



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3969 Amended by House Education and Public Works on March 28, 2017
Author: Felder
Subject: Longitudinal Data System
Requestor: House Education and Public Works
RFA Analyst(s): Shuford, Heineman, Jolliff, and Walling
Impact Date: April 3, 2017 - Updated for Additional Agency Response

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$2,534,820	\$0
Other and Federal	\$1,500,000	\$0
Full-Time Equivalent Position(s)	3.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$1,500,000	\$0

Fiscal Impact Summary

This bill would increase General Fund expenditures by \$2,534,820 in FY 2017-18 as described in the section-by-section analysis that follows. EIA Other Fund expenditures would increase by \$1,500,000 in FY 2017-18 for formative assessments. The Revenue and Fiscal Affairs Office and the Commission on Higher Education indicate that 3.00 FTEs are necessary to fulfill the requirements of the bill. Local revenue would increase by \$1,500,000 from allocated funds to the school districts for formative assessments. This fiscal impact statement is updated to include a response from the Commission on Higher Education.

Explanation of Fiscal Impact

Amended by House Education and Public Works on March 28, 2017

Updated for Additional Agency Response

State Expenditure

This bill as amended modifies the South Carolina Education Accountability Act. The amendments include the following:

- The Department of Education, with the Education Oversight Committee, is required to design and pilot district accountability models focusing on competency-based education and regional economic initiatives to improve postsecondary student success.
- The Revenue and Fiscal Affairs Office, working with a number of state agencies and institutions of higher education, shall develop, implement, and maintain a universal identification system for measuring the continuous improvement of the public education system.

- Educator effectiveness data shall be exempt from public disclosure pursuant to Section 30-4-30 and not be subject to the South Carolina Freedom of Information Act.
- The overall points achieved by a school in determining its performance rating must be based on a numerical scale from 0 to 100.
- The statewide assessment program must include, among other requirements, end-of-course tests for courses selected by the State Board of Education and approved by the Education Oversight Committee for federal accountability.
- An adoption list of formative assessments for grades kindergarten through nine shall be created by the Department of Education.
- For the current school year through 2018-2019, the Department of Education is responsible for procuring and administering the ACT Plus Writing assessment and WorkKeys to eleventh grade students. Beginning with the 2019-2020 school year, public high schools and career centers shall administer a college entrance and/or career readiness assessment to all eleventh grade students. The Department of Education will continue to reimburse districts for these assessments.
- The Department of Education is directed to provide assessment results annually by August first, except when assessments are being updated and new achievement standards are being set.
- The web-based annual report card's home page in a font size larger than 26 must report a school's total number of points the school achieved on the 0 to 100 scale.
- The lowest performance rating is renamed unsatisfactory from at risk.
- Only the scores of students continuously enrolled from the time of the 45-day enrollment count to the first day of testing shall be included in calculating performance ratings.
- School report cards must be provided to parents and the public by October first for the 2018-2019 school year and by September first for every year thereafter.
- The General Assembly shall receive an A through F annual grade based on the number of specified elements met.

These amendments do not affect the fiscal impact of the bill as introduced on March 13, 2017, as analyzed below.

One amendment deletes a provision in the bill as introduced that requires the State to participate in the Program for International Student Assessment or its successor beginning in FY 2020-21, which our analysis estimated would increase General Fund expenditures by \$691,392. This additional expenditure is not necessary in the bill as amended due to the deletion of this provision.

The following is a section-by-section analysis of the statutes modified by the bill that may affect state expenditures.

Section 1. The Department of Education, with the Education Oversight Committee, is required to design and pilot district accountability models focusing on competency-based education and regional economic initiatives to improve postsecondary student success. Committee staff indicate that the duties and responsibilities specified by the bill are consistent with current duties and responsibilities. As a result, this bill would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

Section 2. The Revenue and Fiscal Affairs Office, working with a number of state agencies and institutions of higher education, shall develop, implement, and maintain a universal identification system for measuring the continuous improvement of the public education system.

