



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 4761 Amended by House Education and Public Works  
Subcommittee on February 12, 2020

**Author:** Lucas

**Subject:** Early Assessment Screenings

**Requestor:** House Education and Public Works

**RFA Analyst(s):** Wren

**Impact Date:** February 18, 2020

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### **Fiscal Impact Summary**

#### **State Expenditures**

Sections 1, 2, and 7 of the amended bill increase the number of students required to be screened under the universal screening process and require the State Department of Education (SDE) to reimburse districts for the cost of the instrument selected. SDE anticipates that these sections will increase General Fund expenses by at least \$1,696,000 in FY 2020-21. This includes \$1,596,000 in recurring expenses to reimburse districts for screening all 228,000 kindergarten through third grade students at an average cost of \$7 per student. Although one of the eight current screening tools is free, SDE anticipates that all districts will select a paid tool if reimbursement is available. The remaining \$100,000 of expenditures is for non-recurring expenses to train districts on the additional screenings and interventions.

Further, based upon the latest analysis from SDE, the agency anticipates using an existing data system for collecting and reporting data on screenings from districts instead of purchasing a new system. Therefore, there will be no expenses for data collection.

Additionally, these sections expand the current third grade summer reading program by requiring districts to also offer summer reading camps to students in first and second grades who are not substantially demonstrating proficiency in reading. Since these sections expand the current third grade summer reading camps to include students in first and second grades, SDE anticipates that approximately 42,000 students could be eligible for the summer reading camps next year. This figure includes growth in the number of eligible third grade students and the number of first and second grade students who will now be eligible for the expanded summer reading camp. The language in the bill does not specify whether SDE or local school districts will be responsible for the increase in expenses due to the expanded summer reading camps. Unless additional funds are appropriated for this purpose, we anticipate that local school districts will need to cover the additional expenses.

The new unnumbered section will increase General Fund expenses of SDE by an amount up to \$10,000 for per diem and mileage reimbursement for the South Carolina Reading Panel members.

Section 9 of the amended bill will increase General Fund expenses of the Commission on Higher Education (CHE) by \$25,000 in FY 2020-21 for the services of an out-of-state vendor to evaluate

the effectiveness of each teacher education program as it relates to preparing teachers to diagnose a child's reading problems and provide interventions that are scientifically based and evidence based.

### **Local Expenditures**

The overall expenditure impact on local school districts is undetermined. Sections 1, 2, and 7 shift expenses from the local school districts to SDE for the universal screening process for all kindergarten through third grade students. District savings for the screening tools will vary but will average approximately \$7 per student screened. However, SDE indicates that some school districts will need to hire additional FTEs to conduct the additional screenings and interventions. Also, districts may incur expenses for professional development for teachers related to travel and substitutes, which may affect the overall savings.

Further, the bill may increase local expenditures for summer reading camps since the bill expands the current third grade summer reading camps to include students in first and second grades. SDE anticipates that approximately 42,000 students could be eligible for the summer reading camps next year. Unless additional funds are appropriated for this purpose, we anticipate that local school districts will be responsible for the additional expenses. Depending upon the number of participating students, local districts may incur additional expenses to expand the current reading camps to accommodate the increase in students.

## **Explanation of Fiscal Impact**

### **Amended by House Education and Public Works Subcommittee on February 12, 2020 State Expenditure**

The following sections will affect state expenditures as follows:

