



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	S. 445	Introduced on February 21, 2017
<b>Author:</b>	Hembree	
<b>Subject:</b>	Charter Schools	
<b>Requestor:</b>	Senate Education	
<b>RFA Analyst(s):</b>	Shuford	
<b>Impact Date:</b>	March 21, 2017	

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**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	(\$128,220)	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$128,220	\$0

**Fiscal Impact Summary**

This bill would limit the ability of the Public Charter School District to retain up to 2 percent of state appropriations by excluding state categorical funds specifically designated for classroom, teacher, or technology use. This would limit the district's ability to retain \$128,220 and correspondingly shift the receipt of these same funds to the thirty-four public charter schools.

**Explanation of Fiscal Impact**

**Introduced on February 21, 2017**

**State Expenditure**

This bill amends sections of the South Carolina Charter Schools Act of 1996. The following is a section-by-section analysis of the statutes modified by the bill that may affect state expenditures.

**Section 2.** This section allows the Public Charter School District Board of Trustees to use existing program funding for transportation to reduce barriers to enrollment and provide equity and access. The bill does not specify any new appropriations or allocations for transportation funding. Due to the permissive nature of this provision, any impact on the Public Charter School District's expenditures would depend on transportation decisions and funding reallocations made by the Board of Trustees from current appropriations. Therefore, this section would have no expenditure impact on the General Fund, Other Funds, or Federal Funds.

**Section 3.** This section limits the ability of the Public Charter School District to retain up to 2 percent of state appropriations by excluding state categorical funds specifically designated for classroom, teacher, or technology use. Current categorical appropriations and allocations to the

Public Charter School District from which the district currently retains 2 percent total \$6,410,967. For context, total appropriations for the district amount to \$152,434,438. This section would limit the district's ability to retain \$128,220, and correspondingly, shift the receipt of these same funds to the thirty-four public charter schools.

**Section 5.** The Department of Education is required to post electronic versions of all charter school applications within thirty days after submission. The department indicates that they typically receive approximately twenty applications each year. The number of pages per application generally exceeds 125 plus additional pages for required addendums and attachments. The department indicates that the posting requirement will not materially increase expenditures of the department. As a result, this section would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

**Section 10.** The Department of Education is required to provide an online directory of all charter schools with links to the schools' websites. Currently, the department publishes a listing of charter schools that includes the name, year opened, grades, contact information, and sponsor. The new requirements for the online directory will not materially affect the department's duties. Therefore, this section would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds.

**Section 12.** The State Treasurer may use funds in the Charter School Facility Revolving Loan Program (Loan Program) to create a debt reserve fund to obtain favorable financing terms on bonds issued on behalf of a charter school. The State Treasurer's Office indicates that they will begin to approve loans to charter schools from the \$1,100,000 appropriated to the Loan Program very soon. The Department of Education will assist in reviewing charter school building requirements and monitoring draw requests by the charter schools as construction, renovation, and maintenance needs are addressed. Agency activities performed to create a debt reserve fund will be conducted in the normal course of business. As a result, this section would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds. However, the State Treasurer's Office indicates that if the Loan Program funds are expanded by a material amount, they may require additional staff to continue to provide this service to the charter schools.

#### **State Revenue**

N/A

#### **Local Expenditure**

N/A

#### **Local Revenue**

N/A



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Frank A. Rainwater, Executive Director