Section 59-6-10 of the Education Accountability Act requires the Education Oversight Committee (EOC) to "review and monitor the implementation and evaluation of the Education Accountability Act and Education Improvement Act programs and funding" and to "make programmatic and funding recommendations to the General Assembly." To meet this statutory requirement, the EOC required each EIA-funded program or entity to submit a program and budget report detailing the objectives and outcomes of each program for Fiscal Years 2016-17 and 2017-18 and including any requests for increased funding for Fiscal Year 2018-19. In addition, entities requesting new EIA funding in Fiscal Year 2018-19 also submitted detailed requests. Additional EIA requests for Fiscal Year 2018-19 totaled $88,635,250, including requested increases for current EIA-funded programs.

The EIA and Improvement Mechanisms Subcommittee met on the following dates:

- November 13: Held public hearing for all entities funded by or requesting EIA revenues
- November 27: Held additional public hearing for all entities funded by or requesting EIA revenues
- December 4: Convened to discuss and approve EIA budget recommendations for EOC full committee meeting December 11.

On November 9, 2017 the Board of Economic Advisors (BEA) issued its first official revenue projections for Fiscal Year 2018-19. The BEA identified a $39.8 million increase in FY 2018-19, which is essentially the same increase projected in the prior fiscal year as well as an additional $7.6 million in surplus EIA revenues for the current fiscal year (Table 1).
Table 1
EIA Revenue Projections

<table>
<thead>
<tr>
<th>Fiscal Year 2018-19</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Official EIA Projection (<em>November 9, 2017</em>)</td>
<td>$837,341,000</td>
</tr>
<tr>
<td>EIA Recurring Base 2017-18</td>
<td>$797,502,000</td>
</tr>
<tr>
<td>Projected EIA Growth</td>
<td>$39,839,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year 2017-18</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Official EIA Projection (<em>November 9, 2017</em>)</td>
<td>$805,061,000</td>
</tr>
<tr>
<td>EIA Recurring Base Appropriation 2017-18</td>
<td>$797,502,000</td>
</tr>
<tr>
<td>Projected EIA Surplus</td>
<td>$7,559,000</td>
</tr>
</tbody>
</table>

With requests for $927,115,510 (including $88,635,250 in requested increases) and available EIA revenue growth of $39.8 million, the EOC prioritized funding for the following four objectives:

- Ensuring that all students graduate with the world-class knowledge, skills and characteristics of the *Profile of the South Carolina Graduate*;
- Strengthen the Teaching Profession;
- Support schools in improving student outcomes; and
- Promote innovation and flexibility in public education.

**Objective 1: Ensuring that all students graduate with the world-class knowledge, skills and characteristics of the *Profile of the South Carolina Graduate***

To ensure that learning is relevant, applicable and engaging for all students and to ensure access to a well-rounded education, including opportunities in STEM and the arts, the EOC recommends the following:

- **STEM Centers**: $250,000
  
  The increase would support rural STEM initiatives in the Upcountry and Coastal Pee Dee Regions as well as outreach initiatives in Barnwell, Allendale and Aiken Counties in partnership with the Dream Imagination Gift, a community educational program.

- **Arts Curricula (Arts Commission)**: $500,000
  
  The increase would provide grants to schools and districts to expand year-round arts education programs, ABC sites and technology in the arts for students throughout the state.
• Industry Credentials (Career and Technology Education): $3,000,000

For the past two fiscal years, the General Assembly has appropriated $3.0 million in non-recurring funds for national industry certifications. The EOC recommends annualizing funding for this initiative to ensure more students graduate career ready for the workforce needs of the state.

• Aid to Districts Technology: $2,969,037
The EOC allocated any remaining additional EIA revenues to school districts for infrastructure technology for teaching and learning.

Objective 2: Strengthen the Teaching Profession

There are two critical needs facing public education in South Carolina: fewer individuals are pursuing education as a career and more teachers are leaving the profession, especially in the first five years of their career. According to CERRA:

• During the 2015-16 academic year, 1,898 students completed a SC teacher education program. Just three years ago in 2012-13, this number was 2,447.

• 25% of newly hired teachers in 2016-17 were graduates from a SC teacher education program, down from 29% in 2015-16 and 31% in 2014-15.

• Nearly 6,500 teachers did not return to their teaching positions for the 2016-17 school year. This total is a 21% increase compared to the 5,352 departures reported for the 2015-16 school year.

