

Executive Summary
EIA and Improvement Mechanisms Subcommittee's
EIA, EAA and Related Budget and Proviso Recommendations
Fiscal Year 2010-11

Economic Realities

Due to the national recession and a statewide unemployment rate of 12.1%, South Carolina continues to experience declining revenues. In the current year the Board of Economic Advisors (BEA) has revised downward the General Fund revenue estimate for Fiscal Year 2009-10 on three separate occasions: June 11, July 16 and November 10. These revenue reductions total \$452.4 million or 8.2% of the entire general fund base appropriation of \$5.5 billion, which does not include the Tax Relief Trust Fund. The impact of declining revenues has been an across-the-board 4.04% reduction in the general fund operating budget of state agencies on September 3, 2009 and a projected 3% across-the-board reduction in the general fund operating budget of state agencies on December 15, 2009.¹ The BEA has also revised downward the estimate for the Education Improvement Act (EIA) revenues this year by \$10,135,000. After exempting teacher salaries and related fringe benefits, National Board supplements and teacher supply monies, all other EIA programs are projected to be reduced by approximately 2.7% in December.

To understand the impact of the reductions on public education funding, the following tables were prepared. First, the BEA projects the EIA to generate next year \$521.9 million in revenues, which is essentially no growth in EIA revenues. For comparison purposes, in FY2000-01 EIA appropriations totaled \$532.4 million, and in FY2002-03 EIA revenue collections totaled \$513.5 million.

Education Improvement Act ²

Fiscal Year	Appropriations	Revenue Collections
1999-2000	493,991,535	493,183,237
2000-01	532,391,162	506,084,990
2001-02	547,809,059	503,594,167
2002-03	543,282,467	513,542,812
2003-04	543,187,398	544,651,469
2004-05	552,502,240	584,099,394
2005-06	625,948,389	662,228,978
2006-07	653,416,646	646,701,707
2007-08	690,236,203	633,243,384
2008-09	644,714,375	561,072,910
2009-10	532,044,107	

¹ Email from Les Boles, Director of Office of State Budget, to Agency Directors and CFOs, November 13, 2009.

² Sources: Office of State Budget, "Historical Analyses," http://www.budget.sc.gov/webfiles/OSB/historical/2008_His_Ana_Webpage.pdf and Letter from John S. Rainey, of the Board of Economic Advisors to Governor Mark Sanford, November 10, 2009.

Second, projections for the base student cost of the Education Finance Act and the Southeastern teacher salary average for Fiscal Year 2010-11 provide challenges. The Office of Research and Statistics at the Budget and Control Board estimates the EFA base student cost to be \$2,720 in FY2010-11, which represents a 1.23% inflation factor over last year's projected base student cost of \$2,687. With the additional 3% across-the-board reduction that will likely occur on December 15, the South Carolina Department of Education projects the EFA base student cost will be reduced to \$1,823 after the reduction and after taking into account an increase in the number of weighted pupil units. Consequently, full funding of the EFA in FY2010-11 will require an additional \$564.9 million.³ The gap between the projected and funded base student cost will become even more pronounced when school districts no longer have federal stimulus monies to cushion against the declining revenues. The South Carolina Department of Education projects that school districts will receive a total of \$359.4 million over the current and subsequent fiscal years in federal monies from the State Fiscal Stabilization Fund, a provision of the American Recovery and Reinvestment Act of 2009.

The Southeastern average teacher salary is projected to be \$48,725 for FY2010-11. The average teacher salary in South Carolina this year is estimated to be \$47,421. If no additional EFA funds are allocated in FY2010-11 and if the EIA were to pick up the entire incremental cost of funding teacher salaries at the Southeastern average teacher salary in FY2010-11, the cost would be approximately \$590 million or \$68 million more than the entire EIA penny is projected to generate next year.

Comparing the base student cost and average South Carolina teacher salary over time, the South Carolina Department of Education provided the attached analysis to the subcommittee. The fourth chart highlights the growing difference between the average teacher salary and the revised base student cost of \$1,823 for the current fiscal year.

The impact of the recession on students and families in public schools can also be illustrated by the number of students qualifying for free and/or reduced price lunches. As the following table notes, the percentage of students eligible for the federal free or reduced-price lunch program has increased from 51.1% at the beginning of school year 2006-07 to 54.1% at the conclusion of school year 2008-09. Quarters 1, 2, 3, and 4 refer to the 45, 90, 135 and 180-day counts extracted from SASI. The data also reflect the increase in the total number of students served in public schools during this time period. From the first quarter of 2007 to the last quarter of 2009, the total number of students increased by 6%.

³Employer contributions would require an additional increase of \$18.6 million for a total EFA and employee contributions increase of \$583.5 million.

School Year	Quarter	# Students Eligible for Free Lunch	# Students Eligible for Reduced Lunch	Students not Eligible for Free or Reduced Lunch	Total Students	% Students Eligible for Free or Reduced
2006-07	1	288,065	50,909	324,587	663,561	51.1%
	2	306,586	53,795	332,255	692,636	52.0%
	3	310,650	54,255	329,957	694,862	52.5%
	4	310,393	53,995	328,912	693,300	52.6%
2007-08	1	309,227	53,485	342,915	705,627	51.4%
	2	312,324	54,394	338,615	705,333	52.0%
	3	313,556	54,380	333,712	701,678	52.4%
	4	312,345	54,080	330,792	697,217	52.6%
2008-09	1	320,147	54,142	339,607	713,896	52.4%
	2	321,670	54,546	334,418	710,634	52.9%
	3	327,945	54,361	326,596	708,902	53.9%
	4	327,036	53,817	323,220	704,073	54.1%

Source: Office of Research and Statistics, South Carolina Budget and Control Board

Recommendations of the EIA and Improvement Mechanisms Subcommittee

In light of the economic realities facing the state, the EIA and Improvement Mechanisms Subcommittee reviewed the EIA budget against the EOC's 2020 vision:

By 2020 all students will graduate with the knowledge and skills necessary to compete successfully in the global economy, participate in a democratic society and contribute positively as members of families and communities.

Through an on-line survey, all EIA-funded programs were asked to submit to the Education Oversight Committee (EOC) a program report and budget request. On October 5, 2009 the Subcommittee met to receive the budget reports and detailed information from the South Carolina Department of Education on the State Superintendent's public education budget request to the Governor. Requests for additional EIA funds totaled \$9.9 million and included the following:

**EIA Budget Requests for FY2010-11
to the EIA and Improvement Mechanisms Subcommittee**

Program/Entity	Amount of Increase
National Board Supplement (SCDE)	\$6,393,330
Teacher Loan Program (Student Loan Corporation)	\$2,499,278
Interactive Report Card (EOC)	\$360,000
Center of Excellence to Prepare Teachers of Children of Poverty (Francis Marion University)	\$351,075
Centers of Excellence (Commission on Higher Education)	\$183,575
Program for the Recruitment and Retention of Minority Teachers (SC State University)	\$116,889
TOTAL:	\$9,904,147

At its November 16 meeting the Subcommittee provided a public comment period. Nine individuals representing specific programs that are currently funded with EIA revenues or are seeking EIA funding addressed the subcommittee.

The Subcommittee then voted to realign existing EIA revenues accordingly:

1. Establish a reduced EIA base for FY2010-11.

The current year's appropriation for all EIA-funded programs will be reduced by a total of \$10,135,000 to conform to mid-year reductions. The reduced base for each EIA program will be determined by the Budget and Control Board, in cooperation with the South Carolina Department of Education, and will serve as the base appropriation for the FY2010-11 EIA budget.

2. Continue the consolidation and realignment of existing resources to increase system efficiencies:

- Eliminate all EIA line item appropriations of less than \$25,000
- Permanently realign funds for Competitive Teacher Grants to Teacher Supply
- Permanently eliminate funding for External Review teams
- Transfer from the EIA to the EFA funding of three programs: Middle School Initiative, Credits for High School Diploma, and Principal Supplement.
- Transfer from the General Fund to EIA: (1) All funds for the Child Development Education Pilot Program; (2) All funds for young adult and adult education to consolidate all funding for adult education into one line item in the EIA; and (3) general funds in the Clemson PSA budget which are appropriated for agriculture education teachers to the EIA where other funds currently exist to fund these teacher salaries.

3. Focus on teachers and parents, those who have a direct impact on students

With savings created from the elimination of several EIA line items, the Subcommittee recommended reallocating those funds accordingly:

- Students at Risk of School Failure - Increase in the appropriation for Students at Risk of School Failure of \$350,000 with the funds designated for the Center of Excellence to Prepare Teachers of Children of Poverty at Francis Marion University. The Center, which currently serves districts in the I-95 corridor, would expand statewide to develop a program of study for an add-on certification for teachers specializing in teaching children of poverty.
- Science PLUS Institute – Annualize funding (\$175,000) for the Institute which provides professional development and supplies to science teachers throughout the state.
- Young Adults – Increase funding of adult education by \$539,689 with at least one-third of all adult education funds going to young adults seeking a GED or high school diploma.
- Family and Community Initiative – Consolidate four existing line item appropriations into one line item, establishing a competitive grants program to schools, districts, institutions of higher education, and nonprofit organizations to improve student academic performance by expanding family and community engagement. In the current fiscal year at least 50% of the funds would be used to support school improvement councils. National research cited by the Harvard Family Research Project in its July 2009 issue brief, *Seeing is Believing: Promising Practices for How School Districts Promote Family Engagement*, estimates that "schools would have to spend \$1,000 more per pupil to reap the same gains in student achievement that an involved parent brings."⁴

The Subcommittee also recommended that \$2.5 million in any available non-recurring EIA revenues be appropriated to the South Carolina Department of Education for the final phase of installing and converting to PowerSchool. In school year 2010-11 PowerSchool will be the statewide student information system, replacing SASI.

