



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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|------------------------|-----------------------------------------|------------------------------|
| <b>Bill Number:</b>    | H. 3969                                 | Introduced on March 13, 2017 |
| <b>Author:</b>         | Felder                                  |                              |
| <b>Subject:</b>        | Longitudinal Data System                |                              |
| <b>Requestor:</b>      | House Education and Public Works        |                              |
| <b>RFA Analyst(s):</b> | Shuford, Heineman, Jolliff, and Walling |                              |
| <b>Impact Date:</b>    | March 28, 2017                          |                              |

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**Estimate of Fiscal Impact**

|                                  | <b>FY 2017-18</b> | <b>FY 2020-21</b> |
|----------------------------------|-------------------|-------------------|
| <b>State Expenditure</b>         |                   |                   |
| General Fund                     | \$2,447,700       | \$691,392         |
| Other and Federal                | \$1,500,000       | \$0               |
| Full-Time Equivalent Position(s) | 2.00              | 0.00              |
| <b>State Revenue</b>             |                   |                   |
| General Fund                     | \$0               | \$0               |
| Other and Federal                | \$0               | \$0               |
| <b>Local Expenditure</b>         | \$0               | \$0               |
| <b>Local Revenue</b>             | \$1,500,000       | \$0               |

**Fiscal Impact Summary**

This bill would increase General Fund expenditures by \$2,447,700 in FY 2017-18 as described in the section-by-section analysis that follows. EIA Other Fund expenditures would increase by \$1,500,000 in FY 2017-18 for formative assessments. Additional General Fund expenditures of \$691,392 would be necessary in FY 2020-21 for the State to participate in the Program for International Student Assessment or its successor. Local revenue would increase by \$1,500,000 from allocated funds to the school districts for formative assessments.

**Explanation of Fiscal Impact**

**State Expenditure**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 8.** Assessments for science and social studies are required currently for grades four through eight. The bill changes the requirements for the Department of Education to procure and

administer the standards-based assessments in science to grades four, six, and eight. Similarly, requirements to procure and administer the standards-based assessments in social studies are changed to grades five and seven. This will reduce General Fund expenditures by \$1,500,000 in FY 2017-18. Current expenditures for these assessments total approximately \$6,000,000 annually.

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

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

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

#### **State Revenue**

N/A

#### **Local Expenditure**

N/A

#### **Local Revenue**

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