• 28% of first-year teachers hired for the 2015-16 school year did not return to the same position the following year, and 22% neither returned to the same position nor moved to a teaching position in any other SC public school district.¹

Increasing the overall pay of teachers is a priority of the EOC and the Legislature. Increasing the compensation of teachers will require an increase in the base student cost and additional Education Finance Act (EFA) funds. However, growth in general funds is projected to be limited in FY 2018-19. After contributions to the Tax Relief Trust Fund, the BEA projects $292.3 million growth in General Fund revenues in FY 2018-19. Without knowing whether additional EFA funds as requested by the State Superintendent of Education are available to increase the overall teacher salary schedule, the EOC recommends other incentives as noted below.

First, Table 2 below documents the average teacher salary in South Carolina since FY2012-13 as well as in the Southeastern states.

<table>
<thead>
<tr>
<th></th>
<th>SC Actual</th>
<th>SE Actual</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012-13</td>
<td>$48,375</td>
<td>$47,964</td>
<td>$411</td>
</tr>
<tr>
<td>FY2013-14</td>
<td>$48,430</td>
<td>$48,289</td>
<td>$141</td>
</tr>
<tr>
<td>FY2014-15</td>
<td>$48,561</td>
<td>$48,985</td>
<td>($424)</td>
</tr>
<tr>
<td>FY2015-16</td>
<td>$48,769</td>
<td>$49,363</td>
<td>($594)</td>
</tr>
<tr>
<td>FY2016-17</td>
<td>$50,005</td>
<td>$50,127</td>
<td>($122)</td>
</tr>
<tr>
<td>FY2017-18</td>
<td></td>
<td>$51,130</td>
<td></td>
</tr>
<tr>
<td>FY2018-19</td>
<td></td>
<td>$52,152</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Revenue and Fiscal Affairs Office, August 28, 2017, Letter to State Superintendent of Education
Note: Salaries in bold are estimates.

In school year 2017-18, there are four districts (Barnwell 19, Dillon 3, Dillon 4 and Marlboro) whose district salary schedule is the state minimum salary schedule.

Currently, the state minimum salary schedule for teachers establishes $30,113 as the minimum salary for a first-year teacher with a bachelor’s degree. The recommendation is to increase the minimum salary from $30,113 to $32,000. Currently, there are twenty school districts whose starting pay is less than $32,000:

- Bamberg 1 and 2
- Barnwell 19
- Chesterfield
- Clarendon 1 and 3
- Dillon 3 and 4
- Florence 2 and 5
- Georgetown
- Greenwood 51
- Hampton 2
- Lee
- Marion
- Marlboro
- Orangeburg 3, 4 and 5
- Williamsburg

Teacher Salary: $8,700,000

Amending the state minimum teacher salary to establish $32,000 as the minimum starting pay for a teacher with 0, 1 and 2 years of experience at all educational levels is estimated to cost approximately $8.7 million. The average SC teacher salary in FY 2016-17 was $50,050 as compared to the Southeastern average teacher salary of $50,127.
• Teaching Fellows Program (CERRA): $360,000

To increase the number of Teaching Fellows from 200 to 215 annually. Since the inception of the Teaching Fellows Program in 2000, funding for the Program has allowed for the award of 200 new Teaching Fellowships each year at $6,000 per Fellow (except for 2008-09, when budget cuts affected all state-funded programs). The $360,000 increase is based on the $6,000 award multiplied by fifteen new awards, across the four years of the teacher education program: $6,000 x 15 x 4 = $360,000. This increased number of awards will assist in addressing the state’s teacher shortage and the need to produce a greater number of well-trained teachers for SC public school classrooms.

• Working Conditions Survey (CERRA): $250,000

Teacher attrition is a national issue, and there are many associated factors:

“Administrative support is the factor most consistently associated with teachers’ decisions to stay in or leave a school. …Teachers who find their administrators to be unsupportive are more than twice as likely to leave as those who feel well-supported. Many other factors that emerge from research on attrition are also associated with the quality of school leadership, including professional learning opportunities, instructional leaderships, time for collaboration and planning, collegial relationships, and decision-making input.” 2

However, gaining input directly from teachers is necessary to uncover their reasons for staying or leaving the teacher workforce. Currently, specific data that would address this question is not collected in an anonymous, specific manner that would provide meaningful insight. The North Carolina Teacher Working Conditions (TWC) Survey provides educators with data, tools and direct support to facilitate school improvement. The survey includes questions on the following topics: community engagement and support, teacher and school leadership, managing student conduct, use of time, professional development, facilities and resources, instructional practices and support, and new teacher support. Every school that reaches the minimum response rate threshold of 40% (and a minimum of 5 respondents) can use its own data in school improvement planning. Under the guidance of CERRA, the EOC recommends commissioning a teacher working conditions survey for South Carolina. The survey should consider and explore existing state

surveys, but adapt survey contents to meet the needs of South Carolina. Approximate cost for survey development, distribution and data analysis is $250,000.