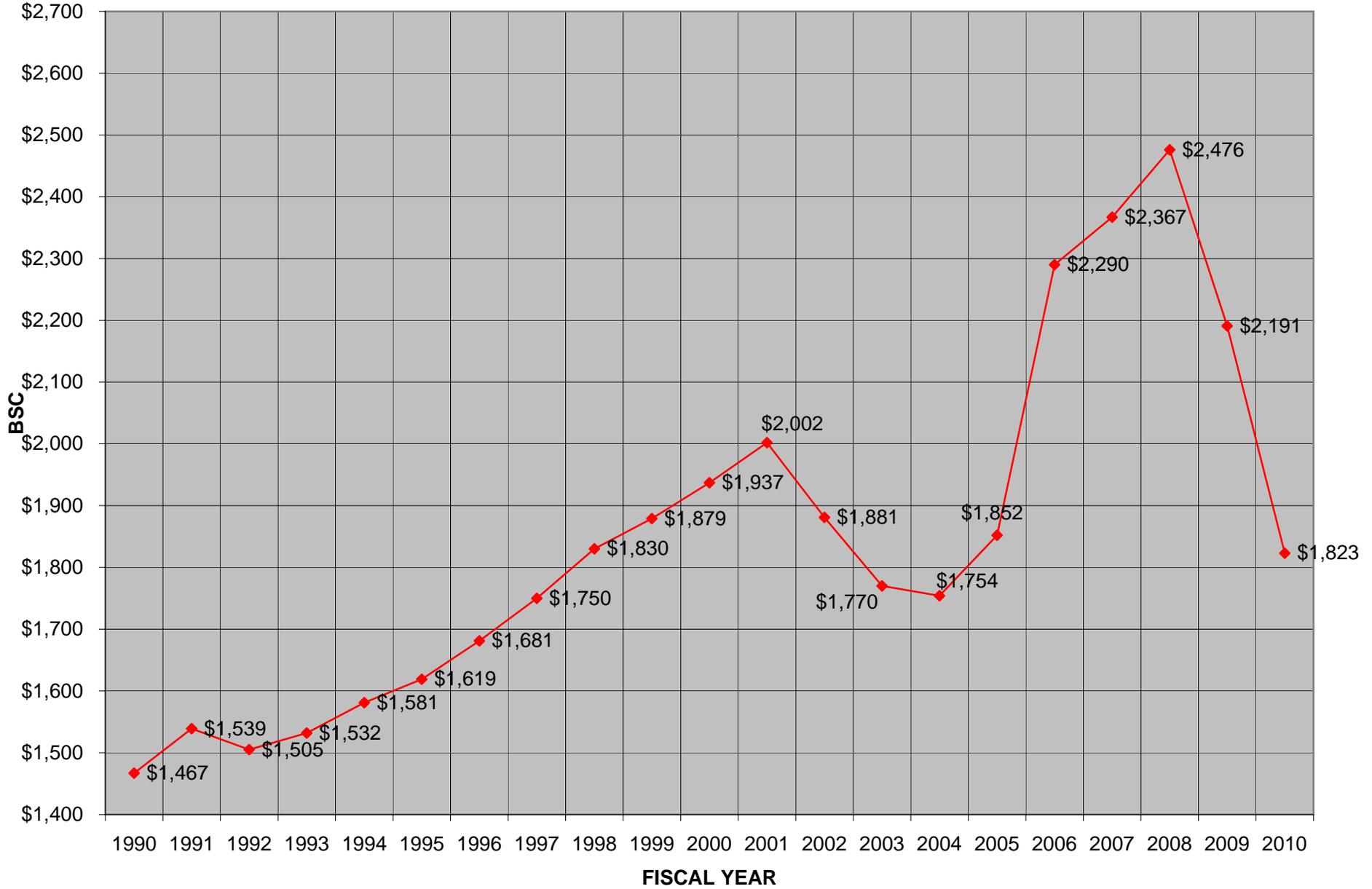
⁴ Houtenville, A.J. & Conway, K.S." Parental Effort, School Resources and Student Achievement." *Journal of Human Resources*, 43, 2 (2008): 437-453.

BSC AND SALARY INFORMATION

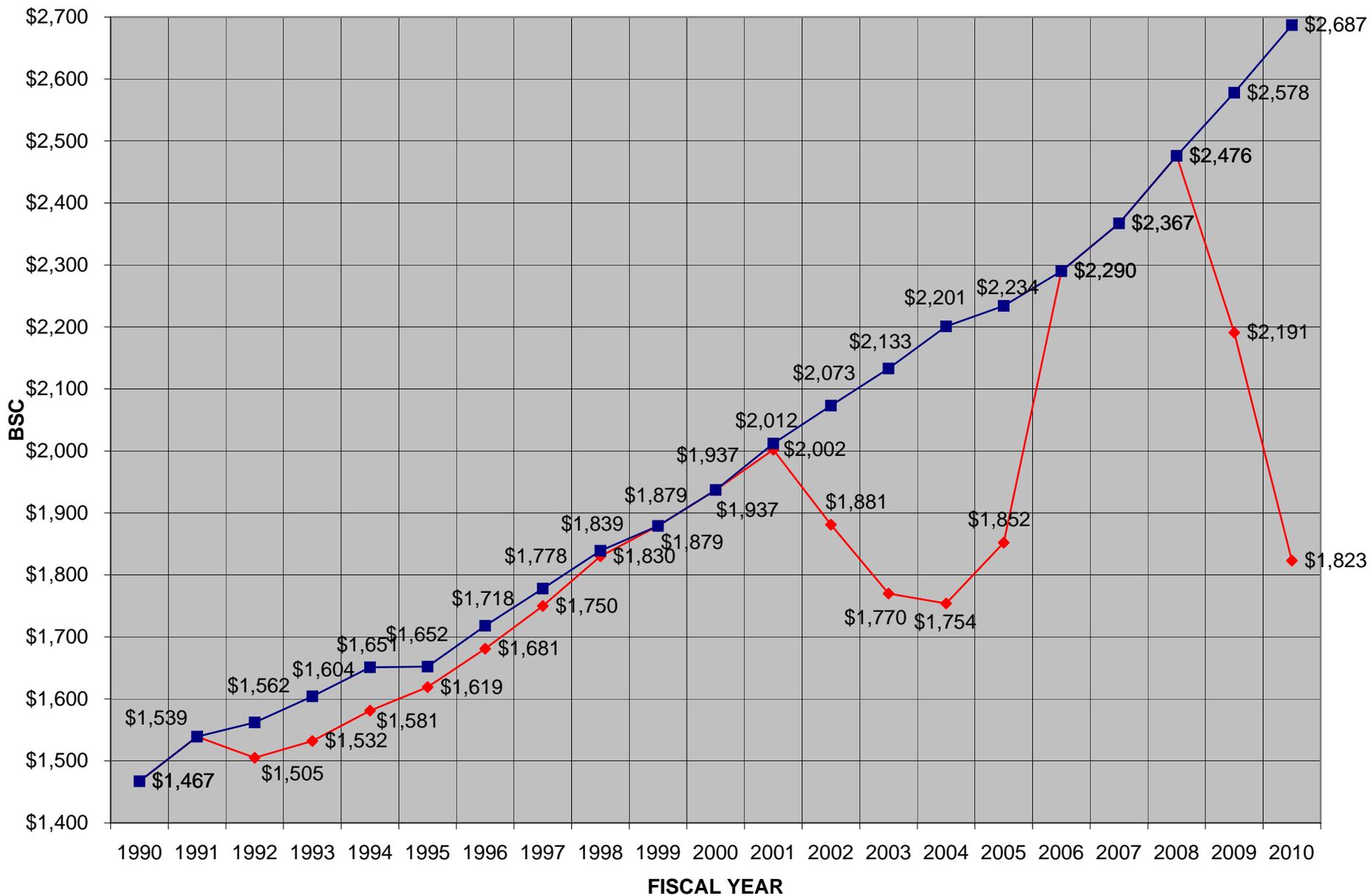
1/A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V
2	FY	BSC TO MATCH INFLATION	BSC TO MATCH INFLATION FACTOR	BSC ESTIMATE FOR BUDGET (B&CB)	BSC PROVISIO	BSC PROVISIO ACTUAL PERCENT CHANGE	BSC PROVISIO FACTOR	BSC INFLATION STATED IN PROVISIO	BSC INFLATION PROVISIO - FACTOR	BSC ACTUAL FUNDED (BSC & WPU)	BSC INFLATION ACTUAL FUNDED	BSC ACTUAL FUNDED - FACTOR	SALARY BASE FIGURE BASE CELL	SALARY BASE FIGURE PERCENT INCREASE	SALARY BASE FIGURE BASE CELL- FACTOR	SALARY BASE EIA FIGURE BASE CELL	SALARY BASE TOTAL BASE CELL	SALARY TOTAL BASE PERCENT INCREASE	SALARY TOTAL FIGURE BASE CELL - FACTOR	SC AVERAGE SALARY	SC AVERAGE SALARY FACTOR
3	1990	\$1,467	1.0000	\$1,467	\$1,467		1.0000		1.0000	\$1,467		1.0000	\$16,268		1.0000	\$1,761	\$18,029		1.0000	\$27,217	1.0000
4	1991	\$1,533	1.0450	\$1,539	\$1,539	4.91%	1.0491	4.90%	1.0490	\$1,539	4.91%	1.0491	\$17,002	4.51%	1.0451	\$1,602	\$18,604	3.19%	1.0319	\$28,302	1.0399
5	1992	\$1,546	1.0539	\$1,562	\$1,562	1.49%	1.0648	1.50%	1.0640	\$1,505	-2.21%	1.0259	\$17,257	1.50%	1.0608	\$1,347	\$18,604	0.00%	1.0319	\$28,068	1.0313
6	1993	\$1,578	1.0757	\$1,604	\$1,585	1.47%	1.0804	3.10%	1.0950	\$1,532	1.79%	1.0443	\$17,792	3.10%	1.0937	\$1,449	\$19,241	3.42%	1.0672	\$29,224	1.0737
7	1994	\$1,621	1.1050	\$1,651	\$1,581	-0.25%	1.0777	0.00%	1.0950	\$1,581	3.20%	1.0777	\$17,792	0.00%	1.0937	\$1,449	\$19,241	0.00%	1.0672	\$29,566	1.0863
8	1995	\$1,679	1.1445	\$1,652	\$1,619	2.40%	1.1036	2.40%	1.1190	\$1,619	2.40%	1.1036	\$18,219	2.40%	1.1199	\$1,618	\$19,837	3.10%	1.1003	\$30,279	1.1125
9	1996	\$1,716	1.1697	\$1,718	\$1,684	4.01%	1.1479	4.00%	1.1590	\$1,681	3.83%	1.1459	\$18,948	4.00%	1.1647	\$1,733	\$20,681	4.25%	1.1471	\$31,622	1.1618
10	1997	\$1,771	1.2072	\$1,778	\$1,760	4.51%	1.1997	4.50%	1.2040	\$1,750	4.10%	1.1929	\$19,611	3.50%	1.2055	\$1,779	\$21,390	3.43%	1.1864	\$32,830	1.2062
11	1998	\$1,814	1.2365	\$1,839	\$1,839	4.49%	1.2536	4.50%	1.2490	\$1,830	4.57%	1.2474	\$20,239	3.20%	1.2441	\$1,686	\$21,925	2.50%	1.2161	\$33,697	1.2381
12	1999	\$1,896	1.2924	\$1,879	\$1,879	2.18%	1.2808	2.20%	1.2710	\$1,879	2.68%	1.2808	\$20,459	1.09%	1.2576	\$1,796	\$22,255	1.51%	1.2344	\$34,506	1.2678
13	2000	\$1,957	1.3340	\$1,937	\$1,937	3.09%	1.3204	3.10%	1.3020	\$1,937	3.09%	1.3204	\$21,093	3.10%	1.2966	\$2,219	\$23,312	4.75%	1.2930	\$36,081	1.3257
14	2001	\$2,052	1.3988	\$2,012	\$2,012	3.87%	1.3715	3.90%	1.3410	\$2,002	3.36%	1.3647	\$21,783	3.27%	1.3390	\$2,472	\$24,255	4.05%	1.3453	\$37,938	1.3939
15	2002	\$2,112	1.4397	\$2,073	\$2,073	3.03%	1.4131	3.04%	1.3714	\$1,881	-6.04%	1.2822	\$22,445	3.04%	1.3797	\$2,739	\$25,184	3.83%	1.3969	\$39,923	1.4668
16	2003	\$2,173	1.4813	\$2,133	\$2,033	-1.93%	1.3858			\$1,770	-5.90%	1.2065	\$22,445	0.00%	1.3797	\$2,739	\$25,184	0.00%	1.3969	\$40,362	1.4830
17	2004	\$2,201	1.5003	\$2,201	\$1,701	-16.33%	1.1595			\$1,754	-0.90%	1.1956	\$22,445	0.00%	1.3797	\$2,904	\$25,349	0.66%	1.4060	\$41,162	1.5124
18	2005	\$2,234	1.5228	\$2,234	\$1,852	8.88%	1.2624			\$1,852	5.59%	1.2624	\$22,445	0.00%	1.3797	\$3,428	\$25,873	2.07%	1.4351	\$42,189	1.5501
19	2006	\$2,290	1.5610	\$2,290	\$2,290	23.65%	1.5610			\$2,290	23.65%	1.5610	\$24,795	10.47%	1.5242	\$1,494	\$26,289	1.61%	1.4582	\$43,011	1.5803
20	2007	\$2,367	1.6135	\$2,367	\$2,367	3.36%	1.6135			\$2,367	3.36%	1.6135	\$25,628	3.36%	1.5754	\$1,347	\$26,975	2.61%	1.4962	\$44,336	1.6290
21	2008	\$2,476	1.6878	\$2,476	\$2,476	4.60%	1.6878			\$2,476	4.60%	1.6878	\$26,807	4.60%	1.6478	\$1,062	\$27,869	3.31%	1.5458	\$45,758	1.6812
22	2009	\$2,578	1.7573	\$2,578	\$2,578	4.12%	1.7573			\$2,191	-11.51%	1.4935	\$27,911	4.12%	1.7157	\$1,032	\$28,943	3.85%	1.6054	\$47,421	1.7423
23	2010	\$2,687	1.8316	\$2,687	\$2,687	4.23%	1.8316			\$1,823	-16.80%	1.2427	\$27,911	0.00%	1.7157	\$1,032	\$28,943	0.00%	1.6054	\$47,421	1.7423
24	FORMULA	Input	C17/C3	Input	Input	(F17-F16)/F16	F17/F3	Input	J16+I17	Input	(K17-K16)/K16	K17/K3	Input	(N17-N16)/N16	N17/N3	Input	Q17+Q17	(R17-R16)/R16	R17/R3	Input	U17/U3
	Source: John Cooley, South Carolina Department of Education																				

