

**PROVISOS CARRIED OVER BY THE
SENATE FINANCE COMMITTEE**

TRANSPORTATION & REGULATORY SUBCOMMITTEE PACKAGE

SECTION 83 - R600 - DEPARTMENT OF EMPLOYMENT AND WORKFORCE

83.6 **AMEND** (Employment Training Outcomes Data Sharing) Directs DEW to require training and employment data integration; establish a Governance Policy; and develop a model data-sharing agreements with various agencies and entities.

WMC: AMEND proviso, item (A) to delete reference to “partner collaboration and sharing responsibilities” and change “2016” to “2017.” Amend item (B) to change “July 22, 2016 to July 1, 2017;” delete the requirement that DEW “develop a model” and instead “enter into a” data sharing agreement; require ETPs submit “personally identifiable information” data “for the purpose of assessing program effectiveness.” Delete language referencing the North American Industry Classification (NAIC) System and the Standard Occupation Classification (SOC) System. Delete items (C) (D) and (E) which reference deleting model data sharing agreements with specific entities. *DEW proposes deleting language referencing NAICS and SOC until a system for acquiring occupational data such as SOC is developed. Items C through E are deleted because the directives are duplicative due to the passage of Act 252 of 2016.* Requested by Department of Employment and Workforce.

HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE CHAIRMAN’S RECOMMENDATION: ADOPT proviso as amended.

83.6. (DEW: Employment Training Outcomes Data Sharing) The Department of Employment and Workforce, in developing the Workforce and Labor Market Information System (WLMIS) improvements required of the Workforce Innovation and Opportunity Act (WIOA) (P.L. 113-128), will require integration of training and employment data for the purposes of improving longitudinal assessment of employment outcomes for the various training providers eligible to receive funding appropriated or authorized by this Act.

(A) As the entity with authority for the oversight and maintenance for the WLMIS, the department shall establish a Governance Policy for the management, development, and security; partner collaboration, and sharing responsibilities no later than July 1, ~~2016~~ 2017.

(B) No later than July ~~22, 2016~~ 1, 2017, the department must ~~develop a model~~ enter into a data-sharing agreement with eligible training providers (ETPs). As specified by the WIOA Act, this agreement will require ETPs to submit personally identifiable information (PII) data related to the types of training programs offered, individual student coursework ~~and outcomes~~, program completion and time to complete, program costs, and tuition assistance for the purpose of assessing program effectiveness. ~~It will further require reporting of personally identifiable information (PII) to match training and employment data to determine placement in companies and jobs by the North American Industry Classification (NAIC) System and Standard Occupation Classification (SOC) System and other information necessary for the department to accurately and completely assess the effectiveness and return on investment of all training programs offered by the entity.~~

(C) ~~No later than January 1, 2017, the department must develop a model data-sharing agreement with the Department of Education, the Center for Educator Recruitment, Retention and Advancement, and the Education Oversight Committee, the Vocational Rehabilitation Department, and the Commission on Higher Education to capture and match data as enumerated in item (B) of this provision. This agreement will ensure collaborative sharing of matched data with each partner agency for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

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~~(D) The department and the South Carolina Student Loan Corporation shall, by January 1, 2017, enter into a data sharing agreement to determine the average debt load carried by individuals who participate in training programs with eligible training providers. This agreement will ensure collaborative sharing of matched data for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

~~(E) No later than June 30, 2017, the department must develop a model data sharing agreement with the Department of Social Services to capture data related to New Hire status and social service data and with the Department of Labor, Licensing and Regulation to capture licensing and licensing related data. This agreement will ensure collaborative sharing of matched data for the purpose of program assessment and effectiveness in compliance with state and federal laws.~~

SECTION 84 - U120 - DEPARTMENT OF TRANSPORTATION

84.15 DELETE NEW PROVISIO (Local Road Transfer) HOU: ADD new proviso to authorize the department to remove a road from the state highway system and for a county or municipal governing authority to assume maintenance of the road upon receipt of a proper resolution submitted by a county or municipal governing authority. Authorize the department to provide a thing of value as a condition of transfer such as credits towards future construction projects, payment from CTC funds, or debt satisfaction and require the condition be agreed to in writing by all parties. Sponsor: Rep. Simrill.

SFC SUBCOMMITTEE CHAIRMAN'S RECOMMENDATION: DELETE new proviso.

