



REPORT ON THE EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN (ECENC) PROGRAM

*Compliance and Assessment Results
for 2019-20*



**SC EDUCATION
OVERSIGHT COMMITTEE**



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Executive Summary

This report is the third annual report on the impact of the Educational Credit for Exceptional Needs Children (ECENC) program as required by Act 247 of 2018. The ECENC program provides grants and parental tax credits to exceptional needs students attending private schools that meet specific eligibility requirements and that are approved by the Education Oversight Committee (EOC). Exceptional SC is a 501(c)(3) that raises and accepts funds and reviews student grant applications. The law defines qualifying students and eligible schools for participation in the ECENC program. The law also specifically requires the EOC annually to:

issue a report to the General Assembly documenting the impact of the Educational Credit for Exceptional Needs Children Program on student achievement. In addition, the report must include information on individual schools if at least fifty-one percent of the total enrolled students in the private school participated in the Educational Credit for Exceptional Needs Children Program in the prior school year. The report must be according to each participating private school, and for participating students, in which there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating-student cell size may be reduced without disclosing personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating-student cell size, but the cell size may not be reduced to less than ten participating students. *(Section 12-6-3790(E)(6) of the SC Code of Laws)*

Act 247 of 2018 requires schools participating in the ECENC program to submit to the EOC student test scores that are used to provide program level reports to determine if students participating in the program have experienced measurable improvement.

(b) student test scores, by category, on national achievement or state standardized tests, or both, for all grades tested and administered by the school receiving or entitled to receive scholarship grants pursuant to this section in the previous school year. The school also shall provide individual student test scores on national achievement or state standardized tests, or both, for any student in grades one through twelve who received a grant from the program during the prior school year. The information must be used to provide program level reports to determine whether students participating in the program have experienced measurable improvement. Students with disabilities for whom standardized testing is not appropriate are exempt from this requirement; *(Section 12-6- 3790(E)(1)(b) of the SC Code of Laws)*

This report, which meets the requirements of Act 247 of 2018, includes the following:

- Information about the process for collecting individual student assessment results used to document the impact of the program on student achievement;
- Information on the participation and compliance of schools;
- Information on the 2019-20 academic achievement of students who received grants from the ECENC program; and,
- State-level information on academic gains from school year 2018-19 to 2019-20 for students who received grants from the ECENC program in 2019-20.

The authors of this report acknowledge that comparisons between the academic performance of students receiving grants from the ECENC program on national assessments and South Carolina public school students with disabilities and their performance on state summative assessments are not ideal because nationally normed data is based on students with and without special needs.

Findings

1. On March 15, 2020, as a result of the global COVID-19 pandemic, South Carolina schools were closed by executive order. Many schools cited COVID-19 as the reason for not administering assessments to their students in the 2019-20 academic year.
2. Assessment information was provided for 330 students, while a reason for not providing assessment information was provided for 1,096 students.
3. As a measure of school compliance, schools participating in the ECENC program responded to the request for assessment data by providing either assessment information or a reason for not having the information for 1,399 (102 percent) of the 1,365 students who received grants from Exceptional SC in 2019-20.
4. The small number of students with assessment information provided precludes making any judgement regarding the achievement levels of the ECENC student population.
5. Missing assessment information from the 2019-20 school year will also impact the ability to assess student progress to the 2020-21 school year.

Recommendations:

1. The EOC recommends that first time recipients of ECENC grants be asked to provide information for previous year assessments in order to assess student improvement.
2. The EOC will monitor schools failing to report either valid assessment scores or a reason for not providing assessment scores.

3. The EOC recommends that state assessments, including SCREADY and end of course assessments, be made available for administration to South Carolina students in private schools. Until there is a process for such administration of state assessments for private school students, the EOC will highlight student assessment reporting requirements published in the Application Process for School Eligibility to address concerns with the percentage of valid assessments reported
(https://eoc.sc.gov/sites/default/files/Documents/ECENC%202020/ECENC%20Manual%20for%20OSY2020-21.links_.pdf).

Background

Since creation of the Educational Credit for Exceptional Needs Children (ECENC) program in Fiscal Year 2013-14 through a proviso in the state budget, eligible independent schools participating in the program are required to administer a national achievement test or state standardized tests to determine student progress. Furthermore, when applying to the Education Oversight Committee (EOC) for approval to participate in the ECENC program, a school is required to submit summary information of student test scores for all grades tested and administered in the school. The EOC posts school-level summary information based on 10 or more students on its website each year.

Act 247 of 2018 codified the ECENC program into permanent law and created an additional reporting requirement. In addition to school-level test scores being provided and made public, the EOC must evaluate the ECENC program using individual student assessment results to determine the impact of the program on educational outcomes of students who received grants from Exceptional SC. The law specifically requires the EOC annually to:

issue a report to the General Assembly documenting the impact of the Educational Credit for Exceptional Needs Children Program on student achievement. In addition, the report must include information on individual schools if at least fifty-one percent of the total enrolled students in the private school participated in the Educational Credit for Exceptional Needs Children Program in the prior school year. The report must be according to each participating private school, and for participating students, in which there are at least thirty participating students who have scores for tests administered. If the Education Oversight Committee determines that the thirty participating-student cell size may be reduced without disclosing personally identifiable information of a participating student, the Education Oversight Committee may reduce the participating-student cell size, but the cell size may not be reduced to less than ten participating students. *(Section 12-6-3790(E)(6) of the SC Code of Laws)*

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both, for any student in grades one through twelve who received a grant from the program during the prior school year. The information must be used to provide program level reports to determine whether students participating in the program have experienced measurable improvement. Students with disabilities for whom standardized testing is not appropriate are exempt from this requirement; (*Section 12-6- 3790(E)(1)(b) of the SC Code of Laws*)

The law requires that an evaluation of the program's impact on student achievement to address the following questions:

- At the state level, how did exceptional needs students who received grants from Exceptional SC under the ECENC program perform academically, both in terms of overall achievement and growth?
- In schools where a majority of students enrolled in the school (fifty-one percent or more of students) received a grant from Exceptional SC, how did exceptional needs students perform academically, both in terms of overall achievement and growth?

Collection of Assessment Data

To maintain student privacy and to ensure the highest level of data security, the EOC contracted with the South Carolina Revenue and Fiscal Affairs (RFA) Office to oversee the collection of the individual student assessment results. RFA was selected because of its mission and work in collecting, storing and safeguarding health, demographic, and other state data. Following is a description of the data collection protocol and compliance.

Data Collection Timeline and Protocol

For schools to submit student information, they must complete a Memorandum of Understanding (MOU) assuring the confidentiality of any and all individually identifiable information shared between the parties. A copy of the memorandum is included in the Appendix A. These MOUs are valid through the 2022-2023 school year.

The timeline of activities for data collection through the secure portal was:

1. September 11, 2020 – Contact information was sent to RFA of individuals responsible for reporting individual student assessment data (Document C of the ECENC Application Process.)
2. September 28, 2020 - RFA opened the portal to receive the individual student assessment data. MOU's were sent to new schools participating in the ECENC program in school year 2019-20.
3. October 30, 2020 – RFA closed the portal for individual student assessment data.
4. December 30, 2020 – RFA sent requested information to the EOC, per agreement.

Only schools that completed the MOU with RFA were given access to the secure portal. Details describing how schools gain access to portal, security of student information in the portal, and the process of entering student assessment information in the portal were presented in the 2019-20 ECENC report, and have not changed.

As in previous years, an official student score report from a test publisher must be uploaded to the portal. Unofficial handwritten or typed assessment data were not accepted. Assessment data submitted without the student's name or testing date visible were also rejected.

