



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0709 Amended by House Education and Public Works on April 24, 2018
Author: Hembree
Subject: Fire and Safety Inspections
Requestor: House Education and Public Works
RFA Analyst(s): Powell
Impact Date: May 3, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	See Below	\$0
Other and Federal	See Below	\$0
Full-Time Equivalent Position(s)	See Below	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	See Below	\$0
Local Revenue	See Below	\$0

Fiscal Impact Summary

The Department of Education indicates that developing policies and training materials, as well as coordinating with school districts and other state agencies regarding active shooter/intruder drills, are activities that can be accomplished within existing appropriations and authorizations. However, providing technical assistance to school districts and reviewing each school’s fire and safety policy within 120 days of receipt will result in increased General Fund expenditures of \$157,422 for two time-limited FTEs during FY 2019-20, FY 2020-21, and FY 2021-22.

The Department of Labor, Licensing, and Regulation indicates that developing policies and providing comments to school districts are activities that can be accomplished using existing resources and within existing appropriations and authorizations.

The State Law Enforcement Division expects that any expenditure impacts associated with developing training materials and producing instructional videos can be managed within existing appropriations and authorizations.

Developing policies for fire and safety and conducting monthly drills are activities that occur in the normal course of school district business. School districts or charter schools may incur costs associated with implementing these policies and programs, but as they have the ability to tailor the program to meet the needs and available funding of the district we anticipate they will choose options which can be accomplished within existing resources. Any change in local revenues, associated with the removal of fines for schools not conducting fire drills, is expected to be minimal.

Explanation of Fiscal Impact

Amended by House Education and Public Works on April 24, 2018

State Expenditure

The amended bill requires the State Department of Education (Department) and the Office of the State Fire Marshal (OSFM) to collaboratively develop guidelines for fire and safety policies. These program guidelines must be made available to the school districts and charter schools prior to the beginning of the 2019-2020 school year. School district boards of trustees and the governing bodies of charter schools are required to adopt a policy and program for school facility fire and safety, including inspections, before the beginning of the 2020-2021 school year. The amended bill establishes guidelines for the manner in which the policies are adopted and published, and requires that they include routine self-assessments. The bill as amended by the House further required school districts and charter schools to submit these policies to the Department and OSFM for review by July 1, 2021, both of whom will provide written comments to the district on the policies within 120 days. It also provided that charter schools whose instruction is provided primarily online are exempt from the requirements of this bill.

Currently, schools are required to conduct fire drills at least once each month. The bill as amended requires public schools and charter schools to conduct, at least two fire drills, two active shooter drills, and two severe weather/earthquake drills each school year, with at least one of each drill conducted each semester. It further requires the Department and the State Law Enforcement Division (SLED) to develop guidelines for conducting active shooter drills and to develop appropriate training materials by August 1, 2018, and age appropriate instructional videos to be produced by SLED by January 1, 2019. The Department and SLED must consult with school-employed mental health professionals and OSFM in creating and updating these guidelines. School districts must offer training on these guidelines during annual teacher professional development.

Further, the amended bill removes the fine previously associated with teachers and superintendents not performing fire drills. The fine was between ten and twenty-five dollars per incident.

Department of Education. The amended bill requires the Department, in collaboration with OSFM, to develop guidelines for fire and safety policies. It also requires the Department to review and provide written comments on school fire and safety policies once these are developed, and to consult with school-employed mental health professionals, OSFM, and SLED in the development of guidelines for active shooter/intruder training. The Department is also required to work with SLED to develop age appropriate active shooter/intruder drill instructional videos.

The Department indicates that it anticipates no impact associated with working with OSFM to develop guidelines for fire and safety policies. The Department also indicates that it anticipates no expenditure impact associated with supporting SLED in developing guidelines, training materials, and instructional video, as well as coordinating training seminars for district personnel. While there will be increased expenditures of \$37,000 associated with these activities for consulting with a content expert, this cost can be managed within the Department's existing

appropriations and authorizations. As to the costs of printing and distributing training materials, the Department indicates those cannot be determined until the format of those materials is decided upon after the guidelines have been developed.

