Statutory Authority:

Proviso 1A.43. of the 2017-18 General Appropriation Act requires the Education Oversight Committee (EOC) and the South Carolina Department of Education (SCDE) to recommend by January 15, 2018 to the Senate Finance Committee and to House Ways and Means Committee "a plan to develop and implement a strategic grants process for reviewing, awarding, and monitoring innovative education strategies in schools and districts. The plan would identify the process and priority areas for funding that address the educational needs of the state." Provisos 1A.43. and 1A.50. of the 2017-18 General Appropriation Act currently allocates $6.3 million to the EOC for Partnerships for Innovation to "participate in public-private partnerships to promote innovative ways to transform the assessment of public education in South Carolina that support increased student achievement in reading and college and career readiness." (Appendix A)

The following analysis includes:

1. An historical perspective on innovation grants programs implemented in South Carolina;
2. Other states' innovation grants programs for education, their objectives, implementation, and outcomes; and
3. Staff recommendations for the EIA and Improvement Mechanisms Subcommittee to review, amend, and eventually recommend to the full EOC for consideration at its December 11, 2017 meeting that comply with Proviso 1A.43.

History of Innovation Grants Programs in South Carolina

The following is a history of initiatives implemented in South Carolina over the past twenty years that have addressed innovation.

Local School Innovation Funds
Between Fiscal Years 1996-97 and 2004-05, the General Assembly appropriated recurring Education Improvement Act (EIA) revenues to school districts for **Local School Innovation Funds**. By proviso, these funds were allocated to school districts based equally on each district's average daily membership and on the district's EFA allocation. School districts were required to expend the funds at the school level based on each school's long-range school improvement plans pursuant to Act 135 of 1993. In Fiscal Year 2004-15 the General Assembly began to phase out funding for this initiative. In Fiscal Year 2005-06 the line item appropriation was eliminated. The legislature reallocated these EIA revenues funds to: specific initiatives including Alternative Schools; Middle School initiative, High Schools that Work, and Young Adult Education. The EOC staff researched, but could not locate any internal or external evaluation of the impact of the Local School Innovation Funds program. Table 1 documents the total appropriations for this EIA program over time.

Table 1
Recurring EIA Revenues for
Local School Innovation Funds

Fiscal Year	EIA Appropriation
1996-97	$22,000,000
1997-98	$22,000,000
1998-99	$22,000,000
1999-00	$22,000,000
2000-01	$22,000,000
2001-02	$22,000,000
2002-03	$20,888,245
2003-04	$20,888,245
2004-05	$9,970,064

Source: Budget Bills as documented on http://www.scstatehouse.gov/

Public Choice Innovation Schools
In Fiscal Year 2007-08, at the recommendation of the EOC, the General Assembly appropriated $2,560,000 in recurring EIA revenues for **Public Choice Innovation Schools**. As stipulated in Proviso 1A.69. of the 2007-08 General Appropriation Act, the focus of the program was to incentivize the creation of public choice innovation schools as alternatives for students attending schools rated Unsatisfactory or Below Average. The State Board of Education was responsible for establishing the program. The EOC was responsible for conducting or contracting for a longitudinal evaluation of the Public Choice Innovation Schools program. (Appendix B) As a requirement of the evaluation, the EOC was to include a value-added component to compare student performance in the Innovation Schools with traditional public schools and public charter schools. Grants were made to school districts in Fiscal Year 2007-08; however, due to the impact of the Great Recession, funding for the Public Choice Innovation Schools program was eliminated in Fiscal Year 2008-09. The one-year program was never reinstated.

Partnerships for Innovation
In Fiscal Year 2013-14 at the request of the EOC, the General Assembly granted the EOC the authority to allocate existing appropriations to the agency "to participate in public-private partnerships to promote innovative ways to transform the assessment of public education in South Carolina that support increased student achievement in reading and college and career readiness." The goal was focused on finding innovative measures of student academic success beyond traditional end-of-year summative assessments. The initiative was referred to as **Partnerships for Innovation**.

Since Fiscal Year 2013-14, the General Assembly has expanded the function of this proviso beyond assessment and has increased funding. Most recently, the legislature charged the EOC with implementing innovative partnerships to initiate pilot programs that focus on: (1) improving digital literacy skills; (2) increasing the level of educational quality and support for military-connected children and their families; (3) expanding STEM centers in middle schools; and (4) piloting statewide a program to provide additional

support to students and teachers who are enrolled in or teaching algebra. Table 2 documents funding for this initiative over time.