Compliance and Analysis of Assessment Data

As required by state law, schools participating in the ECENC Program are required to administer national achievement or state standardized assessments, or both, at progressive grade levels to determine student progress. The South Carolina Department of Education (SCDE) interpretation of the Education Accountability Act prohibits private school students from taking state assessments which include, but are not limited to, SC READY in grades 3 through 8 and end-of-course assessments in Algebra 1, English 1, Biology and US History and The Constitution. Instead, private schools have the flexibility to choose any assessment to measure student performance. Schools that administer national assessments typically select an assessment or assessments that measure reading or English language arts (ELA) competencies and mathematics competencies. Examples of assessments that are used in elementary and middle school grades are the Measures of Academic Progress (MAP) and the Iowa Tests of Basic Skills (ITBS). Examples of assessments that are unique to high school are the ACT, PSAT, and SAT.

Exceptional SC provided to RFA a datafile that initially contained a list of 1,477 students in kindergarten through grade 12 who received grants in the 2019-20 school year. Student information was entered into the portal for 1,468 students (Table 1). The number of students with information entered into the portal was a substantial decline from the 2,236 students with information entered for the 2018-19 school year.

Table 1
Number of Children by Grade (K-12) with Information in the Portal.

Grade Level	Number of Students
Kindergarten	7
1	29
2	61
3	84
4	124
5	148
6	168
7	170
8	185
9	149
10	119
11	115
12	109
TOTAL	1,468

Source: RFA as provided by Exceptional SC.

The Department of Revenue issued a report on January 15, 2021 in which they report Exceptional SC awarded 1,365 scholarship recipients for the 2019-20 school year, all of which went to students who previously received an ECENC scholarship (Appendix B).

EOC staff communicated with Exceptional SC staff to clarify why there is a difference between the number of student records reported by RFA (1,468) and the number of students reported by the Department of Revenue (1,365). The discrepancy is that Exceptional SC provided RFA 1,468 records of students who had made application for and were eligible to receive an ECENC scholarship for the 2019-20 academic year, not just those students who received ECENC scholarships. For a variety of reasons (e.g., transfer of school, choice to home-school, etc.) not all eligible students received an ECENC scholarship. The actual number of students who received a scholarship for 2019-20 was 1,365. In the future, Exceptional SC staff will work to provide RFA a list of scholarship recipients, rather than a list of students eligible for scholarships.

RFA populated the secure portal with the name and grade level of each student by school. To reiterate, only schools that completed the data sharing agreement with RFA were given access to the secure portal to upload individual student assessment reports for students whom Exceptional SC verified had received a grant and had attended their school in 2019-20. Schools were asked specifically to upload a score report from a test publisher; therefore, scores obtained from hand-scoring of assessments by school officials or by the classroom teacher were not accepted. Schools that did not provide student scores from a test publisher score report were asked to provide a reason for not providing the information.

Scores from achievement tests that were judged to best align with the content of Reading Comprehension and Mathematics Concepts were recorded. Similarly, scores from aptitude tests that best aligned with the content names Verbal and Non-Verbal were recorded. Although the assessments differ in meaning across publishers, they were treated as if they measure the areas of Reading Comprehension/Verbal Skills and Mathematics Concepts/Non-Verbal similarly: the labels used for the subjects in this report are Reading and Mathematics. When available, national percentile rank scores were reported; in their absence scale scores were reported. Using national percentile rank scores promotes comparability of scores across assessments, because the scores are assumed to be referenced to comparable nationally representative samples of students.

A unique student identifier was associated with each student who received a grant in the 2019-20 school year. The datafile for students who received a grant in the 2018-19 school year was also accessed. When it could be determined that a student in the 2018-19 school year matched a student in the 2019-20 school year, the student record for 2019-20 was assigned the same unique student identifier.

Analysis of Data

In December 2020, the EOC received the datafile containing student records for the 2019-20 school year. These data were in the same format as the file for the 2018-19 school year.

There were 1,468 unique student records from 2019-20, of which 330 (22%) contained assessment information and 1,138 (78%) did not contain assessment information. These percentages are the opposite of the percentages for the 2018-19 school year, where of the 2,236 unique student records, 1,775 (79%) contained assessment information, and 461 (21%) did not contain assessment information. When assessment information was not provided, a reason should have been specified for not providing assessment information.

Table 2 documents the number and percent of the students by grade level with valid information by grade level.

Table 2
Number and of Student With and Without Assessment Information
by Grade Level, 2019-20

Grade Level	Number With Assessment Information	Number Without Assessment Information
Kindergarten	1	6
1	2	27
2	14	47
3	22	62
4	20	104
5	31	117
6	29	139
7	28	142
8	39	146
9	50	99
10	36	83
11	37	78
12	21	88
Total	330	1,138

The assessments reported are summarized in Table 3. The two most frequently reported assessments were the Measures of Academic Progress (MAP) assessment and the PSAT. Approximately 30 percent of all assessments reported were for these two assessments. The MAP assessment is an academic achievement test that is administered to students in kindergarten through grade 12. The PSAT is primarily administered to high school sophomores and juniors.

Table 3
Number and Percent of Assessments Reported, 2019-20

Assessment	Number	Percent
ACT	4	1
CTP	20	6
Measures of Academic Progress (MAP)	95	29
PSAT	102	31
SAT	17	5
Stanford Achievement Test	45	14
Woodcock-Johnson	41	12
Other	6	2
Total	330	

Of the 1,138 students without assessment results for 2019-20, schools provided specific reasons for not providing results for 1,096 of these students. Table 4 documents that 1,027 students (94 percent) of the students were not administered an assessment as a result of COVID-19. There were 42 students who both did not have assessment information and for whom a reason for not providing this information was not given.

Table 4
Reasons for Not Providing Assessment Information

Reason	Number of Students
No Testing due to COVID-19.	1,027
Student not enrolled, or not enrolled for testing.	18
School did not assess grade level (includes students in kindergarten and grade 12).	22
Parents opted their child out of testing.	1
Academic progress was assessed via other means including self-scored by teacher or staff.	1
Other	27
Total Reasons Given:	1,096
School provided no reason.	42

Compliance

In prior years, the level of compliance was measured by (1) the percentage of students for whom assessment information was provided, and (2) the percentage of students for whom either assessment information or a valid reason for not providing assessment information was provided. As state previously, for the 2019-20 school year, 79% of the student records indicated that the student did not test as a result of COVID-19. For the 2019-20 school year the only measure of compliance presented

is the percentage of students for whom either assessment information or a valid reason for not providing assessment information was provided (Table 5).

Table 5
Summary of Student-Level Compliance

Number of Students (K-12) Receiving Exceptional SC Grants	1,365
Number of Students (K-12) with Valid Assessment Data	330
Number of Students (K-12) with Valid Reasons for Not Submitting Assessment Data	1,069
Percent of Students (K-12) with Valid Assessment Data or Reasons for Not Submitting Assessment Data	102%

*Excludes 69 students for whom no reason was provided for not providing assessment information, or the reason was "Other".

Data Analysis Methods

The EOC staff analyzed the assessment data to determine: (1) for all students who received a grant from Exceptional SC in 2019-20 and for whom assessment data were collected, how well did students in grades kindergarten through grade 12 statewide perform based on national percentile ranks; and (2) how well did students perform in schools for which at least 51 percent of students in the school received grants from Exceptional SC.