The Department does, however, anticipate an impact associated with providing technical assistance to school districts, conducting a detailed review of each school's fire and safety plan, and making recommendations. There are currently 1,237 public schools, and the Department indicates that with its current staffing these cannot be reviewed within 120 days of receipt. These activities would require the Department to hire a time-limited Safety and Security Coordinator for a total annual cost, including salary, fringe, travel, and supplies, of \$91,382 and a time-limited Program Assistant for a total annual cost, including salary, fringe, travel, and supplies, of \$66,040. In total, these activities will increase the expenditures of the department by \$157,422 annually for each year that the positions are needed. These temporary positions would be required for FY 2019-20 and FY 2020-21 to provide assistance to school districts and for FY 2021-22 to review school district plans.

Department of Labor, Licensing, and Regulation. The amended bill requires OSFM, in collaboration with the Department, to develop guidelines for fire and safety policies. It also requires OSFM to review and provide written comments on school fire and safety policies once these are developed, and to consult with school-employed mental health professionals and SLED in the development of guidelines for active shooter/intruder training. OSFM anticipates that these activities can be managed within existing appropriations and authorizations.

State Law Enforcement Division. The amended bill requires SLED, in collaboration with the Department, OSFM, and school-employed mental health professionals, to develop guidelines for active shooter/intruder drills. It also requires SLED to produce developmentally appropriate active shooter/intruder drill instructional videos.

SLED indicates that it anticipates no expenditure impact associated with developing guidelines and training materials in coordination with the Department. SLED does anticipate increased expenditures as a result of developing age appropriate instructional videos. It is SLED's opinion that two videos will be needed: one video for elementary school aged children and special needs children and a second video for middle school and high school students. Based on the most recent video training that SLED developed, the estimated cost of this is \$10,000 per video for a total cost of \$20,000. SLED currently receives two federal grants that could be used to support the production of these videos. Therefore, SLED expects that any expenditure impacts associated with this bill can be managed within existing appropriations and authorizations.

State Revenue

N/A

Local Expenditure

The amended bill requires each school district board of trustees and the governing body of each charter school to adopt a policy and program for school facility fire and safety, including inspections, before the beginning of the 2019-2020 school year. The policy must be adopted in an open meeting, include routine self-assessments, and be published on the district or charter

school's website. The amended bill also makes changes to Section 59-63-910, which requires schools to conduct monthly fire drills. The amended bill changes this provision to require public schools and charter schools to conduct at least two fire drills, two active shooter drills, and two severe weather/earthquake drills each school year, with at least one of each drill conducted each semester. The fine associated with not completing these drills is removed and it instead requires the principal or charter school leader for each school to document their compliance with this provision.

Establishing policies and procedures is an activity that occurs in the normal course of school district or charter school business. As such, no expenditure impact is anticipated in association with developing a policy and program for school facility fire and safety inspections and publishing the policy on the appropriate website. School districts or charter schools may incur costs associated with implementing these policies and programs, but as they have the ability to tailor the program to meet the needs and available funding of the district we anticipate they will choose options which can be accomplished within existing resources.

School districts implementing safety and security drills may be required to make expenditures to plan and train school personnel on the new drills, but it is also possible that existing materials from national programs can be adapted for this purpose with minimal additional costs.

Local Revenue

This bill removes the fine previously associated with teachers and superintendents not performing fire drills. The fine was between ten and twenty-five dollars per incident. Exact fine data was not provided; however, anecdotal reports indicate that fines occur infrequently. The provision is amended to reference fire drills, active shooter drills, and severe weather/earthquake drills, rather than only fire drills, and to simply require that compliance be documented. Due to the minimal amount of the fine, and the frequency at which they occur, we do not anticipate a revenue impact to local governments.

