,000. This reduction is due to the elimination of the development, administration, and scoring of the statewide assessment for social studies in grades three through eight, the elimination of the standards-based assessment for social studies in grades five and seven, and the elimination of the standards-based assessment in science for grade eight.

Sections 12 and 13 of the amended bill could increase General Fund expenses of SDE by \$1,118,250 beginning in FY 2024-25 depending upon how the one unit of credit in mathematics or computer sciences and the one unit of credit in English/language arts are offered.

Section 14 will increase General Fund expenses of SDE by \$9,591,138 in FY 2019-20 for screening tools, storage and reporting system training, initial training for teachers, professional development, and diagnostic assessments. General Fund expenses of SDE will increase by \$5,559,000 in FY 2020-21 for additional screening and diagnostic tools.

Section 19 will increase General Fund expenses of SDE by \$2,397,784 in FY 2019-20 and \$1,389,750 in FY 2020-21 for screening and interventions.

Section 24 will increase General Fund expenses of SDE by \$2,782,592 in FY 2019-20 and FY 2020-21 for 1 new FTE, licenses for Lexile and Quantile reporting, programming, and extensive training.

Section 27 will increase non-recurring General Fund expenses of SDE by \$750,000 in FY 2019-20 to provide resources to parents on improving student growth.

Sections 36, 37, 38, and 39 of the bill may increase General Fund expenses of SDE by \$1,100,353 in FY 2019-20 and \$415,278 in FY 2020-21 for 4 new FTEs, procurement of an educator preparation data system, equipment, and operating expenses.

Section 46 will have no expenditure impact on SDE. However, SDE indicates that it would be best practice to provide support to the newly formed competency-based schools in the form of coaches, assessment development, and training. If implemented, this would increase General Fund expenses of SDE by \$906,720 in FY 2019-20 and FY 2020-21 for 2 FTEs, assessment development, and training for competency-based education.

Section 50 will increase General Fund expenses of SDE by \$9,150 beginning in FY 2019-20 for a hearing officer and court reporter.

In summary, the amended bill will increase General Fund expenses of SDE by \$18,632,737 in FY 2019-20 and \$14,342,490 in FY 2020-21. Included in these figures are 9 FTEs for the agency. Additionally, General Fund expenses of SDE will increase by \$1,118,250 beginning in FY 2024-25.

Revenues

Section 32 of the amended bill may reduce General Fund individual or corporate income tax revenue by up to \$7,248,000 beginning in FY 2019-20 for the creation of a tax credit for a taxpayer who employs a public school teacher as an intern. The timing of the impact is dependent upon the enacted date of the bill.

Section 42 of the amended bill is expected to reduce Other Funds revenue from tuition for colleges, universities, and technical schools by up to \$3,572,000 annually beginning in FY 2019-20. This estimate may overstate the impact on tuition revenue due to limitations on available data.

Section 65 will reduce General Fund individual income tax revenue by up to \$1,700,245 beginning in FY 2020-21 for the refundable income tax credit for teachers in a Tier IV county.

Local Expenditures and Revenues

The overall local expenditure impact on school districts is undetermined. However, SDE indicates that Section 24 of the amended bill will increase expenses of school districts by \$2,101,250 beginning in FY 2019-20 to test at the high school level where state assessments are not required.

Any expenditure impact on local governments pursuant to Section 47 of the bill requiring law enforcement agencies to serve on a stakeholder group is expected to be managed within the budgets of the participating local law enforcement agencies.

Local revenues from the State will increase by \$44,882,000 or \$58,909,000 to increase the minimum teacher salary from \$32,000 to \$35,000, depending upon whether the state splits the cost with local districts under the EFA formula or pays the full increase.

Sections 7, 8, 9, 10, 23, 30, 46, 61, 64, and 65 have been updated to include additional responses or analysis.

Explanation of Fiscal Impact

Amended by the House of Representatives on March 6, 2019

State Expenditure

The following sections will affect state expenditures as follows:

Section 4. This section requires the State Board of Education to include in its board two non-voting advisory members. One of the non-voting advisory members must be a public school student, and the other must be the current South Carolina Teacher of the Year.

State Department of Education. SDE indicates that expenses associated with the two non-voting members can be managed within the agency's current appropriations. Therefore, this section of the bill will have no expenditure impact on the agency.

Section 5. This section requires the Office of the Governor to establish the Special Council on Revitalizing Education. The committee must monitor the state education and workforce pipeline

to continually determine the education and training levels required by the state's employers, identify and recommend improvements regarding efficiency and cooperation of agencies and programs throughout the education and workforce pipeline, and to report findings and recommendations to the Governor and General Assembly on a continuous basis. The committee must consist of ten members with the Governor serving as chairman. Members of the committee are entitled to per diem, mileage, and subsistence as provided by law for boards, commissions and committees. Initial appointments must be made by August 1, 2020. Before October 1, 2020, the committee must establish benchmarks. Commerce must determine the percentage of residents in the state ages twenty-two through sixty-five who have completed a two or four-year degree or have received a nationally recognized certification. The Department of Administration must assist with the creation of a publicly accessible website that reports the information pursuant to this section of the bill. Before December 1, 2021, and annually thereafter, the committee must provide a comprehensive report to the Governor and General Assembly that identifies areas where state agencies and other publically funded entities are failing to meet the benchmarks identified in this section of the bill. The Governor must hire an Executive Director and must appropriate staff to fulfil the provisions of this section of the bill. This section takes effect upon the appropriation of funding by the General Assembly.

Office of the Governor. The agency indicates that this bill will increase General Fund expenses by approximately \$716,000 in FY 2019-20 and each year thereafter. Of this amount, approximately \$616,000 is for 5 FTEs, which are an Executive Director, one Research Director, two Research analysts, and one Administrative Assistant. Operating expenses are expected to total \$100,000 for workstations, computers, software, and general office supplies for the new FTEs.

Department of Administration. The agency indicates that assisting the committee in creating a publicly accessible website will have no impact on the workload of its central administration or staff. Therefore, this section of the bill will have no impact on the General Fund, Other Funds, or Federal Funds.

Department of Commerce. The agency indicates that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of Commerce by \$100,000. Of this amount, \$70,000 is for 1 FTE for the Workforce Department, and \$30,000 is for travel and miscellaneous operating expenses.

Senate and House of Representatives. Of the ten members of the Special Council on Revitalizing Education, three will be appointed by the Governor, three will be appointed by various representatives of the House, and three will be appointed by various representatives of the Senate. The members will be entitled to mileage of \$0.58 per mile and per diem of \$25 a day, which will be paid from the appointing body. These expenses will be managed within the budgets of the appointees' respective legislative bodies. Therefore, there is no expenditure impact for the House and the Senate.

Section 6. This bill requires the State Board of Education to conduct, at least every five years, a cyclical review of grade appropriate standards for computer science, computational thinking, and computer coding for kindergarten through grade twelve. No later than the beginning of the

2020-21 school year, each public high school and public charter high school must offer at least one computer science course that meets certain criteria. Beginning in the 2020-21 school year, SDE must follow certain criteria to coordinate and lead the South Carolina Computer Science Education Initiative. Commerce must work with SDE to design career pathways that connect students to postsecondary programs, degrees, or postsecondary credentials in high demand career fields. The State Board of Education must promulgate regulation to create certification pathways for computer science teachers. SDE must develop criteria for postsecondary computer science teacher preparation programs. SDE must also develop guidelines for use by school districts and schools outlining the educational and degree requirements for computer science teachers. CHE must determine if any financial incentives are needed by institutions of higher education to design programs to prepare and credential computer science teachers.

State Department of Education. SDE indicates that this section of the bill will increase General Fund expenses by \$3,380,000 in FY 2019-20. Of this amount, \$3,280,000 is recurring, in which \$3,000,000 is for professional development, certification attainment, and equipment for the required computer science courses. The remaining \$280,000 in recurring funds is for 2 FTEs, course materials and design costs for the development of the required computer science courses for Virtual SC. Non-recurring funds of \$100,000 are needed every five years to implement the standards revision requirement change from seven to five years. Further, SDE indicates that this section of the bill could increase recurring General Fund expenses of the agency by \$120,000 in FY 2020-21 for 2 FTEs, materials, and course development to meet expected course enrollment demands.

Department of Commerce. The agency indicates that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of Commerce by \$100,000. Of this amount, \$70,000 is for 1 FTE for the Workforce Department, and \$30,000 is for travel and miscellaneous operating expenses.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Sections 7, 8, and 9. These sections remove social studies from the statewide assessment program for grades three through eight and end-of-course tests for courses selected by the State Board of Education and approved by the Education Oversight Committee (EOC). Also, these sections remove the standards based assessment in social studies for students in grades five through seven. Additionally, these sections remove the United States history end-of-course examination that is required to receive a high school diploma. Further, these sections remove the standards-based assessment in science for eighth grade. These sections also require SDE to work with the assessment vendor to embed assessment items on the SC Ready reading and writing assessments that address the appropriate grade-level social studies standards beginning with the 2021-22 school year.

State Department of Education. SDE indicates that these sections of the bill will reduce General Fund expenses of the agency by \$2,285,000 beginning in FY 2019-20. This reduction is

due to the elimination of the development, administration, and scoring of the statewide assessment for social studies in grades three through eight, the elimination of the standards based assessment for social studies in grades five and seven, and the elimination of the standards-based assessment in science for grade eight. Also, SDE indicates that working with the assessment vendor to embed assessment items on the SC Ready reading and writing assessments to address the appropriate grade-level social studies standards will have no expenditure impact on the agency.