Table 2
Non-Recurring EIA Revenues for
Partnerships for Innovation

Fiscal Year	Allocation
2013-14	$0
2014-15	$0
2015-16	$900,000
2016-17	$3,200,000
2017-18	$6,281,500

South Carolina Community Block Grants for Education Pilot Program
In Fiscal Year 2014-15 the General Assembly created by proviso, Proviso 1.94., the **South Carolina Community Block Grants for Education Pilot Program**. (Appendix C) The proviso states that "the purpose of this matching grants program is to encourage and sustain partnerships between a community and its local public school district or school for the implementation of innovative, state-of-the-art education initiatives and models to improve student learning. The initiatives and models funded by the grant must be well designed, based on strong evidence of effectiveness, and have a history of improved student performance." In Fiscal Year 2015-16 and thereafter the program was amended to focus on grants to improve the quality of full-day 4K programs. While the EOC is charged with implementing and evaluating the program, the actual grants are reviewed and awarded by an independent, non-partisan board comprised of three members from the education community and four members from the business community, appointed by the Executive Director of the EOC. Evaluations of the 2014-15 and 2015-16 Community Block Grants awardees are available on the EOC's website. Monies are allocated to the EOC from the Office of First Steps to School Readiness from unexpended full-day 4K monies.

Table 3
Community Block Grants for Innovation Pilot Program

Fiscal Year	Allocation	Number and Amount of Grant Applications	Number and Amount of Grants Awarded
2014-15	$1,000,000	37 applications totaling $7.9 million	5 grants awarded totaling $1.0 million
2015-16	$2,000,000	17 applications totaling $3.6 million	7 grants awarded totaling $1.6 million
2016-17	$1,000,000	20 applications totaling $3.7 million	8 grants awarded totaling $979,000
2017-18	$1,000,000	11 applications totaling $1.9 million	*To Be Determined*

Other States' Innovation Programs

The EOC staff found at least four states – Georgia, Nebraska, North Carolina and Ohio -- that have implemented either a competitive grants program designed to promote innovation in public education or who have promoted innovation in education. Below is a summary of the key components and strategies used in these states.

Georgia

In 2010 Georgia received from the United States Department of Education a Race to the Top grant of $400 million. From this grant, the state created the Innovation Fund, a $19.4 million competitive grants program administered by the Governor's Office of Student Achievement (GOSA).[1] Initially, the purpose of the Innovation Fund was to spur unique partnerships across education entities to achieve four objectives:

• Raise student achievement by developing and delivering applied learning opportunities and experiences, especially in STEM fields;
• Improve teacher and leader effectiveness by supporting innovative teacher and leader induction programs;
• Increase the pipeline of effective educators by developing local capacity through Grow Your Own Teacher programs; and
• Develop or expand charter schools that have special characteristics and that leverage nontraditional partnerships.

The original Innovation Fund provided 23 grants. GOSA produced a report identifying the "promising practices" that emerged from these 23 grants, notably:

(1) KIPP Teachers Fellow Program,
(2) UGA/GAEL Early Career Principal Residency Program,
(3) Morehouse College Student Applied Learning, New Teacher Induction and Staff Leadership Program,
(4) Gwinnett STEM Targeted Educational Program (STEP) Academy, and
(5) Tift County Mechatronics Partnership.[2]

When the Race to the Top grant ended, Georgia Governor Nathan Deal and the legislature created a state Innovation Fund to continue the state's investment in "revolutionizing education." The Innovation Fund "strives to dramatically advance student achievement in Georgia by investing in "school districts charter schools, and traditional

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[1] *Georgia's Innovation Fund: Profiles of Innovation Fund Grantees*. Office of Student Achievement.
https://gosa.georgia.gov/sites/gosa.georgia.gov/files/GOSA Innovation Fund Profiles Final Electronic.pdf.
[2] Ibid.

public schools committed to planning, implementing and scaling programs that take a radical approach to education." [3]

Based upon information provided in the annual reports on the Innovation Fund as published by GOSA and provided to the EOC staff by GOSA staff, the following Innovation Fund grants were awarded in FY15 through FY17. Initially, Innovation Funds were awarded for Planning, Implementation and Scaling Grants. A Planning Grant, initially $10,000 or less, is to be used for planning for future implementation of an initiative. An Implementation Grant is a two-year grant of between $200,000 and $700,000 to implement the initiative. Finally, a Scaling Grant is also a two-year grant of between $200,000 to $700,000 to expand an initiative that has already been implemented and determine to be a promising practice.