Amended by the Senate on March 28, 2018

State Expenditure & Revenue

N/A

Local Expenditure

The amended bill requires each school district board of trustees and the governing body of each charter school to adopt a policy and program for school facility fire and safety, including inspections, before the beginning of the 2019-20 school year. The policy must be adopted in an open meeting, include routine self-assessments, and be published on the district or charter school's website. The amended bill also makes changes to Section 59-63-910, which requires schools to conduct monthly fire drills. The bill changes that requirement to require that monthly safety and security drills be conducted, no fewer than six of which must be fire drills. The fine associated with not completing these drills is removed and it instead requires the principal or charter school leader for each school to document their compliance with this provision.

Establishing policies and procedures is an activity that occurs in the normal course of school district or charter school business. As such, no expenditure impact is anticipated in association

with developing a policy and program for school facility fire and safety inspections and publishing the policy on the appropriate website. School districts or charter schools may incur costs associated with implementing these policies and programs, but as they have the ability to tailor the program to meet the needs and available funding of the district we anticipate they will choose options which can be accomplished within existing resources.

School districts implementing safety and security drills may be required to make expenditures to plan and train school personnel on the new drills, but it is also possible that existing materials from national programs can be adapted for this purpose with minimal additional costs. School districts could also choose to continue to conduct only fire drills and still be in compliance. Monthly fire drills are currently conducted in the normal course of school district business. The addition of other types of safety and security drills is optional.

Local Revenue

This bill removes the fine previously associated with teachers and superintendents not performing fire drills. The fine was between ten and twenty-five dollars per incident. Exact fine data was not provided; however, anecdotal reports indicate that fines occur infrequently. The provision is amended to reference safety and security drills, rather than fire drills, and to simply require that compliance be documented. Due to the minimal amount of the fine, we do not anticipate a revenue impact to local governments.

Introduced on May 8, 2017

State Expenditure

This bill requires fire and safety inspections to occur in all new and existing operating public school facilities at least annually. If an annual inspection discovers a fire or safety hazard, a compliance inspection must occur within 180 days of the initial inspection, to determine if the public school facility has corrected the hazard. An inspection required by this bill may be performed only by inspectors who are approved and registered with OSFM. Further, OSFM would work with the State Department of Education's Office of School Facilities (OSF) to ensure an inspection of each new public school is conducted prior to occupancy and any additions or alternations to schools are inspected. A report of every inspection must be filed with OSFM and OSF within thirty days.

Further, this bill grants OSFM the authority to promulgate regulations governing the fire and safety inspections of new and existing public schools. These regulations may include: setting a registration procedure and qualification requirements for inspectors, requiring conformance with national fire prevention and protection standards, setting the amount of fees charged for inspections of new and existing public schools, and having the authority to create regulations the OSFM considers necessary related to fire safety and prevention. Further, OSFM may promulgate other regulations to implement the provisions of this chapter.

Currently, school buildings are subject to inspection based upon requirements set forth by the local government, which varies between the different local governments. Additionally, a new school facility and new construction on a school is subject to an inspection by the Department of Education's Office of School Facilities (OSF) before occupancy.

Department of Labor, Licensing, and Regulation (LLR). This bill requires OSFM, in conjunction with others, to ensure annual inspections occur for all new and existing public school facilities. According to OSFM, an inspection would include a visual inspection of the facility while the building is fully occupied, meaning all inspections must occur within the 180 day school year. Additionally, an inspection would ensure that all required fire safety equipment is on-site and audit paperwork showing that a vendor has tested that all equipment is in good working order. However, an inspection would not test that the fire safety equipment is properly maintained and in good working condition.

There are currently 1,252 existing operating public schools in South Carolina that would be subject to a fire inspection. OSFM estimates an average of 8 hours per school to perform an inspection, resulting in a total of 10,016 hours to perform on-site inspections. Additionally, OSFM indicates there are 670 South Carolina Certified Fire Marshalls but only one-half have the higher International Code Council or National Fire Protection Association certificates. Currently, local jurisdictions may not need certification to perform fire and safety inspections, and private inspectors are not registered or certified with OSFM.