The EOC staff used percentile rank scores when provided. When national percentile rank scores were not available, reports usually provided a scale score; for example, a reported score on the SAT of 540 or an ACT Score of 22 are examples of scale scores. For the ACT, SAT, and PSAT, EOC staff converted scale scores to percentile ranks using conversion tables published online. When national norms were not available, such as in the case with the Woodcock Johnson assessment, the assessment data were not able to be used for analysis.

By reporting information from all assessments as percentile ranks, a common metric is in place; an assumption is made in this process that the national norms for different assessments are comparable – which may not be justified.

Another approach is to convert all percentile rank scores to Normal Curve Equivalent (NCEs). NCEs have a mean of 50, and a range from 0 to 100. A student with a percentile rank less than 50 will have an NCE less than 50. For example, a student with a percentile rank of 30 will have an NCE score of 39, while a student with a percentile rank of 70 has an NCE of 61.

Details of why to prefer using percentile ranks and NCEs were presented in the 2019-20 ECENC report and will not be repeated here. Briefly, percentile rank scores can be obtained from any assessment that is nationally normed and the meaning of a percentile rank is consistent across publishers. The limitation of percentile ranks is that they should

not be averaged; the median is the appropriate measure to communicate a typical score. NCEs express scores on a scale from 0 to 100 with a mean of 50, however, the interpretation of these scores is less clear; they can, however, be averaged and subtracted.

Assessment Data of Exceptional SC Students in 2019-20

Statewide Results:

Of all students who received ECENC grants in school year 2019-20, 330 students (21 percent) had valid assessment data collected. Assessment data results for the Woodcock Johnson assessment were excluded because the scores could not be converted into national percentile rankings.

The statewide results are presented in Table 6. The median Reading percentile rank is 49, and the median Mathematics percentile rank is 38; which suggest that the overall academic achievement of ECENC students is similar to students nationally for Reading but lower than students nationally in Mathematics. The mean NCE for Reading is 49.0 for Reading, and 43.6 for Mathematics. The overall Reading achievement of ECENC students appears to be similar to students nationally, but for Mathematics the achievement level appears to be slightly lower. As a reminder: students receiving grants from Exceptional SC all have documented exceptional needs whereas national norms include students with and without disabilities; therefore, lower levels of achievement for ECENC students are not unexpected.

Table 6
All Students in 2019-20

	Reading	Mathematics
Number of Students	256	257
Median Percentile Rank	49	38
Mean Normal Curve Equivalent (NCE)	49.0	43.6

Schools with 51 percent or more students receiving grants from Exceptional SC: There were three schools that had more than 51 percent of their total school enrollment receiving grants from Exceptional SC in 2019-20 and at least 10 students with assessment information. Total school enrollment and the number of grants received was determined using information provided by the schools on their 2019-20 application to participate in the ECENC program. These three schools are:

- HOPE Academy
- Hidden Treasure Christian School
- The Chandler School

Hidden Treasure Christian School administered the Woodcock-Johnson assessment to its students, which does not have national norms. As a result, no summary information is provided for Hidden Treasure Christian School.

A summary of the scores obtained from the schools for which data was available are provided in Table 7. For both schools the median percentile ranks are less than 25 for Reading and less than 15 for Mathematics, and the mean NCEs are less than 35 for both Reading

and Mathematics. These schools appear to serve students whose exceptional need results in lower achievement scores.

Table 7

Reading, 2019-20

School	Students	Median Percentile Rank	Mean NCE
Hope Academy	26	15.5	28.0
The Chandler School	38	20.5	32.6

Mathematics, 2019-20

School	Students	Median Percentile Rank	Mean NCE
Hope Academy	27	14	29.4
The Chandler School	39	9	22.0

Gain scores from 2018-19 to 2019-20

Of the 256 students with percentile rank Reading scores for the 2019-20 school year, 200 (78 percent) also had scores reported for the 2018-19 school year. Of the 257 students with percentile rank scores in Mathematics for the 2019-20 school year, 202 (79 percent) also had scores reported for the 2018-19 school year. Based on the small number of students with scores matched for two years, caution must be exercised not to over interpret the results presented here. Even greater caution must be exercised when considering data at the school level, as the numbers of students reported on for each school in the matched student samples are all less than 50.

Tables 9 through 13 document the assessment results for matched students in the schools having at least 51 percent of their students who received a grant from Exceptional SC as well as in all schools in the state.

For all matched students, the median Reading percentile rank in 2018-19 was 58, and the median percentile rank in 2019-20 was 48 (Table 8); the mean NCE in Reading was 53.5 in 2018-19, and 48.8 in 2019-20 (Table 10); and the average NCE gain was 0.3 (Table 12). Again, caution should be used not over-interpret the results based on the small number of students.

For Mathematics, the median percentile rank in 2018-19 was 49, and the median percentile rank in 2019-20 was 38 (Table 9); the mean NCE in Reading was 48.9 in 2018-19, and 43.0 in 2019-20 (Table 11); and the average NCE gain was -5.8 (Table 12)..

No evaluation was made of the pattern of scores over time because the number of students with data matched for 2018-19 and 2019-20 was too small.

Table 8

Median Reading Scores for All Students in 2019-20 and for Students with Data in Both 2018-19 and 2019-20 (Matched Students)

School	Matched Student		
	Students	Median Percentile Rank	
		2018-19	2019-20
Hope Academy	19	18	18
The Chandler School	34	46	20.5
All Schools	200	58	48

Table 9

Median Mathematics Scores for All Students in 2019-20 and for Students with Data in Both 2018-19 and 2019-20 (Matched Students)

School	Matched Students		
	Students	Median Percentile Rank	
		2018-19	2019-20
Hope Academy	21	29	20
The Chandler School	34	33.5	9
All Schools	202	49	38

Table 10

Mean Reading NCE Scores for All Students in 2019-20 and for Students with Data in Both 2018-19 and 2019-20 (Matched Students)

School	Matched Students		
	Students	Mean	
		2018-19	2019-20
HOPE Academy	19	31.7	31.9
The Chandler School	34	46.4	33.5
All Schools	200	53.5	48.8

Table 11

Mean Mathematics NCE Scores for All Students in 2019-20 and for Students with Data in Both 2018-19 and 2019-20 (Matched Students)

School	Matched Students		
	Students	Mean	
		2018-19	2019-20
HOPE Academy	21	34.3	32.1
The Chandler School	34	42.5	22.1
All Schools	202	48.9	43.0

Table 12
Average NCE Gain Scores for Reading and Mathematics

School	Reading		Mathematics	
	Students	Mean	Students	Mean
HOPE Academy	19	0.3	21	-2.1
The Chandler School	34	-12.9	34	-20.4
All Schools	200	-4.6	202	-5.8

Findings

1. On March 15, 2020, as a result of the global COVID-19 pandemic, South Carolina schools were closed by executive order. Many schools cited COVID-19 as the reason for not administering assessments to their students in the 2019-20 academic year.
2. Assessment information was provided for 330 students, while a reason for not providing assessment information was provided for 1,096 students.
3. As a measure of school compliance, schools participating in the ECENC program responded to the request for assessment data by providing either assessment information or a reason for not having the information for 1,399 (102 percent) of the 1,365 students who received grants from Exceptional SC in 2019-20.
4. The small number of students with assessment information provided precludes making any judgement regarding the achievement levels of the ECENC student population.
5. Missing assessment information from the 2019-20 school year will also impact the ability to assess student progress to the 2020-21 school year.

