

EOC Budget and Proviso Recommendations (Adopted on December 15, 2014)

Section 59-6-10 of the Education Accountability Act requires the Education Oversight Committee (EOC) to "review and monitor the implementation and evaluation of the Education Accountability Act and Education Improvement Act programs and funding" and to "make programmatic and funding recommendations to the General Assembly."

To meet this statutory requirement, the EOC required each EIA-funded program or entity to submit a program and budget report. These reports were submitted to the EOC on or before October 3, 2014. One entity, the South Carolina Youth Challenge Academy failed to submit a report. The program received \$1.0 million in the prior and current fiscal years.

The EIA and Improvement Mechanisms Subcommittee met on three occasions in the fall of 2014. Below is a summary of the dates and committee meeting agendas:

- October 13 – Held public hearing for all entities funded by or requesting EIA revenues
- November 13 – Held additional public hearings
- November 17 – Met and adopted the following budget and proviso recommendations

On November 10, 2014 the Board of Economic Advisors (BEA) issued its preliminary outlook for the Fiscal Year 2015-16 General Fund and EIA revenue forecast. For the EIA the BEA identified additional one-time EIA revenues due to increased revenue collections in the current fiscal year and a \$29.2 million increase over the current year's EIA appropriation base. (Table 1)

**Table 1
EIA Revenue Projections of BEA**

| | |
|--|-----------------------------|
| Fiscal Year 2014-15 | |
| Revised EIA Projection (November 10, 2014) | \$652,447,574 |
| EIA Base Appropriation 2014-15 | <u>\$647,596,267</u> |
| Projected EIA Surplus | \$4,851,307 |
| Fiscal Year 2015-16 | |
| Preliminary Estimate (November 10, 2014) | \$676,755,500 |
| EIA Base Appropriation 2014-15 | <u>\$647,596,267</u> |
| Projected "New" EIA Revenue | \$29,159,233 |

The following recommendations are provided to the Governor and General Assembly for consideration for Fiscal Year 2015-16. The EOC recognizes that there are significant changes affecting South Carolina's public schools. The Governor and General Assembly in 2014 clearly reinforced the priorities of the state: (1) improving the teaching and learning of reading; (2) implementing college and career readiness standards and assessments; and (3) expanding technology and the delivery of education through technology in all public schools. In addition the EOC acknowledges that the South Carolina Department of Education will be led by a new

administration in January. Therefore, the recommendations, which appear below, are focused on: technology, early literacy, assessments, science and industry, and classroom support.

TECHNOLOGY

Recommendations:

1. Continue funding of technology to school districts at least at the current year's level of \$29,288,976 which was funded in FY2014-15 through lottery funds;
2. Increase by \$2,100,000 the EIA appropriation for K-12 Technology to reflect increases in bandwidth demand in public schools and county libraries.
3. The K-12 Technology Initiative Committee consider the viability of the state issuing state contracts for devices that districts, especially small districts, could use to purchase devices and digital instructional technology at a lower cost through such contracts;
4. Amend Proviso 1.65., regarding digital instructional materials, as recommended by the South Carolina Department of Education, to give districts greater flexibility in choosing digital and printed instructional materials.
5. Amend Proviso 117.27 and add a new proviso to direct the Department of Education to secure through the procurement process an online music curriculum at a cost not to exceed \$800,000. The amendment to Proviso 117.27 would eliminate the pilot project being implemented this school year. The EOC will report on the results of the pilot project in June of 2015.

Proviso 1.65. (SDE: Digital Instructional Materials) Beginning with the 2015-16 school year, funds for instructional materials (print and/or digital) will be based on student enrollment and instructional material need. Utilizing the funds appropriated for digital instructional materials, the Department of Education shall determine a per pupil amount using the prior year's 135 ADM. These funds shall be made available to all school districts using the following procedure:

~~(1) The Department of Education shall create an digital instructional materials list composed of those items (print and/or digital) which have been requested by districts and that have received State Board of Education approval through the normal adoption process. The Department of Education will continue to work with the publishers of instructional materials to ensure that districts who wish to receive both the digital version and classroom sets of textbooks may be awarded that option.~~

~~—(2) Districts may request that the State Board of Education review digital instructional materials for inclusion on the list when the material has been reviewed by the district, received approval by the local board of trustees for use in its district and been found to reflect the substance and level of performance outlined in the state adopted grade specific educational standards, contain current content information, and are cost effective;~~