While OSFM is responsible for ensuring the inspections, there are multiple options for who may actually perform the inspections. LLR posed three possibilities in response to this bill. Option one is third party private inspectors perform the inspections. Option two is OSFM performs the inspections. Option three is the local fire districts perform the inspections. For option three, either OSFM or private inspectors would perform the inspections for those local jurisdictions that are unable or unwilling to do so.

Option One - Private Inspectors. LLR contacted three private fire and safety inspection companies and the hourly rate for these companies ranged between \$60 and \$95. If private inspectors perform all 10,016 hours' worth of inspections, as calculated above, recurring Other Funds expenditures would increase by \$600,960 to \$951,520 in FY 2018-19. The bill does not specify whether OSFM or the schools being inspected should bear the cost of third party inspections. Therefore, the bill may impact General Fund, Other Funds, or local expenditures depending upon which party is found to be responsible for paying for the inspections.

Option Two - OSFM Inspectors. If OSFM performs all of the fire and safety inspections, they indicate that the additional inspections will require hiring thirteen Deputy Inspectors and one Senior Deputy Inspector. Each Deputy Inspector would increase Other Funds expenditures by \$62,000, which includes salary and fringe. The Senior Deputy Inspector would increase Other Funds expenditures by \$75,300, which includes salary and fringe. These 14 FTEs would increase recurring Other Funds expenditures by \$881,300 beginning in FY 2018-19. Additionally, vehicle purchases, uniforms, information technology equipment, and inspection equipment would increase non-recurring Other Funds expenditures by \$602,000 in FY 2018-19.

Option Three - Local Jurisdiction Inspectors. OSFM performed a survey of the local fire districts in response to this bill to determine which local jurisdictions would be willing and able to perform the annual fire and safety inspections for the school facilities in their district. Based on the responses received, it is assumed that fifty percent of local jurisdictions would be able to perform the inspections. Therefore, under this scenario, 626 public schools would be inspected

by local jurisdiction inspectors and the other 626 public schools would be inspected either by OSFM or third party inspectors.

If a private inspector performed those inspections that local jurisdictions did not, the anticipated expenditure impact would range from \$300,480 to \$475,760. This is based, again, on the assumption that a school would take on average 8 hours to inspect that the cost of a private inspector would range from \$60 to \$95 per hour. Also as discussed previously, the source of funding for this expense is undetermined.

If OSFM performed those inspections that local jurisdiction did not, OSFM Other Funds expenditures will increase by approximately \$447,300 in recurring costs and \$301,000 in nonrecurring costs, for a total of \$748,300 in FY 2018-19. This is approximately one-half the cost of performing inspections on all existing public schools as discussed in option two above.

The annual expenditure for public school inspections for all three options would increase based on the number of new schools built annually. This increase is undetermined as the number of new public schools built each year varies. Additionally, the total expenditure cost for OSFM is undetermined as the cost to OSFM is dependent upon the determination of who is responsible for performing the safety and fire inspections.

South Carolina Department of Education. Currently, the department conducts initial, but not recurring inspections on new school buildings and school renovations and additions. For new schools, the inspection includes a fire and safety inspection; however, inspections done on renovations or additions do not include a fire and safety inspection. The department indicates that conducting annual fire and safety inspections on all existing schools and school renovations and additions would be an additional responsibility for the Office of School Facilities (OSF) that cannot be incorporated into current staffing levels. OSF currently has eight FTEs including five engineers, and an operating budget of approximately \$800,000.

To meet the requirements of this bill, OSF assumes they would perform the fire and safety inspections. This would require an additional fourteen FTEs at an estimated salary of \$53,842 and fringe of \$23,660. Recurring costs for salary and fringe to the General Fund would total \$1,085,028 for FY 2017-18. In addition to salary and fringe costs, OSF would incur General Fund recurring costs for information technology, fuel, vehicle maintenance, and supplies totaling \$133,210 in FY 2017-18. Further, OSF would incur non-recurring General Fund costs for vehicle purchases, safety and inspection equipment, uniform costs, office equipment, information technology equipment, and supplies totaling \$608,118 in FY 2017-18. Combining recurring and non-recurring costs, the expenditure impact to the General Fund would total \$1,826,356 in FY 2017-18 and \$1,218,238 in FY 2018-19. However, the General Fund expenditure impact for OSF is undetermined since the bill does not specify who is responsible for conducting the fire and safety inspections.

