

Report on Recommendations Related to the Uniform Grading Policy Ten-Point Scale

*To the Governor, the Chairman of the Senate Education Committee, the Chairman of the House
Education and Public Works Committee, the Chairman of the Senate Finance Committee, and
the Chairman of the House Ways and Means Committee*

Pursuant to Proviso 3.6 of the 2016-17 Appropriations Act

January 6, 2017

STATE OF SOUTH CAROLINA DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION



IN COOPERATION WITH
THE COMMISSION ON HIGHER EDUCATION

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Introduction

Per Proviso 3.6, as adopted in the 2016-17 Appropriations Act, the South Carolina Department of Education (SCDE) submits the following recommendations based on the change in the State's Uniform Grading Policy.

On or before December 31, 2016, the Department of Education, in cooperation with the Commission on Higher Education, shall provide a report to the Governor, the Chairman of the Senate Education Committee, the Chairman of the House Education and Public Works Committee, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee regarding the costs and opportunities of the change to the State's Uniform Grading Policy from a 7-point scale to a 10-point scale. The report shall include, but not necessarily be limited to, the projected impact, if any, that the change may have on the State's merit based scholarship programs, recommendations on how to fund the projected impact, if any, to the State's merit based scholarship programs, and suggested alternatives to mitigate the projected impact, if any, to the State's merit based scholarship programs. Alternatives, if any, may include potential changes to the State's merit based scholarship criteria including GPA or testing requirements.

Change to the Uniform Grading Policy

In spring 2016 the State Board of Education (SBE) adopted an updated Uniform Grading Policy, moving from a seven-point scale to a ten-point scale. This update reflects changes undertaken by many other states and school districts, to include North Carolina¹ and Georgia,² to streamline the grading scale from the K-12 public school system through post-secondary institutions of higher education. Additionally, this change better situates students in South Carolina to compete for admittance and scholarships to colleges both in state and out of state. It also helps our students as they compete with students transferring into the state from a state with a ten-point grading scale, such as military-connected students.

Current Scholarship Levels

The Commission on Higher Education (CHE) reports the numbers of students qualifying for scholarships. The most recent report, the *South Carolina Higher Education Statistical Abstract*

¹ <http://sbepolicy.dpi.state.nc.us/policies/GCS-L-004.asp?pri=01&cat=L&pol=004&acr=GCS>

² http://www.cobbk12.org/pebblebrook/guidance/calculating_a_students_gpa_pdf.pdf

2015,³ reports the following numbers of students receiving scholarships in the 2013-14 Academic years (combines fall 2013, winter 2013, spring 2014, and summer 2014).

Table 1: Numbers of Scholarship Recipients, 2013-14

Scholarships	2013-14 Recipients
Palmetto Fellows	6,922
LIFE – Four Year Institutions	27,769
LIFE – Two Year Institutions	8,351
HOPE	3,350
TOTAL	46,392

Abstract at page 95.

Table 2: Numbers of Freshman Scholarship Recipients, Fall 2013

Scholarships	Fall 2013 Freshman Recipients
Palmetto Fellows	1,578
LIFE – Four Year Institutions	8,115
LIFE – Two Year Institutions	5,608
HOPE	3,115
TOTAL	18,416

Abstract at pages 97, 99, 102.

Impact of GPA Changes on Scholarships

Because each scholarship is based, in part, upon grade point average (GPA), changes to the grading system will impact those scholarships. The Palmetto Fellows Scholarship requires at least a GPA of 3.5. S.C. Code § 59-104-20(G). The LIFE Scholarship requires a minimum 3.0 GPA. S.C. Code § 59-149-50(D). The HOPE Scholarship also requires only a 3.0 GPA by the end of the high school senior year. S.C. Code § 59-150-370.

Assuming no change to the current qualifications for the Palmetto Fellows, LIFE, and HOPE Scholarships, the net effect of moving to a ten-point grading scale would allow up to approximately 11,500 additional public school students annually to be eligible for scholarships after the 2019-20 school year. The following is an estimate of the numbers of additional public school students who would have a GPA of 3.0 or higher as the ten-point grading scale is phased in. Note that not all public school students with a GPA of 3.0 or higher enroll in an eligible South Carolina post-secondary institution. The numbers in Table 3 should be considered the maximum number of individuals who may be eligible for scholarships. The analysis undertaken by CHE in the following sections takes into consideration students from public, private, and home schools who actually enroll in a state institution.