~~—(3) Within thirty days of receiving the request, the State Board of Education must approve or disapprove the district's request. Those materials receiving approval shall be placed on the department's approved digital instructional materials list. Once items are placed on the approved list, all districts may choose items from that list;~~

~~—(4) On a form provided by the department, a district may request an allocation by denoting the number of students, grade level, and subject for which the digital materials will be used. Districts may only request digital materials in one subject area and may not receive textbooks for the students using digital materials in that subject area; and~~

~~—(5) Digital Instructional Materials shall include the digital equivalent of materials and devices. District requests must be submitted to the State Board of Education for consideration not later than August fifteenth of the current fiscal year. Any funds appropriated for digital instructional materials which have not been encumbered by January fifteenth, shall be distributed to school districts which have not previously received an allocation. These districts shall receive a per~~

~~pupil allocation which must be used for technology infrastructure needed to prepare the district for using digital instructional materials. These funds shall not be subject to flexibility.~~

Funds appropriated for the purchase of textbooks and other instructional materials may be used for reimbursing school districts to offset the costs of refurbishing science kits on the state-adopted textbook inventory, purchasing new kits from the central textbook depository, or a combination of refurbishment and purchase. The refurbishing cost of kits may not exceed the cost of the state-adopted refurbishing kits plus a reasonable amount for shipping and handling. Costs for staff development, personnel costs, equipment, or other costs associated with refurbishing kits on state inventory are not allowable costs. Funds provided for Instructional Materials may be carried forward into the current fiscal year to be expended for the same purposes by the department, school districts, and special schools.

Additional Explanation

Proviso 3.5 of the 2014-15 General Appropriation Act allocated \$29,288,976 in net lottery proceeds and investment earnings for technology. In addition the proviso established technology goals for the state:

- (1) To improve external connections to schools, with a goal of reaching at least 100 kilobits per second, per student in each school by 2017;*
- (2) To improve internal connections within schools, with a goal of reaching at least 1 megabit per second, per student in each school by 2017; or*
- (3) To develop or expand one-to-one computing initiatives.*

If a school district has already achieved these goals, it may submit a plan to the K-12 Technology Initiative Committee “for permission to expend its allocation on other technology-related uses; such permission shall not be unreasonably withheld and the K-12 Technology Committee must permit districts to appeal any process should a district not receive approval and must provide technical assistance to districts in developing plans should the district request such.”

How will the K-12 Technology Committee know which districts have met the state goals? School districts are required to complete a detailed technology survey on or before October 31, 2014. The survey will determine the external and internal connections and one-to-one computing status of the school and districts as of June 30, 2014. Then annually, districts will complete a similar report. Districts will not receive their allocation for technology funds until the survey is completed. Furthermore, the proviso states these funds “may not be used to **supplant** existing school district expenditures on technology.”

E-rate Program and Connectivity

The South Carolina K-12 School Technology Initiative was established by the State Legislature through a Proviso in 1996. This initiative was undertaken based on the vision of expanding educational technology across all public schools statewide. It embodies a proactive approach by the General Assembly to address challenges related to technology infrastructure, connectivity and education in schools throughout the state. In 1997, this initiative first received state funding to support technology implementation for public school districts. As a result of this funding, the state’s public K-12 Schools Network was created.

When the Federal E-rate program was established, South Carolina took the opportunity to increment funding to further benefit the education system through access to a variety of legacy and emerging technologies. The first funding commitment provided by the E-rate program in

1998 proved transformational for education technology in public schools and libraries across South Carolina. The public library systems were added to the state public K-12 Schools Network. This marked a major milestone in preparing the state's K-12 students and teachers for the for 21st Century technologies. The state was recognized nationally as being one of the first to provide Internet and network connectivity to all of its K-12 schools and public libraries. The administrative functions of this state public K-12 Schools & Libraries Network are performed by K-12 School Technology Initiative Committee partner the Budget & Control Board Division of Technology Office (DTO). These functions include program management, contract procurement, network administration, and vendor payments for broadband services provided.

SC K12 School Technology and State E-Rate Program:

<https://sck12techinit.sc.gov/node>

SC K12 School Technology Progress Report 2012-13:

<https://sck12techinit.sc.gov/sites/default/files/2012-13ProgressReportFinal012714.pdf>

Today the support provided by the E-rate program and the General Assembly is being utilized by the state's K-12 School Technology Initiative to acquire and manage broadband services to public libraries and public schools. The provision of these resources, supported by a robust WAN/LAN backbone and broadband Internet connectivity, is a major element in addressing the digital divide and discontinuities in "brick and mortar" educational resources based on geographical and socio-economic factors.