Section 10. This section requires the Superintendent of Education to utilize lower child to teacher ratios as a strategy to assist chronically unsatisfactory schools. School districts must draw from existing funds to bear the expense of meeting and maintaining lower ratios. Districts that can demonstrate an inability to fully bear this expense due to financial hardship may seek a waiver from the obligation to bear the full burden of this expense from SDE.

State Department of Education. This section of the bill will have no expenditure impact on SDE.

Section 11. This section requires the Office of First Steps to School Readiness (First Steps) and SDE to report certain criteria for the South Carolina Child Early Reading Development and Education Program to the Speaker of the House and the President of the Senate before August 1, 2021. The report must include a detailed plan for increasing the number of students serviced throughout the state, with an emphasis on districts located in Tier III and Tier IV counties as determined by the Job Tax Credit rankings pursuant to Section 12-6-3360. First Steps and SDE must issue an additional report to the Speaker of the House and the President of the Senate before August 1, 2023, which updates the information originally reported in 2021.

State Department of Education. SDE indicates that any expenses associated with determining high quality classrooms can be absorbed within current appropriations. Also, SDE currently collects and reports most of the data elements required pursuant to this section of the bill. Therefore, this section of the bill will have no expenditure impact on the agency.

Office of First Steps to School Readiness. First Steps indicates that the provisions of this section of the bill requiring the agency to work with other organizations to prepare a report for the General Assembly and to develop a plan for increasing the number of children served throughout the state can be managed within current appropriations. Therefore, this bill will have no expenditure impact on the agency.

Sections 12 and 13. These sections require students to meet additional criteria in order to qualify for a Palmetto Fellows Scholarship or a LIFE Scholarship. The additional criteria requires students to earn at least one unit of credit in mathematics or computer science and one unit of credit in English/language arts during the senior year, which may be accomplished by dual enrollment.

State Department of Education. SDE indicates that these sections of the bill could increase General Fund expenses by \$1,118,250 beginning in FY 2024-25. This figure depends upon how the one unit of credit in mathematics or computer science and the one unit of credit in

English/language arts are offered, assuming students take both courses for dual enrollment. This estimate also assumes there are approximately 50,000 graduates in the state each year, with 6 percent, or 3,000 students being eligible for a Palmetto Fellows Scholarship. Assuming all students choose to take both courses for dual enrollment credit at an average cost of \$300 per course, total expenses would be approximately \$1,800,000 beginning in FY 2024-25. The state would cover a portion of the cost via the EFA dual credit add-on weight of 0.15 for a potential cost of \$1,118,250.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

State Board for Technical and Comprehensive Education. SBTCE indicates that any expenses associated with these sections can be managed within current appropriations.

Section 14. This section requires the State Board of Education to approve no more than five reliable and valid early literacy and numeracy screening assessment instruments for selection and use by school districts in kindergarten through third grade. School districts must administer one or more instruments in the first thirty days of the school year and repeat, if indicated, at midyear and at the end of the school year. SDE must reimburse districts for the cost of the instrument or instruments selected upon receipt of assessment data. A school district may submit a waiver to use an alternative early literacy and numeracy assessment. SDE must implement an online reporting system to monitor the effectiveness of the screening assessment instruments and must require school districts to annually submit data requested by the department.

State Department of Education. SDE indicates that this section will increase General Fund expenses by \$9,591,138 in FY 2019-20 for screening tools, storage and reporting system training, initial training for teachers, professional development for teachers, and diagnostic assessments for the required screening and interventions. Further, General Fund expenses will increase by \$5,559,000 in FY 2020-21 for additional screening and diagnostic tools.

Section 16. This section requires reading interventions to be evidence-based and follow the three tiers of the Response to Intervention framework.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 17. This section requires the coursework for higher education degrees in reading-literacy to be founded on scientifically based reading practices and evidence-based interventions, including how to use the data to identify struggling readers and inform instruction.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Universities and Colleges. This section is not expected to impact expenditures of universities and colleges.

Section 18. This section revises the requirements for supplemental instruction for struggling readers to include all related after school instruction. This section also requires districts to provide at least thirty minutes of supplemental intervention by certified teachers who have a literacy add-on endorsement.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 19. This section amends requirements for assessments and screening to evaluate reading proficiency. It also requires the intensity and duration of reading intervention to be appropriate to meet specific needs of each student to ensure that the student is on track to be reading on grade level by the end of the third grade.

State Department of Education. SDE indicates that this section of the bill will increase General Fund expenses by \$2,397,784 in FY 2019-20 for screening and diagnostic tools for the required screening and interventions. Further, General Fund expenses will increase by \$1,389,750 in FY 2020-21 for additional screening and diagnostic tools.

Section 20. This section encourages districts to develop policies for intensive support and retention of students in kindergarten through grade two if it is determined to be in the student's best interest. This section also revises the requirements to retain students who fail to demonstrate reading proficiency at the end of the third grade as indicated by scoring at the lowest achievement level on the state summative reading assessment in English/language arts, which indicates that the student needs substantial academic support to be prepared for the next grade level. In addition, intervention for students who are retained due to the provisions of this section must be appropriate to meet the specific needs of each student to ensure the student is on track to be reading at or above grade level by the end of the school year. This section requires districts to report to SDE the number of appeals made by a parent or guardian regarding student retention, the number of appeals granted, and the student's outcome in fourth grade.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 21. This section revises the responsibilities and professional development requirements for reading coaches and requires a reading/literacy coach to be employed in each elementary school if funding is provided by the General Assembly. The State Board of Education must prescribe, by regulation, any coursework or professional development that a state-funded reading coach is required to successfully complete. Local school districts must work in collaboration with SDE to offer the professional development courses at no charge to educators. Beginning with the 2019-20 school year, as a condition for receiving the state appropriations for reading coaches, SDE must screen and approve the hiring of all reading coaches in a district that has more than one-third of its third grade students scoring at the lowest achievement level on the statewide summative English/language arts assessment. Also, each reading coach employed in a

district having more than one-third of its third grade students scoring at the lowest achievement level and the principal of the elementary school in which the reading coach is assigned must attend professional development training provided by SDE. Beginning July 1, 2020, early childhood, elementary, and special education licensed teacher candidates must earn a passing score on a test of scientifically research-based instruction and intervention and data-based decision-making principals as approved the State Board of Education. Beginning July 1, 2020, and annually thereafter, CHE, in consultation with the Learning Disorders Task Force, must conduct an analysis to determine the effectiveness of each teacher education program in preparing teachers to diagnose a child's reading problems. CHE must report its findings of the analysis and provide recommendations for improving teacher education programs to SDE and the General Assembly.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency since expenses will be incurred by the local school districts.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Section 22. This section provides the requirement to prepare students for the move from high school directly into public institutions of higher education by creating a uniform system of dual enrollment college courses offered to high school students by public two-year and four-year institutions of higher learning beginning in the 2020-21 school year. CHE must convene the Advisory Committee on Academic Programs before September 1, 2020, to develop a statewide secondary to postsecondary articulation agreement among all school districts and all public institutions of higher learning in the state. Effective July 1, 2022, public institutions of higher learning and public school districts may not enter individual articulation agreements. Articulation agreements entered before July 1, 2022, are void. However, coursework completed by students pursuant to those agreements must be considered acceptable for college credit.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

State Board for Technical and Comprehensive Education. SBTCE indicates that any expenses associated with the study can be managed within current appropriations.

State Department of Education. SDE indicates that any expenses associated with this section can be absorbed within the agency's current appropriations. Therefore, this bill will have no expenditure impact on the agency.

Section 24. This section requires SDE, beginning with the 2020-21 school year, to track student performance from kindergarten through grade twelve in reading and mathematics along a common, consistent scale that is nationally recognized and approved by EOC. This section

further outlines the requirements of SDE in providing resources to parents and teachers. Before, the 2020-21 school year, SDE, local schools, and districts must identify and administer assessments that can be linked to common, consistent scales by grade level. Before, January 1, 2021, SDE and SCBTE must establish Lexile and Quantile scores and high school equivalency assessment thresholds that serve as common minimum admission scores and must provide guarantees that students with sufficient scores may not be required to attend or enroll in reading or mathematics remediation at the postsecondary level.

Education Oversight Committee. The agency indicates that it can fulfill any and all responsibilities that may result from this section of the bill within current appropriations. Therefore, this section of the bill will have no expenditure impact on the agency.

State Department of Education. SDE indicates that this section will increase General Fund expenses by \$2,782,592 in FY 2019-20 and FY 2020-21 for 1 new FTE, licenses for Lexile and Quantile reporting, programming for Lexile and Quantile reporting, and extensive training.

Section 25. This section allows public two-year institutions of higher education to provide required remedial courses to eligible persons who earn a high school diploma or high school equivalency credential from a public school in the state, beginning August 1, 2024. The individual must be twenty-one years of age or less and lack the necessary reading, mathematics, or English skills required to enroll in a credit-bearing course in a public postsecondary institution. All instructional costs of providing the remediation, for up to one academic year, must be paid for by the public school district from which the student earned his high school equivalency credential.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Section 26. This section amends the provisions requiring RFA to develop, implement, and maintain a universal identification system that includes information for measuring the continuous improvement of state public education system and the college and career readiness and success of its graduates. The section is amended to remove the reference to without the need for remediation with respect to reporting on students entering postsecondary education.

Revenue and Fiscal Affairs Office. This section does not affect requirements of the system and will not impact expenditures for the agency.

Section 27. This section requires SDE, in collaboration with the current Education and Economic Development Act Coordinating Council to develop a career pathways system to replace the current career cluster system.