³ http://www.che.sc.gov/CHE_Docs/finance/abstract/Abstract-2015-web.pdf

Table 3: SCDE Estimated Increases in Seniors from Public Schools with 3.0 or Higher GPA

School Year	Additional Students
2016-2017	2,400
2017-2018	5,400
2018-2019	8,400
2019-2020	11,500

Except for the HOPE Scholarship, however, the scholarships currently have other requirements that would continue to limit participation, including scores on college entrance examinations and class rank.

Method for Estimating Increases in Scholarship Recipients

The SCDE provided the CHE with information on the GPAs for the class of 2016, and projections of what that GPA would be with using the ten-point scale for one, two, three, four, or all years of high school credit. From those projections, the CHE made projections of the increases in the numbers of students who would qualify for scholarships if the GPA criteria currently in the statutes are maintained. (The CHE Fiscal Impact Statement dated October 18, 2016 is attached as Appendix I.)

Using the SCDE dataset, the CHE located the lowest seven-point GPA that would become a 3.0 or higher as the UGP shifted to a ten-point scale over four years.

Table 4: Lowest score on 7-point (current) overall UGP that is equivalent

	Year 1 (3 @ 7-pt; 1 @ 10-pt)			Year 2 & Year 3 (2 @ 7-pt; 2 @ 10-pt) & (1 @ 7-pt; 3 @ 10-pt)			Year 4 (4 @ 10-pt)		
<i>Phased-In UGP GPA</i>	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>
<i>7-pt GPA scale</i>	3.5804	3	2.375	3.5	2.95	2.333	3.5	2.9167	2.333

The CHE applied this information to its fall 2014 datasets of all students (not just public school students) who were first-time, degree-seeking, full-time, South Carolina residents enrolled in public and independent colleges and universities.

Table 5: Merit award criteria

Palmetto Fellows (PF):

(1) Earn with minimum UGP 3.5 and SAT (ACT) at least 1200(27) and Rank on UGP in Top 6%

OR

(2) Earn with minimum UGP 4.00 and SAT(ACT) at least 1400(32)

Up to \$6700 in Year 1 and up to \$7500 in Years 2-4 with ability to earn an additional \$2500 in Years 2-4 if eligible for a STEM Enhancement.

LIFE:

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If at 4-Year: Earn by meeting 2 of 3 criteria: (a) minimum UGP 3.0, (b) SAT (ACT) at least 1100(24), (c) Rank on UGP in Top 30%.

Up to \$5000 in Years 1-4 with ability to earn an additional \$2500 in Years 2-4 if eligible for a STEM Enhancement.

If at 2-Year: Earn with minimum UGP 3.0.

Up to tuition and fees capped at \$5000.

2-Yr USC/Independent at \$5000.

Technical Colleges annual tuition and fees ranged from \$3960 - \$4262 with an average of \$4023 in AY 2015-16

NOTE: Full-time students in SC colleges and universities who do NOT earn LIFE would receive Lottery Tuition Assistance (LTA) of \$1200 in fall semester and \$1200 in spring semester based on 2015-16 LTA award level.

HOPE:

Available in Freshmen Year at 4-Year Colleges. Students may transition to LIFE. Based on latest retention numbers 24.6% earned LIFE in second year.

Earn with minimum UGP of 3.0 and not be a recipient of LIFE or PF

Up to \$2800 in Freshman Year

Using those criteria, the 10-point equivalent GPAs, and the CHE's 2014 dataset, the following are the estimates of the increases in numbers of students in entering classes who would be eligible for scholarships if the GPA standards remain the same.

Table 6: CHE Projected Increases in Entering Classes Eligible for Scholarships as the Ten-Point Grading Scale Phases In, at the Current Statutory GPAs

Freshman Classes	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20
New Palmetto Fellows	330	344	356	369
New LIFE/HOPE 4 Year	2,018	2,093	2,161	2,231
New LIFE 2 Year	3,549	3,826	4,013	4,210
Totals	5,897	6,236	6,530	6,810

While it is certainly a laudable goal to have as many students as possible obtain scholarships, it is equally important that scholarships be retained. Student loan debt is rising. According to a 2015 report from the Institute of College Access and Success, the average student debt in South Carolina in 2014 was \$29,163. Allowing more students to qualify for scholarships could help alleviate this debt; however, this initial assistance must also be balanced with students' abilities to retain the scholarships over the course of their college experience (a cumulative 3.0 or B average plus credit hour requirements). Often students begin post-secondary education with a scholarship, but if the scholarship is not retained then the student may have to take out additional student loans to continue their education.⁴ According to the Commission on Higher Education