Revenue and Fiscal Affairs. The bill requires the Revenue and Fiscal Affairs Office (RFA) to develop, implement, and maintain a universal identification system. Of the data elements required, RFA currently maintains data regarding employment for South Carolina high school graduates and standardized test scores and participation in talented and gifted programs. Additional data necessary to meet the requirements of the bill include data on students who enter postsecondary education without the need for remediation and working-aged adults who possess a postsecondary degree or industry credential. Assistance from the Commission on Higher Education and the State Technical College Board should provide this information. Providing outcome data regarding student achievement and student growth will require further delineation as the measures to be evaluated are determined.

In order to develop and deploy the required data system, RFA will require two additional FTEs. One position is for a statistician to develop the data system, data linkages, and statistical analysis of outcome measures. Total recurring costs for salary and fringe benefits are estimated at \$77,000. The language is unclear as to the delivery mechanism for the data system. As such, RFA anticipates developing a secured, web-accessible portal to allow stakeholder access to the longitudinal data system. The development of this system will require an applications analyst at a total expenditure of \$91,000 for salary and fringe benefits. Additional operating costs for equipment, software, office supplies, and rent are estimated at \$29,700, for a total cost of \$197,700 in FY 2017-18.

Department of Education. The bill requires the department to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. The department indicates any additional expenditures from these activities will be managed within existing resources and not impact General Fund, Federal Funds, or Other Funds expenditures.

The Commission on Higher Education. The bill requires the Commission to provide the Revenue and Fiscal Affairs Office with data needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. The Commission expects this bill to increase General Fund expenditures by \$87,120 for the salary and employer fringe of a Program Coordinator position to coordinate the tracking of the Student Unique Numbering System used by the State Department of Education from K-12 until the individual is employed in the workforce.

Public Institutions of Higher Education. The bill requires public institutions of higher education to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. Clemson University, the University of South Carolina system, the Medical University of South Carolina, the Citadel, the College of Charleston, Francis

Marion University, and Lander University indicate this bill will not increase expenditures on the General Fund, Federal Funds, or Other Funds. Coastal Carolina University, Winthrop University, and the South Carolina Technical System indicate any expenditures from this bill will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds. While South Carolina State has not responded to our information request dated March 12, 2017, RFA expects that any additional expenditures by this agency will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds.

Department of Commerce. The department indicates establishing and maintaining a data system that provides information for measuring the continuous improvement of the state public education system, the college and career readiness and success of its graduates is not expected to require additional workload, staffing, or costs. Therefore, the bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Department of Employment and Workforce. The department can provide the information required in this bill using data from the department's business intelligence data and statistics section. Therefore, the bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Office of First Steps to School Readiness. This bill requires the agency to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. The Office of First Steps to School Readiness has not responded to our information request dated March 13, 2017. However, RFA expects any additional expenditures will be managed within existing resources and will not impact the General Fund, Federal Funds, or Other Funds.

Department of Social Services. This bill requires the agency to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. While the department has not responded to our information request dated March 12, 2017, RFA expects that any additional expenditures by the Department of Social Services will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds.

Section 3. In measuring annual school growth, the bill requires the use of a value-added system that calculates student progress or growth. Student progress or growth from the value-added system may be used also to evaluate classroom teachers, subject to confidentiality restrictions. The Department of Education indicates that the value-added system to calculate student progress or growth will increase expenditures by \$1,400,000 in FY 2017-18 for payments to a contracted assessment system vendor annually.

The teacher evaluation component of the value-added system will increase expenditures by \$1,600,000 in FY 2017-18 for annual payments to an assessment system vendor annually. This component received non-recurring funds for this fiscal year and would require appropriations for

annual licensing fees to the vendor to maintain the system in future years. Educator effectiveness data shall be exempt from public disclosure pursuant to Section 30-4-30 and not be subject to the South Carolina Freedom of Information Act.

Section 6. Formative assessments for grades one through nine are required in Section 59-18-310(E). Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently as Proviso 1.28 for FY 2016-17. The Department of Education indicates that formative assessments for the additional grades will increase EIA Other Fund expenditures by \$1,500,000 in FY 2017-18. These funds are allocated to the school districts.