~~*84.15. (DOT: Local Road Transfer) The Department of Transportation, upon receipt of a proper resolution submitted by a county or municipal governing authority to the Secretary of Transportation indicating its conditions, willingness, and desire to incorporate into the county or municipal road system a road on the state highway system and to assume the maintenance thereof, may at its discretion accept the resolution and remove the road from the state highway system, and it shall thereafter form a part of the county or municipal road system.*~~

~~*As a condition of such transfer, the department may provide a thing of value, including but not limited to credits towards future construction projects, payment of funds from the state's share of the County Transportation Committee funds, or satisfaction of debt owed to the department. Such thing of value may be equal to the amount of the present value of the forty-year projected future maintenance cost of the road to be transferred and may be funded by the state's share of the County Transportation Committee funds. Any such condition of transfer shall be agreed to in writing by all parties.*~~

84.16 ADD (Rest Areas Contractual Payments) HOU: ADD new proviso to direct the department to ensure that firms contracted to service rest areas pay their employees in a timely payment. Direct the department to delay payment to a contracted firm by the same number of days the firm is late paying their employees. Sponsor: Rep. Cobb-Hunter.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT new proviso.

~~*84.16. (DOT: Rest Areas Contractual Payments) The Department of Transportation is directed to ensure that firms the department contracts with to perform services at South Carolina Rest Areas pay their employees for performing such services in a timely manner. If the department determines that the contracted firm does not pay these employees in a timely manner, the department shall delay the next contractual payment to the firm by the same number of days that payment to its contracted employees was delayed.*~~

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CRIMINAL JUSTICE SUBCOMMITTEE PACKAGE

SECTION 63 - K050 - DEPARTMENT OF PUBLIC SAFETY

63.9 **AMEND NEW PROVISO** (Overtime Pay) **WMC:** ADD new proviso to require the department to pay current law enforcement officers, by October 1, for any comp time earned and not used in the prior fiscal year. Direct the department to use personal services and/or employer contributions carried forward funds for this purpose.

HOU: ADOPT new proviso.

SFC SUBCOMMITTEE RECOMMENDATION: AMEND new proviso to specify that comp time is to be paid only to “non-exempt” law enforcement officers. Direct that if the department does not have enough carry forward funds to pay all accrued comp time, they shall pay officers on a percentage distribution based on the hours owed per officer up to the total amount of funds carried forward.

63.9. (DPS: Overtime Pay) The department is authorized and required to pay current non-exempt law enforcement officers, by October 1st of the current fiscal year, for any compensatory time earned and not used in the prior fiscal year. The funds for this compensation must be provided from available personal services and/or employer contributions funds carried forward from the prior fiscal year. If the amount of carried forward funds is not sufficient to pay all the non-exempt law enforcement officers accrued compensatory time, the agency shall pay the officers on a percentage distribution based on the hours owed per officer up to the total amount that the agency has carried forward.

CONSTITUTIONAL SUBCOMMITTEE PACKAGE

SECTION 117 - X900 - GENERAL PROVISIONS

117.14 **AMEND** (~~Personal Service Reconciliation, FTEs~~ *FTE Management*) Provides guidelines for the Executive Budget Office to monitor full-time equivalent (FTE) positions and directs that no agency may exceed the total FTEs authorized in the Appropriation Act except upon majority vote of the State Fiscal Accountability Authority. Directs that personal services funds in the Governor’s budget recommendations must be at least 97% funded.

WMC: AMEND proviso to delete the requirement in item (2)(a) that non-established positions be deleted and the directive that no positions be established in excess of the total number of authorized FTE positions. Amend item (2)(b) to change “personal service” analysis to “FTE” analysis and require the analysis be completed for the current and last two fiscal years. Delete item (2)(c) which allows SFAA to direct that unfunded or significantly underfunded positions be deleted. Amend item (5) to delete current directive to annually reconcile personal service funds with full-time employee count and instead permit the number of authorized positions in this act to be increased if an agency determines that the duties of Temporary, Time-Limited, and Temporary Grant positions created before July 1, 2017 will continue indefinitely and merit being classified as a FTE; exempt these newly created FTEs from the posting process; and direct that affected Temporary Grant and Time-Limited employees unused annual and sick leave shall transfer to their FTE position. Direct the Division of State Human Resources, in consultation with EBO, to formulate guidelines for administering this item and provide for certain information to be included in any request to convert a position. Direct DOA to review, approve, deny, or modify the request, as appropriate; ensure that FTE Constitutional limits are observed; and to

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submit a report on FTEs issued through this item to the Chairmen of the Senate Finance and House Ways and Means Committees by January 6.

HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

117.14. (GP: ~~Personal Service Reconciliation, FTEs~~ *FTE Management*) In order to provide the necessary control over the number of employees, the Executive Budget Office is hereby directed to maintain close supervision over the number of state employees, and to require specifically the following:

(1) That no state agency exceed the total authorized number of full-time equivalent positions and those funded from state sources as provided in each section of this act except by majority vote of the State Fiscal Accountability Authority.