BSC ACTUAL FUNDED (BSC & WPU)

◆ BSC ACTUAL FUNDED (BSC & WPU)

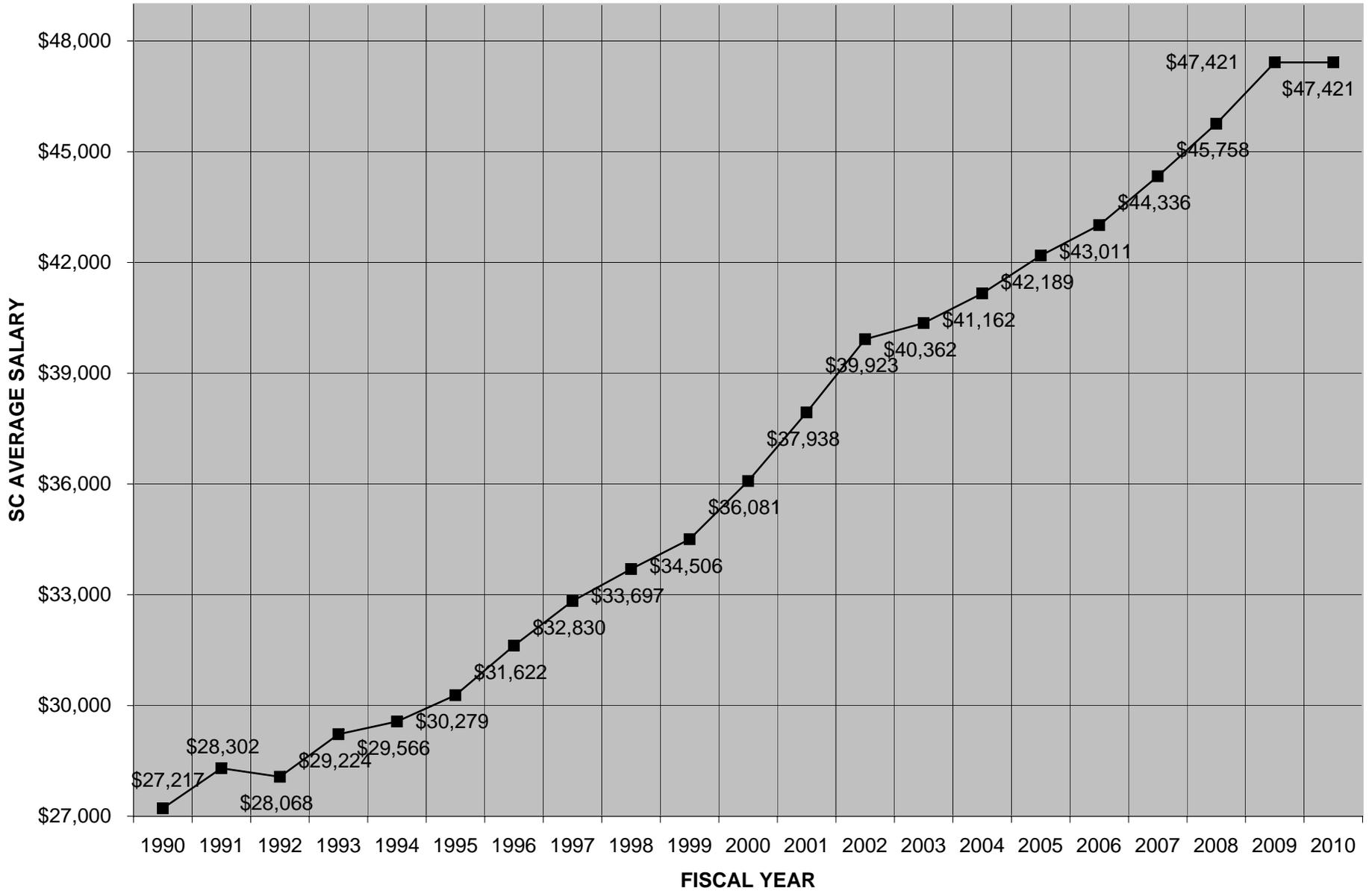


EFA BASE STUDENT COST

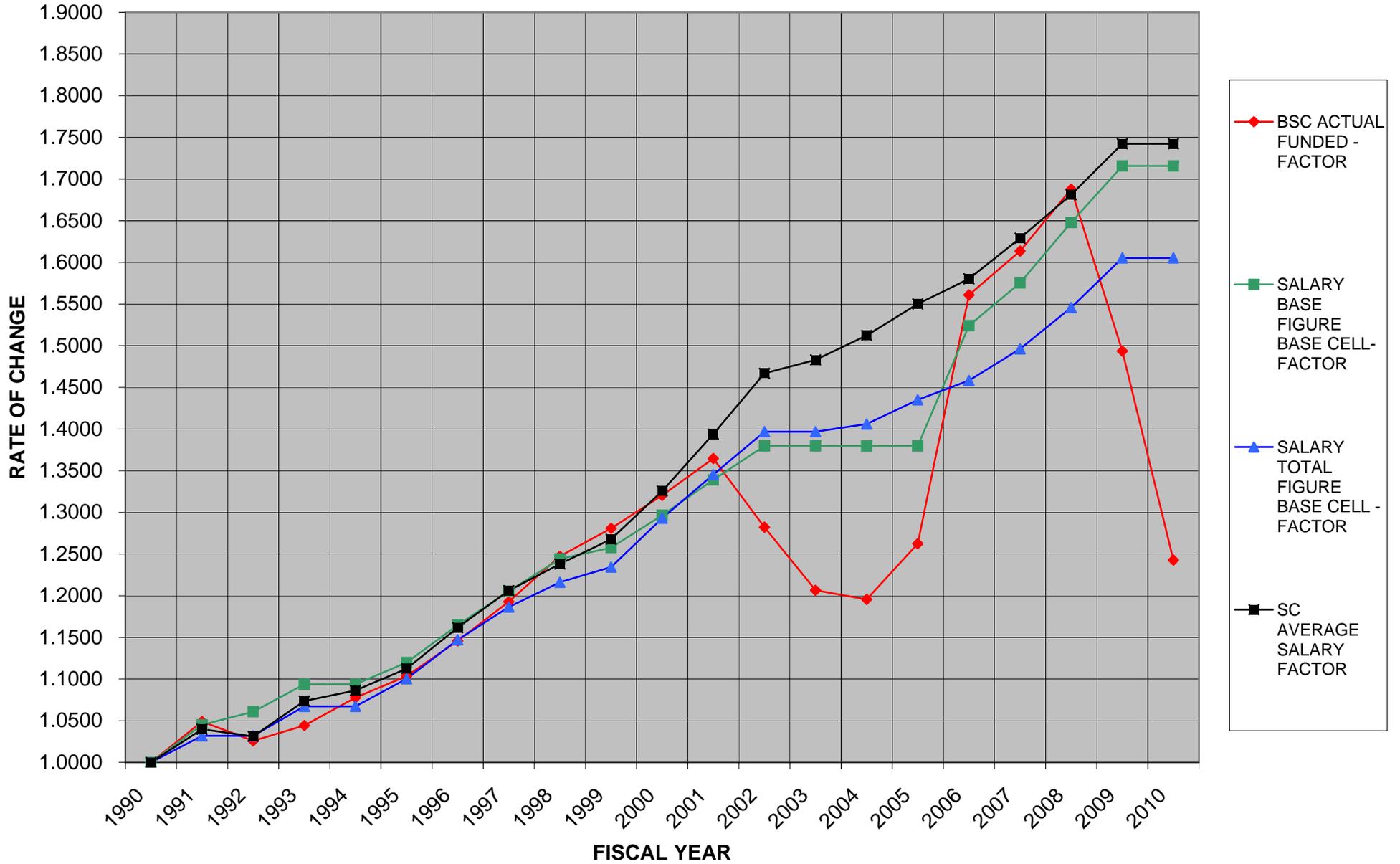


SC AVERAGE TEACHER SALARY

■ SC AVERAGE SALARY



TREND ANALYSIS BSC AND SALARY SCHEDULE RATE OF CHANGE OVER TIME



Recommendations of the EIA and Improvement Mechanisms Subcommittee

"By 2020 all students will graduate with the knowledge and skills necessary to compete successfully in the global economy, participate in a democratic society and contribute positively as members of families and communities.

EIA Base Appropriation	\$532,044,107	See attached.
Less December 15, 2009 Projected Reductions After exempting teacher salaries, National Board and teacher supplies which total approximately \$157.8 million, the reduction is approximately 2.7% to all other EIA line items	(\$10,135,000)	
EIA Reduced Base Appropriation	\$521,909,107	
Increase System Efficiencies		Provisos
Transfer from EIA to EFA: (\$22,938,071)		
Middle School Initiative	(\$3,576,330)	Delete 1A.27.
Credits for High School Diploma	(\$17,117,711)	Delete 1A.29.
Principal Supplement	(\$2,244,030)	Delete 1A.9.
Transfer from General Fund to EIA: \$23,251,465		
CDEPP-SCDE	\$17,300,000	
CDEPP-OFS	\$2,400,000	
Clemson Agriculture Education Teachers (from Clemson PSA) to EIA	\$304,200	Add new proviso
Young Adult Education (to be consolidated with adult education)	\$2,828,986	
AID OTHER STATE AGY-ADULT Education (to be consolidated with adult education in EIA)	\$418,279	Delete 1.23.
Eliminate/Consolidate all EIA line items of less than \$25,000		
XI.A. Standards, Teaching, Learning, Accountability		
Alloc EIA – Other Entities	(\$21,223)	
Alloc EIA – Other Entities	(\$352)	
Other Agencies	(\$11,628)	
Permanently realign funds for Competitive Teacher Grants to Teacher Supply (as occurred in current fiscal year)		
Competitive Teacher Grants	(\$956,728)	Delete 1A.34.
Teacher Supplies	\$956,728	
Permanently Eliminate Funding for External Review Teams (funds and program were suspended in current fiscal year)	(\$1,019,880)	

Recommendations of the EIA and Improvement Mechanisms Subcommittee

Prepare Teachers		
Students at Risk of School Failure -- Center of Excellence to Prepare Teachers of Children of Poverty	\$350,000	Amend 1A.38.
SCIENCE P.L.U.S. (funded in current year with suspended EIA funds)	\$175,000	
Strengthen Young Adults		
Consolidate Various EIA Line Item appropriations (totaling \$297,531) into a Family and Community Initiative . The funds would be allocated to SCDE for the purpose of improving family and community involvement in public education. Competitive grants would be awarded to schools, districts, institutions of higher education and non-profit organizations to improve student academic performance by expanding family and community involvement. In the current fiscal year at least 50% of the funds would be used to support school improvement councils.		
EOC Family Involvement	(\$33,781)	
SCDE Business and Community Partnerships	(\$65,530)	
SICA	(\$149,768)	
Service Learning Engagement	(\$48,452)	
Family and Community Involvement Initiative	\$297,531	Add new proviso
Young Adult Education	\$539,689	
Consolidate all funds for Young Adult and Adult Education into EIA funds and increase allocation for Young Adult Education. Result will be one-third of funds for adult education to be dedicated by proviso to Young Adult Education		Add new proviso
TOTAL: (Nov. 10, 2009 BEA Revenue Estimate for EIA for FY2010-11)	\$522,234,107	
If there are non-recurring funds available:		
Data Collection (Final Phase of PowerSchool Implementation)	\$2,500,000	

Provisos Recommended by EIA and Improvement Mechanisms Subcommittee

Amendments to or Deletions of Existing Provisos:

1.27. (SDE: PSAT/PLAN Reimbursement) Funds appropriated for assessment shall be used to pay for the administration of the PSAT, ~~or Plan, or WorkKeys~~ test to tenth grade students to include the testing fee and report fee. The selection of the test for each student should be informed by the student's individual graduation plan (IGP) cluster selection, guidance counselor advisement and parent/legal guardian consent. SDE is authorized to carry forward into the current fiscal year, prior year state assessment funds for the purpose of paying for state assessment activities not completed by the end of the fiscal year including the scoring of the spring statewide accountability assessment.