Innovation Fund Grant Award Winners

Fiscal Year	Number of Applications and Amount	Award Winners	Total Amount Grants
15	63 applications totaling $33.6 million	10 Planning Grants	$100,000.00
		4 Implementation Grants	$3,981,655.64
		5 Scaling Grants	$995,833.00
			$5,077,488.64
16	57 applications totaling $24.8 million	6 Planning Grants	$59,981.00
		4 Implementation Grants	$2,721,655.00
		2 Scaling Grants	$1,400,000.00
			$4,181,636.00
17	80 applications totaling $28.7 million	12 Planning Grants	$104,308.52
		2 Implementation	$1,263,851.67
		4 Scaling Grants	$2,282,073.25
			$3,650,233.44

FY17 was the last year that GOSA offered Innovation Fund Planning Grants. In lieu of planning grants, GOSA now offers schools and districts the opportunity to apply to participate in the Innovation Fund Accelerator. The Accelerator is a series of GOSA-facilitated workshops designed to build the capacity of schools and districts to develop and pilot truly innovative programs that target the root cause(s) of challenging and

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[3] *2016 Innovation Fund Annual Report.* Governor's Office of Student Achievement. December 2016. https://gosa.georgia.gov/sites/gosa.georgia.gov/files/2016%20Innovation%20Fund%20Annual%20Report. pdf.

complex problems. Accelerator participants receive a $10,000 grant and the opportunity to apply for up to $45,000 in pilot funding after successful completion of the Accelerator.[4]

In November of 2016 Governor Deal created another grants program, Tiny Grants, also supported by appropriations to the Innovation Fund. In the current fiscal year, Tiny Grants range from $1,000 to $7,000 to support an innovative project that deeply engages students. Tiny Grants are available to traditional public schools, charter schools, and school districts and must align with one of the following priority areas:

- Applied Learning with a Focus on STEAM education;
- Development and Replication of Blended Learning School Models; or
- Birth to Age Eight Language and Literacy Development.

Finally, GOSA allocates appropriations to the Innovation Fund for the Innovation in Teaching Competition, which promotes excellence in the classroom by: (a) recognizing and rewarding Georgia's most effective educators, and (b) making examples of their practices available to Georgia's teachers and leaders online. This year's competition will focus on teachers that excel in one of the following priority areas:

- Blended Learning and Personalized Learning;
- Innovative Practice to Close the Achievement Gap;
- Language and Literacy; or
- STEAM Applied Learning.

It should be noted that GOSA also manages other grant programs outside of the Innovation Fund which are funded in the annual budget process and prioritized by the Governor and legislature. For example, in the current fiscal year there is a grants program entitled *Connections for Classrooms Round 5.* The goal of this grant is to enable eligible districts and schools to upgrade their digital networks or, if additional network upgrades are not needed in the next two years, purchase additional digital devices. Rural, high-need districts, state charter schools, state special schools, and locally authorized charter schools are eligible. In FY18 GOSA will also allocate a portion of the Innovation Fund along with other appropriated funds to provide one AP exam for every student taking an AP STEM course.

In addition to managing the Innovation Fund and other grants programs, GOSA provides technical assistance to schools and districts who are interested in applying for the grants. A staff of two full-time employees are dedicated to the Innovation Fund as well as a Director that devotes one-third of her time to the Innovation Fund. In FY 18 GOSA added another full-time staff member to manage grants with 30 percent of her time dedicated to managing the Tiny Grants Program, which has grown in number. GOSA also added a

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[4]https://gosa.georgia.gov/sites/gosa.georgia.gov/files/FY18%20Innovation%20Fund%20Accelerator%20Grant%20Guidelines_FINAL.pdf

staff attorney who works about 75 percent of the time on managing contracts for the Innovation Fund and other grant programs.

How does the Georgia fund the Innovation Fund?
Initially, the Innovation Fund was funded entirely by recurring general fund appropriations. In FY 15 the Georgia legislature appropriated $5.0 million in recurring general funds to GOSA. That line item appropriation has increased over time to approximately $6.3 million. In FY 2016, the Innovation Fund received tax-exempt status from the IRS, allowing the Innovation Fund Foundation, Inc., to seek donations from business and foundations. (Appendix D)

Who can apply for grants?
It depends upon which grant or initiative but due to the various grants available, a classroom teacher, administrator, school, or school district may apply.

How are grants awarded?
GOSA manages the grants process and awards the grants. A team of reviewers including GOSA and former Georgie Department of Education staff, area experts and education nonprofit leaders score each proposal against a rubric. Two reviewers score each grant proposal. The average of these two scores served as the applicant's final score. In the event of a large discrepancy between the two reviewers' scores, a third reviewer scores the application and then drops the outlier score. Top-scoring applicants then are interviewed. Final recommendations are made pursuant to the written application and interview. The names of the schools and districts are not removed. However, the reviewers must complete a conflict of interest form for each grant application they score.

What are the grant amounts?
The maximum grant awards are flexible depending upon the specific grant application and the available annual budget appropriation. The legislature and Governor also fund other grant programs through GOSA and direct the creation of these grant programs and their focus.

What are the objectives of the grant?
The overall objective of the Innovation Fund is to dramatically advance student achievement in Georgia by investing in "school districts charter schools, and traditional public schools committed to planning, implementing and scaling programs that take a radical approach to education. The grants are to "support the development, expansion and investment in innovative best practices that improve student achievement."

