SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3969 Signed by Governor on June 10, 2017
Author:	Felder
Subject:	Longitudinal Data System
Requestor:	House of Representatives
RFA Analyst(s):	Shuford, Heineman, Jolliff, and Walling
Impact Date:	June 27, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	$2,534,820	$0
Other and Federal	$1,500,000	$0
Full-Time Equivalent Position(s)	3.00	0.00
State Revenue		
General Fund	$0	$0
Other and Federal	$0	$0
Local Expenditure	$0	$0
Local Revenue	$1,500,000	$0

Fiscal Impact Summary

This bill will increase General Fund expenditures by $2,534,820 in FY 2017-18 as described in the section-by-section analysis that follows. The Revenue and Fiscal Affairs Office and the Commission on Higher Education indicate that 3.00 FTEs are necessary to fulfill the requirements of the bill, which will increase General Fund expenditures by $197,700 and $87,120, respectively. The Department of Education indicates that the value-added system used to calculate student progress or growth will increase General Fund expenditures by $1,400,000. The teacher evaluation component of the system will increase expenditures by an additional $1,600,000 in FY 2017-18. Finally, General Fund expenditures will increase by $750,000 in FY 2017-18 for expenditures on a student engagement survey for the accountability report card. Changes in the grades that science and social studies assessments are required will reduce General Fund expenditures by $1,500,000 in FY 2017-18.

EIA Other Fund expenditures will increase by $1,500,000 in FY 2017-18 for formative assessments. Correspondingly, local revenue will increase by $1,500,000 from allocated funds to the school districts for formative assessments.

Explanation of Fiscal Impact

Signed by Governor on June 10, 2017

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 Department of Education, with the Education Oversight Committee, is required to design and pilot district accountability models focusing on competency-based education and regional economic initiatives to improve postsecondary student success. The agencies indicate that the duties and responsibilities specified by the bill are consistent with current duties and responsibilities. As a result, this bill will 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 develop, implement, and maintain a universal identification 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 develop, implement, and maintain a universal identification 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 General Fund expenditure 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. The bill requires the commission to provide the Revenue and Fiscal Affairs Office with data 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 commission expects this bill to increase General Fund expenditures by $87,120 for the salary and employer fringe of a Program Coordinator position to coordinate the tracking of the Student Unique Numbering System used by the State Department of Education from K-12 until the individual is employed in the workforce.

Public Institutions of Higher Education. The bill requires 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 have no expenditure impact on the General Fund, Other Funds, or Federal 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 will have no expenditure impact on the General Fund, Other Funds, or Federal Funds. While South Carolina State has not responded to our information request dated March 12, 2017, RFA expects that any additional expenditures by this agency will be managed within existing resources and will have no expenditure impact on the General Fund, Other Funds, or Federal 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 and the college and career readiness and subsequent success of its graduates is not expected to require additional staffing or expenses. Therefore, the bill will 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 will 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. The Office of First Steps to School Readiness has not responded to our information request dated March 13, 2017. However, RFA expects any additional expenditures will be managed within existing resources and will have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

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 will have no expenditure impact on the General Fund, Other Funds, or Federal 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 used 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 Department of Education received $1,400,000 in EIA funding to offset these additional expenditures in the FY 2017-18 General Appropriations Act.

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. The agency received non-recurring funds for these expenses in fiscal year 2016-17 and will require appropriations for annual licensing fees to the vendor to maintain the system in FY 2017-18.

Section 6. Formative assessments for grades kindergarten through nine are required in Section 59-18-310 and must include, among other requirements, end-of-course tests as selected by the State Board of Education and approved by the Education Oversight Committee for federal accountability. Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently in 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 all 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.

For the current school year through 2018-2019, the Department of Education is responsible for procuring and administering the ACT Plus Writing assessment and WorkKeys to eleventh grade students. Beginning with the 2019-2020 school year, public high schools and career centers shall administer a college entrance and/or career readiness assessment to all eleventh grade students. The Department of Education will continue to reimburse districts for these assessments.

Section 12. 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 will 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 will increase General Fund expenditures by $750,000 in FY 2017-18. This survey will 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
Formative assessments for grades kindergarten through nine are required in Section 59-18-310. Formative assessment funding for grades one, two, and nine has been suspended in recent years through proviso, most recently in 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.

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