The career pathways system must:

- Align public education and postsecondary education systems and the career and technology services provided within and across program providers
- Align with state and regional workforce needs
- Provide students, teachers, parents, and families with general information about career pathways and with strategies to support students in acquiring the academic, employability, and technical skills that employers demand
- Promote the involvement and cooperative effort of parents, teachers, and school counselors in assisting students in making these choices, in setting career goals, and in developing individual graduation plans to achieve these goals.

After developing the career pathways system, SDE must develop a curriculum. The curriculum must:

- Align with state content standards, organized around the career pathways system and system of career clusters aligned with state and regional workforce needs as determined by Commerce.
- Provide students with both strong academics and real world problem solving skills
- Provide students with individualized educational, academic, and career-oriented choices and greater exposure to career information and opportunities
- Provide online and printed resources for assisting parents in improving student growth in reading and mathematics to ensure all students graduate with the skills to be college and career ready. These parent resources must include information that identifies specific careers and the reading and mathematics demands expected in those careers.

This section further requires districts to assist students by establishing a foundation for career pathways by grade level.

State Board of Education. SDE indicates that this section of the bill could increase non-recurring General Fund expenses by \$750,000 for providing the required resources to parents on improving student growth.

Department of Commerce. The agency indicates that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of Commerce by \$100,000. Of this amount, \$70,000 is for 1 FTE for the Workforce Department, and \$30,000 is for travel and miscellaneous operating expenses.

State Board for Technical and Comprehensive Education. SBTCE indicates that any expenses associated with participation in the development of a career pathways system can be managed within current appropriations.

Section 28. This section requires SDE to replace the current career cluster requirements to develop programs of study under each career pathway beginning with the 2020-21 school year. In developing programs of study, SDE must emphasize the high-skill and in-demand pathways

that the state Workforce Innovation and Opportunity Act plan and Coordinating Council for Workforce Development have identified as critical to the state's workforce development system. Before August 1, 2021, SDE, in collaboration with the Education and Economic Development Act Coordinating Council, must develop a pathway certification process for high schools and postsecondary institutions.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Department of Commerce. The agency indicates that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of Commerce by \$100,000. Of this amount, \$70,000 is for 1 FTE for the Workforce Department, and \$30,000 is for travel and miscellaneous operating expenses.

Section 29. This section of the bill requires school districts, beginning with the 2021-22 school year to organize high school curricula around a minimum of three career pathways, promote increased awareness and career counseling, and review the pathways selected by the districts every two years.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 30. This section requires the SCBTE, before August 1, 2021, to establish common minimum admission scores for institutions within its jurisdiction that may differ based on areas of study for programs that award credit toward a degree, certificate, or diploma. Colleges must provide information regarding continuing education programs and other programs that do not award credit toward a degree, certificate, or diploma for individuals who do not meet the minimum scores.

State Board for Technical and Comprehensive Education. SBTCE indicates that this section of the bill requires the agency to perform activities within the normal course of agency business. Therefore, this section will have no expenditure impact on SBTCE.

Section 31. This section amends the requirements for tuition assistance to attend a technical college of this state or a public two-year institution of higher learning. A student enrolled in a noncredit program that awards a nationally recognized business or industry credential as defined by SCTBE will be eligible for tuition assistance, provided that the student has graduated from high school or earned an equivalent high school credential within seven years of first entering the ninth grade. In addition, students enrolled in a program awarding college credit must complete a Free Application for Federal Student Aid.

State Board for Technical and Comprehensive Education. SBTCE indicates that this section of the bill will have no expenditure impact on the agency. This section may shift a portion of student awards from credit to non-credit but it will not affect overall expenses.

Section 32. This section creates a tax credit for taxes imposed in Chapter 6 of Title 12 for a taxpayer who employs a public school grade 6-12 teacher as in intern for no less than sixty and no more than eighty hours each calendar year. The agreement must be registered with SDE, and the internship must be approved by the school district in which the teacher is employed based on criteria provided by SDE. The Department of Revenue (DOR) must prescribe a form to claim the credit that provides sufficient information for the proper administration of the credit.

Department of Revenue. DOR has processes in place to develop new tax forms annually, and therefore, this provision is not expected to have an expenditure impact for the agency.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 33. This section directs SCBTE and the State Board of Education to provide a report to the General Assembly before July 1, 2020, that delineates the following:

- How to best transfer adult basic education and adult secondary education from the State Board of Education to SCBTE
- How to best use Career and Technology Centers owned and operated by local school districts and technical college facilities in order to provide improved and updated career and technical education

State Board for Technical and Comprehensive Education. SBTCE indicates that any expenses associated with the report pursuant to this section can be managed within current appropriations.

State Board of Education. SDE indicates that any expenses associated with preparing the report pursuant to this section of the bill can be managed within the agency's current appropriations. Therefore, this section will have no expenditure impact on SDE.

Section 36. This section allows educator preparation programs housed within an institute of higher education to submit a separate and distinct educator preparation program for alternative preparation to the State Board of Education for approval. SDE must report the number of individuals employed in the state, by district, with certificates issued by institute of higher education alternative programs to the State Board of Education and the General Assembly before March 31st annually.

State Department of Education. SDE indicates that while the language in this section of the bill does not require the creation of a new office, the agency believes a new office would best accomplish the requirements set forth in this section. Based on this, the agency indicates that this section will increase General Fund expenses by \$1,100,353 in FY 2019-20. Of this amount, \$365,278 is for 4 FTEs, including a new director for the new office. The remaining \$735,075 is for procurement of an educator preparation data system, equipment, and operating expenses. Additionally, this section will increase General Fund expenses by \$415,278 in FY 2020-21 and each year thereafter for personnel and operating expenses.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Section 37. This section requires the State Board of Education to promulgate regulations regarding a cyclical evaluation process for all approved teacher educator programs. The cyclical evaluation period must be no longer than five years. The regulations must list requirements for approval and must include evidence of annual successful teaching experience of educators differentiated by program. The regulations must include a process for revocation of program approval.

State Department of Education. The expenditure impact of this section is addressed in Section 34.

Section 38. This section directs the State Board of Education, with assistance from SDE, CHE, and RFA, to develop and annually publish before November 1st an online report card known as the “South Carolina Teacher Preparation Report Card”. The report card must evaluate the ability of educator preparation programs, including alternative programs, to train new teachers for success in classrooms. The report card must include data on an expansive list of measures. SDE, each educator preparation program, and each school district must report any data as requested by the State Board of Education to complete the evaluation.

State Department of Education. The expenditure impact of this section is addressed in Section 34.

Commission on Higher Education. The agency previously indicated that it cannot absorb the expenses associated with the provisions of the bill. Therefore, the bill as a whole will increase General Fund expenses of CHE by \$87,500 for 1 FTE to assist with the requirements of the bill. We will update this impact statement if CHE revises this response.

Revenue and Fiscal Affairs Office. RFA anticipates that the provisions of this section can be accomplished within existing appropriations. Therefore, this section of the bill is not expected to have an expenditure impact on the agency.

Section 39. This section requires SDE to provide each college of education and state-approved educator preparation program with information regarding its graduates before December 1st annually. The information must include extensive criteria. Information provided to a college of education or educator preparation program pursuant to this section of the bill is not subject to the provisions of the Freedom of Information Act.

State Department of Education. The expenditure impact of this section is addressed in Section 34.

Section 40. This section directs the Center for Educator Recruitment, Retention, and Advancement to use and update the teacher survey currently administered by SDE. The survey

should assess teacher perceptions on a number of matters. The results of the survey must be published on the websites of SDE, each school district, and each school.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 41. This section requires the minimum teacher salary to be \$35,000 beginning with FY 2019-20. Salary increases must be based on funding provided by the General Assembly in the annual appropriations act and provided through adjustments in the salary schedule to educators identified by SDE as eligible to receive the EIA teacher salary supplement during FY 2018-19 as reported to RFA. This section also deletes current provisions regarding local effort, teacher pay increases, and the requirement that RFA project the southeastern average teacher salary. The General Assembly must establish the starting teacher salary each year in the annual appropriations bill. The salary schedule and Education Finance Act inflation factor must be determined in the annual General Appropriation Act.

State Department of Education. Based upon data provided by SDE, increasing the minimum teacher salary from \$32,000 to \$35,000 will increase expenses by \$44,882,000 or \$58,909,000, depending upon whether the EIA or EFA method is chosen. Under the EFA method, the state assumes 70 percent of the expenses, which is approximately \$44,882,000, including fringe. Under the EIA method, the state is responsible for all expenses, which is approximately \$58,909,000, including fringe.

Revenue and Fiscal Affairs Office. Eliminating the responsibility for RFA will not impact agency expenditures as staff time will be reallocated to other responsibilities.

Section 43. This section defines a full-time certified classroom teacher as a full-time teacher who is on a continuing contract status and is highly effective as determined by the state's educator evaluation system. This definition is pursuant to the tax credit in Section 41.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 44. This section allows the board of trustees of a local school district to authorize daily mileage reimbursement for a teacher who must travel more than twenty-five miles each way between his established domicile and school. This reimbursement may not exceed the existing federal reimbursement rate for mileage.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 46. This section allows the State Board of Education to exempt school districts from state laws, policies, and regulations that hinder the implementation of competency-based education. School districts that wish to obtain an exemption must submit a waiver application to the State Board of Education. The waiver must be on a format developed by SDE. Also, CHE and SBTCE must establish policies to provide fair and equitable access to institutions of higher education and technical colleges, as well, as scholarships and financial aid for graduates of

schools implementing innovative school models and using non-traditional diplomas and transcripts.

State Department of Education. This section will have no expenditure impact on SDE. However, SDE indicates that it would be best practice to provide support to the newly formed competency-based schools in the form of coaches, assessment development, and training. If implemented, this would increase General Fund expenses of SDE by \$906,720 in FY 2019-20 and FY 2020-21 for 2 FTEs, vendor expenses for assessment development, and training and development for school staff.