1A.26. (SDE: PSAT/PLAN Reimbursement) Funds appropriated for assessment shall be used to pay for the administration of the PSAT, ~~or Plan, or WorkKeys~~ test to tenth grade students to include the testing fee and report fee. The selection of the test for each student should be informed by the student's individual graduation plan (IGP) cluster selection, guidance counselor advisement and parent/legal guardian consent. SDE is authorized to carry forward into the current fiscal year, prior year state assessment funds for the purpose of paying for state assessment activities not completed by the end of the fiscal year including the scoring of the spring statewide accountability assessment.

Explanation: The amendment to these two provisos would expand the number of assessments available for 10th grade students to include WorkKeys. The selection of the PSAT, Plan or WorkKeys would be based on the student's individual graduation plan cluster selection, guidance counselor advisement and parent/legal guardian consent. The business community supports WorkKeys which can assist students in providing information about career and educational decisions.

Provisos Recommended by EIA and Improvement Mechanisms Subcommittee

1.48. (SDE: National Board Certification Incentive) Public school classroom teachers or classroom teachers who work with classroom teachers who are certified by the State Board of Education and who have been certified by the National Board for Professional Teaching Standards shall be paid a \$7,500 salary supplement beginning July 1 in the year following the year of achieving certification, beginning with 2009 applicants. Teachers employed at the special schools shall be eligible for this \$7,500 salary supplement. The special schools include the Governor's School for Science and Math, Governor's School for the Arts and Humanities, Wil Lou Gray Opportunity School, John de la Howe School, School for the Deaf and the Blind, Felton Lab, Department of Juvenile Justice and Palmetto Unified School District 1. The \$7,500 salary supplement shall be added to the annual pay of the teacher for the length of the national certificate. However, the \$7,500 supplement shall be adjusted on a pro rata basis for the teacher's FTE and paid to the teacher in accordance with the district's payroll procedure. The Center for Educator Recruitment, Retention, and Advancement (CERRA-South Carolina) shall develop guidelines and administer the programs whereby teachers who are United States citizens or permanent resident aliens, and who are applying to the National Board for Professional Teaching Standards for certification may receive a loan equal to the amount of the application fee. Up to eleven hundred loan applications shall be processed annually. One-half of the loan principal amount and interest shall be forgiven when the required portfolio is submitted to the national board. Teachers attaining certification within three years of receiving the loan will have the full loan principal amount and interest forgiven. Teachers who previously submitted a portfolio to the National Board for Professional Teaching Standards for certification under previous appropriation acts, shall receive reimbursement of their certification fee as prescribed under the provisions of the previous appropriation act. Funds collected from educators who are in default of the National Board loan shall be retained and carried forward by the Department. The Department may retain up to ten percent of the funds collected to offset the administrative costs of loan collection. All other funds shall be retained by the Department and used for National Board loan purposes. Of the funds appropriated in Part IA, Section 1, XIII.A. for National Board Certification, the State Department of Education shall transfer to the Center for Educator Recruitment, Retention, and Advancement (CERRA-South Carolina) the funds necessary for the administration of the loan program. In addition, teachers who are certified by the National Board for Professional Teaching Standards shall enter a recertification cycle for their South Carolina certificate consistent with the recertification cycle for national board certification. National board certified teachers moving to this State who hold a valid standard certificate from their sending state are exempted from initial certification requirements and are eligible for a professional teaching certificate and continuing contract status. Their recertification cycle will be consistent with national board certification.