⁴ http://ticas.org/posd/map-state-data#overlay=posd/state_data/2016/sc

(CHE), in 2013 the following percentages of freshman who entered post-secondary education with a scholarship retained the scholarship:⁵

Table 7: Merit-Scholarship Retention Values Applied to Award Number for Entering Class in Each Year After Year 1

	<u>Yr 1 to Yr2</u>	<u>Yr 2 to Yr 3</u>	<u>Yr 3 to Yr 4</u>	<u>Maintained Full Scholarship</u>
Palmetto Fellows	89.0%	92.0%	91.8%	75%
LIFE Overall Any Institution	51.4%	86.7%	83.8%	37%
LIFE 2 Yr USC/Indep, Same Institution	30.8%			30.8%
LIFE 2 Yr Tech. College Same Institution	22.2%			22.2%
HOPE to LIFE Transition	24.6%			24.6%

*used for 4-year Institutions

In addition to shifts because of retention, the CHE has experienced general growth in the numbers of students qualifying for scholarships. When retention and growth are taken into account, the CHE estimates the following numbers of all students over four years.

Table 8: CHE Estimated Additional Students, Adjusted for Growth and Retention

	Year 1	Year 2	Year 3	Year 4	Total
Palmetto Fellows					
entering class 1	330	294	270	248	1,142
entering class 2		344	306	282	932
entering class 3			356	317	674
entering class 4				369	369
Subtotal	330	638	933	1,216	3,116
LIFE at 4 Year					
entering class 1	491	252	219	183	1,146
entering class 2		501	258	223	982
entering class 3			510	262	772
entering class 4				519	519
Subtotal	491	753	986	1,188	3,419
LIFE Previously Hope					
entering class 1		376	326	273	974
entering class 2			392	340	731
entering class 3				406	406
Subtotal	0	376	718	1,019	2,111
HOPE at 4 Year					

⁵ http://www.che.sc.gov/CHE_Docs/finance/abstract/Abstract-2015-web.pdf

entering class 1	1,527				1,527
entering class 2		1,592			1,592
entering class 3			1,651		1,651
entering class 4				1,712	1,712
Subtotal	1,527	1,592	1,651	1,712	6,482
LIFE at 2 Year					
entering class 1	3,549	834			4,383
entering class 2		3,826	899		4,725
entering class 3			4,013	943	4,956
entering class 4				4,210	4,210
Subtotal	3,549	4,660	4,912	5,153	18,274
TOTAL	5,897	8,019	9,200	10,288	33,402

Costs Projections for No Change in Scholarship Criteria

Assuming no change in the criteria for Palmetto Fellows, Life, and Hope scholarships, the CHE estimates the increased cost of moving to the ten-point grading scale to be \$29.4 million in year 4, the final year of the phase-in (\$88.3 million over the four years). Note that the CHE's cost projections use historic growth rates and retention rates. It is possible that if more students initially qualify for these scholarships, then lower percentages of students may retain their scholarships. The SCDE and CHE cannot project what those percentages might be at this time.

Table 9: CHE Projected Fiscal Impact of Retaining Current GPA Thresholds as the Ten Point Grade Scale Phases In

TOTAL GROSS COSTS	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20	Totals
entering class 1	\$23,739,333	\$9,429,994	\$5,294,785	\$4,621,255	\$43,085,367
entering class 2	\$0	\$25,220,098	\$9,923,595	\$5,493,147	\$40,636,840
entering class 3	\$0	\$0	\$26,294,775	\$10,306,240	\$36,601,015
entering class 4	\$0	\$0	\$0	\$27,417,654	\$27,417,654
SUBTOTAL	\$23,739,333	\$34,650,092	\$41,513,155	\$47,838,297	\$147,740,877
Cost Savings Fewer LIFE (now receiving PF)	-\$1,650,000	-\$3,188,500	-\$4,663,740	-\$6,080,550	-\$15,582,790
Cost Savings	-\$8,517,600	-\$11,183,184	-\$11,789,283	-\$12,366,958	-\$43,857,026

TOTAL GROSS COSTS	Year 1 2016-17	Year 2 2017-18	Year 3 2018-19	Year 4 2019-20	Totals
Fewer LTA (now receiving LIFE)					
NET NEW COSTS TO SYSTEM	\$13,571,733	\$20,278,408	\$25,060,131	\$29,390,789	\$88,301,060

Recommendations

The Profile of the South Carolina Graduate, codified by Act 195 of 2016, sets a goal that all students graduate from high school ready for college and careers indicating that students have the skills to succeed in the next step.

