



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3759 Introduced on January 24, 2019  
**Author:** Lucas  
**Subject:** Education  
**Requestor:** House Education and Public Works  
**RFA Analyst(s):** Wren, Gallagher, Jolliff, A. Martin, and Miller  
**Impact Date:** February 5, 2019

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### **Fiscal Impact Summary**

#### **Expenditures**

This bill will increase General Fund expenses of the Department of Commerce (Commerce) by \$100,000 for 1 FTE, travel expenses, and miscellaneous operating expenses. This 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), or the Department of Administration 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 Zero to Twenty Committee can be managed within the budgets of the appointees' respective legislative bodies.

Section 40 of the 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 expenses associated with amending the salary schedule to no more than nine career bands is pending, contingent upon data from SDE.

The expenditure impact on the State Department of Education (SDE), the Office of the Governor, the Commission on Higher Education (CHE), and the State Board for Technical and Comprehensive Education (SCBTE) is pending, contingent upon responses from the agencies.

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 44 requiring local representatives to serve on a stakeholder group is expected to be managed within the agencies current budgets.

#### **Revenues**

Section 31 of the 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.

We do not anticipate that Section 54 of the bill will have a revenue impact on the General Fund since we expect SDE to comply with the provisions of the section.

The revenue impact on CHE and SCBTE is pending, contingent upon data from the agencies.

### **Local Expenditures and Revenues**

The local expenditure impact on school districts is pending, contingent upon a response from SDE.

Any expenditure impact on local governments pursuant to Section 44 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.

## **Explanation of Fiscal Impact**

### **Introduced on January 24, 2019**

#### **State Expenditure**

The following sections will affect state expenditures as follows:

**Section 4.** This section requires SDE to include in its board one non-voting advisory member that is a public school student. This member must be appointed by the Governor for a two-year term and may only serve while attending a public school in the state.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 5.** This section requires the Office of the Governor to establish the Zero to Twenty Committee. 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 age zero to twenty 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 nine members with the Lieutenant 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.

**Office of the Governor.** The expenditure impact of this section of the bill is pending, contingent upon a response from the agency.

**Department of Administration.** The agency indicates that assisting the committee in creating a publicly accessible website would 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 nine members of the Zero to Twenty Committee, 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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 expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**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.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 10.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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.

**Section 11.** This section requires students to meet additional criteria in order to qualify for a Palmetto Fellows Scholarship. The additional criteria requires student 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.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 12.** This section 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, in order to be eligible for a LIFE Scholarship.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 13.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 15.** This section requires reading interventions to be evidence-based and follow the three tiers of the Response to Intervention framework.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 16.** 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 expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Universities and Colleges.** The expenditure impact of this section of the bill on the universities and colleges in the state is pending, contingent upon a response from the agencies.

**Section 17.** This section revises the requirements for supplemental instruction for struggling readers to include all related after school instruction whereas the current section only refers to instruction in after school book clubs.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 18.** This section revises the requirements for assessments to determine if students are not demonstrating proficiency in reading. It amends the required assessments from formal teacher observing to require universal and diagnostic assessments to determine which students in prekindergarten through third grade are not demonstrating proficiency in reading. The intensity and duration of intervention must 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 19.** This section 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.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 20.** This section revises the responsibilities and professional development requirements for reading coaches. 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. 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 21.** 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 expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 22.** 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 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**State Board for Technical and Comprehensive Education.** The expenditure impact of this bill is pending, contingent upon a response from SBTCE.

**Section 23.** This section prohibits public institutions of higher learning from offering remedial coursework in English or mathematics in a standalone format or as enriched sections of entry-level courses. Students will be required to take remedial coursework for these subjects in a public high school.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 24.** 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 25.** This section removes the requirement that CHE must report statistics on the number of students enrolled in and exiting remedial courses and successfully completing entry-level curriculum courses.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 26.** This section requires SDE, in collaboration with the Technical College System, CHE, DEW, and Commerce 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.

**State Board of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.



**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**State Board for Technical and Comprehensive Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SBTCE.

**Department of Employment and Workforce.** The agency anticipates being able to manage the responsibilities pursuant to this section of the bill with existing staff and within existing appropriations. Therefore, this bill will have no expenditure impact on DEW.

**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 27.** 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, DEW, the Technical College System, and CHE, in collaboration with Commerce, must develop a pathway certification process for high schools and postsecondary institutions.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Department of Employment and Workforce.** The agency anticipates being able to manage the responsibilities pursuant to this section of the bill with existing staff and within existing appropriations. Therefore, this bill will have no expenditure impact on DEW.

**State Board for Technical and Comprehensive Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SBTCE.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**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 28.** 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 three years.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 29.** This section requires the SCBTE 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SBTCE.

**Section 30.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SBTCE.

**Section 31.** 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.

**Section 32.** This section directs SCBTE and the State Board of Education to provide a report to the General Assembly before July 1, 2021, 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SBTCE.

**State Board of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 34.** This section of the bill allows a school that receives an overall rating of “Good” or “Excellent” on its annual report card for at least two consecutive years to hire non-certified teachers in a ratio of up to 25 percent of its entire teaching staff. Districts employing non-certified teachers must register those individuals with SDE.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 35.** 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 31<sup>st</sup> annually.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 36.** 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 of the bill is pending, contingent upon a response from SDE.