Section 8. Assessments for science and social studies are required currently for grades four through eight. The bill changes the requirements for the Department of Education to procure and administer the standards-based assessments in science to grades four, six, and eight. Similarly, requirements to procure and administer the standards-based assessments in social studies are changed to grades five and seven. This will reduce General Fund expenditures by \$1,500,000 in FY 2017-18. Current expenditures for these assessments total approximately \$6,000,000 annually.

For the current school year through 2018-2019, the Department of Education is responsible for procuring and administering the ACT Plus Writing assessment and WorkKeys to eleventh grade students. Beginning with the 2019-2020 school year, public high schools and career centers shall administer a college entrance and/or career readiness assessment to all eleventh grade students. The Department of Education will continue to reimburse districts for these assessments.

Section 12. The Education Oversight Committee, with the Board of Education, is directed to establish a comprehensive web-based annual report card for the state and individual schools, career centers, and school districts. The Department of Education received \$1,696,000 in non-recurring appropriations in FY 2016-17 for this purpose, which will fund this requirement. Therefore, the web-based annual report card would have no additional expenditure impact.

This section includes a requirement that the comprehensive annual report card include indicators that meet federal law requirements. The recently reauthorized Every Student Succeeds Act directs states to build success criteria on factors such as student engagement. The Education Oversight Committee and the Department of Education recommend a student engagement survey for the accountability report card. This recommendation would increase General Fund expenditures by \$750,000 in FY 2017-18. This survey would also represent an indicator used to classify school performance as defined in Section 59-18-120(7).

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

Formative assessments for grades one through nine are required in Section 59-18-310(E). Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently as Proviso 1.28 for FY 2016-17. The Department of Education indicates that formative assessments for the additional grades will increase EIA Other Fund expenditures by \$1,500,000 in FY 2017-18. These funds are allocated to the school districts.

Introduced on March 13, 2017

State Expenditure

This bill amends the South Carolina Education Accountability Act. The following is a section-by-section analysis of the statutes modified by the bill that may affect state expenditures.

Section 1. The Education Oversight Committee, with the Department of Education, is required to design and pilot district accountability models focusing on competency-based education and regional economic initiatives to improve postsecondary student success. Committee staff indicate that the duties and responsibilities specified by the bill are consistent with current duties and responsibilities. As a result, this bill would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

Section 2. The Revenue and Fiscal Affairs Office, working with a number of state agencies and institutions of higher education, shall establish and maintain a data system for measuring the continuous improvement of the public education system.

Revenue and Fiscal Affairs. The bill requires the Revenue and Fiscal Affairs Office (RFA) to provide a longitudinal data system. Of the data elements required, RFA currently maintains data regarding employment for South Carolina high school graduates and standardized test scores and participation in talented and gifted programs. Additional data necessary to meet the requirements of the bill include data on students who enter postsecondary education without the need for remediation and working-aged adults who possess a postsecondary degree or industry credential. Assistance from the Commission on Higher Education and the State Technical College Board should provide this information. Providing outcome data regarding student achievement and student growth will require further delineation as the measures to be evaluated are determined.

In order to develop and deploy the required data system, RFA will require two additional FTEs. One position is for a statistician to develop the data system, data linkages, and statistical analysis of outcome measures. Total recurring costs for salary and fringe benefits are estimated at \$77,000. The language is unclear as to the delivery mechanism for the data system. As such, RFA anticipates developing a secured, web-accessible portal to allow stakeholder access to the longitudinal data system. The development of this system will require an applications analyst at a total expenditure of \$91,000 for salary and fringe benefits. Additional operating costs for equipment, software, office supplies, and rent are estimated at \$29,700, for a total cost of \$197,700 in FY 2017-18.

Department of Education. The bill requires the department to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the

continuous improvement of the state public education system and the success of its graduates. The department indicates any additional expenditures from these activities will be managed within existing resources and not impact General Fund, Federal Funds, or Other Funds expenditures.

The Commission on Higher Education and the Public Institutions of Higher Education.