(2) That the Executive Budget Office shall maintain and make, as necessary, periodic adjustments thereto, an official record of the total number of authorized full-time equivalent positions by agency for state and total funding sources.

(a) That within thirty days of the passage of the Appropriation Act or by August first, whichever comes later, each agency of the State must have established on the Executive Budget Office records all positions authorized in the Act. ~~After that date, the office shall delete any non-established positions immediately from the official record of authorized full-time equivalent positions. No positions shall be established by the office in excess of the total number of authorized full-time equivalent positions.~~ Each agency may, upon notification to the Executive Budget Office, change the funding source of state FTE positions established on the Executive Budget Office records as necessary to expend federal and other sources of personal service funds to conserve or stay within the state appropriated personal service funds. No agency shall change funding sources that will cause the agency to exceed the authorized number of state or total full-time equivalent positions. Each agency may transfer FTEs between programs as needed to accomplish the agency mission.

(b) That by September thirtieth, the office shall prepare a ~~personal service~~ *FTE* analysis, by agency, which shows the number of ~~established~~ *authorized, filled, and vacant* positions *by source of funds* for the *current and two previously completed* fiscal year years and the amount of funds required, by source of funds, to support the FTEs for the fiscal year at a funding level of one hundred percent. ~~The office shall then reconcile each agency's personal service detail with the agency's personal service appropriation as contained in the Act adjusted for any pay increases and any other factors necessary to reflect the agency's personal service funding level.~~ The office shall provide a copy of each agency's ~~personal service reconciliation~~ *FTE analysis* to the Senate Finance and House Ways and Means Committees.

~~(c) That any position which is shown by the reconciliation to be unfunded or significantly underfunded may be deleted at the direction of the State Fiscal Accountability Authority.~~

(3) That full-time equivalent (FTE) positions shall be determined under the following guidelines:

(a) The annual work hours for each FTE shall be the agency's full-time standard annual work hours.

(b) The state FTE shall be derived by multiplying the state percentage of budgeted funds for each position by the FTE for that position.

(c) All institutions of higher education shall use a value of 0.75 FTE for each position determined to be full-time faculty with a duration of nine months.

The FTE method of accounting shall be utilized for all authorized positions.

(4) That the number of positions authorized in this act shall be reduced in the following circumstances:

(a) Upon request by an agency.

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(b) When anticipated federal funds are not made available.

(c) When the Executive Budget Office, through study or analysis, becomes aware of any unjustifiable excess of positions in any state agency.

~~(5) That the Executive Budget Office shall annually reconcile personal service funds with full time employee count. Unfunded positions will be eliminated no later than January fifteenth of the current fiscal year unless specifically exempted elsewhere in this act or by the Executive Budget Office. The Executive Budget Office must report the full time employee count and unfunded position status to the Senate Finance Committee and the Ways and Means Committee by February first of the current fiscal year. That the number of positions authorized in this act shall be increased for the sole purpose of classifying Temporary, Time-Limited and Temporary Grant positions created prior to July 1, 2017, that merit such classification as FTEs because the agency has determined that the duties will continue indefinitely. The new FTEs created through this process and filled by existing non-FTE staff shall be exempt from the posting process. Additionally, affected Temporary Grant and Time-Limited employees shall transfer any unused annual and sick leave to their FTE positions.~~

The Division of State Human Resources, in consultation with the Executive Budget Office, shall formulate guidelines for the administration of this item. The request by the agency must include a justification for changing the position, justification of an insufficient vacancy pool, identification of sufficient funds with current appropriations, identification of source of funds to be utilized, and assurance that the FTEs are not being used to create new jobs. The guidelines shall also include a process for submitting requests including a deadline for submission of requests.

The Department of Administration shall review the request and approve, deny, or modify it as appropriate. The department shall further ensure that the FTE Constitutional limits are observed. This item in no way requires agencies to submit requests, and does not guarantee any employment status to staff. A report on FTE issuance through this item shall be submitted to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee no later than January 6 of the current fiscal year.

(6) That no new permanent positions in state government shall be funded by appropriations in acts supplemental to this act but temporary positions may be so funded.

(7) That the provisions of this section shall not apply to personnel exempt from the State Classification and Compensation Plan under item I of Section 8-11-260 of the 1976 Code.

The Governor, in making his appropriation recommendations to the Ways and Means Committee, must provide that the level of personal service appropriation recommended for each agency is at least ninety-seven percent of the funds required to meet one hundred percent of the funds needed for the full-time equivalents positions recommended by the Governor (exclusive of new positions).