The Division of State Information Technology pays 100% of expenses associated with the state's public K-12 Schools and Libraries Network and associated K-12 School Technology Initiative designated projects. This includes network connectivity vendor cost, K-12 & E-Rate management cost, Training, K-12 Security, Direct fiber and Entrance facilities deployment cost. Eligible E-Rate expenses are filed for reimbursement to the FCC's program administrator Universal Service Administrative Company (USAC) to acquired approved E-Rate discounts. Ineligible E-Rate reimbursable expense and state matching dollars are provided by the state via state direct appropriation "School Technology Initiative" for which the K-12 School Technology Initiative committee disperses.

The demand for additional broadband resources has more than tripled over the past three years. The state continues to negotiate state master contracts to keep down the cost for these services. This demand is forecasted to continue to increase as schools and libraries try to prepare for new online assessments, 1-to1 initiatives, Bring Your Own Device (BYOD) and other education technologies. The more broadband resources provided in an effort to attempt to meet the objectives of closing the digital divide and adopt 21st Century technologies in schools across the state; the more funding is required to support the additional expenses incurred.

Source: South Carolina E-Rate Program and Budget Request to Governor Haley

New 1.____ or New 1A.____ (SCDE: Instructional Materials) With the funds appropriated for instructional materials, the Department of Education shall work with the Information and Technology Management Office to issue a Request for Proposals (RFP). The purpose of the RFP shall be to seek proposals from qualified private providers to provide interactive online music program that provides lesson plans, songs, videos, music lessons, on-line virtual world, auto-assessments, and access site license to all elementary schools at an annual cost not to exceed \$800,000 and that connects the learning of music with other content areas including reading, mathematics, science and history. The chosen program shall meet state and national standards and include appropriate teacher training.

Proviso 117.27. (GP: School Technology Initiative) From the funds appropriated/authorized for the K-12 technology initiative, the Department of Education, in consultation with the Department of Administration, the State Library, the Educational Television Commission, and a representative from the Education Oversight Committee, shall administer the K-12 technology initiative funds. These funds are intended to provide technology, encourage effective use of technology in K-12 public schools throughout the state, conduct cost/benefit analyses of the various technologies, and should, to the maximum extent possible, involve public-private sector collaborative efforts. Funds may also be used to establish pilot projects for new technologies ~~including interactive online music curriculum that provides lesson plans, songs, videos music lessons, on-line virtual world, auto-assessments, and access site license to all elementary schools at a cost not to exceed \$545,000 and that connects the learning of music with other content areas including reading, mathematics, science and history~~ with selected school districts as part of the evaluation process. K-12 technology initiative funds shall be retained and carried forward to be used for the same purpose.

EARLY LITERACY

1. Increase the EIA appropriation for the full-day 4K program by \$4.2 million because four additional school districts (Anderson 2, Anderson 5, Greenwood 52 and Kershaw) now have a district poverty index in excess of 70%. In the current fiscal year the General Assembly funded districts with a poverty index of 70% or greater to participate in the full-day 4K program for at-risk students.
2. Delete Provisos 1.66. and 1A.30. regarding the Child Development Education Pilot Program since Act 284 has been enacted, codifying the program. This is also a recommendation of the Department of Education. In turn, the General Assembly must decide if the EOC is to continue annual evaluations of the full-day four-year-old kindergarten program which is currently funded at \$300,000.
3. Appropriate non-recurring EIA funds of \$500,000 to Reach Out and Read, an evidence-based early literacy program that partners with pediatricians and primary care givers to impact children from 6 months of age through age 5 and their families. The trained primary care providers during an exam of the child guide parents in reading out loud to their child and provides a new, developmentally and culturally-appropriate book to the child to take home and keep. The office also contains support and resources for the families. Currently, 115,000 preschool-age children are served in South Carolina.
4. Amend Proviso 1A.76. regarding the readiness assessment. The EOC will make recommendations on the specific domains for a 4K and 5K assessment in June of 2015
5. per Act 287 of 2014. However, procuring an assessment or assessments would not be finalized and able to be implemented before school year 2016-17.

