

Recommendations for EIA Budget for Fiscal Year 2012-13

According to Section 59-6-10, the Education Oversight Committee (EOC) is to “assist in, recommend, and supervise implementation of programs and expenditure of funds for the Education Accountability Act and the Education Improvement Act of 1984.” When the EIA was enacted, Governor Riley described it as a “comprehensive package of educational reform to provide an opportunity for and a challenge to our children and youth to reach for excellence.”¹ The programs and initiatives of the EIA were funded by a one-cent increase in the sales tax. According to Section 12-35-1550, revenues from this tax are “deposited by the State Treasurer in the South Carolina Education Improvement Act of 1984 Fund as a fund separate and distinct from the state general fund.”

Annually, the EOC requires each state agency and entity receiving EIA funds to submit a program and budget report. For the past several years these reports have been completed online. The EIA and Improvement Mechanism Subcommittee of the EOC reviews the reports as well as any request for additional EIA funds. As in years past, the Subcommittee makes recommendations to the full EOC for the allocation of these funds.

For Fiscal Year 2012-13, the Board of Economic Advisors on November 10, 2011 projected that the EIA will generate \$606,797,653 in total revenues which is an increase of \$42,496,819 over the current year’s EIA appropriation base (Table 1). Per Proviso 1A.49, surplus EIA funds are currently earmarked for school bus fuel costs.

**Table 1
FY2011-12 and FY2012-13 EIA Revenue Projections**

	Recurring	Non-Recurring	Total:
Fiscal Year 2011-12			
Appropriations	\$564,300,834	\$33,816,085	\$598,116,919
Revised EIA Revenue Estimate	\$582,020,648		
Fiscal Year 2012-13			
From additional FY12 EIA Revenues			
EIA Revenue Estimate	\$606,797,653		
Additional EIA Revenues Over FY12:	\$42,496,819	\$17,719,814	\$60,216,633

On December 12, 2011 the EOC met and finalized its budget and proviso recommendations for the EIA for Fiscal Year 2012-13 that are premised on the following objectives to:

¹ *The Education Improvement Act of 1984*, Governor Richard W. Riley.

1. encourage collaboration with higher education, business and community leaders throughout the state to guarantee all students are college and career ready upon graduation from high school; and
2. promote innovation and transformation of our schools through public and private partnerships.

First, the EOC recommends that the base EIA appropriation of \$564,300,834 be continued (as noted in Appendix A) with the following changes:

Table 2

EIA Budget Recommendations	EIA Base	Changes Recommended
	2011-12	2012-13
EIA Recurring Base Appropriation	\$564,300,834	\$564,300,834
Consolidation of Line Items:		
A. Line Items for Disabled Students Consolidated into Aid to Districts		
Handicapped Student Services	\$3,045,778	(\$3,045,778)
P.L. 99-457 Preschool Children with Disabilities	\$2,878,146	(\$2,878,146)
Aid to Districts Consolidation of Line Items: Increase in Funding:	\$37,736,600	\$5,923,924 \$6,396,819
B. Line items for teacher salaries and fringe benefits consolidated		
Teacher Employer Contributions	\$15,766,752	(\$15,766,752)
Teacher Salaries	\$77,061,350	\$15,766,752
Reduction of Line Items:		
Department of Disabilities & Special Needs (Teacher Pay)	\$763,653	(\$150,000)
New Line Items:		
Teach For America South Carolina	\$0	\$2,000,000
S ² TEM Centers SC	\$0	\$1,750,000
Education Infrastructure and Innovation Initiative	\$0	\$32,500,000
TOTAL:		\$606, 797,653

The justification for these recommendations follows:

- **Continued consolidation of EIA line items** includes all EIA line items for disabilities into the Aid to District line item appropriation and consolidating employer contributions for teachers into the teacher salary line item. After consolidation of these line items there will

only be 42 EIA-funded programs, down from 71 in Fiscal Year 2008-09. The number of line item appropriations for school districts will be reduced to 23.

- **Reduction of appropriation** to the Department of Disabilities & Special Needs (DDSN) for teacher salaries of \$150,000 is the amount requested by the agency to conform to reductions in the number of instructional personnel.
- **New Initiatives** including:

Teach For America South Carolina – Having successful leaders in the classrooms of our most challenged schools is critical to changing the expectations and culture of many of our schools. The goal of Teach For America is to recruit top college graduates and professionals to teach in public schools in low-income communities, with high annual teacher turnover rates, and consistently low student achievement. To date, private funds alone have brought 31 Teach For America corps members to the school districts of Clarendon 2, Darlington, Florence 1, Orangeburg 3 and Orangeburg 5. The recommendation is to expand the program with both state and private funds. The goal is to have an additional 75 corps members teaching in South Carolina in 2012-13 and another 125 in 2013-14. The initial state appropriation would be \$2.0 million in Fiscal Year 2012-13 with a possible increase of \$1.0 million for FY14 and an increase of \$500,000 for FY15, pending the availability of funding. Excluding depreciation and amortization, the cost to the state for this initiative would be \$15,830 per teacher in FY13 for recruitment, selection and training. Corps members who teach for three years in the program receive their certification. School districts pay the entry level salaries of corps members with existing state, local and federal monies.