K-12 EDUCATION SUBCOMMITTEE PACKAGE

SECTION 1A - H630 - DEPARTMENT OF EDUCATION-EIA

1A.24 CONFORM TO FUNDING / AMEND FURTHER (Students at Risk of School Failure)
Directs the expenditure of funding allocated for students at risk of school failure.
WMC: AMEND proviso to direct that funds must be allocated to districts based “on the number of weighted pupil units in the district” and delete the requirement allocation be based on two factors (poverty add on weight and prior fiscal year weighted pupil units in need of academic assistance). Require 5% of the funds be spent on formative assessment for K-9 students. Amend the definition of students at academic risk.

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HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE RECOMMENDATION: CONFORM TO FUNDING / AMEND FURTHER to reinsert the two allocation factors and delete reference to “on the number of weighted pupil units in the district.” Delete instructional support directive “five percent of the funds must be spent on formative assessments for students in kindergarten through grade 9.”

1A.24. (SDE-EIA: Students at Risk of School Failure) For the current fiscal year, EIA funds appropriated for students at academic risk of school failure, must be allocated to school districts based upon two factors: (1) poverty as determined for the poverty add on weight in Proviso 1.3; and (2) the number of weighted pupil units identified in the prior fiscal year as in need of academic assistance ~~on the number of weighted pupil units in the district.~~ At least eighty-five percent of the funds allocated for students classified as at academic risk must be spent on instruction and instructional support for these students ~~who generated the funds~~ at academic risk. Instructional support may include family literacy and parenting programs to students at-risk for school failure and their families, ~~and five percent of the funds must be spent on formative assessments for students in kindergarten through grade 9.~~ Students at academic risk are defined as students who ~~score not met on~~ are not meeting grade level standards in English language arts/reading and mathematics as evidenced by summative state assessments in grades three through eight in reading and mathematics state assessments ~~or students who are not on track to meeting or exceeding English language arts/reading or mathematics standards by the end of third grade.~~ Public charter schools, the Palmetto Unified School District, and the Department of Juvenile Justice must also receive a proportionate per pupil allocation based on the number of students at academic risk of school failure served.

1A.75 CONFORM TO FUNDING (EOC Military-Connected Children) Directs the EOC to use \$100,000 of Partnerships for Innovation funds to initiate a pilot program in at least two school districts that have a high military density that will provide training, services, resources and research to various educational and mental health professionals, service providers, and military parents. Directs that the objective of the pilot is to increase the level of educational quality and support for military-connected children. Requires training and services be provided by a non-profit entity with specific credentials. Directs the EOC to report on the expenditures of these funds and post-training evaluation in its annual report on the education performance of military-connected children as required by Act 289 of 2014.

HOU: DELETE proviso. Sponsor: Rep. Whitmire.

SFC SUBCOMMITTEE RECOMMENDATION: CONFORM to funding recommendation.

~~**1A.75.** (SDE-EIA: EOC Military-Connected Children) Of the funds allocated for Partnerships for Innovation, the Education Oversight Committee is directed to expend \$100,000 to initiate in at least two school districts with high military density, a pilot program that will provide training, services, resources and research to teachers, counselors, mental health professionals, school nurses, service providers and military parents. The objective of the pilot is to increase the level of educational quality and support for military-connected children. The training and services must be provided by a non profit entity that is an NBCC Approved Continuing Education Provider and is an authorized provider by the international Association for Continuing Education and Training (IACET). Pursuant to its responsibilities under Act 289 of 2014, the Education Oversight Committee will report on the expenditure of these funds and post-training evaluations in its annual report on the educational performance of military-connected children.~~

1A.83 CONFORM TO FUNDING (Value-Added Accountability) **HOU:** ADD new proviso to direct the department to use the education value-added assessment system to calculate the magnitude

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of student progress or growth at the school level for purposes of state and federal accountability. Allow local school districts to use the system to evaluate classroom teachers using student progress or growth. Direct that this teacher evaluation is to only be available to the specific teacher, principal and superintendent and shall not be a public record. Sponsor: Rep. Whitmire.
SFC SUBCOMMITTEE RECOMMENDATION: CONFORM to funding recommendation.

1A.83. (SDE-EIA: Value-Added Accountability) With the funds appropriated for School Value Added Instrument in the current fiscal year the Department of Education shall use the education value-added assessment system that was procured and administered in the prior fiscal year to calculate the magnitude of student progress or growth at the school level for purposes of state and federal accountability. At the discretion of the local school district, a district may use the education value-added assessment system to evaluate classroom teachers using student progress or growth. The estimates of specific teacher effects on the educational progress of students will not be a public record and shall be made available only to the specific teacher, principal and superintendent. In the current fiscal year, the Department of Education is directed to procure a value-added assessment system, which calculates student growth and includes the measurement of magnitude of growth, to be used in future school years that meets the requirements of the state and federal accountability system as defined in Chapter 18 of Title 59 of the 1976 Code.