Recommendations:

1. The EOC recommends that first time recipients of ECENC grants be asked to provide information for previous year assessments in order to assess student improvement.
2. The EOC will monitor schools failing to report either valid assessment scores or a reason for not providing assessment scores.
3. The EOC recommends that state assessments, including SCREADY and end of course assessments, be made available for administration to South Carolina students in private schools. Until there is a process for such administration of state assessments for private school students, the EOC will highlight student assessment reporting requirements published in the Application Process for School Eligibility to address concerns with the percentage of valid assessments reported (https://eoc.sc.gov/sites/default/files/Documents/ECENC%202020/ECENC%20Manual%20for%20SY2020-21.links_.pdf).

Appendix A



Memorandum of Understanding for Data Sharing

This Agreement is entered into by [Click or tap here to enter text.](#), hereinafter referred to as “Data Owner” and the South Carolina Revenue and Fiscal Affairs Office, hereinafter referred to as “RFA”, collectively the “Parties.”

Data Owner and RFA mutually assure each other that they will protect the confidentiality of any and all individually identifiable information shared with or made available to other parties in compliance with the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. § 1232(g), the Individual with Disabilities Education Act (IDEA), and other applicable State and federal privacy regulations.

The purpose of this Agreement is for Data Owner to submit the assessment results of students receiving a grant from Exceptional SC to RFA to support the Education Oversight Committee’s (EOC) annual report documenting "the impact of the Educational Credit for Exceptional Needs Children Program on student achievement" as required by Act 247 of 2018, Section 12-6-3790(E)(6).

I. OBLIGATIONS AND ACTIVITIES OF DATA OWNER

- A. Data Owner shall obtain consent, authorization, or permission from the individuals as may be required by applicable state or federal laws and/or regulations prior to furnishing the individually identifiable information pertaining to an individual to RFA. Such authorizations or permissions shall be furnished to RFA upon request.
- B. Provide to RFA with any changes in, or revocation of, permission by the individuals to use or disclose individually identifiable information, if such changes affect RFA’s permitted or required uses and disclosures.
- C. On an annual basis, provide to RFA via secure portal a copy of the test score sheet of each student who received a grant from Exceptional SC beginning with school year 2019-20 and for each successive school year through 2022-23.

II. OBLIGATIONS AND ACTIVITIES OF RFA

- A. RFA will not use or disclose individually identifiable information other than as permitted or required by this Agreement or as required by state and federal law or as otherwise authorized by Data Owner.
- B. RFA will use appropriate safeguards to prevent use or disclosure of the individually identifiable information other than as provided for by this Agreement. RFA maintains and uses appropriate administrative, technical and physical safeguards to preserve the integrity and confidentiality of and to prevent non-permitted use or disclosure of individually identifiable information. These safeguards are required regardless of the mechanism used to transmit the information.

Appendix A

- C. RFA will mitigate, to the extent practicable, any harmful effect that is known to RFA of a use or disclosure of individually identifiable information by RFA or its workforce in violation of the requirements of this Agreement.
- D. RFA will report to Data Owner, in writing, any use and/or disclosure of individually identifiable information that is not permitted or required by this Agreement of which RFA becomes aware as soon as reasonable, but no more than 72 hours following knowledge of a breach of confidentiality, pursuant to Act No. 284, 2016 S.C. Acts, Proviso 117.
- E. RFA will ensure that any agent, including a subcontractor, to whom it provides individually identifiable information, received from, or created or received by RFA, executes a written agreement obligating the agent or subcontractor to comply with all the terms of the Agreement.

III. PERMITTED USES AND DISCLOSURES BY RFA

- A. Functions and Activities: Except as otherwise limited in this and any other agreement between RFA and Data Owner, RFA may use or disclose individually identifiable information only for purposes authorized by Data Owners in a separate written agreement or amendment to this agreement, if such use or disclosure of individually identifiable information would not violate any applicable state or federal laws if done by Data Owners themselves. RFA may pass individually identifiable information to any of its subcontractors for use in filling the obligations of this Agreement as long as the subcontractor adheres to the conditions of this Agreement. This includes, but is not limited to, data being sent directly to any subcontractor to be used in data aggregation and quality assurance on behalf of RFA or Data Owners.
- B. RFA may make available individually identifiable information, with permission of Data Owners and in compliance with any applicable state or federal laws, to other entities as authorized by Data Owners in a separate written agreement or amendment to this agreement, if such disclosure of individually identifiable information would not violate any state or federal laws.
- C. RFA and any of its subcontractors, except as otherwise limited in this Agreement, may use individually identifiable information to provide feedback on quality issues and comparative analyses using data solely from this project or data generated under the data aggregation authority of this Agreement.
- D. RFA upon entering into an agreement using individually identifiable information for any of its functions and activities on behalf of this project or in its general operations will make available that agreement to Data Owner or Data Owners upon request.

IV. TERM AND TERMINATION

- A. Term. The Agreement shall be effective when signed by both Parties (the "Effective Date"). The Agreement will automatically extend annually on the anniversary of the Effective Date for four additional one-year terms unless either Party elects to not renew and gives thirty (30) days' written notice to the other Party.
 - 1. Termination for Cause: Upon Data Owner's reasonable determination that RFA has breached a material term of this Agreement, Data Owner shall be entitled to do any one or more of the following:

Appendix A

- a) Give RFA written notice of the existence of such breach and an opportunity to cure upon mutually agreeable terms. If RFA does not cure the breach or end the violation according to such terms, or if RFA and Data Owner are unable to agree upon such terms, Data Owner may immediately terminate any agreement between Data Owner and RFA which is the subject of such breach.
 - b) Immediately stop all further disclosures of individually identifiable information to RFA pursuant to each agreement between Data Owner and RFA which is the subject of such breach.
2. Effect of Termination: Upon termination of the contract or upon written demand from Data Owner, RFA agrees to immediately return or destroy, except to the extent infeasible, all individually identifiable information received from, created by, or received by RFA, including all such individually identifiable information which RFA has disclosed to its employees, subcontractors and/or agents. Destruction shall include destruction of all copies including backup tapes and other electronic backup medium. In the event the return or destruction of some or all such individually identifiable information is infeasible, individually identifiable information not returned or destroyed pursuant to this paragraph shall be used or disclosed only for those purposes that make return or destruction infeasible.
 3. Continuing Privacy Obligation: The obligation of RFA to protect the privacy of individually identifiable information is continuous and survives any termination, cancellation, expiration, or other conclusion of this Agreement or any other agreement between Data Owner and RFA.
- B. Notices. All notices pursuant to this Agreement must be given in writing and shall be effective when received if hand-delivered or upon dispatch if sent by reputable overnight delivery service, facsimile or U.S. Mail to the appropriate address or facsimile number as set forth at the end of this Agreement.

V. MISCELLANEOUS.

- A. Data Owner and RFA agree that Individuals who are the subject of individually identifiable information are not third-party beneficiaries of this Agreement.
- B. The parties acknowledge that state and federal laws relating to electronic data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements any applicable laws relating to the security or confidentiality of individually identifiable information. The parties understand and agree that Data Owner must receive satisfactory written assurance from RFA that RFA will adequately safeguard all Information that it receives or creates pursuant to this Agreement. Upon request by Data Owner, RFA agrees to promptly enter into negotiations with Data Owner concerning the terms of any amendment to the Agreement embodying written assurances consistent with the standards and requirements of any applicable laws. Data Owner may terminate this Agreement upon thirty (30) days written notice in the event RFA does not promptly enter into negotiations to amend this Agreement when requested by Data Owner pursuant to this Section.