**Sections 1, 2, and 7.** These sections require the State Board of Education to approve no more than five reliable and valid early literacy and numeracy screening instruments for selection and use by school districts in kindergarten through third grade. The Board must use the same process as required by Section 59-18-310 to ensure that the instruments are valid and reliable assessments that provide diagnostic information in a timely manner. School districts must administer one or more instruments in the first thirty days of the school year and repeat, if and only if, the student demonstrates literacy and numeracy deficiencies at midyear and at the end of the school year to determine student progression. SDE must reimburse districts for the cost of the instrument or instruments selected upon receipt of assessment data. A school district may submit a waiver to use an alternative early literacy and numeracy screening assessment. The State Board of Education must promulgate regulations describing the criteria for granting a waiver. SDE must implement an online reporting system to monitor the effectiveness of the screening assessment instruments and must require school districts to annually submit data requested by the department. The data must be reported annually and on a grade-level basis to the Speaker of the House, the President of the Senate, and the Governor. Additionally, these sections require that all screening tools, including those listed in Section 59-155-155, must be able to identify students with dyslexia or other reading disorders. In addition to currently screening all kindergarten and first grade students and second grade students as necessary, these sections require districts to screen all second and third grade students. Also, in addition to

offering summer reading camps for students enrolled in third grade, each district must offer a summer reading camp as an intervention for any student enrolled in first or second grade who is substantially not demonstrating proficiency in reading, based upon the universal screening process, and if indicated, diagnostic assessments and teacher observations.

**State Department of Education.** The agency indicates that these sections will increase General Fund expenses of SDE by at least \$1,696,000 in FY 2020-21 to reimburse districts for the universal screenings. This includes \$1,596,000 in recurring expenses to screen all 228,000 kindergarten through third grade students at an average cost of \$7 per student. SDE also indicates that only one of the eight screening tools is free and that only five of the regular school districts use the free screening tool. Additionally, SDE indicates that the paid screening tools produce better data. The agency anticipates that all districts will select a paid tool if reimbursement is available. The remaining \$100,000 is for non-recurring expenses to train districts on the additional screenings and interventions.

Further, based upon the latest analysis from SDE, the agency anticipates using an existing data system for collecting and reporting data on screenings from districts instead of purchasing a new system. Therefore, there are no additional expenditures for data collection.

These sections of the amended bill also expand summer reading camps to include students in the first and second grades who are not demonstrating proficiency in reading, based upon the universal screening process. Students who score at the lowest achievement level and are eligible for retention may enroll in summer reading camps. SDE indicates that approximately 4,000 students qualified for summer reading camps this year and approximately 9,000 students attended the summer reading camps. SDE does not have data on the district expenses for reading camps. SDE anticipates that approximately 42,000 students could be eligible for reading camps next year under this bill. This figure is based upon growth in the number of eligible third grade students as well as the number of first and second grade students who will now be eligible for the expanded summer reading camp. The language in the amended bill does not specify whether SDE or local school districts will be responsible for the increase in expenses due to the expanded summer reading camp. Unless additional funds are appropriated for this purpose, we anticipate that local school districts will be responsible for any additional expenses.

**Section 4.** This section requires reading interventions to be evidence-based and follow the multi-tiered system of supports as defined in Section 59-33-510(3) and the Response to Intervention process as defined in Section 59-33-510(4). This section further replaces language related to the reading assessment on the Palmetto Assessment of State Standards with a reading assessment in English/language arts, to determine students eligible for retention pursuant to Section 59-155-160(A).

**State Department of Education.** SDE indicates that this section of the bill does not change testing requirements. Therefore, this section will have no expenditure impact on the agency.

**Section 5.** This section requires the coursework for higher education degrees in reading and literacy to be founded on scientifically based reading practices and evidence-based interventions, including how to use the data to identify struggling readers and inform instruction.

**State Department of Education.** SDE indicates that this section of the bill does not alter the responsibilities or duties of the agency. Therefore, this section will have no expenditure impact on the agency.

**Commission on Higher Education.** CHE indicates that this section of the bill does not alter the responsibilities or duties of the agency. Therefore, this section will have no expenditure impact on the agency.

**Section 6.** This section requires districts to provide appropriate in-class intervention and at least thirty minutes of supplemental intervention by certified teachers who have a literacy add-on endorsement until all pre-kindergarten through twelfth grade students can comprehend and write text at grade level.

**State Department of Education.** SDE indicates that this section of the bill does not alter the responsibilities or duties of the agency. Therefore, this section will have no expenditure impact on the agency.