Recommendation 1

To maintain the academic rigor of the scholarships and ensure that students are college ready, the SCDE and CHE recommend equalizing the GPA requirements to offset the impact of the change in grading scale. This should make the change in grading scale revenue neutral.

Table 10: Recommendation 1 - Changes to Scholarship Criteria to Remain Revenue Neutral

	Current Requirements			Proposed Requirements		
	GPA	Exam	Rank	GPA	Exam	Rank
Palmetto Fellows (Must meet all)	3.5	1200 SAT 27 ACT	Top 6%	4.0	1200 SAT 27 ACT	Top 6%
	4.0	1400 SAT 32 ACT	N/A	4.4	1400 SAT 32 ACT	N/A
LIFE (4-Year) (Meet 2 of 3)	3.0	1100 SAT 24 ACT	Top 30%	3.5	1100 SAT 24 ACT	Top 30%
LIFE (2-Year)	3.0	N/A	N/A	3.5	N/A	N/A
HOPE (4-Year)	3.0	N/A	N/A	3.5	N/A	N/A

Recommendation 2

The state has made a substantial investment by funding WorkKeys for all public high school juniors. SCDE is investigating whether addition of WorkKeys to the scholarship criteria would result in maintaining a neutral revenue impact without increasing the GPA requirements. Reviewing the percentages on Table 11, it is apparent that the impact of increases in the GPA is most likely to be felt with the HOPE and Life-2 year instruction scholarships. If the college entrance exam and class rank requirements are retained for Palmetto Fellows and Life (4 year), then those factors significantly reduce the percentages of public school students who are eligible. For example, there is a projected increase of 3,835 public school students who would have a GPA of 4.5 or higher under the ten-point scale, and 7,518 with a GPA of 4.0 or higher. When all criteria are applied, however, the CHE estimated that from 330 to 369 more students, from all

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schools, would be eligible for the Palmetto Fellows scholarships. The college entrance thresholds and rank of students with the requisite GPA reduce the pool of eligible students. Moreover, the addition of WorkKeys would likely reduce the percentages of eligible students.

The CHE has concerns about whether WorkKeys has been thoroughly vetted as an indicator of college readiness, and does not join the SCDE in this recommendation.

The SCDE is studying whether certain WorkKeys indicators are predictors of meeting ACT benchmarks for reading and mathematics. Once that work is completed, it will be shared with the CHE and made available to the General Assembly.

Another factor to consider, however, is that currently only public high school students receive appropriations support for WorkKeys. If WorkKeys were added as a possible criteria for scholarship eligibility, then consideration would need to be given to access for private- and home-school students.

Table 11: The SCDE's Possible Recommendation for Future Consideration

	Current Requirements			Proposed Requirements			
	GPA	Exam	Rank	GPA	Exam	Rank	WorkKeys
Palmetto Fellows (Must meet all)	3.5 42.2%	1200 SAT 27 ACT 7.43%	Top 6%	3.5 64.8%	1200 SAT 27 ACT 7.43%	Top 6%	Gold or Higher 18.24%
LIFE(4 year) – Meet 3 of GPA, Exam, Rank or WorkKeys	4.0 22.6%	1400 SAT 32 ACT 1.25%	N/A	3.0 89.1%	1100 SAT 24 ACT 16%	Top 30%	Silver or Higher 66.57%
LIFE (2 year) HOPE (4 year) (Must meet all)	3.0 64.4%	N/A	N/A	3.0 89.1%	N/A	N/A	Silver or Higher (66.57% 2016 Juniors)

Implementation Timeline for New Criteria

To ensure revenue neutrality, the new scholarship criteria described in Recommendation 1 above would have to be applied to students beginning with the graduating class of 2017. To hold current students in the pipeline harmless, however, the new scholarship criteria described above could be applied to students beginning with the graduating class of 2019 (i.e. the current sophomore and freshman classes). The reason for the delay in implementing the new criteria is that current juniors and seniors may have already met one or more of the old criteria and changing it on them may appear to be punitive.

Appendix I – CHE Fiscal Impact Statement

(Please click on the image to access the full report.)

Estimated Fiscal Impact on State Scholarship Programs of the change to the phased-in 10-point grading scale rev 10-17-2016

Grade Information from SDE

SDE provided data for the 2015 senior cohort with Uniform Grading Policy (UGP) Grade Point Average (GPA) calculated on current 7-point scale and on a phased-in 10-point scale. SDE Dataset include those in SC Public High Schools only.
Per SDE, student grade data in the file were calculated based on grades (i.e., each year freshman to senior) converted to the 10-point scale in a phased in approach. The first year of implementation would have grades calculated three years at the current 7-point scale and one year at the new 10-point scale. The second year of implementation would have grades calculated two years at the current 7-point scale and two years at the new 10-point scale and so forth.