Provisos Recommended by EIA and Improvement Mechanisms Subcommittee

Provided, further, that in calculating the compensation for teacher specialists, the State Department of Education shall include state and local compensation as defined in Section 59-18-1530 to include local supplements except local supplements for National Board certification. Teacher specialists remain eligible for state supplement for National Board certification.

Teachers who begin the application process after July 1, 2007 and who teach in schools which have an absolute rating of below average or at-risk at the time the teacher applies to the National Board for certification, but who fail to obtain certification, nonetheless shall be eligible for full forgiveness of the loan as follows: upon submission of all required materials for certification, one-half of the loan principal amount and interest shall be forgiven; forgiveness of the remainder of the loan will be at the rate of 33% for each year of full time teaching in the same school regardless of whether that school exceeds an absolute rating of below average or at-risk during the forgiveness period, or for each year of full time teaching in another school that has an absolute rating of below average or at risk.

Effective July 1, 2010 the state will not award loans to any teacher seeking National Board certification and will not pay a \$7,500 salary supplement to any teacher receiving National Board certification unless the teacher had received National Board certification prior to July 1, 2010 or had completed application for National Board certification prior to July 1, 2010 and subsequently received National Board certification. No state funds shall be paid to any teacher beyond the first ten years of receiving National Board certification. The South Carolina Department of Education must present a plan to transition the state from the NBPTS supplement to investments in teacher assignment and/or performance compensation to the Senate Education Committee, the Senate Finance Committee, the House Education and Public Works Committee, the House Ways and Means Committee, the State Board of Education and the Education Oversight Committee no later than October 1, 2010.

Explanation: The amended proviso would: (1) allow SCDE to keep up to 10% of the loan default payments to pay for the cost of loan collections; (2) discontinue National Board supplements after all existing commitments are kept; and (3) limit National Board supplements to one ten-year period.

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1.61. (SDE: Child Development Education Pilot Program) There is created the South Carolina Child Development Education Pilot Program (CDEPP). This program shall be available for the ~~2009-10~~ 2010-11 school year on a voluntary basis and shall focus on the developmental and learning support that children must have in order to be ready for school and must incorporate parenting education.

(A) For the ~~2009-10~~ 2010-11 school year, with funds appropriated by the General Assembly, the South Carolina Child Development Education Pilot Program shall first be made available to eligible children from the following eight trial districts in Abbeville County School District et. al. vs. South Carolina: Allendale, Dillon 2, Florence 4, Hampton 2, Jasper, Lee, Marion 7, and Orangeburg 3. With any remaining funds available, the pilot shall be expanded to the remaining plaintiff school districts in Abbeville County School District et. al. vs. South Carolina and then expanded to eligible children residing in school districts with a poverty index of 90% or greater. Priority shall be given to implementing the program first in those of the plaintiff districts which participated in the pilot program during the 2006-2007 school year, then in the plaintiff districts having proportionally the largest population of underserved at-risk four-year-old children. ~~During the implementation of the pilot program, no funds appropriated by the General Assembly for this purpose shall be used to fund services to at-risk four-year-old children residing outside of the trial or plaintiff districts.~~

The Education Oversight Committee shall conduct an evaluation of the pilot program and shall issue a report to the General Assembly by ~~January 1, 2010~~ January 15 of the current fiscal year. The report shall include a comparative evaluation of children served in the pilot program and children not served in the pilot program. Additionally, based on the evaluation of the pilot program, the Education Oversight Committee shall include recommendations for the creation of and an implementation plan for phasing in the delivery of services to all at-risk four-year-old children in the state.

Unexpended funds from the prior fiscal year for this program shall be carried forward and shall remain in the program. In rare instances, students with documented kindergarten readiness barriers may be permitted to enroll for a second year, or at age five, at the discretion of the Department of Education for students being served by a public provider or at the discretion of the Office of South Carolina First Steps to School Readiness for students being served by a private provider.

(B) Each child residing in the pilot districts, who will have attained the age of four years on or before September 1, of the school year, and meets the at-risk criteria is eligible for enrollment in the South Carolina Child Development Education Pilot Program for one year.

The parent of each eligible child may enroll the child in one of the following programs:

- (1) a school-year four-year-old kindergarten program delivered by an approved public provider; or
- (2) a school-year four-year-old kindergarten program delivered by an approved private provider.

The parent enrolling a child must complete and submit an application to the approved provider of choice. The application must be submitted on forms and must be accompanied by a copy of the child's birth certificate, immunization documentation, and documentation of the student's eligibility as evidenced by family income documentation

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showing an annual family income of 185% or less of the federal poverty guidelines as promulgated annually by the U.S. Department of Health and Human Services or a statement of Medicaid eligibility.

In submitting an application for enrollment, the parent agrees to comply with provider attendance policies during the school year. The attendance policy must state that the program consists of 6.5 hours of instructional time daily and operates for a period of not less than 180 days per year. Pursuant to program guidelines, noncompliance with attendance policies may result in removal from the program.

No parent is required to pay tuition or fees solely for the purpose of enrolling in or attending the program established under this provision. Nothing in this provision prohibits charging fees for childcare that may be provided outside the times of the instructional day provided in these programs.

If by October 1 of the school year at least 75% of the total number of eligible CDEPP children in a district or county are projected to be enrolled in CDEPP, Head Start or ABC Child Care Program as determined by the South Carolina Department of Education and the Office of First Steps, CDEPP providers may then enroll pay-lunch children who score at or below the 25th national percentile on two of the three DIAL-3 subscales and may receive reimbursement for these children if funds are available.

(C) Public school providers choosing to participate in the South Carolina Four-Year-Old Child Development Kindergarten Program must submit an application to the Department of Education. Private providers choosing to participate in the South Carolina Four-Year-Old Child Development Kindergarten Program must submit an application to the Office of First Steps. The application must be submitted on the forms prescribed, contain assurances that the provider meets all program criteria set forth in this provision, and will comply with all reporting and assessment requirements.

Providers shall:

- (1) comply with all federal and state laws and constitutional provisions prohibiting discrimination on the basis of disability, race, creed, color, gender, national origin, religion, ancestry, or need for special education services;
- (2) comply with all state and local health and safety laws and codes;
- (3) comply with all state laws that apply regarding criminal background checks for employees and exclude from employment any individual not permitted by state law to work with children;
- (4) be accountable for meeting the education needs of the child and report at least quarterly to the parent/guardian on his progress;
- (5) comply with all program, reporting, and assessment criteria required of providers;
- (6) maintain individual student records for each child enrolled in the program to include, but not be limited to, assessment data, health data, records of teacher observations, and records of parent or guardian and teacher conferences;
- (7) designate whether extended day services will be offered to the parents/guardians of children participating in the program;
- (8) be approved, registered, or licensed by the Department of Social Services; and
- (9) comply with all state and federal laws and requirements specific to program providers.

Providers may limit student enrollment based upon space available. However if

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enrollment exceeds available space, providers shall enroll children with first priority given to children with the lowest scores on an approved pre-kindergarten readiness assessment. Private providers shall not be required to expand their programs to accommodate all children desiring enrollment. However, providers are encouraged to keep a waiting list for students they are unable to serve because of space limitations.

(D) The Department of Education and the Office of First Steps to School Readiness shall:

- (1) develop the provider application form;
- (2) develop the child enrollment application form;
- (3) develop a list of approved research-based preschool curricula for use in the program based upon the South Carolina Content Standards, provide training and technical assistance to support its effective use in approved classrooms serving children;
- (4) develop a list of approved pre-kindergarten readiness assessments to be used in conjunction with the program, provide assessments and technical assistance to support assessment administration in approved classrooms serving children;
- (5) establish criteria for awarding new classroom equipping grants;
- (6) establish criteria for the parenting education program providers must offer;
- (7) establish a list of early childhood related fields that may be used in meeting the lead teacher qualifications;
- (8) develop a list of data collection needs to be used in implementation and evaluation of the program;
- (9) identify teacher preparation program options and assist lead teachers in meeting teacher program requirements;
- (10) establish criteria for granting student retention waivers; and
- (11) establish criteria for granting classroom size requirements waivers.

(E) Providers of the South Carolina Child Development Education Pilot Program shall offer a complete educational program in accordance with age-appropriate instructional practice and a research based preschool curriculum aligned with school success. The program must focus on the developmental and learning support children must have in order to be ready for school. The provider must also incorporate parenting education that promotes the school readiness of preschool children by strengthening parent involvement in the learning process with an emphasis on interactive literacy.

Providers shall offer high-quality, center-based programs that must include, but shall not be limited to, the following:

- (1) employ a lead teacher with a two-year degree in early childhood education or related field or be granted a waiver of this requirement from the Department of Education or the Office of First Steps to School Readiness;
- (2) employ an education assistant with pre-service or in-service training in early childhood education;
- (3) maintain classrooms with at least 10 four-year-old children, but no more than 20 four-year-old children with an adult to child ratio of 1:10. With classrooms having a minimum of 10 children, the 1:10 ratio must be a lead teacher to child ratio. Waivers of the minimum class size requirement may be granted by the South Carolina Department of Education for public providers or by the Office of First Steps to School Readiness for private providers on a case-by-case basis;

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(4) offer a full day, center-based program with 6.5 hours of instruction daily for 180 school days;

(5) provide an approved research-based preschool curriculum that focuses on critical child development skills, especially early literacy, numeracy, and social/emotional development;

(6) engage parents' participation in their child's educational experience that shall include a minimum of two documented conferences per year; and

(7) adhere to professional development requirements outlined in this article.