- Other Agencies Teacher Salary Increases: $450,664

The increase is to ensure that teachers employed in state schools receive salaries that are commensurate with the salary schedules of the school district in which the school is located.

- National Board Certification: ($5,000,000)

Due to declines in the number of individuals receiving National Board supplements, the EOC recommends a reduction in the line item. In FY 2017-18, National Board payments totaled $49.3 million. To date, in FY 2017-18, National Board payments total $45.2 million with only 180 candidates eligible to earn National Board certification later this year.

**Objective 3: Support schools in improving student outcomes**

To support schools, especially schools that are underperforming, the EOC recommends the following:

- South Carolina Public Charter School District: $13,124,299

The SC Public Charter School District (SCPCSD) has approved six new charter schools to open in school year 2018-19 with an enrollment of 1,400 students. In existing schools, SCPCSD estimates enrollment to increase by another 4,000 students. In sum, SCPCSD estimates total enrollment of 30,000 students which equates to a net increase of $13.1 million. No recommendation is made on increasing by 5% the per pupil amount for brick and mortar and virtual schools. The line item should also be disaggregated to reflect the authorizing entity.

- EAA Technical Assistance: $11,000,000

Previously, the bottom five percent of schools in student achievement and four districts were served with technical assistance funds of $12.8 million. With implementation of the new accountability system, ten percent of schools will receive an Unsatisfactory rating by November 15, 2018 and will be eligible for technical assistance. Per Proviso 1A.12, low-performing schools must be placed within a tiered technical assistance framework by December 15, and each school must receive a diagnostic review through the SC Department of Education. Based on the review, the school must provide an updated school renewal plan to increase student achievement. Based upon the updated school
renewal plan, the Department will provide support in the form of a transformation coach, technical assistance funding and professional development as needed. Full implementation of technical assistance to these schools will likely occur over an eighteen-month period. Therefore, while the Department requested a $22.1 million increase, the EOC recommends an $11.0 million increase in FY 2018-19 and subsequent increases in FY 2019-20 as needed to identify and serve the educational needs in these schools. Furthermore, the EOC commends the Department’s belief that a one-size-fits-all approach for technical assistance is not warranted. The EOC further recommends that the allocation of technical assistance funds as recommended by the Department, $140,000 per school plus $20 per student, also be reviewed to consider existing local support for the school including the school’s per pupil expenditures for instruction and to consider whether public charter schools identified as Unsatisfactory should receive the additional funding or whether other intervention is warranted.

- **Student Learning System (SCDE):** $1,400,000

  Per SCDE’s request to provide support services to districts that connect separate databases with accurate data, the funds will assist districts in having correct and meaningful information to make informed decisions about programs and supports for students.

- **PowerSchool (SCDE):** $1,600,000

  Per SCDE’s request for additional funds for PowerSchool, the funds will upgrade the security for the data system that is responsible for all financial, program and accountability support.

- **Student Engagement Survey (SCDE):** $750,000

  Per SCDE’s request and the state accountability plan approved by the EOC, the state will administer a student engagement survey to students, the results of which will be a measure of school quality. Procurement of the survey is underway; therefore, the cost is an estimate.

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**Objective 4: Promote innovation and flexibility in public education**

- **Consolidation of Line Items**
As requested by SCDE, the EOC recommends the following district allocations in two line items – Professional Development and Reading – be consolidated in the Aid to Districts line item as detailed in Table 3 along with changes in the corresponding provisos:

Table 3
Consolidation of Line Items

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Development</td>
<td>($6,744,153)</td>
</tr>
<tr>
<td>Reading</td>
<td>($3,271,026)</td>
</tr>
<tr>
<td>Aid to Districts</td>
<td>$10,015,179</td>
</tr>
</tbody>
</table>

- Professional Development: $485,000

The funds will be used to implement two professional development programs in four middle schools. The professional development will assist educators in teaching students how to become self-regulated and self-directed learners. The funds also include the cost of evaluating the program, which is based on The Center on School Turnaround and the Four Domains for Rapid School Improvement: A Systems Framework. The goal is to build a strong community intensely focused on student learning while engaging students and families in pursing education goals. The school turnaround model is consistent with the technical assistance program implemented at SCDE.

