



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 3006	Amended by Senate Education on April 20, 2022
Author:	Brawley	
Subject:	School Lunch Debt	
Requestor:	Senate Education	
RFA Analyst(s):	Wren	
Impact Date:	April 25, 2022	

Fiscal Impact Summary

This amended bill prohibits a public school or public school district, including a charter school or school governing body from using a debt collection agency to collect debts on student school lunch or breakfast accounts. The bill also prohibits these entities from assessing or collecting monetary penalties for outstanding debts on these student accounts. A debt collection agency does not include the Department of Revenue or the programs they administer or a public school, public school district, charter school, or charter school governing body.

This amended bill is not expected to have an expenditure impact on the state agency schools since most of the agencies indicate that they either do not use debt collection agencies for outstanding debts on student meal accounts or do not charge for student meals.

This amended bill will have no expenditure impact on the Department of Revenue (DOR) as the department can accomplish the responsibilities of the bill within existing appropriations. Further, DOR indicates that it does not currently collect on student meal accounts through the existing Setoff Debt or Governmental Enterprise Accounts Receivables (GEAR) programs.

This bill will have an undetermined expenditure impact on the local school districts and is expected to vary from no impact to an amount up to \$10,000 per district. The State Department of Education (SCDE) surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from thirteen districts. Twelve of the districts indicate that the amended bill will have no impact because they do not use debt collection agencies or students currently receive breakfast and lunch free of charge. One responding district indicates that the bill could increase uncollected debt expenses by an amount up to \$10,000 based on previous outstanding food service debt. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

Explanation of Fiscal Impact

Amended by Senate Education on April 20, 2022

State Expenditure

This amended bill prohibits a public school or public school district, including a charter school or school governing body from using a debt collection agency to collect debts on student school

lunch or breakfast accounts. Also, these entities may not assess or collect interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. Additionally, the bill provides that a debt collection agency does not include the Department of Revenue or the programs they administer or a public school, public school district, charter school, or charter school governing body. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

State Agency Schools. The Governor’s School for the Arts and Humanities, the Governor’s School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection agencies or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate the bill will likely not impact the Governor’s School for Agriculture at John da la Howe either. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools.

Department of Revenue. DOR indicates that it does not currently collect on student meal debt under the existing Setoff Debt or GEAR programs. However, DOR indicates that it could accomplish these responsibilities within existing appropriations. Therefore, the amended bill will have no expenditure impact on DOR.

State Revenue

N/A

Local Expenditure

This amended bill prohibits a public school or public school district, including a charter school or school governing body from using a debt collection agency to collect debts on student school lunch or breakfast accounts. Also, these entities may not assess or collect interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. Additionally, the bill provides that a debt collection agency does not include the Department of Revenue or the programs they administer or a public school, public school district, charter school, or charter school governing body.

SCDE surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from thirteen districts. Twelve of the districts indicate that the amended bill will have no impact because they do not use debt collection agencies or students currently receive breakfast and lunch free of charge. One responding district indicates that the bill could increase uncollected debt expenses by an amount up to \$10,000 based on previous outstanding food service debt. Due to the varying responses, the expenditure impact of this bill on local school districts is undetermined. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

Local Revenue

N/A

Updated for Additional Agency Response on April 12, 2022
Introduced on January 12, 2021

State Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate the bill will likely not impact the Governor's School for Agriculture at John da la Howe either. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools. We will update this impact statement if the agency provides a different response.

State Revenue

N/A

Local Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from twenty-seven districts. Twenty-four of the responding districts indicate that the bill will have no expenditure impact. These districts indicate that they do not use debt collection agencies or that students currently receive breakfast and lunch free of charge. The three remaining responding districts indicate that the bill could increase expenses by a range of \$3,800 up to \$200,000 per district based on previous outstanding food service debt. Due to the varying responses, the expenditure impact of this bill on local school districts is undetermined. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

This section of the impact statement has been updated to include additional responses from the local school districts.

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor’s School for the Arts and Humanities, the Governor’s School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate a similar response from the Governor’s School for Agriculture at John da la Howe. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools.

State Revenue

N/A

Local Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE indicates that this bill will have an undetermined expenditure impact on local school districts since some districts do use a debt collection agency to collect on student meal accounts. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

Local Revenue

N/A



Frank A. Rainwater, Executive Director