(F) Every classroom providing services to four-year-old children established pursuant to this provision must have a lead teacher with at least a two-year degree in early childhood education or related field and who is enrolled and is demonstrating progress toward the completion of a teacher education program within four years. Every classroom must also have at least one education assistant per classroom who shall have the minimum of a high school diploma or the equivalent, and at least two years of experience working with children under five years old. The teaching assistant shall have completed the Early Childhood Development Credential (ECD) 101 or enroll and complete this course within twelve months of hire. Providers may request waivers to the ECD 101 requirement for those assistants who have demonstrated sufficient experience in teaching children 5 years old and younger. The providers must request this waiver in writing to their designated administrative agency (First Steps or the Department of Education) and provide appropriate documentation as to the qualifications of the teaching assistant.

(G) The General Assembly recognizes there is a strong relationship between the skills and preparation of pre-kindergarten instructors and the educational outcomes of students. To improve these education outcomes, participating providers shall require all personnel providing instruction and classroom support to students participating in the South Carolina Child Development Education Pilot Program to participate annually in a minimum of 15 hours of professional development to include teaching children from poverty. Professional development should provide instruction in strategies and techniques to address the age-appropriate progress of pre-kindergarten students in developing emergent literacy skills, including but not limited to, oral communication, knowledge of print and letters, phonemic and phonological awareness, and vocabulary and comprehension development.

(H) Both public and private providers shall be eligible for transportation funds for the transportation of children to and from school. Nothing within this provision prohibits providers from contracting with another entity to provide transportation services provided the entities adhere to the requirements of Section 56-5-195. Providers shall not be responsible for transporting students attending programs outside the district lines. Parents choosing program providers located outside of their resident district shall be responsible for transportation. When transporting four-year-old child development students, providers shall make every effort to transport them with students of similar ages attending the same school. Of the amount appropriated for the program, not more than \$185 per student shall be retained by the Department of Education for the purposes of transporting four-year-old students. This amount must be increased

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annually by the same projected rate of inflation as determined by the Division of Research and Statistics of the Budget and Control Board for the Education Finance Act.

(I) For all private providers approved to offer services pursuant to this provision, the Office of First Steps to School Readiness shall:

- (1) serve as the fiscal agent;
- (2) verify student enrollment eligibility;
- (3) recruit, review, and approve eligible providers. In considering approval of providers, consideration must be given to the provider's availability of permanent space for program service and whether temporary classroom space is necessary to provide services to any children;
- (4) coordinate oversight, monitoring, technical assistance, coordination, and training for classroom providers;
- (5) serve as a clearing house for information and best practices related to four-year-old kindergarten programs;
- (6) receive, review, and approve new classroom grant applications and make recommendations for approval based on approved criteria;
- (7) coordinate activities and promote collaboration with other private and public providers in developing and supporting four-year-old kindergarten programs;
- (8) maintain a database of the children enrolled in the program; and
- (9) promulgate guidelines as necessary for the implementation of the pilot program.

(J) For all public school providers approved to offer services pursuant to this provision, the Department of Education shall:

- (1) serve as the fiscal agent;
- (2) verify student enrollment eligibility;
- (3) recruit, review, and approve eligible providers. In considering approval of providers, consideration must be given to the provider's availability of permanent space for program service and whether temporary classroom space is necessary to provide services to any children;
- (4) coordinate oversight, monitoring, technical assistance, coordination, and training for classroom providers;
- (5) serve as a clearing house for information and best practices related to four-year-old kindergarten programs;
- (6) receive, review, and approve new classroom grant applications and make recommendations for approval based on approved criteria;
- (7) coordinate activities and promote collaboration with other private and public providers in developing and supporting four-year-old kindergarten programs;
- (8) maintain a database of the children enrolled in the program; and
- (9) promulgate guidelines as necessary for the implementation of the pilot program.

(K) The General Assembly shall provide funding for the South Carolina Child Development Education Pilot Program. For the ~~2009-10~~ 2010-11 school year, the funded cost per child shall be ~~\$4,093~~ \$4,218, increased annually by the rate of inflation as determined by the Division of Research and Statistics of the Budget and Control Board for the Education Finance Act. Eligible students enrolling with private providers

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during the school year shall be funded on a pro-rata basis determined by the length of their enrollment. Private providers transporting eligible children to and from school shall be eligible for a reimbursement of \$550 per eligible child transported. Providers who are reimbursed are required to retain records as required by their fiscal agent. Providers enrolling between one and six eligible children shall be eligible to receive up to \$1,000 per child in materials and equipment grant funding, with providers enrolling seven or more such children eligible for grants not to exceed \$10,000. Providers receiving equipment grants are expected to participate in the program and provide high-quality, center-based programs as defined herein for a minimum of three years. Failure to participate for three years will require the provider to return a portion of the equipment allocation at a level determined by the Department of Education and the Office of First Steps to School Readiness. ~~Funding of up to two thousand five hundred dollars may be provided annually for the procurement of consumable and other materials in established classrooms.~~ Funding to providers is contingent upon receipt of data as requested by the Department of Education and the Office of First Steps.

(L) Pursuant to this provision, the Department of Social Services shall:

- (1) maintain a list of all approved public and private providers; and
- (2) provide the Department of Education, the Office of First Steps, and the Education Oversight Committee information necessary to carry out the requirements of this provision.

(M) The Education Oversight Committee shall conduct a comparative evaluation of the South Carolina Child Development Education Pilot Program and issue their findings in a report to the General Assembly by ~~January 1, 2010~~. Based on information, data, and evaluation results, the Education Oversight Committee shall include as part of their report recommendations for the creation and implementation of a statewide four-year-old kindergarten program for at-risk children. The report shall also include information and recommendations on lead teacher qualifications and options for creating comparable salary schedules for certified teachers employed by private providers. In the current fiscal year, the Education Oversight Committee shall use funds appropriated by the General Assembly for four-year-old evaluation to support the annual collection of and continuous evaluation of data. ~~The Office of First Steps will include in its triennial external evaluation pursuant to Section 59-152-160 of the 1976 Code, fiscal and management questions as provided by the Education Oversight Committee.~~

The report shall also include an assessment, by county, on the availability and use of existing public and private classroom capacity approved for at-risk four-year-old kindergarten students based on data collected triennially. The report shall include, by county, the estimated four-year-old population, the total number of CDEPP approved four-year-old kindergarten spaces available, the number of four-year-old children enrolled in both public and private CDEPP approved facilities, and the number of children on waiting lists for either public or private providers during the reporting period. Where possible, the report shall also include anticipated four-year-old kindergarten enrollment projections for the two years following the report. ~~The 2010 evaluation will also include the following: (1) a determination of the factors including policy issues, leadership characteristics and community concerns that led to substantial increases in the number of CDEPP participants served in specific districts and counties; (2) a determination of the factors that influence the continuity of CDEPP student enrollment across the full 180-day~~

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~~program and policy or programmatic changes needed to assure that CDEPP participants fully benefit from the program; (3) a determination of how many private childcare center teachers are pursuing a four-year degree and the barriers incurred in obtaining the degree; and (4) a review of any formalized plan or evaluation data to assess the quality and impact of professional development and training provided by the Office of First Steps and the Department of Education to CDEPP teachers. The annual evaluation will address the implementation, accountability and effectiveness of CDEPP.~~

To aid in this evaluation, the Education Oversight Committee shall determine the data necessary and both public and private providers are required to submit the necessary data as a condition of continued participation in and funding of the program. This data shall include developmentally appropriate measures of student progress. Additionally, the Department of Education shall issue a unique student identifier for each child receiving services from a private provider. The Department of Education shall be responsible for the collection and maintenance of data on the public state funded full day and half-day four-year-old kindergarten programs. The Office of First Steps to School Readiness shall be responsible for the collection and maintenance of data on the state funded programs provided through private providers. The Education Oversight Committee shall use this data and all other collected and maintained data necessary to conduct a research based review of the program's implementation and assessment of student success in the early elementary grades.

Explanation: The proposed amendments would: (1) update all fiscal year references; (2) move the date for completion of the annual evaluation from January 1 to January 15; (3) increase the per child reimbursement rate by \$125 to cover the cost of supplies and materials while deleting the \$2,500 allocation per classroom; (4) permit reimbursements for children scoring below the 25th national percentile on two of the three DIAL-3 subscales and who enrolled in CDEPP if 75% or more of the CDEPP-eligible population in a district or county are being served in a federal or state program and if funds are available; and (5) clarify future components of evaluation.

~~**1.68. (SDE: Physical Education Assessment Program)** Of the funds appropriated to the Department of Education for the physical education assessment program, the department is directed to use the funds for the review and revision of the physical education assessment and associated professional development. For fiscal year 2009-10, the department may field test the revised physical education assessment.~~

Explanation: At the request of the South Carolina Department of Education, the proviso is no longer needed since the revisions have been made to the PE assessment, and the field testing will be conducted in the current school year.

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1A.13. (SDE-EIA: XI.A.1-Arts in Education) Funds appropriated in Part I, A, Section 1, XI.A.1. Arts Curricula shall be used to support innovative practices in arts education curriculum, instruction, and assessment in the visual and performing arts including dance, music, theatre, and visual arts which incorporates strengths from the Arts in Education ~~пилот~~ sites. They shall also be used to support the advancement of the implementation of the visual and performing arts academic standards. These funds shall be distributed to schools and school districts under a competitive grants program; however, up to 33% of the total amount of the grant fund shall be made available as "Aid to Other Agencies" to facilitate the funding of professional development arts institutes that have been approved by the State Department of Education for S.C. arts teachers, ~~and~~ appropriate classroom teachers and administrators. Arts Curricular Grants funds may be retained and carried forward into the current fiscal year to be expended in accordance with the proposed award.

Explanation: At the request of the South Carolina Department of Education, the proviso would clarify the procedures and goals of the arts in education grants program.

