



# **SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**

## **STATEMENT OF ESTIMATED FISCAL IMPACT**

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<b>Bill Number:</b>	H. 3403	Amended by the House of Representatives on April 11, 2019
<b>Author:</b>	Collins	
<b>Subject:</b>	Competency-Based Schools	
<b>Requestor:</b>	Senate Education	
<b>RFA Analyst(s):</b>	Wren and A. Martin	
<b>Impact Date:</b>	June 6, 2019	

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### **Fiscal Impact Summary**

The amended bill will have no expenditure impact on the State Department of Education (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 for 2 FTEs, assessment development, and training for competency-based education.

The amended bill will have no expenditure impact on the Commission on Higher Education (CHE) since any expenses associated with developing policies can be absorbed within current appropriations.

The amended bill will have no expenditure impact on the State Board for Technical and Comprehensive Education (SBTCE) since the agency has policies in place for students who graduate from schools that implement innovative school models and use non-traditional diplomas and transcripts.

The amended bill will have an undetermined local expenditure impact on school districts. School districts are likely to incur expenses for instructional coaching, teacher professional development, tracking software, curriculum development, and assessments. However, these expenses will vary based upon the size of the school and district, current capacity, and existing implementation of competency-based learning practices.

### **Explanation of Fiscal Impact**

#### **Amended by the House of Representatives on April 11, 2019**

##### **State Expenditure**

The amended bill allows the State Board of Education to exempt a school that is seeking to implement competency-based education from certain state laws, policies, and regulations. A district that wishes to obtain an exemption must submit a waiver application to the State Board of Education in a format developed by SDE. A district must show evidence of the meaningful steps taken to engage parent and community stakeholders, and the district must include a plan to seek parental outreach and consultation using guidelines approved by the State Board of Education when submitting a waiver application for approval by its local board of trustees and the State Board of Education. A district whose waiver application is approved may request additional exemptions and may request amendments to its current approved waiver on a rolling basis. A school operating under a waiver must admit all children eligible to attend the school, subject to

space limitations and may not limit or deny admission or show preference in an admission decision to an individual or group of individuals. If a school is operating under a waiver pursuant to this bill, each student enrolled in the school is considered to be a full-time equivalent student enrolled in the school for the purpose of calculating state financial support, average daily membership, and attendance.

SDE must develop a process to ensure that all schools and districts that are operating under a waiver are not penalized for the purposes of accreditation. Also, SDE must establish procedures to ensure that a student who attends a school that is operating under a waiver and subsequently transfers to another school is not penalized by being required to repeat coursework. SDE must create evaluation criteria and guidelines for schools that are operating under a waiver pursuant to the provisions of this bill. A participating school must submit required data for a biennial cyclical review on a form developed by SDE. A report summarizing the review, including the waivers requested and how they hindered implementation, must be distributed to the Governor, the Speaker of the House, and the President of the Senate. Additionally, during the cyclical review, SDE must notify any district and school if a goal or objective is not being met.

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.** The amended bill 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 for 2 FTEs, assessment development, and training for competency-based education.

**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 the amended bill will have no expenditure impact on the agency since it has policies in place for students who graduate from schools that implement innovative school models and use non-traditional diplomas and transcripts.

#### **State Revenue**

N/A

#### **Local Expenditure**

The amended bill allows local school boards discretion in determining whether or not to allow a school in their district to apply for a waiver to be a competency-based school. Additionally, schools may determine how or if they will implement a competency-based system.

Schools that are granted a waiver pursuant to this bill are likely to incur expenses for instructional coaching, teacher professional development, tracking software, curriculum

development, and assessments. However, SDE indicates that the amended 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.

### **Local Revenue**

N/A

### **Introduced on January 8, 2019**

#### **State Expenditure**

This bill allows the State Board of Education to exempt a competency-based school from certain applicable state laws and regulations when the school is being launched by the district. A district that wishes to obtain an exemption must submit a waiver application to the State Board of Education in a format developed by SDE. A district must seek parental outreach and consultation using guidelines approved by the State Board of Education when submitting a waiver application for approval by its local board of trustees and the State Board of Education, or the application may not be considered. A district whose waiver application is approved may request additional exemptions and may request amendments to its current approved waiver on a rolling basis. A school created pursuant to this bill must admit all children eligible to attend the school, subject to space limitations and may not limit or deny admission or show preference in an admission decision to an individual or group of individuals. If a school is selected to become a competency-based education school, each student enrolled in the school is considered to be a full-time equivalent student enrolled in the school while participating in the competency-based education system for the purpose of calculating state financial support, average daily membership, and attendance.

SDE must develop a process to ensure that schools and districts are not penalized for the purposes of accreditation. Also, SDE must establish procedures to ensure that a student who attends a competency-based school and subsequently transfers to another school that does not have a competency-based system is not penalized by being required to repeat coursework. SDE may provide a necessary accreditation exemption to a school that launches a competency-based education program. SDE must create evaluation criteria and guidelines for schools that are implementing competency-based education. A participating school must submit required data for a biennial cyclical review on a form developed by SDE. Additionally, during the cyclical review, SDE must notify any district and school if a goal or objective is not being met.

CHE and SBTCE must establish policies to provide fair and equitable access to institutions of higher education and technical colleges for students with competency-based credits or diplomas, scholarships, and financial aid for graduates of schools implementing innovative school models and using non-traditional diplomas and transcripts.

**State Department of Education.** This bill 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 for 2 FTEs, assessment development, and training for competency-based education.

**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 bill will have no expenditure impact on the agency since it has policies in place for students who graduate from schools that implement innovative school models and use non-traditional diplomas and transcripts.

**State Revenue**

N/A

**Local Expenditure**

The bill allows local school boards discretion in determining whether or not to allow a school in their district to apply to be a competency-based school. Additionally, schools may determine how or if they will implement a competency-based system.

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.

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director