1A.25. (SDE-EIA: Professional Development) Of the funds appropriated for professional development, up to $500,000 may be expended for gifted and talented teacher endorsement and certification activities. Additionally, $485,000 shall be allocated to the Youth Learning Institute at Clemson University to implement two professional development programs in four middle schools in school year 2018-19 to assist educators in teaching students how to become self-regulated and self-directed learners. The Institute must provide to the Department evidence of the impact of the program and information on how the model may be scaled statewide. The balance of EIA funds appropriated for professional development must be allocated to districts based on the number of weighted pupil units in each school district in proportion to the statewide weighted pupil units using the one hundred thirty-five day count of the prior school year. The funds must be expended on professional development for certificated instructional and instructional leadership personnel in grades kindergarten through twelve across all content areas, including teaching in and through the arts and using technology in classroom instruction. No more than twenty-five percent of the funds appropriated for professional development may be retained by the Department of Education for the administration and provision of other professional development services which must be targeted to districts who are or were the original trial and plaintiff school districts in the Abbeville law suit to increase the capacity of educators and leaders in those
districts. The Department of Education must provide professional development on assessing student mastery of the content standards through classroom, formative and end-of-year assessments. The Department of Education also must post on the agency’s website the South Carolina Professional Development Standards and provide training through telecommunication methods to school leadership on the professional development standards. The department is authorized to carry forward and expend professional development funds for the same purpose.

1A.23. (SDE-EIA: Reading) Of the funds appropriated for reading/literacy, the Department of Education, schools, and districts shall ensure that resources are utilized to improve student achievement in reading/literacy. To focus on the importance of early reading and writing skills and to ensure that all students acquire reading/literacy skills by the end of grade three, fifty percent of the appropriation shall be directed toward acquisition of reading proficiency to include, but not be limited to, strategies in phonemic awareness, phonics, fluency, vocabulary, and comprehension. Forty percent of the appropriation shall be directed toward classroom instruction and intervention to focus on struggling readers and writers in grades four through eight. Ten percent of the appropriation should be directed toward acceleration to provide additional opportunities for deepening and refinement of literacy skills.

Fifty percent of the funds shall be allocated to school districts based on the number of weighted pupil units in each school district in proportion to the statewide weighted pupil units using the one hundred thirty-five day count of the prior school year. Fifty percent of the funds shall be allocated to the Department of Education to provide districts with research-based strategies and professional development and to work directly with schools and districts to assist with implementation of research-based strategies. When providing professional development the department and school districts must use the most cost effective method and when able utilize ETV to provide such services throughout the state. The department shall provide for an evaluation to review first year implementation activities and to establish measurements for monitoring impact on student achievement.

- Policy Recommendation on Innovation

Per Proviso 1A.43 of the 2017-18 General Appropriation Act, the EOC will review, amend, and adopt a report that outlines an approach to “develop and implement a strategic grants process for reviewing, awarding, and monitoring innovative education strategies in schools and districts.”
Other Budget and Policy Recommendations

- Longitudinal Data System: $197,670

  Act 94 of 2017 requires the Revenue and Fiscal Affairs Office (RFA) to provide a longitudinal data system. RFA has requested $197,670 in General Funds for two new positions to complete the system. Per state law, the data system should connect early childhood education, to postsecondary education and employment. The EOC recommends that the General Assembly fund the request to ensure completion of the data system.

- Partnerships

  Amend Proviso 1A.34. to allow EOC, who is responsible for financial administration of EIA funds to Reach Out and Read, Teach for America, and Science PLUS, to use portion of EIA funds to match federal or other funds when requested by these entities. For example, Reach Out and Read and the Department of Health and Human Services would like to match a portion of the EIA appropriation to Reach Out and Read with federal Medicaid dollars to expand the number of doctors trained and Medicaid children served under the program.

  1A.34. (SDE-EIA: Partnerships/Other Agencies & Entities) For the current fiscal year, agencies and other entities receiving funds appropriated in Part IA, Section 1, VIII.E. will continue to report annually to the Education Oversight Committee (EOC). Any entity receiving funds that must flow through a state agency will receive those funds through the EOC unless requested in writing by the entity to match federal or other funds. The EOC will make funding recommendations to the Governor and General Assembly as part of the agency’s annual budget request.