The bill requires the Commission on Higher Education (CHE) and the public institutions of higher education to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. Clemson University, the University of South Carolina system, the Medical University of South Carolina, the Citadel, the College of Charleston, Francis Marion University, and Lander University indicate this bill will not increase expenditures on the General Fund, Federal Funds, or Other Funds. Coastal Carolina University, Winthrop University, and the South Carolina Technical System indicate any expenditures from this bill will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds. While South Carolina State University and the Commission on Higher Education have not responded to our information request dated March 12, 2017, RFA expects that any additional expenditures by these agencies will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds.

Department of Commerce. The department indicates establishing and maintaining a data system that provides information for measuring the continuous improvement of the state public education system, the college and career readiness and success of its graduates is not expected to require additional workload, staffing, or costs. Therefore, the bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Department of Employment and Workforce. The department can provide the information required in this bill using data from the department's business intelligence data and statistics section. Therefore, the bill would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

Office of First Steps to School Readiness. This bill requires the agency to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. Any expenditure impact on the Office of First Steps to School Readiness is pending, contingent on a response to our information request to the agency dated March 13, 2017.

Department of Social Services. This bill requires the agency to provide the Revenue and Fiscal Affairs Office with information needed to maintain a data system designed to measure the continuous improvement of the state public education system and the success of its graduates. While the department has not responded to our information request dated March 12, 2017, RFA expects that any additional expenditures by the Department of Social Services will be managed within existing resources and not impact expenditures of the General Fund, Federal Funds, or Other Funds.

Section 3. In measuring annual school growth, the bill requires the use of a value-added system that calculates student progress or growth. Student progress or growth from the value-added system may be used also to evaluate classroom teachers, subject to confidentiality restrictions. The Department of Education indicates that the value-added system to calculate student progress or growth will increase expenditures by \$1,400,000 in FY 2017-18 for payments to a contracted assessment system vendor annually.

The teacher evaluation component of the value-added system will increase expenditures by \$1,600,000 in FY 2017-18 for annual payments to an assessment system vendor annually. This component received non-recurring funds for this fiscal year and would require appropriations for annual licensing fees to the vendor to maintain the system in future years.

Section 6. Formative assessments for grades one through nine are required in Section 59-18-310(E). Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently as proviso 1.28 for FY 2016-17. The Department of Education indicates that formative assessments for the additional grades will increase EIA Other Fund expenditures by \$1,500,000 in FY 2017-18. These funds are allocated to the school districts.

Section 9. Beginning in FY 2020-21, the State shall participate in the Program for International Student Assessment or its successor. State results relative to national and international performance levels must be reported on the state report card produced annually. The Department of Education indicates that this section would increase General Fund expenditures by \$691,392 for the sixty schools and up to fifty-three fifteen-year-old students selected to participate. These expenditures are paid every three years.

Section 8. Assessments for science and social studies are required currently for grades four through eight. The bill changes the requirements for the Department of Education to procure and administer the standards-based assessments in science to grades four, six, and eight. Similarly, requirements to procure and administer the standards-based assessments in social studies are changed to grades five and seven. This will reduce General Fund expenditures by \$1,500,000 in FY 2017-18. Current expenditures for these assessments total approximately \$6,000,000 annually.

Section 11. The Education Oversight Committee, with the Board of Education, is directed to establish a comprehensive web-based annual report card for the State and individual schools, career centers, and school districts. The Department of Education received \$1,696,000 in non-recurring appropriations in FY 2016-17 for this purpose, which will fund this requirement. Therefore, the web-based annual report card would have no additional expenditure impact.

This section includes a requirement that the comprehensive annual report card include indicators that meet federal law requirements. The recently reauthorized Every Student Succeeds Act directs states to build success criteria on factors such as student engagement. The Education Oversight Committee and the Department of Education recommend a student engagement survey for the accountability report card. This recommendation would increase General Fund

expenditures by \$750,000 in FY 2017-18. This survey would also represent an indicator used to classify school performance as defined in Section 59-18-120(7).

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

Formative assessments for grades one through nine are required in Section 59-18-310(E). Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently as proviso 1.28 for FY 2016-17. The Department of Education indicates that formative assessments for the additional grades will increase EIA Other Fund expenditures by \$1,500,000 in FY 2017-18. These funds are allocated to the school districts.



Frank A. Rainwater, Executive Director