What are the outcomes?
GOSA releases annual reports that are available online.[5] Each grantee is responsible for contracting with an external evaluator to measure the effectiveness of their grant program. Grantees submit bi-annual reports documenting the findings.

Nebraska

In August 2015 the Nebraska legislature created the Innovation Grant Program, a competitive grants program. Beginning July 1, 2016, the Improvement Fund received 44.5% of the State Lottery Operation Trust Fund. Over the next three years, available funding is projected to be $7.8 million.[6]

How does Nebraska fund the Innovation Grant Program?
Nebraska uses proceeds from the state lottery.

Who can apply for grants?
Only school districts may apply for the grants; however, a statewide coalition of districts, community partners and key education and community stakeholders may apply.

How are grants awarded?
The Nebraska State Board of Education establishes the program by awarding funds to "projects deemed sufficiently innovative, with a high chance of success and statewide significant." Projects must have the potential to be both replicable and scalable, with priority considering given to those grants that:

- Serve high needs students;
- Serve student attending "Needs Improvement" schools;
- Focus on the tenets of the state's accountability system; or
- Leverage technology to support instructional practice and professional development.

Districts whose application is approved are not awarded the grant monies upfront but instead are reimbursed for expenses by the Nebraska Department of Education who administers the reimbursements.

What are the grant amounts?
In February of 2017 the State Board of Education awarded five grants totaling $4.7 million. The grants ranged in size from $107,089 to $1,640,839.

What are the objectives of the grant?

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[5] https://gosa.georgia.gov/innovation-fund-outcomes

[6] https://www.education.ne.gov/pmo/innovation-grant/

The grants are to "support the development, expansion and investment in innovative best practices that improve:

- Education outcomes for early childhood, elementary, idle school or high school students;
- Transitions between any successive states of education; or
- Transitions between education and the workforce.

How does the state measure the impact of the grants?
By December 1, 2017 and annually thereafter, the State Board of Education must submit an Innovation Grant Program Annual Report to the legislature.

Grantees are also required to conduct an independent evaluation of the grant. Grantees must also submit a Summative Evaluation of Progress Report to the State Board and Education Committee by July 1, 2019. Based on the report, the State Board will identify projects that represent:

- A best practice;
- A model for a State-supported program; or
- A local issue or promising practice for further study.

North Carolina

North Carolina incorporates a different approach for promoting innovation in education. The North Carolina General Assembly uses the expertise of the Friday Institute for Educational Innovation at North Carolina State University to advance educational innovations. "The mission of the Friday Institute is to

advance education through innovation in teaching, learning, and leadership. Bringing together educational professionals, researchers, policy-makers, and other community members, the Friday Institute is a center for fostering collaborations to improve education. We conduct research, develop educational resources, provide professional development programs for educators, advocate to improve teaching and learning, and help inform policy-making.[7]

The Institute is a non-partisan organization focused assisting policymakers with making good decisions with data to improve educational opportunities and services.

Over time the role and services provided by the Friday Institute have expanded. First, the Institute was the external evaluator for North Carolina's Race to the Top Initiative. Then due to the expertise of staff at the Institute and at North Carolina State University, the Institute spearheaded the design and implementation of the state's digital learning plan which leveraged $14 to $15 million in state funds for $80 million in federal E-rate dollars to improve the internal infrastructure of public schools. Currently, the Institute focuses on the following areas of work, which have been identified and funded by the North Carolina

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[7] http://www.fi.ncsu.edu/

General Assembly: (1) piloting innovations in teaching and learning; (2) providing professional development opportunities to educators; (3) evaluating programs and policies; and (4) designing and testing technology infrastructure.

Innovations in Teaching and Learning – The Friday Institute develops and shares innovative ways of teaching and learning that are made possible by multi-media and networked technologies. These approaches increase access to educational opportunities and resources, especially for students and teachers in rural areas.

Education Workforce Development - Prepared teachers and administrators are key to successful education. Our focus on professional development provides educational leaders at the state, district, and school levels with the skills necessary for planning and implementing innovative educational programs. These programs enable teachers to use the latest tools and resources to teach 21st century content skills. The Friday Institute provides professional development opportunities that combine face-to-face and online activities, giving the participants opportunities to experience educational uses of technology to support their own learning.

Evaluation and Policy Analyses - Local, state and federal policies guide schools to become more effective at preparing students. Our Evaluation Team conducts research and evaluation studies of innovations in K-12 schools and districts in North Carolina. We work collaboratively with implementers and other partners to ensure that findings from our studies are used to improve programs and inform policy. Examples of prior evaluations include: Golden Leaf STEM Evaluation; Evaluation of Race to the Top, Digital Learning Plan, and Evaluation of the Future Ready Schools Initiative.

Technology to Enhance K-12 Education – The Friday Institute designs and tests new approaches to provide state-of-the-art technology infrastructure that empowers teaching, learning, and management in K-12 schools. This work combines knowledge of the latest techniques for providing leading-edge, cost-effective, reliable technologies with a deep understanding of the needs of K-12 schools in rural, suburban and urban areas.