Commission on Higher Education. CHE anticipates that any expenses incurred as a result of developing the required policies can be managed within existing appropriations.

State Board for Technical and Comprehensive Education. SBTCE indicates that this section of the bill will have no expenditure impact on the agency since the agency has policies and financial aid available for students from schools that implement innovative school models and use non-traditional diplomas and transcripts.

Section 47. This section requires the faculty and principal of schools that receive below average or unsatisfactory ratings to review and revise its renewal plan with the assistance of the school improvement council. The revised plan must be the school turnaround plan and must include an extensive list of criteria. The local school district board of trustees, in consultation with SDE must assist schools with a list of items, including the creation of a stakeholder group that includes local representatives from DSS, the Department of Mental Health, DEW, and law enforcement. Once the revised plan is developed, the district superintendent and the local board of trustees must review the plan to determine if it focuses on strategies to increase student academic performance and college and career readiness. The State Board of Education must review and approve the plan and supporting strategies. The approved plan must be submitted to SDE and posted on the respective websites of SDE, the school, and the district. The district superintendent and local board of trustees must submit updates on implementation of the plan to SDE annually. The reports must be provided to the State Board of Education, and SDE must place the reports on its website. SDE must implement the provisions of this section through the Office of Transformation. The office must provide assistance to underperforming schools and districts through tiers of assistance as directed by the Superintendent of Education. The tiers must be determined based upon a number of factors.

This section also provides that a school receiving an overall rating of unsatisfactory for three out of four years is considered to be chronically underperforming. Chronically underperforming schools must following steps set forth in this section. Also, districts are deemed to be in a state of emergency when the majority of students in the district attend schools with an overall rating of below average or unsatisfactory. This section further provides the steps that must be taken once a district is declared to be in a state of emergency. The State Superintendent must make all personnel decisions for reconstituted schools and must have the authority to determine whether to terminate school staff.

This section also establishes the South Carolina Transformation School District as an organizational unit of SDE established by the Superintendent for the purpose of providing the operation and management of underperforming schools. The Superintendent may contract with one or more individuals, governmental entities, or non-profit entities to manage the daily operations of any or all schools placed in the Transformation School District. The State Superintendent must develop a transition plan for schools placed in the Transformation School District whose local districts have not been dissolved or consolidated. Absent an appropriation in the general appropriations act, the Transformation School District must use state, local, and federal funds generated by the students serviced to operate a school placed in alternative governance. A contract to manage a school that has been placed in the Transformation School District must require expenditure reports for funds received and expended. The Transformation School District may require the local board of trustees to provide school support or student support services for a school transferred from its jurisdiction to the Transformation School District. These support services include, but are not limited to, student transportation, school food service, or student assessment for special education eligibility.

State Department of Education. SDE indicates that the expenditure impact of this section is undetermined and will depend upon the number of school districts within the Transformation School District.

Department of Social Services. We anticipate that any expenses associated with serving on the stakeholder group can be managed within the agency's current appropriations. Therefore, we do not expect that this section of the bill will have an expenditure impact on the agency.

Department of Mental Health. We anticipate that any expenses associated with serving on the stakeholder group can be managed within the agency's current appropriations. Therefore, we do not expect that this section of the bill will have an expenditure impact on the agency.

Department of Employment and Workforce. We anticipate that any expenses associated with serving on the stakeholder group can be managed within the agency's current appropriations. Therefore, we do not expect that this section of the bill will have an expenditure impact on the agency.

Section 48. This section requires local school districts whose kindergarten through grade twelve student population is less than 1,000 to merge with a district in the same county in which it is located before August 1, 2023. Before August 1, 2021, the State Superintendent must provide the General Assembly with a report specifying legislative actions necessary to accomplish the district merger. Also, before August 1, 2021, the State Superintendent must provide a comprehensive plan to the Speaker of the House and the President of the Senate regarding the merging of school districts. The superintendent must consider the following when determining whether to recommend a district for merger or entrance into a shared services agreement with another district:

- Whether the district has an average daily membership of fewer than 1,500 students

- Whether the district has been declared to be in fiscal watch, caution, or emergency status within the last five years
- Whether the district, or a school within a district, has been denied accreditation, or has been placed on probation by its accreditor
- Whether a majority of students within the district attend schools that received below average or unsatisfactory on their report cards
- Any combination of the aforementioned items
- Whether and how any countywide district should be consolidated with districts in contiguous counties to form a regional school district
- Whether school districts could be merged to mirror the service areas of their respective technical colleges
- Any additional factors that the Superintendent considers appropriate

The Superintendent's report must indicate if the district has already consolidated administrative and professional services with one or more school districts and if such a consolidation has occurred, provide a determination on whether the consolidation of services is successful.

State Department of Education. SDE indicates that any expenses related to the development of the plan and reporting requirements pursuant to this section of the bill can be managed within the agency's current appropriations.

Section 49. This section allows a local board of trustees to require additional units of credit for a high school diploma beginning with students entering ninth grade in the 2020-21 school year.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 50. This section requires the State Board of Education to adopt a model code of ethics for local school board members before July 1, 2020. The model code of ethics must also include appropriate consequences for violations of provisions of the code of ethics. A local school board must adopt a local code of ethics applicable to the board within three months after adoption of the model code by the State Board of Education. A local school board must submit a copy of its local code of ethics and subsequent revisions to SDE within thirty days of adoption.

This section also requires a local school board to adopt policies regarding nepotism. A local school board that seeks a waiver pursuant to this section must submit a written waiver request to the State Board of Education. The State Board of Education may grant or deny a waiver request, or grant a waiver request subject to specific modifications in the waiver request. After June 30, 2020, a person who has a family member serving on a local school board who is hired or promoted as principal or assistant principal of a school in the district or hired as district administrative staff is not eligible to serve as the superintendent of the district if the family member's employment with the district begins after December 31, 2020. This provision does not affect the employment of a person employed by the district before June 30, 2020, or who is employed by the district when his family member becomes a member of the local school board. This section also provides an extensive list of actions that are prohibited by a local school board member or school official in an effort to avoid a conflict of interest. Upon a motion supported

by a two-thirds vote of the members present, a local school board must request that SEC conduct a hearing concerning the violation by a board member of a conflict of interest provision.

This section also requires SDE or another public school accrediting agency to notify the State Board of Education upon placing any district or school on the level of accreditation that immediately precedes the loss of accreditation for school governance reasons. The notice must include the reason for the decision of the accrediting agency. The provisions of this section of the bill apply only to a local school district or school that is placed on the level of accreditation immediately preceding loss of accreditation after July 1, 2020.

State Department of Education. SDE indicates that this section will increase General Fund expenses by \$9,150 beginning in FY 2019-20 for a hearing officer and court reporter. The agency estimates one hearing per year.

State Ethics Commission. Since trustees and school officials currently fall within the jurisdiction of SEC, this section of the bill will have no expenditure impact on the agency.

Section 51. This section requires a registered institution of higher learning to adhere to the same report card and school rating provisions as that of the South Carolina Public Charter School District.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 52. This section requires trustees and school officials to comply with provisions of Articles 1, 7, 11, and 13 of Chapter 11, Title 8.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

State Ethics Commission. Since trustees and school officials currently fall within the jurisdiction of SEC, this section of the bill will have no expenditure impact on the agency.

Section 53. This section requires the State Board of Education to notify SEC, by July 1 annually, of any local school board member that has not complied with the provisions of Section 59-19-45 pertaining to orientation of school district boards of trustees. Local school board members who fail to successfully complete the training program must be considered to be in violation of the State Ethics Act and must be assessed a civil penalty as follows:

- Fine of \$100 is imposed if the training is not completed pursuant to the provision set forth in this section of the bill
- Fine of \$10 per day for the first ten days after notice has been provided, and a \$100 fine is imposed for each additional calendar day in which the training is not completed.
- These civil penalties may not exceed \$5,000

After the maximum civil penalty has been levied and the required report has not been filed, the following actions must be taken:

- First offense – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$500
- Second offense – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not less than \$2,500 dollars nor more than \$5,000
- Third and subsequent offenses – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$5,000

State Ethics Commission. SEC indicates that any additional responsibilities resulting from this section of the bill can be managed within current appropriations, assuming the agency is not required to provide the training program to school officials. Therefore, this section of the bill is not expected to have an expenditure impact on the agency.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 54. This section establishes protocol and appropriate justification for the Governor to remove a local school board member or trustee from office.

Office of the Governor. The Office of the Governor indicates that this section of the bill requires the agency to perform activities that will be conducted within the normal course of business. Therefore, this section of the bill will have no expenditure impact on the agency.

Section 55. This section requires all reelected members of a school district board of trustees to successfully complete a training program on the powers, duties, and responsibilities of a board member. This program must be offered by a district and completed by a board member within one year after his election, reelection, or appointment. By December 31, 2019, the State Board of Education must adopt a model training program for training local school board members. A local school board must adopt a local training program applicable within three months after adoption of the model training program by the State Board of Education. A local school board must submit a copy of its local code of ethics and subsequent revisions to SDE within thirty days of adoption.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 56. This section provides that the Governor may remove a member of a school district board of trustees in a case involving fraud, misappropriation of funds, nepotism, or violation of election or procurement laws. The Governor and State Superintendent must appoint members to fill vacancies.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Office of the Governor. This Office of the Governor indicates that this section of the bill requires the agency to perform activities that will be conducted within the normal course of business. Therefore, this section of the bill will have no expenditure impact on the agency.