S²TEM Centers SC (Science, Technology, Engineering and Mathematics) – To support existing and future companies with a trained workforce, the EOC proposes investing \$1,750,000 to transform the five regional math and science centers and the South Carolina Coalition for Mathematics and Science at Clemson University into an entity for innovation, research and implementation in STEM education. The coalition would establish a formalized STEM education infrastructure plan funded with both public and private funds. Already, the Boeing Company has decided to invest \$750,000 over a three-year period to assist ten schools in integrating strategies to improve reading of informational text in the content areas of math and science. The results of the work in these ten schools will provide research and strategies to implement other structural changes in curriculum and learning. Other manufacturers including BMW, Michelin, and 3M already support the work of the Coalition.

Education Infrastructure and Innovation Initiative– As the following table shows, funds for improving technology infrastructure have been limited in the past several years. The EOC recommends an appropriation of \$32,500,000 in a new initiative that would:

- First, develop a five-year plan to address technology needs and to promote innovation in education, including community colleges and charter schools. Up to 15 percent of the EIA appropriation would be used to develop the plan with the balance of funds in the program carried forward into the subsequent fiscal year to begin implementation

of the plan. At a minimum, the following individuals and entities would be involved in developing the five-year plan:

Governor;
 General Assembly;
 State Superintendent of Education and South Carolina Department of Education;
 South Carolina Department of Commerce;
 South Carolina Technical College System;
 ETV;
 State Library; and
 Division of State Information Technology (DSIT) of Budget and Control Board

- Determine infrastructure needs of public schools, including charter schools, and technical colleges. With an increase in dual enrollment and virtual courses, including the technical colleges is imperative to the economic development of the state;
- Determine 21st century curriculum, instruction, assessments and accountability needs that will promote improved learning through innovation;
- Identify technology tools for the classroom, including instruction for children with disabilities; and
- Identify professional development needs of teachers and administrators

Table 3
Recurring Appropriations for Technology

Fiscal Year	EIA	General Fund
1996-97	\$10,000,000	
1997-98	\$25,116,516	
1998-99	\$25,116,516	
1999-00	\$20,638,634	
2000-01		\$19,638,634
2001-02		\$19,638,634
2002-03		\$17,837,271
2003-04		\$16,312,614
2004-05		\$15,947,619
2005-06	\$13,683,697 *	
2006-07	\$13,683,697	
2007-08	\$13,683,697	
2008-09	\$12,886,895	
2009-10	\$10,171,826	
2010-11	\$10,171,826	
2011-12	\$10,171,826	

* Unallocated EIA cash balance used to fund technology

Sources: Annual General Appropriation Acts.

Proviso Changes:

The EOC recommends that **Proviso 1.79.** be deleted. The report required by the proviso was completed.

~~**1.79.** (SDE: Weighted Pupil Units Calculation) Of the funds appropriated to the Education Oversight Committee (EOC), the EOC shall calculate and publish the number of the weighted pupil units per weighting category in each district based upon the most recent 135-day average daily membership in each district and the weights as recommended in the most recent funding model developed by the Education Oversight Committee and suggested modifications made during Fiscal Year 2010-11 and make projections on how the revised weightings impact school districts for Fiscal Year 2011-2012. In making its calculations, the EOC must use the Index of Taxpaying Ability and projected base student cost as adopted by the General Assembly for the current fiscal year. The EOC must report its findings electronically to the Chairman of the Senate Finance Committee and Chairman of the House Ways and Means Committee by November 1 2011.~~

The EOC recommends that **Proviso 1A.48.** be amended pursuant to the December 1, 2011 letter from the State Superintendent of Education to Governor Haley detailing that “based upon the best available information as of November 30, 2011, the South Carolina Department of Education (SCDE) estimates the additional funding necessary to meeting maintenance of effort (MOE) for the Individuals with Disabilities Education Act (IDEA) for FY2012-2013 to be \$26,125,680, not \$45,481,854.”