For example, in reviewing the Friday Institute's October and November calendars for 2017, the Friday Institute offers support and evaluation to districts and schools on a myriad of issues related to the above four areas, including:

- o Coding, working in collaboration with Code.org;
- o Transforming Principal Preparation
- o Evaluations of STEM initiatives; and
- o North Carolina New Teacher Support Program.

The Institute receives a minimal state appropriation for basic operational costs with the majority of its funding from contracts or grants from the Department of Public Instruction. The legislature may be diverted from existing state appropriations to complete the work.

The Institute also secures funds through contracts or grants from the Department of Public Instruction.

Ohio

An initiative of Governor Kasich, the *Straight A Fund* operated for four years in Ohio, promoting innovation in public education. Innovation was defined as

> an applied vision for the future that does not shy away from disrupting current educational practices in order to achieve the most prized result, a stimulating and effective educational system for all our children.[8]

The following table documents the total amount of state appropriations for the program as well as applications and grants awarded over the past four fiscal years. Districts must be financially able to maintain the projects over five years, either though program cost efficiency or by eliminating other, unneeded, or unsuccessful programs or processes.

Straight A Fund

Fiscal Year	Appropriated	Applications	Grants Awarded
14	$100 million	570 applications totaling $760 million	**Round 1** 24 grants of $88.6 million ($11.4 million set aside for transportation & local initiatives)
15	$150 million	339 applications totaling $233 million	**Round 2** 37 grants of $144.6 million ($5.4 million set aside for transportation and local initiatives)
16	$15 million	323 applications totaling $101 million	**Round 3** 20 grants of $14.6 million
17	$15 million		

Source: http://education.ohio.gov/Topics/Straight-A-Fund

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[8] Innovation Through Education – 2015 Annual Report. Ohio Department of Education.. http://education.ohio.gov/getattachment/Topics/Straight-A-Fund/StraightA_Annual_Report_2015.pdf.aspx

How did Ohio fund the Straight A Fund?
Ohio appropriated general fund revenues to the initiative.

Who could apply for grants?
- School districts;
- Individual school buildings;
- Educational service centers;
- Community schools;
- STEM schools;
- College-preparatory boarding schools;
- Education consortia (a partnership among, city, local, exempted village, school buildings, community schools, or STEM schools);
- Institutions of higher education; and
- Private entities partnering with one or more of the entities above.

How were the grants awarded?

A nine-member Governing Board oversaw the grants process. The Board consisted of the superintendent of public instruction, four members appointed by the Governor, two members appointed by the Speaker of the House of Representatives, and two members appointed by the President of the Senate.

Three scorers independently reviewed each grant proposal to determine if it met financial and programmatic sustainability. Once reviewers determined the grant proposal was sustainable, four additional scorers independently evaluated the merits of the grant. The screeners used criteria established by the Department of Administrative Services. These criteria determined potential conflicts of interest. Reviewers also received extensive training on how to evaluate the proposals. Then, an additional group of 30 grant advisors reviewed and recommended the top applicants. These evaluators compared the expected cost savings to the cost of sustaining the grant over five years.

Then the proposals are ranked in order with districts' names removed – for final consideration by the Governing Board. As required by State law, the board's selections then go to the Ohio Controlling Board for final approval.

What were the grant amounts?

Initially the maximum grant was $5 million per applicant; however, the General Assembly reduced the maximum amount to $1.0 Maximum grants for consortium totaled $15 million.

What were the objectives of the grant?

Grants had to be used to achieve one or more of the following goals:
1. Increased student achievement;
2. A spending reduction in the five-year forecast or positive performance on other fiscal measures established by the Straight A Fund Governing Board;
3. Greater share of resources directed into the classroom; and/or

4. Use of a shared services delivery model that demonstrates increased efficiency and effectiveness, long-term sustainability and scalability.

How did the state measure the impact of the grants?
Annually, the Governing Board submitted a report on the Straight A Fund to the General Assembly, to teachers, students and parents. The Ohio Department of Education determined whether school districts were maintaining the projects over five years, either though program cost efficiencies or by eliminating other, unneeded or unsuccessful programs or processes. The Ohio Department of Education also was required to track the direct academic impact of each project. The *Straight A Fund also* gathered information about how the projects stimulated further changes within schools and communities.

