



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: S. 0016 Introduced on January 12, 2021
Author: Rankin
Subject: Graduation Requirements
Requestor: Senate Education
RFA Analyst(s): Wren and A. Martin
Impact Date: February 8, 2021 Updated for Revised Agency Response

Fiscal Impact Summary

This bill requires a one-half credit course in personal finance as a requirement for high-school graduation in place of existing economics coursework. The State Department of Education (SDE), in collaboration with the Commission on Higher Education (CHE), the South Carolina Council for Economics, and the South Carolina Financial Literacy Board of Trustees must develop the standards for the coursework.

SDE indicates that this bill will increase non-recurring General Fund expenses of the agency by \$4,463,000 in FY 2021-22. Of this amount, \$18,000 is needed for a team to write the state standards, \$75,000 is needed for experts in the field to revise course standards and to provide training, and \$20,000 is needed to provide awareness and to educate students, parents, and other stakeholders on the required personal finance course. Further, the remaining \$4,350,000 is for materials at a cost of \$130 per teacher and \$120 per student for incoming ninth graders. The textbooks would be funded on a six-year cycle.

This bill will have no expenditure impact on CHE in FY 2021-22 or FY 2022-23 since it requires CHE to perform activities within the normal course of agency business.

This bill will have no expenditure impact on the state agency schools in FY 2021-22 or FY 2022-23. The Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, the Governor's School for Agriculture at John de la Howe, and the School for the Deaf and Blind indicate that they will be able to accomplish the provisions of the bill with existing staff. The Wil Lou Gray Opportunity school reports that the school does not offer a high school credential.

SDE surveyed the seventy-nine regular public school districts and the two charter school districts. Of the surveyed districts, thirty-nine regular school districts and the Charter Institute at Erskine provided responses.

Of the thirty-nine responding regular school districts, twenty-five districts indicate this bill will have no expenditure impact. Most of these districts further indicate that existing teachers would be able to teach the required personal finance course. The remaining fourteen regular districts indicate that non-recurring expenses would range from \$5,000 up to \$252,250 for curriculum,

materials, and professional development in FY 2021-22. These responding regular school districts also indicate that recurring expenses would range from \$4,000 up to \$1,661,095 beginning in FY 2022-23 for FTE's and on-going curriculum resources work. The number of new FTE's ranges from one to six per district.

Additionally, the Charter Institute at Erskine indicates that the district may need up to fifteen additional FTE's to serve its twenty-two schools, depending on the qualifications required for these positions. At an average teacher salary of \$60,000 including fringe, fifteen additional FTE's would increase recurring expenses of the Charter Institute at Erskine by up to \$900,000 in FY 2022-23. Information has been requested from the South Carolina Public Charter School District, but the district has not responded.

This impact statement has been updated to provide a revised response from SDE on the anticipated state expenditures for the one-half credit course in personal finance.

Explanation of Fiscal Impact

Updated February 8, 2021 for Revised Agency Response

Introduced on January 12, 2021

State Expenditure

This bill requires high school students attending a public high school, including a charter school, to complete a one-half credit course in basic personal finance as a requirement for high school graduation in place of existing economics coursework requirements. This applies to students entering the ninth grade beginning in the 2022-2023 school year. A one-half credit course in economics may still be offered by each school that enrolls high school students. SDE, in collaboration with the South Carolina Commission on Higher Education, South Carolina Council for Economics, and the South Carolina Financial Literacy Board of Trustees, must develop the standards for the coursework and post curriculum resources on its website. The standards developed and curriculum used for instruction must focus on instilling student competency in various areas. SDE must also develop metrics and reporting requirements to monitor the implementation and outcomes by district and must make recommendations to improve outcomes at the state and local levels. Further, this bill repeals Section 59-29-165, which requires students attending a public high school to receive instruction in personal finance.

State Department of Education. SDE indicates that this bill will increase non-recurring General Fund expenses of the agency by \$4,463,000 in FY 2021-22. Of this amount, \$18,000 is needed for a team to write the state standards, \$75,000 is needed for experts in the field to revise course standards and to provide training, and \$20,000 is to provide awareness and to educate students, parents, and other stakeholders on the required personal finance course. The remaining \$4,350,000 is for materials at a cost of \$130 per teacher and \$120 per student for approximately 65,000 incoming ninth grade students. The textbooks would be funded on a six-year cycle and have not been funded since FY 2009-10. This section of the impact statement has been updated to provide a revised response from SDE.

Commission on Higher Education. The bill requires SDE to collaborate with CHE in order to develop the standards for the new personal finance course. This type of activity occurs in the normal course of business for CHE. Therefore, this bill will have no expenditure impact for the agency in FY 2021-22 or FY 2022-23.

State Agency Schools. The Governor’s School for the Arts and Humanities, the Governor’s School for Science and Mathematics, the Governor’s School for Agriculture at John de la Howe, and the School for the Deaf and Blind indicate that this bill will have no expenditure impact since each agency will be able to accomplish the provisions of the bill with existing staff. The Wil Lou Gray Opportunity school indicates that this bill will have no expenditure impact on the agency since the school does not offer a high school credential. Therefore, this bill will have no expenditure impact on the state agency schools in FY 2021-22 or FY 2022-23.

State Revenue

N/A

Local Expenditure

This bill requires high school students attending a public high school, including a charter school, to complete a one-half credit course in basic personal finance as a requirement for high school graduation in place of existing economics coursework requirements. This applies to students entering the ninth grade beginning in the 2022-2023 school year. A one-half credit course in economics may still be offered by each school that enrolls high school students.

SDE surveyed the seventy-nine regular public school districts and the two charter school districts. Of the surveyed districts, thirty-nine regular school districts and the Charter Institute at Erskine provided responses.

Of the thirty-nine responding regular school districts, twenty-five districts indicate this bill will have no expenditure impact. Most of these districts further indicate that existing teachers would be able to teach the personal finance course. The remaining fourteen regular districts indicate that non-recurring expenses would range from \$5,000 up to \$252,250 for curriculum, materials, and professional development in FY 2021-22. These responding regular school districts also indicate that recurring expenses would range from \$4,000 up to \$1,661,095 beginning in FY 2022-23 for FTE’s and on-going curriculum resources work. The number of FTE’s ranges from one to six per district.

Additionally, the Charter Institute at Erskine indicates that the district may need up to fifteen additional FTE’s to serve its twenty-two schools, depending on the qualifications required for these positions. At an average teacher salary of \$60,000 including fringe, fifteen additional FTE’s would increase recurring expenses of the Charter Institute at Erskine by up to \$900,000 in FY 2022-23. Information has been requested from the South Carolina Public Charter School District, but the district has not responded.

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State Department of Education. SDE indicates that this bill as written will have no expenditure impact on the agency in FY 2021-22 or FY 2022-23 since the agency recently updated the existing standards. However, SDE further indicates that if an end-of-course examination is required and the assessment is not teacher administered, the bill would increase non-recurring expenses of the agency by \$3,00,000 over a three-year period. Of this amount, \$650,000 would occur in the first year for development of the end-of-course examination, \$1,900,000 would occur in the second year for field tests, development, and revision, and \$450,000 would occur in the third year for further field tests and revisions. Recurring expenses of SDE would increase by \$1,000,000 after the development and field tests for yearly test administration.

Commission on Higher Education. The bill requires SDE to collaborate with CHE in order to develop the standards for the new personal finance course. This type of activity occurs in the normal course of business for CHE. Therefore, this bill will have no expenditure impact for the agency in FY 2021-22 or FY 2022-23.

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Local Revenue

N/A



Frank A. Rainwater, Executive Director