



State of South Carolina
Office of the Inspector General

By electronic mail

February 7, 2022

OIG File No: 2021-5496-PI

The Honorable Greg Hembree
Senate Education Committee, Chairman
402 Gressette Building
Columbia, South Carolina 29201

Re: Summary Results – Limited Scope Inquiry of the Use of Rural Teacher Recruiting Incentive Funds

Dear Chairman Hembree:

Following receipt of your letter dated 10/25/2021, the Office of the State Inspector General (SIG) initiated a preliminary inquiry regarding allegations involving the misuse of state appropriated funds by the Clarendon School District Two for teacher recruitment under an agreement with the Center for Educator Recruitment, Retention, and Advancement (CERRA) for the Rural Teacher Recruiting Incentive (RRI) Program. The South Carolina Department of Education (SCDE) distributed these program funds to CERRA for this purpose.

The concerns raised in your letter involved the alleged misuse of RRI funds by Clarendon School District Two for the purchase of a townhome for teacher recruitment that was used instead as a residence by the Clarendon School District Two superintendent. The alleged misuse was reported by the *Post and Courier* in August 2021.

Authority and Governance

Per South Carolina Code of Laws, §1-6-20 (A), the SIG is responsible for investigating and addressing allegations of fraud, waste, abuse, mismanagement, violations of state or federal law, and wrongdoing in agencies.

In addition, §1-6-30 (3) authorizes the SIG to receive complaints alleging a violation of a statute or rule relating to the purchase of goods or services by a current or former employee, state officer, special state appointee, or person who has a business relationship with an agency. CERRA was in a business relationship with the SCDE.

Executive Summary

The SIG's scope and objectives focused on two specific issues:

1. Determine whether the South Carolina Department of Education exercised due care in the administration of RRI program funding to CERRA in FY 2019-20 and FY 2020-21.
2. Determine whether CERRA exercised due care in the administration of RRI program funding to the Clarendon School District Two in FY 2019-20 and FY 2020-21.

As part of this inquiry, the SIG reviewed relevant state and federal statutes, regulations, and records, as well as email correspondence provided by CERRA and the SCDE.

The following review sets forth the SIG's findings for your use in addressing operational and policy deficiencies. The SIG employed the preponderance of the evidence standard and conducted the preliminary inquiry pursuant to the *Principles and Standards for Offices of Inspector General*, often referred to as the "Green Book", promulgated by the Association of Inspectors General.

Background

The South Carolina Commission on Higher Education established CERRA in 1985 to address concerns surrounding the need for a centralized teacher recruitment effort to increase South Carolina's teacher supply pool. According to a CERRA senior official, CERRA is considered a state-funded center. CERRA received state appropriations that passed through the SCDE. A review of the CERRA website identified its mission statement as "Recruiting, Retaining, and Advancing South Carolina Educators." As of 1/31/22, CERRA was comprised of 16 full-time and part-time employees and governed by a 25-member Board of Directors. The fiscal agent for CERRA is Winthrop University.

CERRA offered several programs to provide financial assistance to school districts, individual educators, and institutions of higher education. One of the programs offered by CERRA was the Rural Teacher Recruiting Incentive (RRI).

Rural Teacher Recruiting Incentive

In an effort to recruit and retain teachers for rural school districts experiencing excessive turnover, the South Carolina General Assembly passed proviso 1A.73¹ in FY 2015-16, which charged CERRA with the responsibility of developing eligibility requirements and applications for school districts, individual educators, and institutions of higher education to receive state funding for recruiting and retention purposes. The proviso and its successors also directed disbursement of appropriations to CERRA to fund the resulting programs.

According to CERRA's 2019 and 2020 Annual Educator Supply & Demand Reports, the eligibility requirements for a school district to receive RRI funding from CERRA for FY 2019-20 and FY 2020-21 included school districts which: (1) experienced a five-year average teacher turnover rate of greater than 11%, as reported on the school district's five most recent report cards issued by the SCDE, and (2) fell outside the top fifteen wealthiest districts in the state, based on the index of taxpaying ability.

¹ In subsequent fiscal years see provisos 1A.51, 1A.54, 1A.55, 1A.59 and 1A.64.