Proviso 1A.67. (SDE-EIA: Prekindergarten and Kindergarten Assessments) For the current fiscal year, all students entering a publicly funded prekindergarten or public kindergarten must be administered a readiness assessment that shall focus on early language and literacy development no later than the forty fifth day of the school year. ~~The readiness assessment must be approved by the State Board of Education. The approved readiness assessment must be aligned with kindergarten and first grade standards for English/language arts and mathematics.—The readiness assessment that was administered in the prior fiscal year to determine early language and literacy development must be administered in the current fiscal year. The Department of Education will provide the results of the assessment to the Education Oversight Committee by January 15 of the fiscal year. The Education Oversight Committee will in turn evaluate and report on the results of the assessment to the General Assembly. The results of the assessment and the developmental intervention strategies recommended or~~

services needed to address the child's identified needs must be provided, in writing, to the parent or guardian. The readiness assessment may not be used to deny a student admission or to progress to kindergarten or first grade.

~~The Education Oversight Committee shall recommend the characteristics of the readiness assessment for children in prekindergarten and kindergarten, focused on early language and literacy development, to the State Board of Education no later than July thirtieth. Prior to submitting the recommendation to the State Board, the Education Oversight Committee shall seek input from the South Carolina First Steps to School Readiness Board of Trustees and other early childhood advocates. The State Board must move expeditiously to approve or modify the criteria submitted by the committee. Once approved, with the assistance of the Education Oversight Committee, the board shall develop a solicitation to be used in procuring the assessment. The solicitation must be forwarded to the Executive Director of the State Fiscal Accountability Authority who must immediately move to procure the readiness assessment in order to meet the forty-five day requirement. The Executive Director is authorized to make changes to the solicitation with the consent of the Chairman of the State Board of Education and the Chairman of the Education Oversight Committee. The Department of Education must bear the costs of the procurement.~~

ASSESSMENTS

1. Delete Proviso 1A.58., which allows districts the option of using a specific reading program. With passage of Read to Succeed, the Department of Education will need to procure a progress monitoring system for school districts to use. (Deletion of the proviso is also a recommendation of the South Carolina Department of Education.)
2. Increase EIA funding for assessment by \$4,220,000 to recognize any increased cost of providing WorkKeys® to every 11th graders as required by Act 155 of 2014 and the pending contract with ACT Aspire® and ACT® pursuant to Act 200 of 2014.

| | |
|---------------------------------------|-----------------------|
| Cost of WorkKeys | \$ 1,500,000 |
| ACT/ACT Aspire | \$10,500,000 |
| Savings from PASS ELA & Math and HSAP | <u>(\$ 7,780,000)</u> |
| Difference | \$ 4,220,000 |

SCIENCE AND INDUSTRY

1. Increase EIA appropriation for Career and Technology Equipment of \$2.1 million as requested by the South Carolina Department of Education to prepare students for careers by having access to equipment that is mandated by business and industry.
2. Increase funding for Science PLUS of \$60,119 to expand professional development opportunities for science teachers. Student achievement on PASS science in 2014 documented declines across all grades in the percentage of students meeting or exceeding state standards in science in grades 3 through 8.

CLASSROOM SUPPORT

1. Increase appropriation for teacher supplies by \$1,254,900 so that teachers would receive \$300 for cost of supplies. The South Carolina Department of Education projects that there are 49,503 teachers eligible to receive the reimbursement for supplies.
2. Allocate the balance of EIA funds (both recurring and non-recurring) for print and digital instructional materials. The total increase is approximately \$20 million.

Summary of EIA Line-Item Recommendations

| EIA Budget Recommendations | Recurring EIA Base | EOC Recommendations |
|---|-------------------------------|--------------------------------|
| | 2014-15 | 2015-16 |
| EIA Recurring Base Appropriation | \$534,133,953 | |
| | | |
| Technology | | |
| K-12 Technology Initiative | \$10,171,826 | \$2,100,000 |
| | | |
| Early Literacy | | |
| Full-Day 4K (SCDE) | \$34,324,437 | \$4,100,000 |
| | | |
| Assessment | \$27,261,400 | \$4,200,000 |
| | | |
| Science and Industry | | |
| Modernize Vocational Equipment | \$6,682,406 | \$2,000,000 |
| Science PLUS | \$503,406 | \$60,119 |
| | | |
| Classroom Support | | |
| Teacher Supplies | \$13,596,000 | \$1,254,900 |
| Instructional Materials | \$20,922,839 | \$15,444,214 |
| | | |
| TOTAL: | \$647,596,267 | \$29,159,233 |
| | | |
| EIA Non-Recurring | | |
| Instructional Materials | | \$4,351,307 |
| Reach Out and Read | | <u>\$500,000</u> |
| Total Non-Recurring: | | \$4,851,307 |