- C. In the event that any provision of this Agreement violates any applicable statute, ordinance or rule of law in any jurisdiction that governs this Agreement, such provision shall be ineffective to the extent of such violation without invalidating any other provision of this Agreement.
- D. This Agreement may not be amended, altered or modified except by written agreement signed by Data Owner and RFA.
- E. No provision of this Agreement may be waived except by an agreement in writing signed by the waiving party. A waiver of any term or provision shall not be construed as a waiver of any other term or provision. Nothing in Section 2 of this Agreement shall be deemed a waiver of any legally-recognized claim of privilege available to Data Owner.
- F. The persons signing below have the right and authority to execute this Agreement for their respective entities and no further approvals are necessary to create a binding Agreement.
- G. Neither Data Owner nor RFA shall use the names or trademarks of the other party or of any of the respective party's affiliated entities in any advertising, publicity, endorsement, or promotion unless prior written consent has been obtained for the particular use contemplated.
- H. All references herein to specific statutes, codes or regulations shall be deemed to be references to those statutes, codes or regulations as may be amended from time to time.

VI. OWNERSHIP OF DATA

- A. Nothing in this Memorandum of Understanding shall be construed as granting RFA any right, title or interest in or to, any license of any data. Ownership of client data remains that of Data Owner.

IN WITNESS WHEREOF the parties have executed this agreement effective upon last dated signature.

[Click or tap here to enter text.](#)

S.C. Revenue and Fiscal Affairs Office
Health and Demographics Division
Rembert C. Dennis Building
1000 Assembly Street, Suite 240
Columbia, SC 29201

- C. In the event that any provision of this Agreement violates any applicable statute, ordinance or rule of law in any jurisdiction that governs this Agreement, such provision shall be ineffective to the extent of such violation without invalidating any other provision of this Agreement.
- D. This Agreement may not be amended, altered or modified except by written agreement signed by Data Owner and RFA.
- E. No provision of this Agreement may be waived except by an agreement in writing signed by the waiving party. A waiver of any term or provision shall not be construed as a waiver of any other term or provision. Nothing in Section 2 of this Agreement shall be deemed a waiver of any legally-recognized claim of privilege available to Data Owner.
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[Click or tap here to enter text.](#)

S.C. Revenue and Fiscal Affairs Office
Health and Demographics Division
Rembert C. Dennis Building
1000 Assembly Street, Suite 240
Columbia, SC 29201

Last Updated April 23, 2019



2019–2020 REPORT OF EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN PROGRAM

South Carolina Department of Revenue

JANUARY 15, 2021

dor.sc.gov

300A Outlet Pointe Boulevard
Columbia, SC 29210

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INTRODUCTION

The following report was prepared in accordance with Act 247 of 2018 regarding the Educational Credit for Exceptional Needs Children (ECENC) program. The data and information contained in this report are from Fiscal Year 2020 (FY20) and were provided by the South Carolina Department of Revenue (SCDOR), the South Carolina Education Oversight Committee (EOC), and Exceptional SC.

The ECENC program was reorganized under a proviso in 2016 to better serve South Carolina's exceptional needs students. In 2018, the program was codified under Act 247.



SOUTH CAROLINA DEPARTMENT OF REVENUE

In concert with Exceptional SC, the SCDOR assists in record keeping, account management, and disbursing grants awarded pursuant to Act 247.

The SCDOR implements and oversees the tax credit for Exceptional SC donors.

The SCDOR develops and implements a process for eligible parents to reserve, apply, and receive the ECENC Parental Tax Credit.



SOUTH CAROLINA EDUCATION OVERSIGHT COMMITTEE

The EOC determines the eligibility of schools to participate in the ECENC program. Once a school is designated as eligible, it must submit an annual compliance audit to maintain eligibility.

The EOC establishes an advisory committee, including parents, representatives of independent schools, and independent school associations, to provide recommendations to the EOC on assessment reporting and other matters as requested.



EXCEPTIONAL SC

Exceptional SC is a 501(c)(3) that provides scholarship grants to exceptional needs students in South Carolina to attend credentialed private schools.

Exceptional SC fundraises, accepts and reviews student grant applications, and awards scholarship grants based on a number of criteria. Students who are awarded the scholarship must attend a school that the EOC has approved for program participation.

Appendix B

EXCEPTIONAL SC

Exceptional SC is dedicated to supporting exceptional needs students and families in South Carolina.

To be eligible for a scholarship from Exceptional SC, students must be residents of South Carolina, be eligible to attend a public school, complete an application with proof of disability (Medical/Professional Form or Educator Eligibility Form), and must attend an EOC approved school. Per legislation, scholarships are awarded to incumbents (students who have previously participated in the program) first and then to students who are new to the program.

\$4,547,101

total tax year
2019
donations

1,365

total scholarship
recipients
(0 new and 1,365
incumbent)

\$5,120,004

total amount of
scholarships
disbursed

342

total individual and
corporate donors

106

total school
recipients

\$3,750

average incumbent
scholarship grant

\$13,296

average
donation

13

average
scholarship grants
per school

\$0

average
new student
scholarship grant

FY20 Board Members

Mr. Michael Acquilano,
Director, South Carolina
Catholic Conference

Mr. Edward Earwood,
Executive Director, South
Carolina Association of
Christian Schools

Mrs. Betsy Fanning,
Head of School,
Trident Academy

Dr. Spencer Jordan,
Director, South Carolina
Independent School
Association

Mr. Thomas Persons,
President & CEO, South
Carolina Technology Alliance

Data provided by Exceptional SC.

2

DONOR TAX CREDIT

Individuals and corporations who pay South Carolina taxes are eligible to donate to the Exceptional SC 501(c)(3) scholarship fund. Donations to Exceptional SC are claimed as state tax credits.



South Carolina individuals and/or businesses make a donation to Exceptional SC.



Donors complete the Exceptional SC Donation Form, and Exceptional SC notifies the SCDOR of the donation.



The SCDOR confirms the credit amount, provided the statewide \$12 million cap has not been met.



Donors claim the credit amount with their SC income taxes using SC1040TC or SC1120TC (code 057).

Donors are:

- Eligible to claim a dollar-for-dollar credit on state income tax liability
 - (or) Entitled to a tax credit against bank taxes imposed pursuant to Chapter 11, Title 12
- Limited to a maximum credit claim that is 60% of their one-year tax liability
- Not allowed to designate a specific student or school as beneficiary
- Limited by a first come, first served annual statewide cap of \$12 million

\$4,547,101
donor credits
issued

\$13,296
average gift
per donor

342
individual and
corporate donors

38% of the statewide cap met

Data provided by the SCDOR.

3

PARENTAL TAX CREDIT

Parents or guardians of exceptional needs students attending eligible schools can apply for a refundable Parental Tax Credit toward their South Carolina income tax bill. Parental Tax Credits can only be claimed for actual out-of-pocket spending on tuition, up to \$11,000. There is a statewide cap of \$2 million in credits, reserved on a first come, first served basis.



Parents make their payment to an eligible school for an exceptional needs student's tuition.



Parents complete and submit Form TC-57A to the SCDOR to request a Parental Tax Credit. Parents should retain documentation of their child's eligibility for their own records.



The SCDOR confirms the "reservation" of a Parental Tax Credit, so long as the statewide \$2 million cap has not been met.



When the family files SC income taxes, the Parental Tax Credit amount is used to complete Form I-361.

\$5,337,069 credits applied for

874
applicants

272
recipients

\$7,353
average amount
per recipient

\$2 million credits approved

Data provided by the SCDOR.