State Revenue

This bill grants OSFM the authority to levy a fee on schools to offset the cost of the fire and safety inspection through regulation. Also, §40-1-50 specifies that Professional and Occupational Licensing programs must set fees to cover the operational expenses of their boards.

Any necessary fee increase to offset the expenditures required pursuant to this bill would increase Other Funds revenue. Additionally, pursuant to Proviso 81.3 of the FY 2016-17 Appropriations Act, LLR is required to remit an equal amount to 10 percent of expenditures to the General Fund. Since the bill does not specify the party responsible for the inspections, the cost of the inspections is unknown, and the revenue to Other Funds is undetermined.

The revenue generated by fees would be used to offset OSFM's expenses associated with performing the fire and safety inspections. OSFM anticipates an inspection fee of \$1,185 per school for the initial inspection for the first year of the inspection program and \$705 per school in consecutive years. This assumes that the agency performs all of the inspections. This results in total revenue of \$1,483,620 for the first year FY2017-18 of the program and \$882,660 in subsequent years. If the OSFM performs half of the inspections, the agency anticipates having to charge a fee of \$1,195 per school initially to establish the program and a fee of \$715 per school in the following years resulting in revenue of \$748,070 in the first year FY2017-18 and \$447,590 in subsequent years. These fees would only cover the initial inspection. Any compliance inspections resulting from violations found during the initial inspection would have an undetermined total amount of revenue as there is insufficient data to determine the number of follow up inspections that would be needed.

The amount of revenue generated would depend greatly on who is tasked to perform and pay for the inspections.

South Carolina Department of Education. There would be no revenue impact for the agency since any fees received for fire and safety inspections of public schools would only go to OSFM.

Local Expenditure

This bill requires schools facilities to be inspected for fire safety at least annually. Currently, some school facilities are subject to annual fire and safety inspections by its local fire district. If local governments are found to be responsible for performing the fire and safety inspections, OSFM suggests that approximately 50 percent would be willing and able to do them. This assumption is based on a survey performed by OSFM in response to this bill. Of that half, some local governments are already performing this task and would not incur additional expenditures. Other local jurisdictions would need to hire additional staff and provide additional training in order to perform the inspections.

Additionally, if school districts are required to pay additional fees for the annual fire and safety inspections, school district expenditures will increase. If OSF is tasked with performing the annual fire and safety inspections, we anticipate local school districts would not pay inspection fees. If the OSFM performs the other half of the inspections, the agency anticipates having to charge a fee of \$1,195 per school initially to establish the program and a fee of \$715 per school in the following years resulting in expenditures of \$748,070 in the first year FY2017-18 and \$447,590 in subsequent years.

Regardless of who performs the inspections, school districts may have expenditures from addressing any violations found during the inspections. The extent of the expenditures would

vary depending on the condition of the school facilities. Therefore, any additional expenditures to the school districts are undetermined.

The local expenditure impact is undetermined as the cost to each local government would vary depending upon its ability to perform an inspection and assuming local governments are determined to be the party responsible for the performance of the inspections.

Local Revenue

This bill requires schools facilities to be inspected for fire safety at least annually. Currently, some school facilities are subject to annual fire and safety inspections by their local fire districts. If local governments are found to be responsible for performing the fire and safety inspections, OSFM suggests that approximately 50 percent would be capable to do them. If local governments are found to be responsible for the inspections, they may be able to charge a fee to the schools to offset the expense of the inspection, thereby increasing fee revenue in FY 2018-19.



Frank A. Rainwater, Executive Director