1A.28. (SDE-EIA: Early Childhood Review) From the funds appropriated for EIA Four-Year-Old Early Childhood, the Department of Education shall utilize up to \$300,000 to provide monitoring and oversight of the program and to institute a plan for reviewing, tracking 4K students through fifth grade, examining components that have contributed to student academic success and to review on a district basis, ~~early childhood assets of schools and districts based on 4K entry DIAL 3 scores, and South Carolina Readiness Assessment Reports. To accomplish this, the department shall use reports that analyze program assets and provide guidance to local schools on the effective use of the reports to enhance quality gaps. Children will be tracked from early childhood programs to fifth grade and beyond to study the relationships of strong early childhood programs and increased performance on PACT, decreased drop-out scores, decreased referral for special education programs, and increased graduation rates. This review may not be used as a part of the EAA Report Card for the current fiscal year.~~ professional development needs based on successful program components. The Department shall use all pertinent information obtained to implement statewide professional development to guide efforts aimed at increasing the success of all children.

Explanation: At the request of the South Carolina Department of Education, the proviso would clarify how the funds would be expended for the monitoring and oversight of the half-day four-year-old program.

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1A.21. (SDE-EIA: Technical Assistance) In order to best meet the needs of underperforming schools, funds appropriated for technical assistance to schools with an absolute rating of below average or at-risk on the most recent annual school report card must be allocated according to the severity of not meeting report card criteria.

Schools receiving an absolute rating of below average or at-risk must develop and submit to the Department of Education a school renewal plan outlining how technical assistance allocations will be utilized and goals for improvements will be obtained. Each allocation must address specific strategies designed to increase student achievement and must include measures to evaluate success. The school renewal plan may include expenditures for recruitment incentives for faculty and staff, performance incentives for faculty and staff, assistance with curriculum and test score analysis, professional development activities based on curriculum and test score analysis that may include daily stipends if delivered on days outside of required contract days. School expenditures shall be monitored by the Department of Education.

With the funds appropriated to the Department of Education for technical assistance services, the department will assist schools with an absolute rating of below average or at-risk in designing and implementing technical assistance school renewal plans and in brokering for technical assistance personnel as needed and as stipulated in the plan. In addition, the department must monitor student academic achievement and the expenditure of technical assistance funds in schools receiving these funds and report their findings to the General Assembly and the Education Oversight Committee by January 1 of each fiscal year as the General Assembly may direct. If the Education Oversight Committee or the department requests information from schools or school districts regarding the expenditure of technical assistance funds pursuant to evaluations, the school or school district must provide the evaluation information necessary to determine effective use. If the school or school district does not provide the evaluation information necessary to determine effective use, the principal of the school or the district superintendent may be subject to receiving a public reprimand by the State Board of Education if it is determined that those individuals are responsible for the failure to provide the required information.

The department shall coordinate with and monitor the services provided by the School Improvement Council Assistance and the Writing Improvement Network to the schools. Based on criteria jointly determined by the department and the Education Oversight Committee, the School Improvement Council Assistance and the Writing Improvement Network must submit external evaluations to the Education Oversight Committee at least once every three years.

No more than five percent of the total amount appropriated for technical assistance services to schools with an absolute rating of below average or at-risk may be retained and expended by the department for implementation and delivery of technical assistance services. Using previous report card data, the department shall identify priority schools. Up to \$13,000,000 of the total funds

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appropriated for technical assistance shall be used by the department to work with those schools identified as priority schools.

The department will create a system of levels of technical assistance for schools that will receive technical assistance funds. The levels will be determined by the severity of not meeting report card criteria. The levels of technical assistance may include a per student allocation, placement of a principal mentor, replacement of the principal, and/or reconstitution of a school.

Reconstitution means the redesign or reorganization of the school, which includes the declaration that all positions in the school are considered vacant. Certified staff currently employed in priority schools must undergo a formal evaluation in the spring following the school's identification as a priority school and must meet determined goals to be rehired and continue their employment at that school. Student achievement will be considered as a significant factor when determining whether to rehire existing staff. Educators who were employed at a school that is being reconstituted prior to the effective date of this proviso and to whom the employment and dismissal laws apply will not lose their rights in the reconstitution. If they are not rehired or are not assigned to another school in the school district they have the opportunity for a hearing. However, employment and dismissal laws shall not apply to educators who are employed in the district and assigned to the priority schools after the effective date of this proviso, in the event of a reconstitution of the school in which the educator is employed. Those rights are only suspended in the event of a reconstitution of the entire school staff. Additionally, the rights and requirements of the employment and dismissal laws do not apply to educators who are currently on an induction or annual contract, that subsequently are offered continuing contract status after the effective date of this proviso, and are employed at a school that is subject to reconstitution under this proviso.

The reconstitution of a school could take place if the school has been identified as a priority school that has failed to improve satisfactorily. The decision to reconstitute a school shall be made by the State Superintendent of Education in consultation with the principal and/or principal mentor, the school board of trustees, and the district superintendent. The decision to reconstitute a school shall be made by April 1, at which time notice shall be given to all employees of the school. The department, in consultation with the principal and district superintendent, shall develop a staffing plan, recruitment and performance bonuses, and a budget for each reconstituted school.

Upon approval of the school renewal plans by the department and the State Board of Education, a newly identified school or a currently identified school with an absolute rating of below average or at-risk on the report card will receive a base amount and a per pupil allocation based on the previous year's average daily membership as determined by the annual budget appropriation. No more than fifteen percent of funds not expended in the prior fiscal year may be carried forward and expended in the current fiscal year for strategies outlined in the school's renewal plan. Schools must use technical assistance funds to augment

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or increase, not to replace or supplant local or state revenues that would have been used if the technical assistance funds had not been available. Schools must use technical assistance funds only to supplement, and to the extent practical, increase the level of funds available from other revenue sources.

In the current school year students enrolled in a school that has persistently underperformed and received an absolute rating of At-Risk for three consecutive years despite receiving technical assistance may transfer to a different public school, including public charter school, that has a higher absolute rating in or outside the district of residence. For each student choosing to transfer to a school in a different district or to a public charter school, the student's district of residence must provide to the receiving district an amount equal to the local revenues per pupil of the receiving district based on the prior year's audited financial statements and on the prior year's 135-day enrollment count. Should the district of residence not pay within 60 days of billing, the receiving district can seek relief from the Department of Education. The Department of Education shall withhold EFA funding equal to the local revenues per pupil of the receiving district from the district of residence and submit the funding to the receiving school district. The State Board of Education and the South Carolina Department of Education must establish a program to support the transfer of these students and funds through guidelines, including for student transportation, for implementation in 2010-11 and submit program regulations to the General Assembly not later than March 1, 2011.

Explanation: The amendment would give families the option of transferring their child from a consistently underperforming school to any other school either in or outside the district of residence. The local funds would follow the child.

1A.36.(SDE-EIA: Reading) Of the funds appropriated for reading, the Department of Education must allocate a minimum of twenty-five percent of these funds to school districts based on the number of weighted pupil units in each school district in proportion to the statewide weighted pupil units using the 135 day count of the prior school year. Districts must expend the funds on teaching teachers how to teach reading at all levels and across all content areas. The remaining funds are retained by the Department of Education to implement a comprehensive plan to improve reading, including the use of Reading Recovery and other reading initiatives and to increase the number of students scoring at met and exemplary levels on state assessments. The funds appropriated for reading are to be used in district and state planning for curriculum delivery and professional development. Strategies for acquisition, intervention and acceleration of student reading/literacy skills should be identified in district and school continuous improvement plans for grades K-12.

Explanation: The amendment, which was requested by the South Carolina Department of Education, would improve the ability of the Department to establish comprehensive reading/literacy proficiency strategies when planning for professional development.

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The following EIA provisos would be eliminated if the EIA line item appropriations for Principal Salary Supplement, Middle School Initiative and Credits for High School Diploma are eliminated and a comparable amount of General Fund monies, \$22.9 million, are added instead to the EFA.

~~1A.9. (SDE EIA: XI.E.1 Principal Salary Supplements) Funds appropriated in Part IA, Section 1, XI.E.1. for salary supplements for principals and accompanying employer contributions must be distributed to school districts based on average daily membership (ADM). Each school district shall distribute the funds as salary supplements in addition to existing compensation equally among principals and assistant principals employed by the district.~~

~~1A.27. (SDE EIA: Excellence in Middle School Initiative) Funds appropriated for the Excellence in Middle Schools Initiative shall be used to continue to fund the number of guidance counselors, school safety officers and/or school nurses in middle/junior high schools. The funding allocation shall be based proportionately on the number of middle/junior high schools in each district.~~

~~1A.29. (SDE EIA: Credits High School Diploma Distribution) The funds appropriated for Raise Academic Standards Credits High School Diploma shall be distributed to the school districts of the state based upon the 135 day count of Average Daily Membership.~~

If EIA funding for Competitive Teacher Grants is eliminated and instead reallocated to teacher supply funds and if EIA funding for External Review Team Programs is eliminated and redirected to teacher salaries, the proviso suspending the operations of these programs would no longer be needed and could be deleted.

~~1A.34. (SDE EIA: One Year Suspension of EIA Programs) The following programs funded with EIA revenues will be temporarily suspended for Fiscal Year 2009-10 and funds appropriated to these programs allocated to teacher salaries and fringe benefits, National Board Certification Incentive salary supplements, teacher supplies, Science PLUS, and the Teaching Fellows Program administered by CERRA to hold the funding level to maintain fellowships for existing cohorts of participants in the Teacher Fellows Program: competitive teacher grants, Palmetto Gold and Silver program and external review teams. Schools will still be recognized as Palmetto Gold and Silver recipients in 2009-10 but will not receive financial compensation.~~

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If all funds for adult education and young adult education are consolidated into the EIA, then the following proviso would be deleted and a new proviso added:

~~**1.23. (SDE: Adult Education/Literacy)** — The General Assembly must appropriate for adult education an amount equal to \$175 per pupil. The per pupil amount shall be adjusted annually by the same percentage as the inflation factor used to adjust the base student cost of the Education Finance Act. The number of pupils shall be determined by counting the number of persons sixteen years or older who attended a minimum of twelve hours in an approved adult education program in the prior fiscal year. Funds may decrease with a decrease in enrollment; however, overall levels of State funding must meet the federal requirement of State maintenance of effort.~~

~~— From the funds appropriated for adult education, \$150,000 must be used to provide for pilot projects for rural literacy development. In addition, each county shall receive \$50,000 for use by the school districts for adult literacy for service delivery to adult nonreaders and those reading at or below the eighth grade level. The school districts may provide this service or may contract to have this service provided. In multi-district counties, the districts must agree on the method of service delivery for the entire county and select one district to serve as the fiscal agent.~~

1A. (SDE: EIA: Adult Education) A minimum of one-third of the funds appropriated for adult education must be allocated to school districts to serve adult education students between the ages of 17 and 21 who are enrolled in programs leading to a state high school diploma, state high school equivalency diploma (GED), or career readiness certificate (WorkKeys). The remaining funds will be allocated to districts based on a formula which includes target populations without a high school credential, program enrollment the previous school year, total hours of attendance the previous school year, and performance factors such as number of high school credentials and career readiness certificates awarded the previous school year. Overall levels of State funding must meet the federal requirement of State maintenance of effort.

