



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3221 Introduced on January 10, 2017
Author: Allison
Subject: Fiscal Practices and Budgetary Conditions
Requestor: House Education and Public Works
RFA Analyst(s): Shuford and Kokolis
Impact Date: January 24, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$347,381	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	2.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would increase Department of Education General Fund expenditures by \$347,381 in FY 2017-18.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

This bill requires the Department of Education (department) to work with district superintendents and finance officers to develop a statewide program, which includes a series of criteria that establishes three escalating levels of fiscal and budgetary concern. These levels are fiscal watch, fiscal caution, and fiscal emergency. The three levels have escalating responsibilities for the department that include reviewing school district recovery plans, providing technical assistance in implementing proposals, ordering performance audits of the school district that will be reimbursed by the districts to the department, making written proposals for correcting the school district practices that led to the level of concern, and taking over financial operations of a school district for a year when a fiscal emergency is declared.

Department of Education. The department indicates that thirty-six school districts may fall into one of the three levels of concern specified in this bill. While the department reviews financial audits and tracks fiscal issues of each district, three additional staff are necessary to fulfill the requirements of the bill. An Auditor IV position would visit and inspect the school districts, review plans, track implementation, and report on progress. A Fiscal Analyst III position would provide specialized technical assistance to the affected school districts. These

two positions each would require additional expenditures of \$56,947 for salary, \$25,465 for employer fringe, and \$4,350 for travel, supplies, and technology expenses in FY 2017-18. The department also indicates that the requirement for the department to take over the financial operations of a school district may occur in FY 2017-18. The department indicates that this responsibility could require a retired school business official or similar professional to perform day-to-day fiscal operations of the school district. This time-limited position would require additional expenditures of \$90,000 for salary and \$33,857 for employer fringe. Finally, audit expenditures are expected to increase by \$50,000 since a school district under concern cannot be released from the scrutiny required pursuant to this bill in the same year in which the declaration is made. In summary, the department indicates that this bill would increase General Fund expenditures by \$347,381 in FY 2017-18.

Office of State Auditor. The State Auditor must replicate the requirements of the statewide program created by the Department of Education for state agencies that are also local education agencies. These seven agencies include the Governor's School for Math and Science, the Governor's School for Arts and Humanities, the School for the Deaf and Blind, the Department of Juvenile Justice, the Wil Lou Gray Opportunity School, the John De La Howe School, and the Palmetto Unified School District under the Department of Corrections. The State Auditor indicates that the responsibilities required pursuant to this legislation can be performed utilizing existing personnel. Therefore, this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds for the Office of State Auditor.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director