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Appendix B

STUDENTS

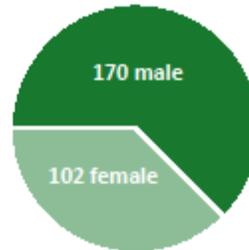
Act 247 calls for reporting demographic and socio-economic data of participants and their families, including the distribution of scholarship funds by income ranges. All information below was reported by applicants.

PARENTAL TAX CREDIT RECIPIENTS

Data reported by applicants on TC-57A (credit application)

Household Income Range	# of Recipients
\$0-50,000	17
\$50,001-100,000	61
\$100,001-150,000	67
\$150,001-200,000	36
\$200,001-250,000	24
\$250,001-300,000	27
\$300,001+	40

Ages	# of Students
5-10	104
11-15	132
16+	36
No response	0



\$6,204
avg. est. additional expenses from caring for exceptional needs child

2
average number of children in household

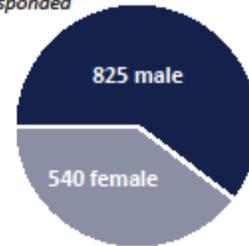
1
average number of exceptional needs children in household

SCHOLARSHIP RECIPIENTS

Data reported by applicants on scholarship application - not all applicants responded

Household Income Range	# of Recipients
\$0-50,000	291
\$50,001-100,000	367
\$100,001-150,000	104
\$150,001-200,000	238
\$200,001-250,000	87
\$250,001-300,000	76
\$300,001+	83

*Ages	# of Students
5-10	410
11-15	585
16+	370
No response	0



\$6,112
avg. est. additional expenses from caring for exceptional needs child

2
average number of children in household

1
average number of exceptional needs children in household

Appendix B

SCHOOLS

Schools apply to the EOC to participate in the ECENC program. A list of eligible schools is available on the EOC's website (eoc.sc.gov).

In order to receive an Exceptional SC scholarship grant for an exceptional needs student, the school must: be a private primary or secondary school physically located within South Carolina; not discriminate on basis of race, color, or national origin in their admission of students; use a curriculum which includes courses listed in state diploma requirements; use national or state standardized testing and provide test scores to the EOC; have physical facilities that meet local, state and/or federal laws; be a member of SACS, SCACS, Palmetto Association of Independent Schools, and/or SCISA; and complete an annual compliance audit.

Each year, private schools interested in participating in this program must apply for eligibility with the

EOC. This application process helps protect students and families by ensuring schools meet and continue to meet the program eligibility requirements. To be considered for eligibility, a school must initially provide the EOC with: information on the school's eligibility, assessment score data from the previous school year, the number of grants received in the previous school year, a copy of an audit of the organization's financial statements relating to the grants received, and a Statement of Services with information on the services and/or resources exceptional needs students receive and what needs those services are geared toward. School eligibility for participation occurs during the school year. The information provided by the EOC to the SCDOR is based on the fiscal year.

133 eligible schools

35

counties with
at least one
eligible school

80%

of eligible schools
received funding

106 schools received funding

Data provided by the EOC and Exceptional SC.

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Appendix B

GRANTS BY SCHOOL

The EOC approved 133 schools to participate in the Exceptional SC program for FY20. The following 106 schools received funding.

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS	NUMBER OF GRANTS ISSUED	VALUE OF GRANTS ISSUED
1. Addlestone Hebrew Academy	<10	\$3,850.00
2. Anderson Christian School	12	\$60,500.00
3. Ashley Hall	<10	\$44,000.00
4. Ben Lippen School	29	\$84,645.00
5. BEST Skills Academy	<10	\$2,860.00
6. Bishop England High School	53	\$205,700.00
7. Blessed Sacrament School	10	\$27,225.00
8. Bob Jones Academy	19	\$32,560.00
9. Calvary Christian School - Greer	<10	\$22,990.00
10. Calvary Christian School - Myrtle Beach	<10	\$3,905.00
11. Camden Military Academy	<10	\$16,500.00
12. Camperdown Academy	99	\$544,335.00
13. Cardinal Newman School	62	\$244,860.00
14. Chabad Jewish Academy	<10	\$10,120.00
15. Charis Academy	<10	\$6,380.00
16. Charleston Day School	<10	\$11,000.00
17. Christ Church Episcopal School	63	\$297,000.00
18. Christ Our King-Stella Maris Catholic School	14	\$48,675.00
19. Clarendon Hall School	<10	\$1,100.00
20. Coastal Christian Preparatory School	<10	\$10,461.00
21. Colleton Preparatory Academy	18	\$54,450.00
22. Conway Christian School	<10	\$1,320.00
23. Cross School	<10	\$15,785.00
24. Crown Leadership Academy	13	\$28,270.00
25. Cutler Jewish Day School	<10	\$9,240.00
26. Divine Redeemer Catholic School	<10	\$11,440.00
27. Einstein Academy	16	\$41,360.00
28. First Baptist School of Charleston	<10	\$4,900.00
29. First Presbyterian Academy	19	\$61,930.00
30. Five Oaks Academy	<10	\$6,875.00
31. Glenforest School	17	\$85,250.00
32. Grace Christian School	<10	\$1,265.00
33. Hammond School	11	\$54,230.00
34. Hampton Park Christian School	13	\$22,957.00
35. Harvest Community School	<10	\$4,125.00

Data provided by Exceptional SC.

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Appendix B

GRANTS BY SCHOOL

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS	NUMBER OF GRANTS ISSUED	VALUE OF GRANTS ISSUED
36. Hawthorne Christian Academy	<10	\$3,025.00
37. Heathwood Hall Episcopal School	13	\$45,545.00
38. Heritage Academy	<10	\$2,200.00
39. Hidden Treasure Christian School	33	\$181,500.00
40. Hilton Head Christian Academy	21	\$86,790.00
41. Hilton Head Preparatory School	<10	\$31,680.00
42. Holy Trinity Catholic School	<10	\$30,800.00
43. HOPE Academy	53	\$241,516.00
44. Hope Christian Academy	<10	\$31,570.00
45. John Paul II Catholic School	11	\$36,080.00
46. Laurence Manning Academy	<10	\$4,180.00
47. Lowcountry Preparatory School	<10	\$2,970.00
48. Mason Preparatory School	<10	\$20,020.00
49. Mead Hall Episcopal School	<10	\$8,360.00
50. Miracle Academy Preparatory School	35	\$115,500.00
51. Mitchell Road Christian Academy	12	\$24,750.00
52. Montessori Academy of Spartanburg	<10	\$1,320.00
53. Montessori School of Anderson	<10	\$3,300.00
54. Montessori School of Mauldin	<10	\$10,450.00
55. Nativity Catholic School	<10	\$16,280.00
56. New Covenant School	<10	\$5,280.00
57. Newberry Academy	<10	\$10,285.00
58. North Myrtle Beach Christian School	<10	\$2,310.00
59. Northside Christian Academy	12	\$14,790.00
60. Oakbrook Preparatory School	13	\$39,340.00
61. Oconee Christian Academy	<10	\$11,220.00
62. Orangeburg Preparatory Schools, Inc.	<10	\$6,985.00
63. Our Lady of Peace Catholic School	14	\$22,165.00
64. Our Lady of the Rosary Catholic School	13	\$44,600.00
65. Palmetto Christian Academy - Mt. Pleasant	<10	\$23,273.00
66. Pee Dee Academy	<10	\$14,850.00
67. Porter-Gaud	<10	\$16,500.00
68. Prince of Peace Catholic School	<10	\$15,785.00
69. Ridge Christian Academy	19	\$45,375.00
70. Sandhills School	57	\$313,500.00
71. Southside Christian School	67	\$286,665.00

Data provided by Exceptional SC.