Section 57 This section requires SDE to post on its website all reports, studies, published findings, memoranda, guidelines, rules and other documents concerning implementation of programs and initiatives as may be requested by the Senate Education Committee or the House Education and Public Works Committee. These reports and findings must be posted within twenty-four hours after being made public.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 58. This section amends the provisions requiring a school district board of trustees to adopt rules that must be met by all pupils regarding standards of achievement and standards of conduct to align with applicable federal and state accountability requirements.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 59. This section repeals Article, 15, Chapter 18, Title 59, which provides for the intervention and assistance of schools and districts with below average, at risk, or unsatisfactory ratings.

State Department of Education. SDE indicates that this section of the bill will have no expenditure impact on the agency.

Section 60. This section repeals Section 59-59-30, which references that the Education and Economic Development Council pursuant to section 59-59-170 must cease to exist. Section 59-59-170 was repealed by Act 149 of 2014. The duties of the Education and Economic Development Coordinating Council are stated in Section 59-59-175.

State Department of Education. SDE indicates that this section will have no expenditure impact on the agency.

Section 61. This section requires LAC, on or before August 1, 2020, to study and publish a report identifying and detailing federal funding streams for programs and grants in elementary and secondary education in total and breaking out the cost of overhead, compliance, and reporting incurred by SDE, school districts, and local schools. The study must focus on Title I, Title II, and Title IV as related to the Elementary and Secondary Education Act of 1965, Individuals with Disabilities Education Act of 2004, Head Start and Early Childhood Education, and teacher quality improvement programs.

Legislative Audit Council. LAC indicates that any expenses associated with the requirements of this section can be managed within the agency's current appropriations. Therefore, this bill will have no expenditure impact on LAC.

Section 64. This section requires SDE, by August 1, 2021, to develop a technology plan that addresses wireless Internet access for all public schools and must provide a report to the Speaker of the House of Representatives and the President of the Senate.

State Department of Education. SDE indicates that expenses associated with this section of the bill can be managed within the agency's current appropriations.

Section 65. This section allows qualified taxpayers in a qualified county to receive a refundable income tax credit equal to 100 percent of the property taxes paid by the taxpayer on his legal residence and not more than one acre contiguous that he owns, which qualifies for the 4 percent assessment ration pursuant to Section 12-43-220(c). This credit may only be claimed for five consecutive years. Also, the taxpayer's legal residence for which he is receiving the credit allowed by this section must be located in a qualifying county. A qualified taxpayer is defined as an employee who is employed in a qualifying county as teacher in a K-12 public school. A qualifying county is a county designated as a Tier IV county, pursuant to Section 12-6-3360 in the previous tax year. Once a taxpayer is allowed the credit, the taxpayer may continue to claim the credit regardless of a county's designation, so long as the county of employment and the county of residency remains the same as the year the taxpayer was initially allowed the credit. A taxpayer must claim the credit in the year in which the property taxes are paid. DOR must prescribe the form and manner of proof required to obtain the credit. DOR may consult with county tax officials to determine the amount of the credit. This section tax effect upon approval by the Governor and first applies to Tax Year 2020.

Department of Revenue. DOR has processes in place to develop new tax forms annually, and therefore, this provision is not expected to have an expenditure impact for the agency.

State Revenue

The following sections will affect state revenue as follows:

Section 32. This section creates a tax credit for taxes imposed in Chapter 6 of Title 12 for a taxpayer who employs a public school grade 6-12 teacher as in intern for no less than sixty and no more than eighty hours each calendar year. The agreement must be registered with SDE, and the internship must be approved by the school district in which the teacher is employed based on criteria provided by SDE. We have requested input from SDE regarding the interpretation of qualifying jobs and will amend this analysis if necessary. Pursuant to Section 12-6-3310, the credit is nonrefundable and may only be used in the year generated, since the new section does not specify otherwise.

There are approximately 41,500 public school teachers categorized as classroom teachers. This figure excludes prekindergarten, kindergarten, and specialist teachers since the teacher must be a grade 6-12 public school teacher to qualify for the tax credit. Assuming that the 41,500 classroom teachers are distributed across grades 1-12, we would estimate that approximately 24,000 teachers teach in grades 6-12.

In order to estimate the number of teachers who work in an internship that may qualify for the credit we reviewed data from the U.S. Department of Education, National Center for Education Statistics, National Teacher and Principal Survey, "Public School Teacher Data File," 2015–16. This survey indicates that for the South Census region, which includes South Carolina, approximately 30.2 percent of teachers earn compensation during the summer. Of those, approximately 15.1 percent have a non-school job. The bill specifies that the internship is to increase the number of teachers who understand the skills and abilities needed for twenty first century jobs. Therefore, we expect that the approved internships will be outside the teaching profession and apply to the 15.1 percent of teachers with other jobs. If SDE approves a broader range of jobs than we have anticipated, this analysis may under estimate the potential impact.

Multiplying 24,000 by 15.1 percent would indicate that approximately 3,624 teachers may work in a position that would qualify as an internship. Multiplying 3,624 potential internships by \$2,000 results in potential credits of \$7,248,000. The bill is effective upon approval of the Governor. If the bill is enacted prior to December 31, 2019, this provision would affect tax year 2019. Therefore, this section may reduce General Fund individual or corporate income tax revenue by up to \$7,248,000 beginning in FY 2019-20.

Section 42. This section provides a tuition exemption for children of teachers. The teacher must be a full-time certified classroom teacher employed in a school that has an absolute rating of unsatisfactory for at least three of the previous four years. Children of these teachers are exempt from tuition at any state-supported college, university, vocational, or technical school. The teacher must serve as a full-time classroom teacher for the duration of the time the child is in a state-supported college, university, vocational, or technical school.

Based upon school report card data for 2018, we identified 106 schools ranked as unsatisfactory reporting 3,880 teachers. Using statewide data for years of teaching experience, we estimate that 76.8 percent of these teachers will have at least 5 years of experience. Multiplying 3,880 by 76.8 percent yields approximately 2,978 teachers whose children may be eligible for the tuition exemption. Currently, 2018 is the only year of data available to determine the number of unsatisfactory schools. As the section specifies that the school must be ranked as unsatisfactory for three of the four previous years, the ultimate number of qualifying teachers may be lower than estimated.

The number of dependent children of teachers is not available. Therefore, we use U.S. Census Bureau data to estimate the number of eligible students. The 2010 Census reports that 3,661,409 people of the total population of 4,625,364 in South Carolina, or 79.16 percent, are in family households of one or more people related by birth, marriage, or adoption. Of these family members, 246,930, or 6.7 percent, are students enrolled in college at the undergraduate level. The Census also states that the average family household consists of 3.1 people.

Utilizing these population percentages, we anticipate that of the 2,978 potentially qualifying public school classroom teachers, approximately 2,357, or 79.2 percent, are part of a family household. Based on the average of 3.1 people per household, we estimate that 7,308 people in South Carolina are members of a family unit where at least one parent is a qualifying classroom teacher. Out of this subset, an estimated 490, or 6.7 percent, will be undergraduate students.

Based upon Fall 2018 headcount enrollment data from CHE, we estimate that approximately 45.8 percent of in-state undergraduates are enrolled in a public four-year institution, 39.1 percent are enrolled in a public two-year college or technical school, and the remaining 15.1 percent are enrolled in an independent college or university. Using these percentages, we estimate that of the 490 students, 224 will attend a public four-year institution. At an average tuition of \$11,956, exempting these students would reduce tuition by approximately \$2,681,000. We estimate that 191 of these students will attend a public two-year college or technical school. At an average tuition of \$4,653, exempting these students would reduce tuition by approximately \$891,000. In total, this exemption is expected to reduce Other Funds revenue from tuition for colleges, universities, and technical schools by up to \$3,572,000 annually beginning in FY 2019-20.

This estimate may overstate the impact on tuition revenue because we are unable to estimate the number of students who would have attended an out-of-state school without the exemption. We are also unable to estimate any behavioral effects of the exemption on students attending an independent college who may choose to attend a public college as a result of the exemption. Further, as stated above, these estimates are based on only one year of school report card rankings and may overstate the number of qualifying teachers.

Section 65. This section allows qualified taxpayers in a qualified county to receive a refundable income tax credit equal to 100 percent of the property taxes paid by the taxpayer on his legal residence and not more than one acre contiguous that he owns, which qualifies for the 4 percent assessment ration pursuant to Section 12-43-220(c). This credit may only be claimed for five consecutive years. Also, the taxpayer's legal residence for which he is receiving the credit allowed by this section must be located in a qualifying county. A qualified taxpayer is defined as an employee who is employed in a qualifying county as teacher in a K-12 public school. A qualifying county is a county designated as a Tier IV county, pursuant to Section 12-6-3360 in the previous tax year. Once a taxpayer is allowed the credit, the taxpayer may continue to claim the credit regardless of a county's designation, so long as the county of employment and the county of residency remains the same as the year the taxpayer was initially allowed the credit. A taxpayer must claim the credit in the year in which the property taxes are paid. DOR must prescribe the form and manner of proof required to obtain the credit. DOR may consult with county tax officials to determine the amount of the credit. This section tax effect upon approval by the Governor and first applies to Tax Year 2020.

To determine the refundable income tax credit, we estimated the property taxes paid for school teachers in each of the twelve Tier IV counties for TY 2017 and applied a growth rate to determine the impact beginning in TY 2020.