**Section 37.** This section directs the State Board of Education, with assistance from SDE, CHE, and RFA, to develop and annually publish before November 1<sup>st</sup> 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 of the bill is pending, contingent upon a response from SDE.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**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 38.** This section requires SDE to provide each college of education and state-approved educator preparation program with information regarding it graduates before December 1<sup>st</sup> 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 of the bill is pending, contingent upon a response from SDE.

**Section 39.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 40.** This section deletes current provisions regarding local effort, teacher pay increases, and the requirement that RFA project the southeastern average teacher salary. This section further provides that the starting salary for a teacher who has no years of experience and a bachelor's degree to be at least \$35,000 beginning in FY 2019-20. The General Assembly must establish the starting teacher salary each year in the annual appropriations bill. SDE must develop and report to the General Assembly a plan to remove the existing teacher salary schedule and implement at least five, but no more than nine, career bands before July 2021.

**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.

The expenses associated with amending the salary schedule to no more than nine career bands is pending, contingent upon data from SDE.

**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 41.** 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.

**Commission on Higher Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**State Board for Technical and Comprehensive Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from CHE.

**Section 42.** This section defines a public school 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.

**Section 43.** 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 home and school. This reimbursement may not exceed the existing federal reimbursement rate for mileage.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 44.** 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.

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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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 45.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 46.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 47.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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 48.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 49.** This section requires trustees and school officials to comply with provisions of Articles 1, 7, 11, and 13 of Chapter 11, Title 8.

**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 50.** 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 or imprisoned not more than thirty days
- Second offense – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not less than \$2,500 nor more than \$5,000 or imprisoned not less than a mandatory minimum of thirty days
- Third and subsequent offenses – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$5,000 or imprisoned for not more than one year, or both

**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.

**Section 51.** 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 52.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 53.** 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.

**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 54.** 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. SDE must pay a fine of ten thousand dollars per day for each separate failure to comply with the provisions of this section.

**State Department of Education.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 55.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 56.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

### **State Revenue**

The following sections will affect state revenue as follows:

**Section 31.** 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 41.** 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.

**Commission on Higher Education.** This section of the bill is expected to reduce tuition revenue for public institutions of higher learning because it adds to the number of students for which the institutions may not charge tuition. The revenue impact of this bill is pending, contingent upon a response from CHE.

**State Board for Technical and Comprehensive Education.** This section of the bill is expected to reduce tuition revenue for public technical colleges because it adds to the number of students for which the institutions may not charge tuition. The revenue impact of this bill is pending, contingent upon a response from SCBTE.

**Section 54.** 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. SDE must pay a fine of ten thousand dollars per day for each separate failure to comply with the provisions of this section.

**State Department of Education.** We assume that SDE will comply with the provisions of this section of the bill. Therefore, we not expect this section of the bill will have a revenue impact on the General Fund.

### **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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 13.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 15.** This section requires reading interventions to be evidence-based and follow the three tiers of the Response to Intervention framework.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 19.** This section 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.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 20.** This section revises the responsibilities and professional development requirements for reading coaches. 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. 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 22.** 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 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 23.** This section prohibits public institutions of higher learning from offering remedial coursework in English or mathematics in a standalone format or as enriched sections of entry-level courses. Students will be required to take remedial coursework for these subjects in a public high school.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 26.** This section requires SDE, in collaboration with the Technical College System, CHE, DEW, and Commerce 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 28.** 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 three years.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 34.** This section of the bill allows a school that receives an overall rating of “Good” or “Excellent” on its annual report card for at least two consecutive years to hire non-certified teachers in a ratio of up to 25 percent of its entire teaching staff. Districts employing non-certified teachers must register those individuals with SDE.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 39.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 43.** 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 home and school. This reimbursement may not exceed the existing federal reimbursement rate for mileage.

**Local School Districts.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 44.** 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.

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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**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 45.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 46.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 47.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 48.** 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.

**Charter Institute at Erskine.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

**Section 50.** This section requires the State Board of Education to notify SEC, by July 1<sup>st</sup> 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 or imprisoned not more than thirty days
- 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 or imprisoned not less than a mandatory minimum of thirty days
- Third and subsequent offenses – guilty of a misdemeanor triable in magistrates court and, upon conviction, must be fined not more than \$5,000 or imprisoned for not more than one year, or both

**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 violations to result in imprisonment.

**Section 52.** 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.** The expenditure impact of this section of the bill is pending, contingent upon a response from SDE.

#### **Local Revenue**

**Section 40.** This section deletes current provisions regarding local effort, teacher pay increases, and the requirement that RFA project the southeastern average teacher salary. This section further provides that the starting salary for a teacher who has no years of experience and a bachelor's degree to be at least \$35,000 beginning in FY 2019-20. The General Assembly must establish the starting teacher salary each year in the annual appropriations bill. SDE must develop and report to the General Assembly a plan to remove the existing teacher salary schedule and implement at least five, but no more than nine, career bands before July 2021.

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.

Any impact on local revenues resulting from amending the salary schedule to no more than nine career bands is pending, contingent upon data from SDE.



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Frank A. Rainwater, Executive Director