	Year 1 (3 @ 7-pt; 1 @ 10-pt)		Year 2 (2 @ 7-pt; 2 @ 10-pt)		Year 3 (1 @ 7-pt; 3 @ 10-pt)		Year 4 (4 @ 10-pt)	
Based on 2015 Cohort Recalculated GPAs	Count	Difference (10pt -7pt)	Count	Difference (10pt -7pt)	Count	Difference (10pt -7pt)	Count	Difference (10pt -7pt)
Total Grade Counts	48,132		48,132		48,132		48,132	
7-pt: UGP GPA >=3	30,974		30,974		30,974		30,974	
Phased-in UGP GPA >=3	33,376	2,402	36,351	5,377	39,354	8,380	42,525	11,551

Compare UGP GPA on 7-point scale to recalculated UGP GPA on the 10-point scale at 3.0, 3.5 and 4.0 (i.e., the cut grades for merit-based awards)

The UGP GPA on the 7-point scale will be a lower value than produced on the phased-in 10-point scale.

For example, those students in Year 4 of implementation who would have earned a 2.333 on the 7-point scale would earn a 3.0 on the new, phased-in UGP GPA.

Lowest score on 7-point (current) equals UGP that is equivalent to:

	Year 1 (3 @ 7-pt; 1 @ 10-pt)			Year 2 & Year 3 (2 @ 7-pt; 2 @ 10-pt) & (1 @ 7-pt; 3 @ 10-pt)			Year 4 (4 @ 10-pt)		
Phased-in UGP GPA	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>	<u>4.0</u>	<u>3.5</u>	<u>3.0</u>
7-pt GPA scale	3.5804	3	2.375	3.5	2.95	2.333	3.5	2.9167	2.333

CHE Higher Education Entering Freshman Enrollment Data

CHE Enrollment Data used to approximate the estimate changes in numbers of merit awards awarded
For each student, descriptive variables and information on high school GPA, SAT/ACT, Scholarship Receipt (PF, LIFE, HOPE)

Dataset: First-time, Degree-Seeking/Full-time, SC Resident (1, A-D) Enrolled in Fall in Public and Independent Colleges and Universities
Data sets were reviewed for Fall 2014

Information on State Merit Scholarships and Requirements for Entering Students:

Merit award criteria are set in State Code and Regulation

Palmetto Fellows:

(1) Earn with minimum UGP 3.5 and SAT/ACT at least 1200(27) and Rank on UGP in Top 6%

OR

(2) Earn with minimum UGP 4.00 and SAT/ACT at least 1400(32)

Up to \$6700 in Year 1 and up to \$7500 in Years 2-4 with ability to earn an additional \$2500 in Years 2-4 if has Enhancement for STEM

LIFE

If at 4-Year: Earn by meeting 2 of 3 criteria: minimum UGP 3.0, SAT/ACT at least 1300(24), Rank on UGP in Top 30%

Up to \$5000 in Years 1-4 with ability to earn an additional \$2500 in Years 2-4 if has Enhancement for STEM

If at 2-Year: Earn with minimum UGP 3.0

Up to tuition and fees capped at \$5000

2-Yr USC/Independent at \$5000.

Technical Colleges annual tuition and fees ranged from \$3960 - \$4262 with an average of \$4023 in AY 2015-16

NOTE: Full-time students in SC colleges and universities who do NOT earn LIFE would receive Lottery Tuition Assistance (LTA) of \$1200 in fall semester and \$1200 in spring semester based on 2015-16 LTA award level.

HOPE

Available in Freshman Year at 4-Year Colleges. Students may transition to LIFE. Based on latest retention numbers 24.6% earned LIFE in second year.

Earn with minimum UGP of 3.0 and not be a recipient of LIFE or PF

Up to \$2800 in Freshman Year

Approximated COST ESTIMATES based on College Freshman Data and using SDE Data for UGP GPA equivalencies purposes

For the state-funded, merit-based scholarships, a cost impact will result because of differences in the current UGP and changes to the UGP

If UGP is moved to a 10-point scale:

Students who would have earned LIFE may now qualify for Palmetto Fellows (more would have an entering 3.5 or 4.0 GPA)

Students who did not earn LIFE or HOPE may now qualify for either LIFE or HOPE (more would have a 3.0 entering GPA)