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Appendix B

GRANTS BY SCHOOL

ELIGIBLE SCHOOL HAVING RECEIVED SCHOLARSHIP GRANTS	NUMBER OF GRANTS ISSUED	VALUE OF GRANTS ISSUED
72. Spartanburg Day School	19	\$80,080.00
73. St. Andrew Catholic School	18	\$52,827.00
74. St. Anne Catholic School - Rock Hill	15	\$54,230.00
75. St. Anne-St. Jude Catholic School - Sumter	<10	\$3,080.00
76. St. Anthony Catholic School - Florence	<10	\$17,160.00
77. St. Anthony of Padua Catholic School	<10	\$25,245.00
78. St. Elizabeth Ann Seton Catholic High School	<10	\$11,660.00
79. St. Francis by the Sea Catholic School	<10	\$17,160.00
80. St. Gregory the Great Catholic School	<10	\$8,800.00
81. St. John Catholic School - Charleston	20	\$84,050.00
82. St. John's Christian Academy	13	\$21,615.00
83. St. Joseph Catholic School - Anderson	<10	\$6,050.00
84. St. Joseph Catholic School - Columbia	17	\$38,940.00
85. St. Joseph's Catholic School - Greenville	39	\$140,390.00
86. St. Mary Help of Christians Catholic School	<10	\$11,660.00
87. St. Michael Catholic School	<10	\$2,750.00
88. St. Peter's Catholic School - Beaufort	<10	\$2,090.00
89. St. Peter's Catholic School - Columbia	<10	\$16,170.00
90. Step of Faith Christian Academy	<10	\$880.00
91. Summerville Catholic School	<10	\$10,230.00
92. Sumter Christian School	<10	\$3,190.00
93. Tabernacle Christian School	<10	\$1,045.00
94. The Barclay School	<10	\$35,000.00
95. The Chandler School	43	\$253,000.00
96. The Charleston Catholic School	24	\$72,935.00
97. The King's Academy	21	\$66,335.00
98. Thomas Hart Academy	<10	\$9,075.00
99. Thomas Heyward Academy	<10	\$12,320.00
100. Thomas Sumter Academy	<10	\$9,570.00
101. Timmerman School	<10	\$7,040.00
102. Trident Academy	23	\$126,500.00
103. Trinity Christian Educational School	<10	\$3,410.00
104. Walnut Grove Christian School	<10	\$9,510.00
105. Westminster Catawba Christian School	14	\$49,775.00
106. Westside Christian Academy	<10	\$3,410.00

Data provided by Exceptional SC.

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DATA BY COUNTY

The chart below provides the number of eligible schools, Exceptional SC scholarship grant recipients, and Parental Tax Credit recipients by county. For FY20, 11 of South Carolina's 46 counties did not have an eligible school participate in the program.

SC County	# of Grant Recipients	# of Credit Recipients	# of Eligible Schools	SC County	# of Grant Recipients	# of Credit Recipients	# of Eligible Schools
Abbeville	<10	0	0	Greenwood	<10	0	<3
Aiken	27	<10	3	Hampton	0	0	<3
Allendale	0	0	0	Horry	26	<10	8
Anderson	41	<10	5	Jasper	13	0	3
Bamberg	0	0	0	Kershaw	16	<10	<3
Barnwell	0	0	0	Lancaster	0	<10	<3
Beaufort	51	<10	8	Laurens	<10	<10	0
Berkeley	80	<10	5	Lee	0	0	0
Calhoun	<10	<10	<3	Lexington	48	12	4
Charleston	174	19	18	Marion	<10	0	<3
Cherokee	<10	0	<3	Marlboro	0	0	0
Chester	<10	0	<3	McCormick	0	0	0
Chesterfield	<10	0	<3	Newberry	<10	<10	<3
Clarendon	<10	<10	3	Oconee	<10	<10	3
Colleton	17	0	<3	Orangeburg	<10	0	<3
Darlington	13	<10	<3	Pickens	16	<10	<3
Dillon	<10	0	<3	Richland	211	29	13
Dorchester	15	0	3	Saluda	0	0	0
Edgefield	<10	0	<3	Spartanburg	61	14	5
Fairfield	<10	<10	<3	Sumter	17	<10	5
Florence	23	0	3	Union	0	0	0
Georgetown	<10	<10	<3	Williamsburg	<10	0	0
Greenville	435	146	21	York	28	<10	4

Data provided by Exceptional SC (grant recipients), the SCDOR (credit recipients), and the EOC (schools).

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CONTACTS

SOUTH CAROLINA DEPARTMENT OF REVENUE

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SOUTH CAROLINA EDUCATION OVERSIGHT COMMITTEE

Matthew Ferguson, Esq.
Executive Director
803-734-6148
mferguson@eoc.sc.gov

EXCEPTIONAL SC

Edward Earwood
Chairman of the Board
843-513-5010
earwood@christianeducation.org

Appendix B

COMPILED FINANCIAL STATEMENTS
*SOUTH CAROLINA EDUCATIONAL CREDIT FOR
EXCEPTIONAL NEEDS CHILDREN FUND*

June 30, 2020

Appendix B

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SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND
June 30, 2020

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Appendix B

1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
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Phone (803) 799-4555
Fax (803) 799-4212



125 W. Stone Avenue
Greenville, SC 29609

Phone (864) 271-7503
Fax (864) 751-5888

www.hobbscpa.com

To Management
SC Educational Credit for Exceptional Needs Children
Columbia, South Carolina

Management is responsible for the accompanying financial statements of South Carolina Educational Credit for Exceptional Needs Children Fund (the "Organization"), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of June 30, 2020 and the related statements of revenue and expenses and functional expenses - modified cash basis for the year then ended and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We are not independent with respect to the Organization.

Columbia, South Carolina
January 14, 2021

The Hobbs Group, P.A.

Appendix B

COMPILED FINANCIAL STATEMENTS

Appendix B

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND
June 30, 2020

ASSETS

Current Assets		
Cash and cash equivalents	\$	152,176
Total Current Assets		<u>152,176</u>
TOTAL ASSETS	\$	<u>152,176</u>

LIABILITIES AND NET ASSETS

Liabilities	\$	62,000
Total Liabilities		<u>62,000</u>
Net Assets		
Without donor restrictions		(213,776)
With donor restrictions		<u>303,952</u>
Total Net Assets		<u>90,176</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>152,176</u>

See accountants' compilation report and notes to the financial statements.

Appendix B

STATEMENT OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS
 SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND
 For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions		\$ 2,769,930	\$ 2,769,930
Investment income	(152)		(152)
Net assets released from restrictions	5,258,201	(5,258,201)	-
Total Revenues and Other Support	5,258,049	(2,488,271)	2,769,778
EXPENSES			
Program services	5,392,326		5,392,326
Management and general	137,829		137,829
Fundraising			-
Total Expenses	5,530,155	-	5,530,155
CHANGE IN NET ASSETS	(272,105)	(2,488,271)	(2,760,377)
Net assets at beginning of year	58,330	2,792,223	2,850,553
NET ASSETS AT END OF YEAR	\$ (213,775)	\$ 303,952	\$ 90,176

See accountants' compilation report and notes to the financial statements.

Appendix B

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
 SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND
 For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Awards and grant scholarships	\$ 5,199,350			\$ 5,199,350
Salaries and wages		\$ 42,000		42,000
Payroll taxes		3,694		3,694
Office		3,938		3,938
Contract services	192,976	63,189		256,165
Professional and legal fees		20,206		20,206
Bank fees		3,302		3,302
Meals & Entertainment		1,500		1,500
TOTAL EXPENSES	\$ 5,392,326	\$ 137,829	\$ 0	\$ 5,530,155

See accountants' compilation report and notes to the financial statements.