What were the lessons learned?
The Ohio General Assembly discontinued funding for the program in June of 2017. John Mullaney, Executive Director of the Nord Family Foundation in Ohio and Aaron Churchill of the Thomas B. Fordham Institute argue that the program should be continued but with the following modifications:

1. Focus less on cost efficiencies and focus more on promising education initiatives;
2. Reduce the grant amounts to be more reasonable;
3. Include site visits in the grant-making process; and
4. Set aside funds to evaluate success and do so in a rigorous and transparent manner. Needed is a rigorous empirical analysis to determine whether there is clear evidence that the program met its goals.[9]

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[9] Mullaney, John and Churchill, Aaron. Fixing Ohio's Promising but Now-Defunct School Innovation Fund. August 9, 2017.
http://www.cleveland.com/opinion/index.ssf/2017/08/the_flaws_that_kept_ohios_stra.html.

EOC Staff Recommendations

Based on the programs implemented in other states and South Carolina's own experience with Innovation Grants programs, the EIA and Improvement Mechanisms Subcommittee recommends to the full EOC the following a plan to develop and implement a strategic grants process for reviewing, awarding, and monitoring innovative education strategies in schools and districts along with priority areas for funding.

Recommendation 1: South Carolina should create the South Carolina Education Innovation Fund, a nonprofit foundation under Section 501(c)(3) of the Internal Revenue Code. The overriding goal of the Education Innovation Fund would be to invest in strategies to improve student outcomes as described in the *Profile of the South Carolina Graduate*. By qualifying as a tax-exempt organization, the Education Innovation Fund would promote public-private partnerships between business, nonprofit organizations, institutions of higher education, local school systems and public schools. The state's contribution to the Education Innovation Fund would be recurring general funds or EIA revenues. The staff recommends an initial state appropriation of $5.0 million. This recommendation mirrors the approach used in Georgia.

Recommendation 2: South Carolina should use the framework of the existing Community Block Grants for Education Pilot Program to establish a formal competitive grants process for reviewing, awarding, and monitoring grants from the Education Innovation Fund to individual school districts, consortia of school districts, schools and teachers. The current structure ensures an objective evaluation of each grant by an independent committee composed of educators and business. Having business representation on the review panel should encourage support by business and industry in the fund.

Furthermore, based on Ohio's experience with the *Straight A Fund*, the staff also recommends the maximum amount of any grant be limited to $500,000 over a two-year period and the grant-making process include site visits of finalists. While other states require the grantees to contract for an external evaluator to measure the effectiveness of their grant program, the staff recommends instead that grantees be required to participate in an external independent evaluation and that the grantees submit annual financial and academic progress reports.

Recommendation 3: Annually in the General Appropriation Act, the Governor and legislature should identify the priority areas for grant funding. Priority areas should identify the key benchmarks in the education continuum that must be improved to raise student achievement and ensure all student graduate college, career and civic ready. Projects must have the potential to be both replicable and scalable with priority given to those grants that focus on:

- Applied learning opportunities and experiences, especially in STE(A)M fields;
- Blended and personalized learning focused on content mastery and experiential learning;

- Early language and literacy acquisition and mathematical thinking innovations aligned to support and improve current pre-K and reading initiatives; and
- Innovative strategies to close student achievement gaps, with a focus on Below Average and Unsatisfactory schools.

Recommendation 4: If there are initiatives that the General Assembly desires to fund and pilot statewide or in multiple school districts, the General Assembly should consider allocating funds directly to a state agency and directing by a proviso that the state agency implemented in the upcoming school year the initiative using emergency or sole source procurements. Because the goal of a pilot initiative is to determine its feasibility and effectiveness for statewide adoption or use, then the state agency procuring the initiative should also be responsible for ensuring implementation, measuring the outcomes, and recommending to the legislature if and how the program could be scaled statewide.

Recommendation 5: The South Carolina Education Innovation Fund should also study and implement the creation of an online platform to provide students in every classroom with an expanded array of course options from a wide portfolio of diverse, accountable providers and to recommend a long-term plan to sustain and staff the initiative. Course content providers may include, but are not limited to, local public schools, VirtualSC, colleges and universities, employers, non-profits and other states with successful online course delivery programs. There must be a rigorous review process of prospective providers and courses and a strong system to monitor student achievement. Courses may be delivered in online, blended or face-to-face environments and must align with state standards. The online portal should be promoted in collaboration with districts and schools and serve as an easy to use aggregated resource for guidance counselors, students and parents.

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Appendix A

2017-18 General Appropriation Act

1A.43. (SDE-EIA: EOC Partnerships for Innovation) Of the funds appropriated or carried forward from the prior fiscal year, the Education Oversight Committee is directed to participate in public-private partnerships to promote innovative ways to transform the assessment of public education in South Carolina that support increased student achievement in reading and college and career readiness. The Education Oversight Committee may provide financial support to districts and to public-private partnerships for planning and support to implement, sustain and evaluate the innovation and to develop a matrix and measurements of student academic success based on evidence-based models. These funds may also be used to support the innovative delivery of science, technology, and genetic education and exposure to career opportunities in science, including mobile science laboratory programs, to students enrolled in the Abbeville equity school districts and students in high poverty schools. These funds may also focus on creating public-private literacy partnerships utilizing a 2:1 matching funds provision when the initiative employs research-based methods, has demonstrated success in increasing reading proficiency of struggling readers, and works directly with high poverty schools and districts. The committee will work to expand the engagement of stakeholders including state agencies and boards like the Educational Television Commission, businesses, and higher education institutions. The committee shall annually report to the General Assembly on the measurement results.