CERRA's Annual Report for FY 2019-20, identified 35 school districts eligible to receive RRI funding in FY 2019-20, of which 34 school districts requested RRI funding. CERRA's Legislative Report dated July 2020 indicated CERRA disbursed \$6,790,827² in RRI funds to the eligible school districts in FY 2019-20. According to CERRA's Legislative Report dated July 2021, 43 school districts were eligible to receive RRI funding in FY 2020-21, and CERRA disbursed \$7,059,836 to the eligible school districts.

In addition to developing eligibility requirements, CERRA developed a list of incentive programs for the RRI program. For FY 2019-20 and FY 2020-21, CERRA listed seventeen incentive programs, which included: (1) housing purchase, (2) bridge program partnerships, (3) teacher cadet start-up costs, (4) alternative certification, (5) certification examinations, (6) recruitment expenses, (7) district website upgrades, (8) national employment system vendor, (9) teacher expo, (10) first-year teacher stipend, (11) international teacher fees, (12) critical need salary stipend, (13) undergraduate loan forgiveness, (14) travel stipend, (15) mentoring/induction support, (16) graduate coursework, and (17) professional development.

Issue #1: Did the South Carolina Department of Education exercise due care in the administration of RRI program funding to CERRA in FY 19-20 and FY 20-21?

The SIG determined SCDE adhered to the requirements listed in Proviso 117.21 before disbursing funds to CERRA.

Pursuant to Proviso 117.21, SCDE required CERRA to provide SCDE the following information prior to SCDE disbursing RRI funds to CERRA in FY 2019-20 and FY 20-21:

1. An accounting of how the state funds would be spent;
2. Goals to be accomplished;
3. Proposed measures to evaluate success in implementing and meeting the goals;
4. A copy of CERRA's adopted budget for the current year;
5. A copy of CERRA's most recent operating financial statement; and
6. An assurance that the organization does not practice discrimination against persons by virtue of race, creed, color, or national origin.

Based on the SIG's review of documentation provided by CERRA and the SCDE, the SIG determined CERRA provided the information listed above to SCDE in FY 2019-20 and FY 2020-21.

² CERRA advised the SIG the \$6,790,827 reported in the Legislative Report for FY 2019-20 included \$14,400.28 that was disbursed to the Beaufort/Jasper Academy for Career Excellence.

Issue #2: Did CERRA exercise due care in the administration of RRI program funding to the Clarendon School District Two in FY 19-20 and FY 20-21?

The SIG determined CERRA provided inadequate oversight regarding the distribution and use of RRI funds to Clarendon School District Two in FY 2019-20 and FY 2020-21.

CERRA determined Clarendon School District Two met the requirements referenced above in order to receive RRI funding from CERRA in FY 2019-20 and FY 2020-21. In FY 2019-20, Clarendon School District Two requested and received \$153,799 in RRI funds from CERRA. CERRA required Clarendon School District Two to submit a request for disbursement form to CERRA separately for each incentive program for which the district requested RRI funds. The request for disbursement forms included the following information:

- the district name and mailing address;
- the incentive for which the district was requesting funds;
- the amount of funds requested, an explanation of how the funds would be used; and
- assurance the funds would be used for the intended purpose listed in the request.

In FY 2019-20, Clarendon School District Two submitted nine requests for five incentive programs to CERRA for RRI funding. A breakdown of the RRI funding received by Clarendon School District Two for FY 2019-20 is listed in Table A below:

TABLE A

RRI Funding Disbursed to Clarendon School District Two in FY 2019-20	
<u>Incentive Program</u>	<u>Amount</u>
Housing Purchase	\$11,236
Induction Teacher/Mentor Support	\$4,700
Professional Development	\$56,363
Recruitment Expenses	\$69,500
Website Updates	\$12,000
Total:	\$153,799

As illustrated in Table A above, Clarendon School District Two received \$11,236 for a housing purchase in FY 2019-20 from CERRA. The SIG reviewed documentation submitted to CERRA by Clarendon School District Two on 2/5/20 to support its RRI funding request of \$11,236 for a housing purchase.

The documentation Clarendon School District Two submitted to CERRA included a form titled [“Request for Disbursement of FY20 Proviso 1A.54 Funds.”](#) The justification set forth stated, “To purchase a house to provide lodging for teachers to enhance rural teacher recruitment efforts.” The SIG determined that CERRA did not require, nor did Clarendon School District Two provide, further information, including how a house would be purchased for \$11,236.