1A.48. (SDE-EIA: IDEA Maintenance of Effort) Prior to the dispersal of funds appropriated in Section XI.A.1 Aid to Districts according to Proviso 1A.43 for Fiscal Year 2011-12, the department shall direct ~~\$45,481,854~~ \$26,125,680 of the funds appropriated in Section XI.A.1 Aid To Districts to school districts and special schools for support of programs and services for students with disabilities, to meet the estimated maintenance of effort for IDEA. The department shall distribute these funds using the current fiscal year one hundred thirty-five day Average Daily Membership. For continued compliance with the federal maintenance of efforts requirements of the IDEA, funding for children with disabilities must, to the extent practicable, be held harmless to budget cuts or reductions to the extent those funds are required to meet federal maintenance of effort requirements under the IDEA. In the event cuts to funds that are needed to maintain fiscal effort are necessary, when administering such cuts, the department must not reduce funding to support children with disabilities who qualify for services under the IDEA in a manner that is disproportionate to the level of overall reduction to state programs in general. By December 1, 2011, the department must submit an estimate of the IDEA MOE requirement to the General Assembly and the Governor.

Finally, the EOC also recommends that the EIA budget in Section XI.F.2. – Partnerships be reformatted accordingly to distinguish the objective of the programs and line items funded:

F.2. Other Agencies & Entities
Teacher Salaries:
State Agency Teacher Pay (F30)
Gov. School Arts & Humanities (H63)
Wil Lou Gray Opportunity School (H71)
School for Deaf & Blind (H75)
Disabilities & Special Needs (J16)
John De La Howe School (L12)
Clemson Ag Ed Teachers
Gov. School Science & Math (H63)
<i>Subtotal:</i>
Professional Development :
Writing Improvement Network-USC (H27)
SC Geographic Alliance-USC (H27)
Science PLUS
Science South
S ² TEM Centers SC (If Funded)
<i>Subtotal:</i>
Critical Support:
Education Oversight Committee (A85)
School Improvement Council Project (H27)
Centers of Excellence-CHE (H03)
Teacher Recruitment Program-CHE (H03)
Center for Ed, Recruitment, Ret, and Adv
Teacher Loan Program-State Treasurer (E16)
First Steps to School Readiness
OFS-CDEPP
SC Youth Challenge Academy
Teach For America SC (If Funded)
<i>Subtotal:</i>

In addition the EOC recommends favorable legislative action on the following:

P-16 Council – According to the Education Commission of the States, in 2008 38 states had established P-16 or P-20 councils.² The letter “P” refers to preschool while 16 or 20 refers to post-secondary education. For example, since 1995 Georgia has had a formal P-16 structure. Governor Miller first appointed the Georgia P-16 Council which was replaced in 2000 by the Education Coordinating Council. In 2006 more changes were made when Governor Purdue replaced the Education Coordinating Council with the Alliance of Education Agency Heads. The Alliance as charged with developing policies and programs to prepare students for the 21st century. The overall goal of a P-16/P-20 initiative is to bring together “a variety of stakeholders, including education leaders across the education continuum, business leaders, state policymakers and other constituents” to address very specific issues.³

Leaders from Clemson University and the University of South Carolina addressed the EOC at its August retreat. In attendance from Clemson University were Dr. Mike Padilla, Director of the Eugene T. Moore School of Education and Associate Dean of Educational Collaborations, Dr. Larry Allen, Professor and Dean of the Department of Health, Education and Human Development, and Dr. Hans Klar, Assistant Professor in Education Leadership. Also on the panel was Dr. Lemuel W. Watson, Professor and the new Dean for the College of Education at the University of South Carolina who initiated the conversation about the need to have a more systemic approach to address educational outcomes in South Carolina.

These leaders noted that the role of higher education is changing. Universities must be responsible for education change and provide research, evaluation and expertise as needed. Higher education also has a responsibility to school districts to provide staff and curriculum development to assist schools. There was consensus that teaching, research and service must be provided by higher education if public education is to be transformed. Dr. Watson also noted that a P-20 initiative is needed to connect data to instruction so that all children in South Carolina achieve. He emphasized the importance of the state having an innovative, creative, data system.

The EOC believes that a formal system of collaboration between public and secondary education is needed now more than ever in South Carolina. The existence of the Education and Economic Development Coordinating Council has been extended only until July 1, 2012. If all graduates of our public schools are to be ready for college and careers, then the relationship between public and higher education must be virtually seamless. The EOC supports the creation of a P-16/P-20 Council and recommends that a standing subcommittee of the Council be established to:

- Improve data quality – According to a September 2011 report, the Southern Regional Education Board (SREB) found that South Carolina and West Virginia are the only two states that do not have the ability to match student-level P-12 and higher education data⁴;
- Establish and promote local partnerships between higher education and school districts;

²Dounay, Jennifer. *Landmines P-16/P-20 Councils Encounter – and How They Can Be Addressed (or Avoided Altogether)*. November 2008. Education Commission of the States.