SECTION 109 - R440 - DEPARTMENT OF REVENUE

109.11 AMEND FURTHER (Educational Credit for Exceptional Needs Children) Creates the Educational Credit for Exceptional Needs Children Fund and provides for scholarship funding organizations and individual tax credits for the amount a person contributes for an exceptional needs child within specific parameters.

WMC: AMEND proviso definition of “Eligible school” in (A)(1)(f) to require a school to also be in good standing with the “Palmetto Association of Independent Schools.” Amend definition of “Exceptional needs child” by adding (A)(2)(c) to include a child who has been identified by DSS as having special educational or developmental needs. Amend definition of “resident public school district” in (A)(6) to add “or in the case of dependents of active duty military personnel, the public school district which the student may attend.” Amend (E)(1) to provide guidelines to reapply and apply to the EOC in order to participate in the program in the current fiscal year; provide for removal from the program if certain information is not received by specific deadlines; provide for verification that a school is a member in good standing with certain associations and with the Diocese of Charleston and that the school continues to serve exceptional needs children. Amend (E)(1)(c) to direct that the application must contain a copy of a compilation, review, or compliance audit of the organization’s financial statement “as relating to the grants received” conducted by a CPA firm. Amend (E)(3)(a)(ii) to require an independent school’s compliance audit be posted on the EOC website. Delete (J) which required scholarship funding organizations organized for the purpose of providing grants to qualifying students with exceptional needs to attend an independent school, to deposit all remaining funds into the Educational Credit for Exceptional Needs Children Fund by August 1, 2016 and direct that these organizations shall cease to exist on August 1, 2016.

HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE RECOMMENDATION: AMEND FURTHER to

109.11. (DOR: Educational Credit for Exceptional Needs Children) (A) As used in this proviso:

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(1) "Eligible school" means an independent school including those religious in nature, other than a public school, at which the compulsory attendance requirements of Section 59-65-10 may be met, that:

- (a) offers a general education to primary or secondary school students;
- (b) does not discriminate on the basis of race, color, or national origin;
- (c) is located in this State;
- (d) has an educational curriculum that includes courses set forth in the state's diploma requirements, graduation certificate requirements (for special needs children), and where the students attending are administered national achievement or state standardized tests, or both, at progressive grade levels to determine student progress;
- (e) has school facilities that are subject to applicable federal, state, and local laws;
- (f) is a member in good standing of the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools, ~~or~~ the South Carolina Independent Schools Association, *or Palmetto Association of Independent Schools*; and
- (g) provides a specially designed program or learning resource center to provide needed accommodations based on the needs of exceptional needs students or provides onsite educational services or supports to meet the needs of exceptional needs students, or is a school specifically existing to meet the needs of only exceptional needs students with documented disabilities.

(2) "Exceptional needs child" means a child:

(a) who has been evaluated in accordance with this state's evaluation criteria, as set forth in S.C. Code Ann. Regs. 43-243.1, and determined eligible as a child with a disability who needs special education and related services, in accordance with the requirements of Section 300.8 of the Individuals with Disabilities Education Act; or

(b) who has been diagnosed within the last three years by a licensed speech-language pathologist, psychiatrist, or medical, mental health, psychoeducational, or other comparable licensed health care provider as having a neurodevelopmental disorder, a substantial sensory or physical impairment such as deaf, blind, or orthopedic disability, or some other disability or acute or chronic condition that significantly impedes the student's ability to learn and succeed in school without specialized instructional and associated supports and services tailored to the child's unique needs, ~~or~~

~~(c) who has been identified by the Department of Social Services as having special educational or developmental needs.~~

~~(4)~~ (3) 'Independent school' means a school, other than a public school, at which the compulsory attendance requirements of Section 59-65-10 may be met and that does not discriminate based on the grounds of race, color, religion, or national origin.

~~(5)~~ (4) 'Parent' means the natural or adoptive parent or legal guardian of a child.

~~(6)~~ (5) 'Qualifying student' means a student who is an exceptional needs child, a South Carolina resident, and who is eligible to be enrolled in a South Carolina secondary or elementary public school at the kindergarten or later year level for the applicable school year.

~~(7)~~ (6) 'Resident public school district' means the public school district in which a student resides, *or in the case of dependents of active military personnel, the public school district which the student may attend.*

~~(8)~~ (7) 'Transportation' means transportation to and from school only.

~~(9)~~ (8) 'Tuition' means the total amount of money charged for the cost of a qualifying student to attend an independent school including, but not limited to, fees for attending the school, textbook fees, and school-related transportation.

~~(10)~~ (9) 'Department' means the Department of Revenue.