RFA used data provided in the Department of Revenue for 2017 legal residence parcels and assessed values to determine the average assessed value for owner occupied properties in each county. The average assessed value is multiplied by the applicable millage rate to determine the average property taxes paid for owner occupied property. Each county has its own millage rate. As owner occupied property is exempt from school operating millage, it is not included in the calculation. Also, for this analysis, we used the FY 2017-18 Professional Certified Staff data provided by SDE to determine the number of K-12 teachers in the Tier IV counties. Additionally, we assume that teachers who qualify for teacher supply funds will be eligible to receive this tax credit. Based on the United States Census Bureau quick facts for South Carolina,

68.6 percent of the residences in the state qualify as legal residences and receive the 4 percent assessment. Therefore, we estimate 68.6 percent of the total teachers would qualify for the refundable income tax credit. The owner occupied property taxes paid multiplied by the estimated number of qualifying teachers results in the estimated total refundable income tax credit allowed by this section. This results in total property taxes paid of \$1,565,064 for TY 2017. We estimate the growth rate of 2.8 percent, annually, for owner occupied property taxes. Therefore, this section will reduce General Fund individual income tax revenue by up to \$1,700,245 beginning in FY 2020-21. The table below shows the calculations to estimate the total owner occupied property taxes paid by teachers for each Tier IV county for TY 2017.

ESTIMATED OWNER OCCUPIED PROPERTY TAXES PAID BY TEACHERS TAX YEAR 2017					
TIER IV COUNTY (\$12-6-3360)	AVERAGE ASSESSED VALUE	APPLICABLE MILLAGE RATE	AVERAGE PROPERTY TAX	NUMBER OF QUALIFYING TEACHERS	TOTAL PROPERTY TAXES
	1	2	3 (1 x 2/1000)	4	5 (3 x 4)
Allendale	\$ 1,236.06	341.46	\$422.06	60.6	\$25,594.85
Bamberg	\$ 1,873.58	326.79	\$612.26	114.9	\$70,351.93
Barnwell	\$ 2,465.66	249.55	\$615.29	177.9	\$109,448.23
Chester	\$ 2,973.36	269.62	\$801.68	280.8	\$225,151.19
Clarendon	\$ 2,899.36	236.84	\$686.69	246.3	\$169,112.69
Dillon	\$ 2,719.50	181.94	\$494.78	254.5	\$125,924.37
Lee	\$ 2,092.02	254.07	\$531.52	96.4	\$51,229.79
Marion	\$ 2,229.41	188.15	\$419.46	246.8	\$103,503.57
Marlboro	\$ 1,932.92	200.53	\$387.62	200.5	\$77,724.10
Orangeburg	\$ 2,962.35	195.98	\$580.56	667.7	\$387,629.36
Union	\$ 2,377.20	236.97	\$563.33	196.7	\$110,832.59
Williamsburg	\$ 2,251.70	245.31	\$552.37	196.5	\$108,561.93

Local Expenditure

The following sections will affect local expenses as follows:

Section 6. This bill requires the State Board of Education to conduct, at least every five years, a cyclical review of grade appropriate standards for computer science, computational thinking, and computer coding for kindergarten through grade twelve. No later than the beginning of the 2020-21 school year, each public high school and public charter high school must offer at least one computer science course that meets certain criteria. Beginning in the 2020-21 school year, SDE must follow certain criteria to coordinate and lead the South Carolina Computer Science Education Initiative. Commerce must work with SDE to design career pathways that connect students to postsecondary programs, degrees, or postsecondary credentials in high demand career fields. The State Board of Education must promulgate regulation to create certification pathways for computer science teachers. SDE must develop criteria for postsecondary computer science teacher preparation programs. SDE must also develop guidelines for use by school districts and

schools outlining the educational and degree requirements for computer science teachers. CHE must determine if any financial incentives are needed by institutions of higher education to design programs to prepare and credential computer science teachers.

Local School Districts. SDE indicates that this section of the bill will increase expenses of local school districts by an undetermined amount in FY 2019-20. Further, some districts can absorb the expenses related to the provisions of this section of the bill, while other districts indicate they will need additional FTEs. The expenses related to additional FTEs vary by district. Additionally, dual enrollment is not free, and the expense of either having a qualified teacher on staff or the cost of tuition at a local university or technical college would be an added expense. The 0.15 weighting in the EFA does not cover the expense per pupil for dual enrollment.

Sections 7, 8, and 9. These sections remove social studies from the statewide assessment program for grades three through eight and end-of-course tests for courses selected by the State Board of Education and approved by the Education Oversight Committee (EOC). Also, these sections remove the standards based assessment in social studies for students in grades five through seven. Additionally, these sections remove the United States history end-of-course examination that is required to receive a high school diploma. Further, these sections remove the standards-based assessment in science for eighth grade. These sections also require SDE to work with the assessment vendor to embed assessment items on the SC Ready reading and writing assessments that address the appropriate grade-level social studies standards beginning with the 2021-22 school year.

Local School Districts. SDE previously indicated that eliminating the development, administration, and scoring of the statewide assessment for social studies in grades three through eight and eliminating the standards based assessment for social studies in grades five and seven would create cost savings for the agency and would have no impact on local school districts. Additionally, we do not anticipate that the elimination of the standards-based assessment in science for eighth grade and the elimination of the United States history end-of-course examination will impact local school districts. Therefore, we do not expect these sections of the bill to have an expenditure impact on local school districts.

Section 10. This section requires the Superintendent of Education to utilize lower child to teacher ratios as a strategy to assist chronically unsatisfactory schools. School districts must draw from existing funds to bear the expense of meeting and maintaining lower ratios. Districts that can demonstrate an inability to fully bear this expense due to financial hardship may seek a waiver from the obligation to bear the full burden of this expense from SDE.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on school districts since the impact to districts with chronically unsatisfactory schools will vary based upon how much the ration is lowered. Some districts may have flexibility to adjust schedules where other districts will need to hire additional teachers. The expense to hire additional teachers will vary by district. Also, the ability to absorb the cost with or without going into general reserves at the risk of obtaining a fiscal practices designation will also vary by district.

Sections 12 and 13. These sections of the bill require students to meet additional criteria in order to qualify for a Palmetto Fellows Scholarship or a LIFE Scholarship. The additional criteria requires students to earn at least one unit of credit in mathematics or computer science and one unit of credit in English/language arts during the senior year, which may be accomplished by dual enrollment.

Local School Districts. SDE indicates that these sections of the bill could increase expenses of local school districts by an undetermined amount beginning in FY 2024-25 due to several factors. The increase in expenses depends upon how the one unit of credit in mathematics or computer science and the one unit of credit in English/language arts are offered. For this analysis, SDE assumes that students will choose to take both courses for dual enrollment. Further, there are approximately 50,000 graduates in the state each year, with 6 percent, or 3,000 students being eligible for a Palmetto Fellows Scholarship. Assuming all students choose to take both courses for dual enrollment credit at an average cost of \$300 per course, total expenses would be approximately \$1,800,000 beginning in FY 2024-25. The state would cover a portion of the cost via the EFA dual credit add-on weight of 0.15 for a potential cost of \$1,118,250. The cost to districts will depend on the cost of the courses, or if the districts offer the courses via another method, such as teacher led or online through VirtualSC. If the courses are offered as teacher led, some districts will need to hire additional teachers to handle the increased student demand. The number of additional teachers and expense of hiring additional teachers will vary by district.

Section 14. This section requires the State Board of Education to approve no more than five reliable and valid early literacy and numeracy screening assessment instruments for selection and use by school districts in kindergarten through third grade. School districts must administer one or more instruments in the first thirty days of the school year and repeat, if indicated, at midyear and at the end of the school year. SDE must reimburse districts for the cost of the instrument or instruments selected upon receipt of assessment data. A school district may submit a waiver to use an alternative early literacy and numeracy assessment. SDE must implement an online reporting system to monitor the effectiveness of the screening assessment instruments and must require school districts to annually submit data requested by the department.

Local School Districts. SDE indicates that this section of the bill will have an undetermined impact on school districts since some districts will need to hire additional FTEs to conduct the screening and interventions. The number of FTEs and the cost varies by district.

Section 16. This section requires reading interventions to be evidence-based and follow the three tiers of the Response to Intervention framework.

Local School Districts. SDE indicates that this section of the bill will have no expenditure impact on local school districts.

Section 18. This section revises the requirements for supplemental instruction for struggling readers to include all related after school instruction. This section also requires districts to provide at least thirty minutes of supplemental intervention by certified teachers who have a literacy add-on endorsement.

State Department of Education. SDE indicates that this section of the bill will have an undetermined impact on local school districts since some districts will need to hire additional FTEs to ensure students receive appropriate interventions. The number of interventionists varies by district.

Section 19. This section requires the intensity and duration of intervention to be appropriate to meet specific needs of each student to ensure that the student is on track to be reading on grade level by the end of the third grade.

Local School Districts. SDE indicates that this section of the bill will have an undetermined impact on school districts since some districts will need to hire additional FTEs to conduct the screening and interventions. The number of FTEs and the cost varies by district.

Section 20. This section encourages districts to develop policies for intensive support and retention of students in kindergarten through grade two if it is determined to be in the student's best interest. This section also revises the requirements to retain students who fail to demonstrate reading proficiency at the end of the third grade as indicated by scoring at the lowest achievement level on the state summative reading assessment in English/language arts, which indicates that the student needs substantial academic support to be prepared for the next grade level. In addition, intervention for students who are retained due to the provisions of this section must be appropriate to meet the specific needs of each student to ensure the student is on track to be reading at or above grade level by the end of the school year. This section requires districts to report to SDE the number of appeals made by a parent or guardian regarding student retention, the number of appeals granted, and the student's outcome in fourth grade.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on districts. District expenses will vary based upon the intensity and duration of the intervention provided to students.