Appendix B

NOTES TO THE FINANCIAL STATEMENTS

SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND

June 30, 2020

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

South Carolina Educational Credit for Exceptional Needs Children Fund (the "Organization") was incorporated in South Carolina on June 16, 2016. The Organization's mission is to provide scholarship grants to K through 12th grade "exceptional needs" children by means of the efficient implementation of the South Carolina State Budget Proviso (the "Proviso" or "Program"). The Proviso is also commonly referred to as the Educational Credit for Exceptional Needs Children (ECENC).

South Carolina Educational Credit for Exceptional Needs Children Fund is the sole organization distributing scholarship grants as defined under the terms of the Proviso. Activities of the Organization are limited to accepting contributions eligible for a tax credit under the terms of the Proviso and issuing scholarships to eligible children in accordance with the Proviso. The Organization shall be governed by five directors, two appointed by the Chairman of the House Ways and Means Committee, one of which is based upon the recommendation of the South Carolina Association of Christian Schools and one which is based upon the recommendation of the Diocese of Charleston, two appointed by the Chairman of the Senate Finance Committee based upon the recommendations of the South Carolina Independent Schools Association and one appointed by the Governor based upon the recommendation of the Palmetto Association of Independent Schools. The directors of the fund, along with the Director of the South Carolina Department of Revenue (the "Department"), shall designate an executive director of the fund. The Department may expend up to two percent of the fund for administration and related costs. For purposes of this calculation the "fund" is defined as the total contributions for the fiscal year, net of the returned payments, plus any investment income earned for that year. The Organization may not expend public funds to administer the program. The Organization engages in no other activities outside the purposes reasonably contemplated by the Proviso.

In an act dated and signed May 14, 2018, the Governor signed into permanent law by adding section 12-6-3790 to provide definitions and to create the ECENC which sets limits for tax credits available and the way the scholarships should be awarded.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Organization are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Management has determined that the modified cash basis of accounting is an acceptable basis for the presentation of the Organization's financial statements.

Basis of Presentation: The Organization classifies its resources for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

Net assets without donor restrictions: The portion of the net assets of the Organization that can be used subject only to the broad limits resulting from the nature of the Organization,

Appendix B

NOTES TO THE FINANCIAL STATEMENTS

SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued

The environment in which it operates, and the purposes specified in its bylaws. The Organization has the ability to choose when using these resources.

Net assets with donor restrictions: The portion of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources as the Organization has a fiduciary responsibility to the donors to follow their instructions.

Cash and Cash Equivalents: The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less, to be cash equivalents. The carrying value of cash approximates fair value because of the short maturities of these financial instruments.

Contributions: Contributions received are recorded as net assets with or without donor restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires or the purpose of the restriction is satisfied net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates: The preparation of the financial statements in conformity with accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant estimate in these financial statements is the functional allocation of expenses.

Functional Allocation of Expenses: Management estimates the Organization's indirect expenses on a functional basis. Management's estimates of other indirect costs are based on pro-rated percentages as determined by management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service.

Income Taxes: The Organization has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Organization has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are required.

Appendix B

NOTES TO THE FINANCIAL STATEMENTS

SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress.

Donor-Imposed Restrictions: The Organization limits any donor-imposed restrictions on contributions to those allowed by the Proviso so that the contribution will be eligible for a tax credit. In order for contributions to be eligible for a tax credit, the Proviso prohibits donors from designating a specific child or school as the beneficiary of the contribution. The Organization does not accept contributions designated for the benefit of a specific child or school.

Educational Credit for Exceptional Needs Children Program: The 2019-2020 South Carolina State Budget New law act 247 approved by the Governor, allows for the issuance of a total of \$12,000,000 in individual scholarship grants in an amount not exceeding \$11,000 (as may be adjusted) or the total cost of tuition (whichever is less). These funds may be used for tuition, transportation or textbook expenses for eligible "exceptional needs" children attending approved South Carolina independent schools. Before awarding any grant, the fund must receive written documentation from the qualifying student's parent or guardian documenting that the qualifying student is an exceptional needs child. Upon approving the application, the fund must issue a check to the eligible school in the name of the qualifying student within either thirty days upon approval of the application or thirty days of the start of the school's semester.

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

The Organization may not award grants solely for the benefit of one school. The Department may not release any personally identifiable information pertaining to students or donors or use information collected about donors, students, or schools for financial gain. The Department shall develop a process to prioritize the awarding of grants to eligible incumbent grant recipients at eligible schools.

The Provisos & Law also limit the Organization to administrative and related expenses of not more than 2% of the fund.

Appendix B

NOTES TO THE FINANCIAL STATEMENTS

SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Continued

New Accounting Pronouncements: The Agency is subject to the provisions of the Revenue From Contracts with Customers topic of the FASB ASU 2014-09. ASU 2014-09 amends the existing accounting standards for revenue recognition. The new standard provides guidance for (i) all revenue arising from contracts with customers and (ii) provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property, including real estate. The standard is effective for the year ended June 30, 2020; however, there is no effect on the financial statements as a result of the new pronouncement.

In August 2018, the FASB issued ASU 2018-08, Not-For-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides better guidance on determining whether a contribution is conditional. The standard is effective for the year ended June 30, 2020; however, there is no effect on the financial statements as a result of the new pronouncement.

Subsequent Events: Subsequent events have been evaluated through January 14, 2021, which represents the date the financial statements were available to be issued.

NOTE B -- CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances that at times, may exceed amounts insured. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000 for bank and certificate of deposit balances. The Organization believes it is not exposed to any significant credit risk on its cash balances. The bank balances consist of the following at June 30, 2020:

Cash and cash equivalents	
on deposit insured by the FDIC	\$ 152,175
	<u>\$ 152,176</u>

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NOTES TO THE FINANCIAL STATEMENTS

SOUTH CAROLINA EDUCATIONAL CREDIT FOR EXCEPTIONAL NEEDS CHILDREN FUND

NOTE C -- NET ASSETS WITH DONOR RESTRICTIONS

A summary of temporarily restricted net assets is as follows at June 30, 2020:

Restricted to scholarship grants for eligible "exceptional needs" children enrolled at approved South Carolina independent schools	\$ 303,952
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NOTE D -- LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table reflects the Organization's financial assets as of June 30, 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Organization has set aside the funds for a specific contingency reserve. Board designations could be drawn upon if the Board approves that action.

	<u>2020</u>
Financial assets:	
Cash and cash equivalents	\$ 152,176
Total Financial Assets	<u>152,176</u>
Less those unavailable for general expenditure within one year, due to:	
Funds with donor restrictions	<u>(303,952)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 151,776</u>

Appendix B

The SC Education Oversight Committee is an independent, non-partisan group made up of 18 educators, business persons, and elected leaders. Created in 1998, the committee is dedicated to reporting facts, measuring change, and promoting progress within South Carolina's education system.

ADDITIONAL INFORMATION

If you have questions, please contact the Education Oversight Committee (EOC) staff for additional information. The phone number is 803.734.6148. Also, please visit the EOC website at www.eoc.sc.gov for additional resources.

The Education Oversight Committee does not discriminate on the basis of race, color, national origin, religion, sex, or handicap in its practices relating to employment or establishment and administration of its programs and initiatives. Inquiries regarding employment, programs and initiatives of the Committee should be directed to the Executive Director 803.734.6148.