(B) (1) There is created the Educational Credit for Exceptional Needs Children Fund that is separate and distinct from the State general fund. The fund shall be organized by the department as a public charity as defined by the Internal Revenue Code under sections 509(a)(1) through

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509(a)(4) and consist solely of contributions made to the fund. The fund may not receive an appropriation of public funds. The fund shall receive and hold all contributions intended for it as well as all earnings until disbursed as provided in this chapter. Monies received in the fund shall be used to provide scholarships to exceptional needs children attending eligible schools.

(2) The amounts on deposit in the fund do not constitute public funds nor are the deposits property of the State. Amounts on deposit in the fund must not be commingled with public funds and the State shall have no claim to or interest in the amounts on deposit. Agreements or contracts entered into by or on behalf of the fund do not constitute a debt or obligation of the State.

(3) The ~~fund~~ public charity shall be governed by five directors, two appointed by the Chairman of the House Ways and Means Committee, one of which is based upon the recommendation of the South Carolina Association of Christian Schools and one which is based upon the recommendation of the Diocese of Charleston, two appointed by the Chairman of the Senate Finance Committee based upon the recommendations of the South Carolina Independent Schools Association and one appointed by the Governor based upon the recommendation of the Palmetto Association of Independent Schools. The directors of the ~~fund~~ public charity, along with the Director of the Department of Revenue, shall designate an executive director of the ~~fund~~ public charity.

(4) In concert with the ~~fund~~ public charity directors, the Department of Revenue shall administer the ~~fund~~ public charity, including, but not limited to, the keeping of records, the management of accounts, and disbursement of the grants awarded pursuant to this proviso. The ~~department~~ fund public charity may expend up to two percent of the fund for administration and related costs. ~~The~~ Neither the department or the public charity may ~~not~~ expend public funds to administer the program.

(5) By June thirtieth of the current fiscal year, the Department of Revenue must report to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee and the Governor:

(a) the number and total amount of grants issued to eligible schools in the fiscal year;

(b) for each grant issued to an eligible school in the fiscal year, the identity of the school and the amount of the grant;

(c) an itemization and detailed explanation of any fees or other revenues obtained from or on behalf of any eligible schools;

(d) a copy of a compilation, review, or audit of the fund's financial statements, conducted by a certified public accounting firm and;

(e) the criteria and eligibility requirements for scholarship awards.

(C) (1) Grants may be awarded in an amount not exceeding eleven thousand dollars or the total annual cost of tuition, whichever is less, to a qualifying student at an eligible school.

(2) Before awarding any grant, the ~~fund~~ public charity must receive written documentation from the qualifying student's parent or guardian documenting that the qualifying student is an exceptional needs child. Upon approving the application, the ~~fund~~ public charity must issue a check to the eligible school in the name of the qualifying student within either thirty days upon approval of the application or thirty days of the start of the school's semester.

(3) In the event that the qualifying student leaves or withdraws from the school for any reason before the end of the semester or school year and does not reenroll within thirty days, then the eligible school must return a prorated amount of the grant to the ~~fund~~ public charity based on the number of days the qualifying student was enrolled in the school during the semester or school year within sixty days of the qualifying student's departure.

(4) The ~~department~~ fund public charity may not award grants solely for the benefit of one school.

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(5) The department or the public charity may not release any personally identifiable information pertaining to students or donors or use information collected about donors, students, or schools for financial gain.

(6) The department ~~fund~~ public charity shall develop a process to prioritize the awarding of grants to eligible incumbent grant recipients at eligible schools.

(D) (1) (a) Tax credits authorized by subsection (H)(1) and subsection (I) of this proviso annually may not exceed cumulatively a total of ten million dollars for contributions to the Educational Credit for Exceptional Needs Children Fund.

(b) Tax credits authorized pursuant to subsection (H)(2) of this proviso annually may not exceed cumulatively a total of two million dollars for tuition payments made on behalf of qualifying students.

(c) If the department determines that the total of the credits claimed by all taxpayers exceeds either limit amount as contained in items (a) or (b), it shall allow credits only up to those amounts on a first come, first served basis.

(2) (a) The department shall establish an application process to determine the amount of credit available to be claimed. The receipt of the application by the department shall determine priority for the credit. Subject to the provisions of subitem (e), contributions must be made annually on or before June thirtieth, in order to claim the credit. The credit must be claimed on the return for the tax year that the contribution is made.

(b) A taxpayer may not claim more than sixty percent of his total tax liability for the year in contribution toward the tax credit authorized by subsection (H)(1) or subsection (I). This credit is not refundable.