Section 21. This section revises the responsibilities and professional development requirements for reading coaches and requires a reading/literacy coach to be employed in each elementary school if funding is provided by the General Assembly. The State Board of Education must prescribe, by regulation, any coursework or professional development that a state-funded reading coach is required to successfully complete. Local school districts must work in collaboration with SDE to offer the professional development courses at no charge to educators. Beginning with the 2019-20 school year, as a condition for receiving the state appropriations for reading coaches, SDE must screen and approve the hiring of all reading coaches in a district that has more than one-third of its third grade students scoring at the lowest achievement level on the statewide summative English/language arts assessment. Also, each reading coach employed in a district having more than one-third of its third grade students scoring at the lowest achievement level and the principal of the elementary school in which the reading coach is assigned must attend professional development training provided by SDE. Beginning July 1, 2020, early childhood, elementary, and special education licensed teacher candidates must earn a passing score on a test of scientifically research-based instruction and intervention and data-based decision-making principals as approved the State Board of Education. Beginning July 1, 2020,

and annually thereafter, CHE, in consultation with the Learning Disorders Task Force, must conduct an analysis to determine the effectiveness of each teacher education program in preparing teachers to diagnose a child's reading problems. CHE must report its findings of the analysis and provide recommendations for improving teacher education programs to SDE and the General Assembly.

Local School Districts. SDE indicates that the increase in expenses to local school districts is undetermined since districts may incur expenses for professional development for teachers related to travel and substitutes. These expenses vary by district.

Section 22. This section provides the requirement to prepare students for the move from high school directly into public institutions of higher education by creating a uniform system of dual enrollment college courses offered to high school students by public two-year and four-year institutions of higher learning beginning in the 2020-21 school year. CHE must convene the Advisory Committee on Academic Programs before September 1, 2020, to develop a statewide secondary to postsecondary articulation agreement among all school districts and all public institutions of higher learning in the state. Effective July 1, 2022, public institutions of higher learning and public school districts may not enter individual articulation agreements. Articulation agreements entered before July 1, 2022, are void. However, coursework completed by students pursuant to those agreements must be considered acceptable for college credit.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on school districts. The articulation agreements could potentially negate the fee schedule some school districts have already established with institutions of higher learning, but the impact is undetermined.

Section 23. This section allows each classroom teacher and full-time librarian to have at least a thirty-minute daily planning period free from the instruction and supervision of students. Each school district may set flexible or rotating schedules for each classroom teacher or full-time librarian in the district for the implementation of this duty-free planning period. Implementation of this section may not result in a lengthened school day.

Local School Districts. SDE indicates that this section of the bill will not affect most districts as long as the break is an unencumbered thirty-minute break during the day. Further, most districts typically allow teachers to have a break every day.

Section 24. This section requires SDE, beginning with the 2020-21 school year, to track student performance from kindergarten through grade twelve in reading and mathematics along a common, consistent scale that is nationally recognized and approved by EOC. This section further outlines the requirements of SDE in providing resources to parents and teachers. Before, the 2020-21 school year, SDE, local schools, and districts must identify and administer assessments that can be linked to common, consistent scales by grade level. Before, January 1, 2021, SDE and SCBTE must establish Lexile and Quantile scores and high school equivalency assessment thresholds that serve as common minimum admission scores and must provide guarantees that students with sufficient scores may not be required to attend or enroll in reading or mathematics remediation at the postsecondary level.

Local School Districts. SDE indicates that this section will increase expenses of local districts by \$2,101,250 in FY 2019-20 and FY 2020-21 to test at the high school level where state assessments are not required.

Section 25. This section allows public two-year institutions of higher education to provide required remedial courses to eligible persons who earn a high school diploma or high school equivalency credential from a public school in the state. The individual must be twenty-one years of age or less and lack the necessary reading, mathematics, or English skills required to enroll in a credit-bearing course in a public postsecondary institution. All instructional costs of providing the remediation, for up to one academic year, must be paid for by the public school district from which the student earned his high school equivalency credential.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on districts for remediation purposes. The expenses associated with remediation varies and is dependent upon the number of students in need of remediation. Also, some districts may need to hire additional FTEs. These expenses will also vary by district.

Section 27. This section requires SDE, in collaboration with the Education and Economic Development Act Coordinating Council to develop a career pathways system to replace the career cluster system of the South Carolina Education and Economic Development Act.

The career pathways system must:

- Align public education and postsecondary education systems and the career and technology services provided within and across program providers
- Align with state and regional workforce needs
- Provide students, teachers, parents, and families with general information about career pathways and with strategies to support students in acquiring the academic, employability, and technical skills that employers demand
- Promote the involvement and cooperative effort of parents, teachers, and school counselors in assisting students in making these choices, in setting career goals, and in developing individual graduation plans to achieve these goals.

After developing the career pathways system, SDE must develop a curriculum. The curriculum must:

- Align with state content standards, organized around the career pathways system and system of career clusters aligned with state and regional workforce needs as determined by Commerce.
- Provide students with both strong academics and real world problem solving skills
- Provide students with individualized educational, academic, and career-oriented choices and greater exposure to career information and opportunities
- Provide online and printed resources for assisting parents in improving student growth in reading and mathematics to ensure all students graduate with the skills to be college and career ready. These parent resources must include information

that identifies specific careers and the reading and mathematics demands expected in those careers.

This section further requires districts to assist students by establishing a foundation for career pathways by grade level.

Local School Districts. SDE indicates that this section will have no expenditure impact on local districts.

Section 28. This section requires SDE to replace the current career cluster requirements to develop programs of study under each career pathway beginning with the 2020-21 school year. In developing programs of study, SDE must emphasize the high-skill and in-demand pathways that the state Workforce Innovation and Opportunity Act plan and Coordinating Council for Workforce Development have identified as critical to the state's workforce development system. Before August 1, 2021, SDE, in collaboration with the Education and Economic Development Act Coordinating Council, must develop a pathway certification process for high schools and postsecondary institutions.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on districts since expenses will vary depending upon the final program criteria that is developed. Also, some districts may incur expenses for facilities modification and equipment for those areas with high workforce needs.

Section 29. This section of the bill requires school districts, beginning with the 2021-22 school year to organize high school curricula around a minimum of three career pathways, promote increased awareness and career counseling, and review the pathways selected by the districts every two years.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on districts since expenses will vary depending upon the final program criteria that is developed. Also, some districts may incur expenses for facilities modification and equipment for those areas with high workforce needs.

Section 32. This section creates a tax credit for taxes imposed in Chapter 6 of Title 12 for a taxpayer who employs a public school grade 6-12 teacher as in intern for no less than sixty and no more than eighty hours each calendar year. The agreement must be registered with SDE, and the internship must be approved by the school district in which the teacher is employed based on criteria provided by SDE. The Department of Revenue (DOR) must prescribe a form to claim the credit that provides sufficient information for the proper administration of the credit.

Local School Districts. SDE indicates that this section of the bill may impact local districts since the bill does not specify if the internship for teachers would take place during the school year or over the summer. If the internship occurs during the school year, districts will incur expenses for substitutes.

Section 40. This section directs the Center for Educator Recruitment, Retention, and Advancement to use and update the teacher survey currently administered by SDE. The survey should assess teacher perceptions on a number of matters. The results of the survey must be published on the websites of SDE, each school district, and each school.

Local School Districts. SDE indicates that this section will have no expenditure impact on local districts.

Section 41. This section requires the minimum teacher salary to be \$35,000 beginning with FY 2019-20. Salary increases must be based on funding provided by the General Assembly in the annual appropriations act and provided through adjustments in the salary schedule to educators identified by SDE as eligible to receive the EIA teacher salary supplement during FY 2018-19 as reported to RFA. This section also deletes current provisions regarding local effort, teacher pay increases, and the requirement that RFA project the southeastern average teacher salary. The General Assembly must establish the starting teacher salary each year in the annual appropriations bill. The salary schedule and Education Finance Act inflation factor must be determined in the annual General Appropriation Act.

Local School Districts. SDE indicates that this section of the bill will have an undetermined impact on local school districts since the increase in expenses will depend upon how the increase is funded and the amount each district chooses to pay teachers above the minimum salary.

Section 44. This section allows the board of trustees of a local school district to authorize daily mileage reimbursement for a teacher who must travel more than twenty-five miles each way between his established domicile and school. This reimbursement may not exceed the existing federal reimbursement rate for mileage.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on districts since districts can decide whether to pay commuting mileage.

Section 45. This section allows local school boards of trustees to establish policies allowing teachers to enroll their children in the schools where they teach regardless of the student's zoned area of attendance if space is available at the receiving school.

Local School Boards. SDE indicates that this section of the bill will have no impact on local districts since some districts currently follow this process.

Section 46. This section allows the State Board of Education to exempt school districts from state laws, policies, and regulations that hinder the implementation of competency-based education. School districts that wish to obtain an exemption must submit a waiver application to the State Board of Education. The waiver must be on a format developed by SDE.

Local School Districts. Schools that are granted a waiver for a competency-based program are likely to incur expenses for instructional coaching, teacher professional development, tracking software, curriculum development, and assessments. However, SDE indicates that this bill will have an undetermined expenditure impact on school districts since these expenses will vary

based upon the size of the school and district, current capacity, and existing implementation of competency-based learning practices.