**Section 8.** This section revises the requirements to retain students who fail to demonstrate reading proficiency at the end of the third grade as indicated by scoring at the lowest achievement level on the state summative assessment in English/language arts, which indicates that the student needs substantial academic support to be prepared for the next grade level.

**State Department of Education.** SDE indicates that this section of the bill does not alter the responsibilities or duties of the agency. Therefore, this section will have no expenditure impact on the agency.

**Section 9.** This section requires SDE to identify schools that have one-third or more of their third grade students scoring at the lowest achievement level on the statewide summative English/language arts assessment. At a minimum, SDE must provide support to these schools by way of reading specialists, professional learning, and curriculum resources based on the science of reading. The reading specialist/coaches provided to the schools will be hired and evaluated annually by SDE. SDE is authorized to retain a portion of the funds appropriated in the annual general appropriations act for reading/literacy coaches to support these schools. SDE must allocate the balance of these funds to school districts to support schools not identified above with reading instruction and interventions. Expenditures must be included in the district reading plan approved by SDE. By accepting funds, a school district warrants that funds will not be used to supplant existing school district revenues, except for districts that are either currently or in the prior fiscal year were paying for reading/literacy coaches with local or federal funds. This section also revises the responsibilities and professional development requirements for reading coaches. Additionally, for schools that have more than one-third of their students scoring above the lowest achievement level on the statewide summative English/language arts assessments, SDE must assist districts in identifying a reading/literacy coach in the event that the school is not successful in identifying and employing a qualified candidate. SDE must develop procedures for monitoring the use of funds appropriated for reading/literacy coaches to ensure they expend funds for the intended purpose. SDE may receive funds appropriated for reading/literacy coaches in order to implement this program, as long as the allocation does not exceed SDE's

actual costs. SDE must require certain information about reading/literacy coaches from districts that receive funding pursuant to this section. With the data reported by school districts, SDE must provide a report by January 15 of the current fiscal year on the hiring and assignment of reading/literacy coaches by school. SDE must also report the amount of funds that will be used for summer reading camps. Any unspent or unallocated funds may be carried forward to be used for the same purpose, but must not be flexed and expended for summer reading camps. Local school districts must work in collaboration with SDE to offer the professional development courses at no charge to educators. Teachers, administrators, and other certified faculty and staff are exempt from having to earn the literacy teacher add-on endorsement to maintain certification only if they are not educating or serving students in a school or other educational setting. Beginning July 1, 2021, early childhood, elementary, and special education licensed teacher candidates must earn a passing score on a test of scientifically research-based instruction and intervention and data-based decision-making principals as approved the State Board of Education. Beginning July 1, 2021, and annually thereafter, CHE, in consultation with the Learning Disorders Task Force, must conduct an analysis to determine the effectiveness of each teacher education program in preparing teachers to diagnose a child's reading problems and to provide small group and individual student interventions that are scientifically based and evidence-based. CHE must report its findings of the analysis and provide recommendations for improving teacher education programs to SDE and the General Assembly.

**State Department of Education.** SDE indicates that any expenses incurred as a result of this section can be managed within existing appropriations. Therefore, this section will have no expenditure impact on the agency.

**Commission on Higher Education.** CHE indicates that this section of the bill will increase General Fund expenses of the agency by \$25,000 in FY 2020-21 for the services of an out-of-state third-party vendor.

**New Unnumbered Section.** This section creates the South Carolina Reading Panel, which must be supported and staffed by SDE. The Panel must support and assist SDE with implementation of this bill. The Panel must be comprised of ten members appointed by the State Board of Education upon the recommendations of the State Superintendent of Education. The Panel members must include individuals having the highest expertise on reading instruction, with three members from public or private institutions of higher education, nominated by CHE, and three members who are responsible for their district reading plans or have exceptional reading expertise. At least three members of the Panel must be classroom teachers. Members may receive no compensation, but may receive per diem and mileage. This section further outlines the duties and requirements of the Panel.