Provisos Recommended by EIA and Improvement Mechanisms Subcommittee

1A.38. (SDE-EIA: Students at Risk of School Failure) 1A.38. (SDE-EIA: Students at Risk of School Failure) For ~~Fiscal Year 2009-10~~ the current fiscal year, EIA funds appropriated for students at academic risk of school failure, ~~which include funds for Act 135 Academic Assistance, summer school, reduce class size, alternative schools, parent support and family literacy,~~ must be allocated to school districts based on two factors: (1) the poverty index of the district as documented on the most recent district report card, which measures student eligibility for the free or reduced price lunch program and Medicaid; and (2) the number of students not in poverty or eligible for Medicaid but who fail to meet state standards on state standards-based assessments in either reading or mathematics. At least eighty-five percent of the funds allocated for students classified as at academic risk must be spent on instruction and instructional support for these students who generated the funds. Instructional support may include family literacy and parenting programs to students at-risk for school failure and their families. Students at academic risk are defined as students who are at risk of not graduating from high school because they failed either the English language arts or mathematics portion of the High School Assessment Program on first attempt and who score not met on grades 3 through 8 in reading and mathematics state assessments. Public charter schools, the Palmetto Unified School District, and the Department of Juvenile Justice must also receive a proportionate per pupil allocation based on the number of students at academic risk of school failure served. Of the funds appropriated for students at academic risk of school failure, \$350,000 must be allocated to the Francis Marion University Center of Excellence to Prepare Teachers of Children of Poverty to expand statewide training for individuals who teach children of poverty through weekend college, non-traditional or alternative learning opportunities. The Center also is charged with developing a sequence of knowledge and skills and program of study for add-on certification for teachers specializing in teaching children of poverty.

Explanation: An increase in \$350,000 to this line item is recommended along with the amended proviso to expand the Francis Marion university Center of Excellence to Prepare Teachers of Children of Poverty statewide with the goal of obtaining an add-on certification for teachers specializing in teaching children of poverty. Other changes update the fiscal year references and delete references to line items that were consolidated into one line item.

Provisos Recommended by EIA and Improvement Mechanisms Subcommittee

New Provisos

1A. (SDE:EIA: Clemson Agriculture Education Teachers) The funds appropriated in Part IA, Section XI.F3 for Clemson Agriculture Education Teachers must be transferred to Clemson University PSA to cover state-mandated salary increases on that portion of the agriculture teachers' salaries attributable to summer employment.

Explanation: Currently, Clemson PSA receives an appropriation in general funds of \$304,200 and another appropriation in EIA funds of \$419,228 to cover the state-mandated salary increases on the portion of agriculture teachers' salaries attributable to summer employment. These funds are allocated directly to school districts by Clemson PSA. Clemson PSA has requested that all funds for agriculture teachers' salaries be consolidated and funded through the EIA. In Fiscal Year 2008-09 general fund budget reductions of 25% to Clemson PSA reduced the General Fund appropriation for agriculture teachers' salaries by 25% from \$405,599 to \$304,200. School districts with agriculture education teachers had to absorb the reductions. Teacher salaries funded in the EIA last year are by proviso exempt from mid-year budget reductions. The funding issue is even more pronounced by the increase in the number of agriculture education teachers in South Carolina. In 2008-09 there were 99 agriculture education teachers hired. The projection for 2010-11 is 107. The increased number of agriculture education teachers can be explained by two factors: (1) the implementation of a career pathway in agriculture education under EEDA; and (2) the development of agribusiness in South Carolina.

The proviso would require the South Carolina Department of Education to transfer EIA funds to Clemson PSA to cover state mandated salary increases on agriculture teachers' salaries attributable to summer employment.

1A. (SDE:EIA: Family and Community Involvement) With funds appropriated, the South Carolina Department of Education will establish a family and community involvement competitive grants program to improve student academic performance by expanding family and community involvement. School districts, consortia of school districts, schools, institutions of higher education and non-profit organizations are eligible to apply for a grant. In the current fiscal year at least 50% of the funds must be used to support school improvement councils.

Explanation: The goal of the proviso is to improve family and community engagement and thereby increase student academic achievement. The initial cost of the competitive grants program is \$297,531 and is funded through existing EIA line items.

Education Improvement Act
FY 2009-10 Base Budget

2009-10

**A. STANDARDS, TEACHING, LEARNING,
ACCOUNTABILITY**

1. Student Learning

Personal Service Classified Positions	58,629
Other Operating Expenses	136,739
Handicapped Student Services	3,045,778
High Achieving Students	26,628,246
Aid to Other Entities	21,223
Aid to Other Agencies	106,790
Tech Prep	3,021,348
Alloc EIA - Other Entities	352
Alloc EIA - Other Agencies	11,628
Modernize Vocational Equipment	2,946,296
Arts Curricula	1,187,571
P.L. 99-457 Preschool Children w/ Disabilities	2,878,146
Adult Education	9,424,016
Students at Risk of School Failure	136,163,204
Middle School Initiative	3,576,330
Credits High School Diploma	17,117,711
High Schools That Work	743,354
Young Adult Education	<u>1,189,365</u>
Subtotal	208,256,726

2. Student Testing

Personal Service Classified Positions	488,518
Other operating Expenses	332,948
Special Items	
Assessment / Testing	<u>17,652,624</u>
Subtotal	18,474,090

3. Curriculum & Standards

Personal Service Classified Positions	126,232
Other Personal Service	4,736
Other Operating Expenses	41,987
Special Items	
Reading	6,542,052
Instructional Materials	17,304,366
Aid to Subdivisions	
Competitive Teacher Grants	<u>956,728</u>
Subtotal	24,976,101

4. Assistance, Intervention, & Reward

Personal Service Classified Positions	1,236,436
Other Operating Expenses	1,174,752
Special Items	
EAA Technical Assistance	60,430,445
External Review Teams	1,019,880
Report Cards	722,385
Palmetto Gold & Silver Awards	2,230,061
Student Identifier	987,203
Data Collection	1,217,947
Aid to Subdivisions	
Aid Other State Agencies	121,276
Subtotal	69,140,385

B. Early Childhood

Personal Service Classified Positions	376,246
Other Operating Expenses	556,592
Alloc EIA - 4 YR Early Child	15,813,846
Subtotal	16,746,684

C. TEACHER QUALITY

1. Certification

Personal Service Classified Positions	1,068,102
Other Personal Service	1,579
Other Operating Expenses	<u>638,999</u>
Subtotal	1,708,680

2. Retention & Reward

Special Items

Teacher of the Year Award	123,473
Teacher Quality Commission	404,251
Teacher Salary Supplement	77,061,350 *
Teacher Salary Supplement - Fringe	15,766,752 *
National Board Certification	41,236,385 *
Teacher Supplies	<u>12,999,520 *</u>
Subtotal	147,591,731

3. Professional Development

Special Items

<i>Professional Development</i>	6,515,911
Subtotal	6,515,911

E. LEADERSHIP

1. Schools

Personal Service Classified Positions	618,740
Other Personal Service	26,518
Other Operating Expenses	285,629
Special Items	
Aid to Subdivisions	
Principal Salary Supplement	<u>2,244,030</u>
Subtotal	3,174,917

2. State

Personal Service Classified Positions	82,049
Other Personal Service	83,121
Other Operating Expenses	300,032

Aid to Subdivisions

Technology	10,171,826
Employer Contributions	1,064,221

Special Items

EOC Public Relations	<u>168,438</u>
Subtotal	11,869,687

F. PARTNERSHIPS**1. Business and Community**

Other Personal Service	1,496
Other Operating Expenses	<u>64,034</u>
Subtotal	65,530

2. Other Agencies & Entities

State Agency Teacher Pay (F30)	277,640 *
Writing Improvement Network-USC (H27)	215,013
Education Oversight Committee (A85)	1,016,289
SC Geographic Alliance-USC (H27)	183,375
Gov. School Arts & Humanities (H63)	749,799 *
Wil Lou Gray Opportunity School (H71)	605,294 *
School for Deaf & Blind (H75)	7,176,110 *
Disabilities & Special Needs (J16)	763,653 *
John De La Howe School (L12)	363,734 *
School Improvement Council Project (H27)	149,768
Clemson Ag Ed Teachers	419,228 *
Centers of Excellence-CHE (H03)	537,526
Teacher Recruitment Program-CHE (H03)	4,376,394
Center for Ed, Recruitment, Ret, and Adv	37,271
Teacher Loan Program-State Treasurer (E16)	4,000,722
EOC 4 Year Old Evaluation	296,678
Service Learning Engagement (H03)	48,452
Gov. School Science & Math (H63)	409,379 *
EOC Family Involvement	33,781
SC Public Charter School District	372,712
First Steps to School Readiness	<u>1,490,847</u>
Subtotal	23,523,665

EIA TOTAL**532,044,107**

**Less: November 10, 2009 Revenue Reductions
which will be finalized by the Budget and Control
Board on December 15, 2009**

(10,135,000)**Reduced Base for FY2010-11****521,909,107**

* EIA Line items exempt from mid-year reductions.