Section 47. This section requires the faculty and principal of schools that receive below average or unsatisfactory ratings to review and revise its renewal plan with the assistance of the school improvement council. The revised plan must be the school turnaround plan and must include an extensive list of criteria. The local school district board of trustees, in consultation with SDE must assist schools with a list of items, including the creation of a stakeholder group that includes local representatives from DSS, the Department of Mental Health, DEW, and law enforcement. Once the revised plan is developed, the district superintendent and the local board of trustees must review the plan to determine if it focuses on strategies to increase student academic performance and college and career readiness. The State Board of Education must review and approve the plan and supporting strategies. The approved plan must be submitted to SDE and posted on the respective websites of SDE, the school, and the district. The district superintendent and local board of trustees must submit updates on implementation of the plan to SDE annually. The reports must be provided to the State Board of Education, and SDE must place the reports on its website. SDE must implement the provisions of this section through the Office of Transformation. The office must provide assistance to underperforming schools and districts through tiers of assistance as directed by the Superintendent of Education. The tiers must be determined based upon a number of factors.

This section also provides that a school receiving an overall rating of unsatisfactory for three out of four years is considered to be chronically underperforming. Chronically underperforming schools must following steps set forth in this section. Also, districts are deemed to be in a state of emergency when the majority of students in the district attend schools with an overall rating of below average or unsatisfactory. This section further provides the steps that must be taken once a district is declared to be in a state of emergency. The State Superintendent must make all personnel decisions for reconstituted schools and must have the authority to determine whether to terminate school staff.

This section also establishes the South Carolina Transformation School District as an organizational unit of SDE established by the Superintendent for the purpose of providing the operation and management of underperforming schools. The Superintendent may contract with one or more individuals, governmental entities, or non-profit entities to manage the daily operations of any or all schools placed in the Transformation School District. The State Superintendent must develop a transition plan for schools placed in the Transformation School District whose local districts have not been dissolved or consolidated. Absent an appropriation in the general appropriations act, the Transformation School District must use state, local, and federal funds generated by the students serviced to operate a school placed in alternative governance. A contract to manage a school that has been placed in the Transformation School District must require expenditure reports for funds received and expended. The Transformation School District may require the local board of trustees to provide school support or student support services for a school transferred from its jurisdiction to the Transformation School District. These support services include, but are not limited to, student transportation, school food service, or student assessment for special education eligibility.

Local School Districts. SDE indicates that the expenditure impact on local school districts is undetermined and will vary depending upon the number of districts within the Transformation School District.

Local Law Enforcement Agencies. We anticipate that any expenses associated with serving on the stakeholder group can be managed within the existing budgets of county and municipal governments. Therefore, we do not expect that this section of the bill will have an expenditure impact on county or municipal governments.

Section 48. This section requires local school districts whose kindergarten through grade twelve student population is less than 1,000 to merge with a district in the same county in which it is located before August 1, 2023. Before August 1, 2021, the State Superintendent must provide the General Assembly with a report specifying legislative actions necessary to accomplish the district merger. Also, before August 1, 2021, the State Superintendent must provide a comprehensive plan to the Speaker of the House and the President of the Senate regarding the merging of school districts. The superintendent must consider the following when determining whether to recommend a district for merger or entrance into a shared services agreement with another district:

- Whether the district has an average daily membership of fewer than 1,500 students
- Whether the district has been declared to be in fiscal watch, caution, or emergency status within the last five years
- Whether the district, or a school within a district, has been denied accreditation, or has been placed on probation by its accreditor
- Whether a majority of students within the district attend schools that received below average or unsatisfactory on their report cards
- Any combination of the aforementioned items
- Whether and how any countywide district should be consolidated with districts in contiguous counties to form a regional school district
- Whether school districts could be merged to mirror the service areas of their respective technical colleges
- Any additional factors that the Superintendent considers appropriate

The Superintendent's report must indicate if the district has already consolidated administrative and professional services with one or more school districts and if such a consolidation has occurred, provide a determination on whether the consolidation of services is successful.

Local School Districts. SDE indicates that this section will have an undetermined expenditure impact on districts. Any expenses will depend upon the differences in staffing structure, pay, mileage, and other miscellaneous items related to the merging districts.

Section 49. This section allows a local board of trustees to require additional units of credit for a high school diploma beginning with students entering ninth grade in the 2020-21 school year.

Local School Districts. SDE indicates that this section of the bill will have an undetermined expenditure impact on local districts beginning with the 2023-24 school year. Districts that choose to require additional units of credit for a high school diploma will be responsible for \$25 per template to create their own diploma. Additionally, those districts would also be responsible for an additional \$0.90 for each diploma.

Section 50. This section requires the State Board of Education to adopt a model code of ethics for local school board members before July 1, 2020. The model code of ethics must also include appropriate consequences for violations of provisions of the code of ethics. A local school board must adopt a local code of ethics applicable to the board within three months after adoption of the model code by the State Board of Education. A local school board must submit a copy of its local code of ethics and subsequent revisions to SDE within thirty days of adoption.

This section also requires a local school board to adopt policies regarding nepotism. A local school board that seeks a waiver pursuant to this section must submit a written waiver request to the State Board of Education. The State Board of Education may grant or deny a waiver request, or grant a waiver request subject to specific modifications in the waiver request. After June 30, 2020, a person who has a family member serving on a local school board who is hired or promoted as principal or assistant principal of a school in the district or hired as district administrative staff is not eligible to serve as the superintendent of the district if the family member's employment with the district begins after December 31, 2020. This provision does not affect the employment of a person employed by the district before June 30, 2020, or who is employed by the district when his family member becomes a member of the local school board. This section also provides an extensive list of actions that are prohibited by a local school board member or school official in an effort to avoid a conflict of interest. Upon a motion supported by a two-thirds vote of the members present, a local school board must request that SEC conduct a hearing concerning the violation by a board member of a conflict of interest provision.

This section also requires SDE or another public school accrediting agency to notify the State Board of Education upon placing any district or school on the level of accreditation that immediately precedes the loss of accreditation for school governance reasons. The notice must include the reason for the decision of the accrediting agency. The provisions of this section of the bill apply only to a local school district or school that is placed on the level of accreditation immediately preceding loss of accreditation after July 1, 2020.

Local School Districts. SDE indicates that this bill will have no expenditure impact on local districts.

Section 51. This section requires a registered institution of higher learning to adhere to the same report card and school rating provisions as that of the South Carolina Public Charter School District.

Local School Districts. SDE indicates that this section will have no expenditure impact on local school districts, the Public Charter School District, or the Charter Institute at Erskine.

Section 52. This section requires trustees and school officials to comply with provisions of Articles 1, 7, 11, and 13 of Chapter 11, Title 8.

Local School Districts. SDE indicates that this section will have no expenditure impact on local school districts, the Public Charter School District, or the Charter Institute at Erskine.

Section 53. This section requires the State Board of Education to notify SEC, by July 1st annually, of any local school board member that has not complied with the provisions of Section 59-19-45 pertaining to orientation of school district boards of trustees. Local school board members who fail to successfully complete the training program must be considered to be in violation of the State Ethics Act and must be assessed a civil penalty as follows:

- Fine of \$100 is imposed if the training is not completed pursuant to the provision set forth in this section of the bill
- Fine of \$10 per day for the first ten days after notice has been provided, and a \$100 fine is imposed for each additional calendar day in which the training is not completed.
- These civil penalties may not exceed \$5,000

After the maximum civil penalty has been levied and the required report has not been filed, the following actions must be taken:

- First offense – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$500
- Second offense – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fines not less than \$2,500 dollars nor more than \$5,000
- Third and subsequent offenses – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$5,000

Local Governments. SEC indicates that school boards currently fall under their jurisdiction for not filing annual Statements of Economic Interests Forms. The agency indicates that it has never filed any court actions based on ethics violations except for judgements against individuals who have a decision and order issued against them and still owe money. We expect that local school board members will comply with the training provisions pursuant to this bill. Therefore, we do not expect that this section of the bill will impact local governments.

Local School Districts. SDE indicates that this section will have no expenditure impact on local districts.

Section 55. This section requires all reelected members of a school district board of trustees to successfully complete a training program on the powers, duties, and responsibilities of a board member. This program must be offered by a district and completed by a board member within one year after his election, reelection, or appointment. By December 31, 2019, the State Board of Education must adopt a model training program for training local school board members. A local school board must adopt a local training program applicable within three months after adoption of the model training program by the State Board of Education. A local school board

must submit a copy of its local code of ethics and subsequent revisions to SDE within thirty days of adoption.

Local School Boards of Education. SDE indicates that this section of the bill will have an undetermined expenditure impact on local districts since expenses will vary based upon the cost and location of the training opportunities for local school boards.

Section 56. This section provides that the Governor may remove a member of a school district board of trustees in a case involving fraud, misappropriation of funds, nepotism, or violation of election or procurement laws. The Governor and State Superintendent must appoint members to fill vacancies.

Local School Districts. SDE indicates that this section will have no expenditure impact on local districts.

Local Revenue

Section 41. This section requires the minimum teacher salary to be \$35,000 beginning with FY 2019-20. Salary increases must be based on funding provided by the General Assembly in the annual appropriations act and provided through adjustments in the salary schedule to educators identified by SDE as eligible to receive the EIA teacher salary supplement during FY 2018-19 as reported to RFA. This section also deletes current provisions regarding local effort, teacher pay increases, and the requirement that RFA project the southeastern average teacher salary. The General Assembly must establish the starting teacher salary each year in the annual appropriations bill. The salary schedule and Education Finance Act inflation factor must be determined in the annual General Appropriation Act.

Based upon data provided by SDE, increasing the minimum teacher salary from \$32,000 to \$35,000 will increase local revenue from the State by \$44,882,000 or \$58,909,000, depending upon whether the EIA or EFA method is chosen. Under the EFA method, the state assumes 70 percent of the expenses, which is approximately \$44,882,000, including fringe. Under the EIA method, the state is responsible for all expenses, which is approximately \$58,909,000, including fringe.

Prior versions of this impact statement can be found on our website.



Frank A. Rainwater, Executive Director