**State Department of Education.** SDE assumes that the agency will responsible for the per diem and mileage for the South Carolina Reading Panel members and estimates that General Fund expenses of the agency will increase by an amount up to \$10,000. However, actual expenses will depend upon the traveling distances and the number of times the Panel meets annually.

## State Revenue

N/A

## Local Expenditure

The following sections will affect local expenditures as follows:

**Sections 1, 2, and 7.** These sections require the State Board of Education to approve no more than five reliable and valid early literacy and numeracy screening instruments for selection and use by school districts in kindergarten through third grade. The Board must use the same process as required by Section 59-18-310 to ensure that the instruments are valid and reliable assessments that provide diagnostic information in a timely manner. School districts must administer one or more instruments in the first thirty days of the school year and repeat, if and only if, the student demonstrates literacy and numeracy deficiencies at midyear and at the end of the school year to determine student progression. SDE must reimburse districts for the cost of the instrument or instruments selected upon receipt of assessment data. A school district may submit a waiver to use an alternative early literacy and numeracy screening assessment. The State Board of Education must promulgate regulations describing the criteria for granting a waiver. SDE must implement an online reporting system to monitor the effectiveness of the screening assessment instruments and must require school districts to annually submit data requested by the department. The data must be reported annually and on a grade-level basis to the Speaker of the House, the President of the Senate, and the Governor. Additionally, these sections require that all screening tools, including those listed in Section 59-155-155, must be able to identify students with dyslexia or other reading disorders. In addition to currently screening all kindergarten and first grade students and second grade students as necessary, these sections require districts to screen all second and third grade students. Also, in addition to offering summer reading camps for students enrolled in third grade, each district must offer a summer reading camp as an intervention for any student enrolled in first or second grade who is substantially not demonstrating proficiency in reading, based upon the universal screening process, and if indicated, diagnostic assessments and teacher observations.

**Local School Districts.** SDE indicates that the overall expenditure impact of these sections on local school districts is undetermined. Some districts will need to hire additional FTEs to conduct the additional screenings and interventions. The number of FTEs and the cost varies by district. Also, districts may incur expenses for professional development for teachers related to travel and substitutes. These expenses will also vary by district. Additionally, these sections shift expenses from the local districts to SDE for the universal screening process for all kindergarten through third grade students. SDE will now be required to reimburse districts at an average cost of \$7 per student. The cost savings to school districts will vary based upon the number of students screened.

Further, these sections expand the current third grade summer reading program by requiring districts to also offer summer reading camps to students in first and second grades who are not substantially demonstrating proficiency in reading. SDE indicates that approximately 4,000 students qualified for summer reading camps this year and approximately 9,000 students attended summer reading camps. SDE does not have data on the district expenses for reading camps. SDE anticipates that approximately 42,000 students could be eligible for reading camps

next year. This figure includes growth in the number of eligible third grade students as well as the number of first and second grade students who will now be eligible for the expanded summer reading camp. The bill does not specify whether SDE or local school districts will be responsible for the increase in expenses due to the expanded summer reading camp. Unless additional funds are appropriated for this purpose, we anticipate that local school districts will be responsible for any increase in expenses. The number of eligible students that may choose to participate in the expanded summer reading camp is unknown. Therefore, the expenditure impact of this portion of the bill is undetermined since it is unclear if districts will be able to absorb expenses for the increase in the number of students that attend the expanded summer reading camps.

**Section 4.** This section requires reading interventions to be evidence-based and follow the multi-tiered system of supports as defined in Section 59-33-510(3) and the Response to Intervention process as defined in Section 59-33-510(4). This section further replaces language related to the reading assessment on the Palmetto Assessment of State Standards with a reading assessment in English/language arts, to determine students eligible for retention pursuant to Section 59-155-160(A).

**Local School Districts.** SDE indicates that this section of the bill will increase expenses of local school districts by an undetermined amount since a larger number of students would be eligible for retention. Expenses will vary by district but may increase the need for additional third grade teachers to teach the additional students that will be retained.