(c) If a taxpayer deducts the amount of the contribution on his federal return and claims the credit allowed by subsection (H)(1) or subsection (I), then he must add back the amount of the deduction for purposes of South Carolina income taxes.

(d) The department shall prescribe the form and manner of proof required to obtain the credit authorized by subsection (H)(1) or subsection (I). The department shall also develop a method of informing taxpayers if the credit limit is met at any time during the fiscal year.

(e) A taxpayer only may claim a credit pursuant to subsection (H)(1) and subsection (I) for contributions made during the fiscal year.

(3) A corporation or entity entitled to a credit under subsection (H)(1) and subsection (I) may not convey, assign, or transfer the credit authorized by this proviso to another entity unless all of the assets of the entity are conveyed, assigned, or transferred in the same transaction.

(E) (1) On or before August 1, 2016 of the current fiscal year an independent schools may apply to the Education Oversight Committee to be certified as an eligible institution school who participated in the program in the prior fiscal year and who desires to participate in the program in the current fiscal year must reapply to the Education Oversight Committee. The independent school must certify to the Education Oversight Committee that it continues to meet all program requirements and must provide to the committee student test score data from the prior school year by December 31. If student test score data are not submitted by December 31, then the Education Oversight Committee must remove the school from the program. The Education Oversight Committee must consult with the Southern Association of Colleges and Schools, the South Carolina Association of Christian Schools, the South Carolina Independent Schools Association, Palmetto Association of Independent Schools, or the Diocese of Charleston to verify that the school is still a member in good standing and that the school continues to serve exceptional needs children. An independent school who did not participate in the program in the prior fiscal year but desires to participate in the program in the current fiscal year must apply to the Education Oversight Committee. The Education Oversight Committee shall develop an application to be completed by the independent schools which must contain at least:

(a) the number and total amount of grants received in the preceding fiscal year;

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(b) student test scores, by category, on national achievement or state standardized tests, or both, for all grades tested and administered by the school receiving or entitled to receive scholarship grants pursuant to this chapter in the previous fiscal year;

(c) a copy of a compilation, review, or compliance audit of the organization's financial statements *as relating to the grants received*, conducted by a certified public accounting firm; and

(d) a certification by the independent school that it meets the definition of an eligible school as that term is defined in subsection (A)(1) and that the report is true, accurate, and complete under penalty of perjury in accordance with Section 16-9-10.

(2) (a) The Education Oversight Committee may waive the August first deadline contained in subsection (E) upon good cause shown by an independent school.

(b) The Education Oversight Committee may waive some or all of the curriculum requirements contained in subsection (A)(1)(d) following consultation with the advisory committee.

(3) (a) By September 1, 2016 the Education Oversight Committee shall publish on its website a comprehensive list of independent schools certified as eligible institutions. The list shall include for each eligible institution:

(i) the institution's name, addresses, telephone numbers, and, if available, website addresses; and

(ii) the score reports and *compliance* audits received by the committee pursuant to subsection (E)(1)(b) and (c).

(b) The Education Oversight Committee shall summarize or redact the score reports identified in item (3)(a)(ii) if necessary to prevent the disclosure of personally identifiable information.

(4) An independent school that does not apply for certification pursuant to this subsection must not be included on the list of eligible schools and contributions to that school shall not be allowed for purposes of the tax credits permitted by this proviso.

(5) An independent school that is denied certification pursuant to this section may seek review by filing a request for a contested case hearing with the Administrative Law Court in accordance with the court's rules of procedure.

(F) (1) The Education Oversight Committee shall establish an advisory committee made up of not more than nine members, including parents, and representatives of independent schools and independent school associations.

(2) The advisory committee shall:

(a) consult with the Education Oversight Committee concerning requests for exemptions from curriculum requirements; and

(b) provide recommendations on other matters requested by the Education Oversight Committee.

(G) Except as otherwise provided, the Department of Education, the Education Oversight Committee, and the Department of Revenue, nor any other state agency may regulate the educational program of an independent school that accepts students receiving scholarship grants pursuant to this chapter."

(H) (1) A taxpayer is entitled to a tax credit against income taxes imposed pursuant to Chapter 6, Title 12 for the amount of cash and the monetary value of any publicly traded securities the taxpayer contributes to the Educational Credit for Exceptional Needs Children Fund up to the limits contained in subsection (D)(1)(a) of this proviso if:

(a) the contribution is used to provide grants for tuition to exceptional needs children enrolled in eligible schools who qualify for these grants under the provisions of this proviso; and

(b) the taxpayer does not designate a specific child or school as the beneficiary of the contribution.