The Education Oversight Committee and the Department of Education shall recommend to the Senate Finance Committee and to the House Ways and Means Committee a plan to develop and implement a strategic grants process for reviewing, awarding, and monitoring innovative education strategies in schools and districts. The plan would identify the process and priority areas for funding that address the educational needs of the state. The plan must be submitted by January 15, 2018.

1A.50. (SDE-EIA: Surplus) For Fiscal Year 2017-18, EIA cash funds from the prior fiscal year and EIA funds not otherwise appropriated or authorized must be carried forward and expended on the following items in the order listed:
1. Computer Science Task Force - $400,000;
2. EOC-Partnerships - $6,281,500;
3. Industry Certification - $3,000,000;
4. SDE-School Districts Capital Improvement Plan - $55,828,859;
5. SDE-Technical Assistance - $1,308,500; and
6. SDE-K-12 Funding Gap - $450,000.

The Department of Education shall disburse the funds for the K-12 Funding Gap proportionately to school districts that, in the current fiscal year, are cumulatively appropriated and allocated at least eight percent less state funds than the school district was appropriated and allocated in Fiscal Year 2016-17. For purposes of this proviso, state funds includes Education Improvement Act funds. Further, the amounts appropriated and allocated in Part IA and Sections 1 and 1A of this Part IB, shall be considered for purposes of determining whether a school district received less state funds.

Appendix B

Public Choice Innovation Schools

Fiscal Year 2007-08 General Appropriation Act

$2,560,000 appropriated in in recurring EIA revenues

1A.69. (SDE-EIA: XI.E.1-Public Choice Innovation Schools) With the funds provided, a grant program will be established to support the creation of Public Choice Innovation Schools in South Carolina and to provide for their evaluation. These schools are public choice alternatives for grade 4-8 students enrolled in the public schools rated Unsatisfactory or Below Average or students enrolled in public schools rated Average or above and who scored Basic or below on any two or more subject area grade level PACT assessments in grades 3-7 during the most recent school year. The goal of Public Choice Innovation Schools is to demonstrate leadership in instructional, administrative or personnel practices yielding strong student academic achievement.

To assist entities in operating innovation schools, a grants program would be established by the State Board of Education. The grant would be for a minimum of five years with the first year of funding for planning and equipping purposes and the remaining years of supplemental funding for operation of the innovation school. Entities eligible to receive a grant include public and private partnerships. Partnerships include an educational management organization, a private corporation, an institution of higher education, a consortium of public schools districts and/or a contractual relationship between a private entity and a public school district. In the application process, partnerships must demonstrate at least one of the following strategies in improving leadership and academic achievement: changes in teacher compensation to address geographic or certification barriers and/or to offer performance incentives; utilization of novel leadership and administrative policies and procedures, to include preparation and certification of administrators, operational procedures and costs shared with other entities; continuous progress of students between grades 4-8; virtual delivery of substantial portions of the curriculum; and novel or non-traditional uses of time, space and technology in the instructional delivery of state academic content standards; or a combination of these strategies. The first year planning grant to each proposed school would be $100,000 with innovation schools also eligible to receive additional grant funds for equipment and facilities not to exceed $400,000 per partnership. In year two of the grant the partnership would receive funds for operation of the school to include a maximum grant of $300,000 in supplement of the per pupil revenues from federal, state and local sources. In years three through five the school would continue to receive grant funds but at the maximum level of eighty percent of each previous year's grant. Funding per innovation school would be dependent upon: state per pupil allocations; supplementary allocations equal to local spending levels in the sending school; transportation allowance equivalent to the state per pupil transportation expenditure; and federal funds as applicable to the student population. In year six and beyond, the innovation school would receive a minimum supplement of $100,000.

Eligible to attend the Public Choice Innovation schools are students who meet one of the following conditions: (1) are enrolled in grades 4 through 8 and are assigned to a school rated Below Average or Unsatisfactory; or (2) are enrolled in schools with an absolute rating of Average or above and scored Basic or below on any two or more subject area grade level PACT assessments in grades 3 through 7 during the most recent school year. Students are not required to attend a Public Choice Innovation School in their district of residence. As long as no eligible student is denied admission, the Public Choice Innovation School may accept other students as

their parents choose to enroll them and receive funded as previously defined. Once a student is enrolled in a Public Choice Innovation School, the child is guaranteed enrollment in the appropriate grades as long as the school remains in operation, unless the student violates behavioral expectations, or the parents choose to transfer the student to another school for which the student is eligible. An innovation school may not discriminate against any student on the basis of race, color, national origin, gender, disability or prior academic performance.