**Section 6.** This section requires districts to provide appropriate in-class intervention and at least thirty minutes of supplemental intervention by certified teachers who have a literacy add-on endorsement until all pre-kindergarten through twelfth grade students can comprehend and write text at grade level.

**Local School Districts.** SDE indicates that this section of the bill will have an undetermined impact on local school districts since some districts will need to hire additional FTEs to ensure students receive appropriate interventions. The number of interventionists varies by district.

**Section 8.** This section revises the requirements to retain students who fail to demonstrate reading proficiency at the end of the third grade as indicated by scoring at the lowest achievement level on the state summative assessment in English/language arts, which indicates that the student needs substantial academic support to be prepared for the next grade level. Districts are encouraged to develop policies for intensive support and retention of students in kindergarten through grade two if it is determined to be in the student's best interest. Additionally, this section allows a parent or legal guardian to appeal the decision to retain a student to the district superintendent if there is a compelling reason why the student should not be retained. Further, this section requires districts to report to SDE the number of appeals made, the number of appeals granted, and the student's academic outcome in fourth grade. Also, each district superintendent must submit a report annually on the number of retention exemptions granted, the total number of students retained in kindergarten through third grade, the number of appeals made and granted, and the student's outcome in grades four through eight.

**Local School Districts.** SDE indicates that this section of the bill will have an undetermined expenditure impact on districts. District expenses will vary based upon the intensity and duration of the intervention provided to students.

**Section 9.** This section requires SDE to identify schools that have one-third or more of its third grade students scoring at the lowest achievement level on the statewide summative English/language arts assessment. At a minimum, SDE must provide support to these schools by way of reading specialists, professional learning, and curriculum resources based on the science of reading. The reading specialist/coaches provided to the schools will be hired and evaluated annually by SDE. SDE is authorized to retain a portion of the funds appropriated in the annual general appropriations act for reading/literacy coaches to support these schools. SDE must allocate the balance of these funds to school districts to support schools not identified above with reading instruction and interventions. Expenditures must be included in the district reading plan approved by SDE. By accepting funds, a school district warrants that funds will not be used to supplant existing school district revenues, except for districts that are either currently or in the prior fiscal year were paying for reading/literacy coaches with local or federal funds. This section also revises the responsibilities and professional development requirements for reading coaches. Additionally, for schools that have more than one-third of their students scoring above the lowest achievement level on the statewide summative English/language arts assessments, SDE must assist districts in identifying a reading/literacy coach in the event that the school is not successful in identifying and employing a qualified candidate. SDE must develop procedures for monitoring the use of funds appropriated for reading/literacy coaches to ensure they expend funds for the intended purpose. With the data reported by school districts, SDE must provide a report by January 15 of the current fiscal year on the hiring and assignment of reading/literacy coaches by school. SDE must also report the amount of funds that will be used for summer reading camps. Any unspent or unallocated funds may be carried forward to be used for the same purpose, but must not be flexed and expended for summer reading camps. Local school districts must work in collaboration with SDE to offer the professional development courses at no charge to educators. Teachers, administrators, and other certified faculty and staff are exempt from having to earn the literacy teacher add-on endorsement to maintain certification only if they are not educating or serving students in a school or other educational setting. Beginning July 1, 2021, early childhood, elementary, and special education licensed teacher candidates must earn a passing score on a test of scientifically research-based instruction and intervention and data-based decision-making principals as approved the State Board of Education. Beginning July 1, 2021, and annually thereafter, CHE, in consultation with the Learning Disorders Task Force, must conduct an analysis to determine the effectiveness of each teacher education program in preparing teachers to diagnose a child's reading problems and to provide small group and individual student interventions that are scientifically based and evidence-based. CHE must report its findings of the analysis and provide recommendations for improving teacher education programs to SDE and the General Assembly.

**Local School Districts.** SDE indicates that the increase in expenses to local school districts is undetermined since districts may incur expenses for professional development for teachers related to travel and substitutes. These expenses vary by district.

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director