The request for disbursement form included an assurance section which stated, “*By my signature below, I acknowledge and understand that the funds disbursed pursuant to this request may be used only for the purpose and in the manner stated above, and that any unused portion of the funds not so utilized must be*

returned to CERRA as soon as the district determines that the funds are not needed, but no later than the conclusion of the 2019-20 school year.” On 2/5/20, CERRA approved Clarendon School District Two’s \$11,236 request for the housing purchase incentive.

A CERRA official stated Clarendon School District Two did not request additional RRI funds for the housing purchase incentive in FY 2019-20 or FY 2020-21. The CERRA official also stated, *“It is our understanding that the funds disbursed to Clarendon Two for the purchase of a house to rent to teachers was in fact used to purchase a house and was ultimately rented to teachers. It is also our understanding that while the superintendent did live in the house for about one year, he did later pay the district rent for the time in question.”*

The CERRA official confirmed CERRA did not require school districts to provide any type of supporting documentation after CERRA approved and disbursed RRI funds for school districts in FY 2019-20 or FY 2020-21. CERRA was unable to provide documentation that demonstrated confirmation a house was purchased.

According to the *Post and Courier*, the superintendent moved from the RRI-funded townhouse and paid rent in arrears only after the *Post and Courier* made a Freedom of Information Act request. The article also reported the school district paid \$85,000 to buy the townhouse, and the funding for the townhouse came from CERRA.

Clarendon County Register of Deeds records confirmed Clarendon School District Two purchased Lot No. 4, Shannon Greens Townhouses Subdivision on or about 3/30/20 for \$85,000. Publically-available Clarendon School District Two check register records reflected a payment on 3/26/20 of \$82,494.39 for “housing” to Boykin & Davis, LLC, as the settlement agent.

The SIG noted Clarendon School District Two only received \$11,236 in RRI funds from CERRA for the housing purchase in FY 2019-20. The CERRA could not determine if other RRI funds were used for the balance of the \$85,000 purchase. The SIG was unable to make inquiries of Clarendon School District Two to identify the source of the funding balance because of jurisdictional limitations.

The CERRA official advised it regularly reminded districts of the requirement to abide by the assurance statement, along with the option of requesting that the disbursed funds be utilized for a different incentive program. CERRA also stated it required that annual district audits verify whether funds received by the district from all sources were used as intended. The official said audit reports were submitted to the SCDE, which could choose to take accreditation action against the district or certification action against the superintendent.

Notwithstanding CERRA’s assertion regarding audit records, the SIG examined Clarendon School District Two publically-available audited financial statements for FY 2019-20 and was unable to identify a statement by the District’s auditors verifying whether funds received by the district from all sources were used as intended, including the use of RRI funds.

In FY 2020-21 CERRA disbursed \$99,235 in RRI funds to Clarendon School District Two. A breakdown of the RRI funding received by Clarendon School District Two for FY 2020-21 from CERRA is listed in Table B below:

TABLE B

RRI Funding Disbursed to Clarendon School District Two in FY 2020-21	
<u>Incentive Program</u>	<u>Amount</u>
Critical Needs Salary Stipends	\$60,000
Mentoring/Induction Support	\$6,000
Recruitment Expenses	\$23,235
Professional Development	\$10,000
Total:	\$99,235

Like the FY 2019-20 disbursements to Clarendon School District Two, in FY 2020-21 CERRA did not require the district to provide any documentation in support of its requests (see Table B), and CERRA was unable to provide documentation that demonstrated confirmation the funds were used for the approved purposes.

The SIG determined CERRA provided inadequate oversight regarding the distribution of RRI funds to Clarendon School District Two in FY 2019-20 and FY 2020-21.

Finding #1: CERRA provided inadequate oversight in its distribution of RRI funds to Clarendon School District Two in FY 2019-20 and FY 2020-21.

Recommendation 1a: CERRA should develop and implement a grant agreement to govern use of RRI funds and a monitoring program to ensure the funds are used appropriately by school districts.

Recommendation 1b: CERRA should require school districts to provide a report detailing how the school district spent the RRI funds at the end of each fiscal year. In addition, CERRA should require school districts to provide applicable documentation to support requests for RRI funds.

The SIG wishes to extend its appreciation to the staff of CERRA and SCDE for the courtesies extended to the SIG during this inquiry.

If you have any questions regarding this matter, I am available to provide a more detailed briefing.

Sincerely,



Brian D. Lamkin
State Inspector General

CC: The Honorable Molly Spearman, State Superintendent of Education, SCDE
Dr. Jenna Hallman, PhD, Executive Director, CERRA