Public Choice Innovation Schools are required to participate in the statewide testing program; however, the schools shall not receive Education Accountability Act ratings until the third year of operation. The initial rating addresses student performance in the third year of operations.

An independent longitudinal evaluation of Public Choice Innovation Schools is to be conducted or contracted by the Education Oversight Committee and must include a value-added component so that valid comparisons can be made to student performance in traditional public schools and public charter schools.

Of the funds provided herein, the first $200,000 will be directed to the South Carolina Public Charter School District Board of Trustees which shall be authorized to use these funds for administrative costs to make the district operational.

Community Block Grants for Education Pilot Program

2017-18 General Appropriation Act

$1,000,000 allocated in unexpended full-day 4K funds from Office of First Steps to EOC pursuant to Proviso 1A.65.

1.65. (SDE: South Carolina Community Block Grants for Education Pilot Program) There is created the South Carolina Community Block Grants for Education Pilot Program. The purpose of this matching grants program is to encourage and sustain partnerships between a community and its local public school district or school for the implementation of innovative, state-of-the-art education initiatives and models to improve student learning. The initiatives and models funded by the grant must be well designed, based on strong evidence of effectiveness, and have a history of improved student performance.

The General Assembly finds that the success offered by these initiatives and programs is assured best when vigorous community support is integral to their development and implementation. It is the intent of this proviso to encourage public school and district communities and their entrepreneurial public educators to undertake state-of-the-art initiatives to improve student learning and to share the results of these efforts with the state's public education community.

As used in this proviso:

(1) "Community" is defined as a group of parents, educators, and individuals from business, faith groups, elected officials, nonprofit organizations and others who support the public school district or school in its efforts to provide an outstanding education for each child. As applied to the schools impacted within a district or an individual school, "community" includes the school faculty and the School Improvement Council as established in Section 59-20-60 of the 1976 Code;

(2) "Poverty" is defined as the percent of students eligible in the prior year for the free and reduced price lunch program and or Medicaid; and

(3) "Achievement" is as established by the Education Oversight Committee for the report card ratings developed pursuant to Section 59-18-900 of the 1976 Code.

The Executive Director of the Education Oversight Committee is directed to appoint an independent grants committee to develop the process for awarding the grants including the application procedure, selection process, and matching grant formula. The grants committee will be comprised of seven members, three members selected from the education community and four members from the business community. The chairman of the committee will be selected by the committee members at the first meeting of the grants committee. The grants committee will review and select the recipients of the Community Block Grants for Education.

The criteria for awarding the grants must include, but are not limited to:

(1) the establishment and continuation of a robust community advisory committee to leverage funding, expertise, and other resources to assist the district or school throughout the implementation of the initiatives funded through the Block Grant Program;

(2) a demonstrated ability to meet the match throughout the granting period;

(3) a demonstrated ability to implement the initiative or model as set forth in the application; and

(4) an explanation of the manner in which the initiative supports the district's or school's strategic plan required by Section 59-18-1310 of the 1976 Code.

In addition, the district or school, with input from the community advisory committee, must include:

(1) a comprehensive plan to examine delivery implementation and measure impact of the model;

(2) a report on implementation problems and successes and impact of the innovation or model; and

(3) evidence of support for the project from the school district administration when an individual school applies for a grant.

The match required from a grant recipient is based on the poverty of the district or school. No matching amount will exceed more than seventy percent of the grant request or be less than ten percent of the request. The required match may be met by funds or by in-kind donations, such as technology, to be further defined by the grants committee. Public school districts and schools that have high poverty and low achievement will receive priority for grants when their applications are judged to meet the criteria established for the grant program.

However, no grant may exceed $250,000 annually unless the grants committee finds that exceptional circumstances warrant exceeding this amount.

The Education Oversight Committee will review the grantee reports and examine the implementation of the initiatives and models to understand the delivery of services and any contextual factors. The Oversight Committee will then highlight the accomplishments and common challenges of the initiatives and models funded by the Community Block Grant for Education Pilot Program to share the lessons learned with the state's public education community.

For the current fiscal year, funds allocated to the Community Block Grant for Education Pilot Program must be used to provide or expand high-quality early childhood programs for a targeted population of at-risk four-year-olds. High-quality is defined as meeting the minimum program requirements of the Child Early Reading Development and Education Program and providing measurable high-quality child-teacher interactions, curricula and instruction. Priority will be given to applications that involve public-private partnerships between school districts, schools, Head Start, and private child care providers who collaborate to: (1) provide high-quality programs to four-year-olds to maximize the return on investment; (2) assist in making the transition to kindergarten; (3) improve the early literacy, social and emotional, and numeracy readiness of children; and (4) engage families in improving their children's readiness.