³ Ibid.

⁴ *Maximizing Education Data Use in SREB States*, Southern Regional Education Board, September 2011, <http://publications.sreb.org/2011/11E11_POP_Max_Ed.pdf>.

- Improve teacher and leader effectiveness in our schools and districts, with special attention to improving reading instruction techniques and the training of guidance counselors; and
- Coordinate professional development and outreach to schools and districts. For example, several EIA-funded programs are housed at the colleges and universities of our state. The subcommittee would assist the P-16 Council in targeting resources and sharing research.

School and District Innovation -- The State Board of Education has adopted a policy to encourage and recognize districts and schools that are moving to a new “learning paradigm, shaping a new learning-centric, personalized system of education so that each individual – from early childhood through adolescence – is prepared for life, work, and citizenship in the 21st century.” The EOC supports the Board’s policy and will assist in the implementation of the program, serving on the Steering Committee.

Modified Diploma – Based upon the recommendations of the High School Working Group, the EOC supports the creation of a modified high school diploma for students who have an Individualized Education Program and whose performance is substantially below grade level, even with the use of accommodations. Eligibility for students would be limited to those students able to access the standards only at less complex levels and with extensively modified instruction.

Appendix A

Education Improvement Act Recurring Base	2011-12
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 Districts	37,736,600
School Health & Fitness Act – Nurses	6,000,000
Tech Prep	3,021,348
Modernize Vocational Equipment	2,946,296
Arts Curricula	1,187,571
P.L. 99-457 Preschool Children w/ Disabilities	2,878,146
Adult Education	13,573,736
Students at Risk of School Failure	136,163,204
High Schools That Work	<u>743,354</u>
Subtotal	234,119,647
2. Student Testing	
Personal Service Classified Positions	488,518
Other operating Expenses	332,948
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
Reading	6,542,052
Instructional Materials	<u>13,761,587</u>
Subtotal	20,476,594
4. Assistance, Intervention, & Reward	
Personal Service Classified Positions	1,236,436
Other Operating Expenses	1,174,752
EAA Technical Assistance	6,000,000

Education Improvement Act Recurring Base	2011-12
Report Cards	722,385
Palmetto Gold & Silver Awards	2,230,061
PowerSchool/Data Collection	5,000,000
Aid Other State Agencies	<u>121,276</u>
Subtotal	16,484,910
B. Early Childhood	
Personal Service Classified Positions	376,246
Other Operating Expenses	556,592
Alloc EIA - 4 YR Early Child	15,813,846
SCDE-CDEPP	<u>17,300,000</u>
Subtotal	34,046,684
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	
Teacher of the Year Award	155,000
Teacher Quality Commission	372,724
Teacher Salary Supplement	77,061,350
Teacher Salary Supplement – Fringe	15,766,752
National Board Certification	68,564,000
Teacher Supplies	<u>12,999,520</u>
Subtotal	174,919,346
3. Professional Development	
Professional Development	6,515,911
ADEPT	<u>873,909</u>
Subtotal	7,389,820
E. LEADERSHIP	
1. Schools	0

Education Improvement Act Recurring Base	2011-12
2. State	
Personal Service Classified Positions	82,049
Other Personal Service	83,121
Other Operating Expenses	300,032
Technology	10,171,826
Employer Contributions	1,064,221
Subtotal	11,701,249
F. PARTNERSHIPS	
1. Business and Community	0
2. Other Agencies & Entities	
State Agency Teacher Pay (F30)	209,381
Writing Improvement Network-USC (H27)	182,761
Education Oversight Committee (A85)	1,193,242
SC Geographic Alliance-USC (H27)	155,869
Science PLUS	150,000
Gov. School Arts & Humanities (H63)	775,454
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)	127,303
Clemson Ag Ed Teachers	758,627
Centers of Excellence-CHE (H03)	887,526
Teacher Recruitment Program-CHE (H03)	4,243,527
Center for Ed, Recruitment, Ret, and Adv	31,680
Teacher Loan Program-State Treasurer (E16)	4,000,722
Gov. School Science & Math (H63)	416,784
Science South	500,000
First Steps to School Readiness	1,490,847
OFS-CDEPP	2,484,628
SC Youth Challenge Academy	<u>1,000,000</u>

Education Improvement Act Recurring Base	2011-12
Subtotal	27,517,142
G. TRANSPORTATION/BUSES	
Other Operating	<u>17,462,672</u>
Subtotal	17,462,672
TOTAL	\$564,300,834

* Non-Recurring Appropriations in FY12	\$33,816,085
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