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(2) (a) A taxpayer is entitled to a refundable tax credit against income taxes imposed pursuant to Chapter 6, Title 12 for the amount of cash and the monetary value of any publicly traded securities, not exceeding eleven thousand dollars per child, for tuition payments to an eligible school for an exceptional needs child within his custody or care who would be eligible for a grant pursuant to this proviso up to the limits contained in subsection (D)(1)(b) of this proviso.

(b) If a child within the care and custody of taxpayer claiming a tax credit pursuant to this item also receives a grant from the Educational Credit for Exceptional Needs Children Fund, then the taxpayer may only claim a credit equal to the difference of eleven thousand dollars or the cost of tuition, whichever is lower, and the amount of the grant.

(I) A taxpayer is entitled to a tax credit against income taxes imposed pursuant to Chapter 11, Title 12 for the amount of cash and the monetary value of any publicly traded securities the taxpayer contributes to the Educational Credit for Exceptional Needs Children Fund up to the limits contained in subsection (D)(1)(a) of this proviso if:

(1) the contribution is used to provide grants for tuition to exceptional needs children enrolled in eligible schools who qualify for these grants under the provisions of this proviso; and

(2) the taxpayer does not designate a specific child or school as the beneficiary of the contribution.

~~(J) On or before August 1, 2016, each scholarship funding organization organized and operating pursuant to SECTION 9 of H. 4230, R. 130, Act 92 of 2015 shall deposit with the Educational Credit for Exceptional Needs Children Fund all remaining funds on hand as of July 1, 2016. Scholarship funding organizations organized and operating pursuant to SECTION 9 shall remain in existence after the effective date of this act solely for the purpose of winding down operations and depositing remaining funds with the Educational Credit for Exceptional Needs Children Fund pursuant to this provision. On August 1, 2016 all scholarship funding organizations organized pursuant to SECTION 9 shall cease to exist.~~

SECTION 117 - X900 - GENERAL PROVISIONS

117.119 AMEND (First Steps Reauthorization) Reauthorizes Act 99 of 1999 as amended by Act 287 of 2014 (First Steps) for Fiscal Year 2016-17.

WMC: AMEND proviso to update fiscal year reference to “2017-18.” Requested by First Steps to School Readiness.

HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

117.119. (GP: First Steps Reauthorization) Act 99 of 1999, the South Carolina First Steps to School Readiness Act, as amended by Act 287 of 2014 is reauthorized for the duration of Fiscal Year ~~2016-17~~ 2017-18.

NATURAL RESOURCES SUBCOMMITTEE PACKAGE

SECTION 50 - P320 - DEPARTMENT OF COMMERCE

50.13 AMEND (Regional Economic Development Organizations) Designates funding for Regional Economic Development Organizations and provides a mechanism by which the funds should be distributed.

WMC: AMEND proviso to update fiscal year reference to 2017-18.

HOU: ADOPT proviso as amended.

**PROVISOS CARRIED OVER BY THE
SENATE FINANCE COMMITTEE**

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

50.13. (CMRC: Regional Economic Development Organizations) The Department of Commerce shall utilize \$5,000,000 appropriated in Fiscal Year ~~2016-17~~ 2017-18 for Regional Economic Development Organizations to provide funds to the following economic development organizations and must be disbursed as follows:

- | | |
|--|-----------------|
| (1) Upstate Alliance | \$ 750,000; |
| (2) Central SC Economic Development Alliance | \$ 750,000; |
| (3) North Eastern Strategic Alliance (NESAs) | \$ 745,000; |
| (4) Charleston Regional Development Alliance | \$ 660,000; |
| (5) I-77 Alliance | \$ 660,000; |
| (6) Economic Development Partnership | \$ 450,000; |
| (7) Southern Carolina Alliance | \$ 460,000; and |
| (8) The LINK Economic Alliance | \$ 385,000. |

Each dollar of state funds must be matched with one dollar of private funds. The organization receiving state funds must certify that the private funds are new dollars specifically designated for the purpose of matching state funds and have not been previously allocated or designated for economic development. No funds appropriated in this proviso may be used for routine operating costs of the organization as defined by the Department of Commerce.

The remaining \$140,000 shall be provided to Beaufort County, provided it meets the requirements established above.

Upon receipt of the request for the funds and certification of the matching funds, the Department of Commerce shall disburse the funds to the requesting organization.

Funds recipients shall provide an annual report by November first, to the Chairmen of the Senate Finance Committee and the House Ways and Means Committee and the Secretary of Commerce on the expenditure of the funds and on the outcome measures.

Any unexpended, unallocated, or undistributed funds appropriated in prior fiscal years for Regional Economic Development Organizations shall first be made available to Regional Economic Development Organizations and any remainder shall be transferred to the Rural Infrastructure Fund at the Department of Commerce. If more than one alliance applies for the same funds, the funds will be distributed pro-rata.