



**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.*

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<b>Bill Number:</b>	S. 0544	Introduced on February 11, 2021
<b>Author:</b>	Loftis	
<b>Subject:</b>	Education: Open Enrollment	
<b>Requestor:</b>	Senate Education	
<b>RFA Analyst(s):</b>	Wren	
<b>Impact Date:</b>	April 28, 2021	

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### **Fiscal Impact Summary**

This bill requires every school district and charter school to allow its resident and non-resident pupils to apply to enroll in a particular program or school within such school district. A district school board must adopt and post on its website the process required to participate in open enrollment.

This bill is not expected to have an expenditure impact on the Judicial Department since we anticipate that the department will be able to accomplish the requirements of the bill within existing appropriations.

This bill is not expected to have a revenue impact on the General Fund since we anticipate there have only been a small number of offenses related to school district trustees permitting the enrollment of non-resident pupils without the consent of the residing school district.

The overall local expenditure impact on local school districts to adopt and follow procedures for open enrollment of resident and non-resident pupils is pending, contingent upon further review by the Department of Education (SDE).

The overall revenue impact on local governments is undetermined. We anticipate that the bill could have an impact on base student cost funding that is allocated to school districts. While some districts may experience a reduction in funds, others may see an increase. The impact will depend upon the number of students attending a school outside of their resident district and the actual base student cost of those districts.

### **Explanation of Fiscal Impact**

#### **Introduced on February 11, 2021**

#### **State Expenditure**

This bill allows a party aggrieved by the decision of a school board to deny enrollment to a particular program or school within a school district to have the right to appeal to the court of common pleas of the county where the matter will be tried de novo by the circuit judge.

We anticipate that the implementation of this bill may increase the number of hearings held in circuit courts, which may lead to an increased backlog for the circuit courts. However, we anticipate that the Judicial Department will be able to accomplish the requirements of the bill within existing appropriations.

### **State Revenue**

This bill repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25,000 or imprisonment of no more than thirty days for any school district trustee to permit the enrollment of non-resident pupils without the consent of the residing school district. We anticipate that the number of these offenses over time has been minimal. Fees, fines, and surcharges from offenses are generally allocated to the General Fund, specified state agencies and programs, and local governments. However, since we anticipate only a small number of these offenses have occurred, we do not expect a revenue impact on the General Fund. We will update this impact statement if SDE provides a different response.

### **Local Expenditure**

This bill requires every school district and charter school to allow its resident pupils to apply to enroll in a particular program or school within such school district, and beginning with the 2022-23 school year to allow non-resident pupils from other school districts to apply to enroll in a particular program or school within the school district or charter school. A district school board must adopt and post on its website the process required to participate in open enrollment. Also, a district board must provide preferential treatment in its open enrollment process to dependent children of active-duty military personnel whose move resulted from military orders, children who have been relocated due to a foster care placement, children who move due to a court ordered change in custody, students residing in the school district, and children entitled to attend school pursuant to a qualifying reason as stated in Section 59-63-31. Additionally, a school district may deny enrollment to any of its resident pupils or any non-resident pupils in a particular program or school within the district under certain conditions.

The bill also removes the requirement that out-of-district enrollment at a charter school may not exceed twenty percent of the total enrollment of the school without the approval of the sponsoring district board of trustees. Additionally, the bill removes the requirement that if the twenty percent of out-of-district enrollment is from one school district, the sending district must concur with additional students transferring from the district to the charter school. Further, the bill removes the residency and real estate ownership requirements for students to attend public schools.

*The overall expenditure impact of this bill on local school districts to adopt and follow procedures for open enrollment of resident and non-resident pupils is pending, contingent upon further review by SDE.*

The bill also repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25,000 or imprisonment of no more than thirty days for any school district trustee to permit the enrollment of non-resident pupils without the consent of the residing school district. We anticipate that the number of these offenses over time has been minimal. Therefore, we do not

anticipate any cost savings for county or municipal prison or court systems for this portion of the bill. We will update this portion of the impact statement if SDE provides a different response.

### **Local Revenue**

This bill requires every school district and charter school to allow its resident pupils to apply to enroll in a particular program or school within such school district, and beginning with the 2022-23 school year to allow non-resident pupils from other school districts to apply to enroll in a particular program or school within the school district or charter school.

The overall impact on local revenue is undetermined. The bill allows students to apply to enroll in a district other than their resident district, which could have an impact on the base student cost funding that is allocated to districts. We anticipate that the funds will follow the student. Some districts may realize a reduction in base student cost funding, while others may experience an increase. The impact will depend upon the number of students moving between districts and the base student cost that is allocated to those districts. Therefore, the revenue impact on local school districts is undetermined.

This bill deletes Section 59-63-45, which allows a non-resident child to attend a school in a school district with a payment equal to the prior year's local revenue per child. Since districts currently have the option to waive all or a portion of the payment, we anticipate that the repeal of this section will have no significant impact on local school districts.

The bill also repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25,000 or imprisonment of no more than thirty days for any school district trustee to permit the enrollment of non-resident pupils without the consent of the residing school district. We anticipate that the number of these offenses over time has been minimal. Fees, fines, and surcharges from offenses are generally allocated to the General Fund, specified state agencies and programs, and local governments. However, since we anticipate only a small number of these offenses have occurred, we do not expect a revenue impact on local governments.

In summary, we do not expect that the repeal of Sections 59-63-45 and 59-63-500 will have a revenue impact on local school districts or local governments. However, we will update this impact statement if SDE provides a different response.



Frank A. Rainwater, Executive Director