COMMITTEE REPORT

March 30, 2022

**S. 674**

Introduced by Senators Kimbrell, Rice, Talley, M. Johnson, Harpootlian and Loftis

S. Printed 3/30/22--S. [SEC 3/31/22 7:53 PM]

Read the first time March 16, 2021.

**THE COMMITTEE ON EDUCATION**

To whom was referred a Bill (S. 674) to amend Chapter 17, Title 59 of the 1976 Code, relating to school districts, by adding Section 59-17-170, to provide that a person with certain, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, by striking all after the enacting words and inserting:

/ SECTION 1. Chapter 17, Title 59 of the 1976 Code is amended by adding:

“Section 59‑17‑170. (A) For the purposes of this section:

(1) ‘Booster club’ means a parent‑led organization, not directly controlled by a school or school district, that is formed with the primary purpose of raising funds for the school, school district programs, interscholastic athletics, or afterschool activities.

(2) ‘Treasurer’ means a person or persons who maintains custody of a booster club’s financial records and/or who has signatory authority on all of the booster club’s transactions, accounts, contracts, checks, or other instruments or undertakings of any kind.

(B)(1) A person who was convicted of, or pled guilty or nolo contendere to, a felony, a violation of Chapter 13 of Title 16, or a violation of Chapter 14 of Title 16 is prohibited from serving as the treasurer of a booster club.

(2) A treasurer who was convicted of, or who pled guilty or nolo contendere to, a crime identified in item (1) must immediately resign, and a new person must be assigned to that role within the booster club. A booster club is prohibited from disbursing funds for any purpose until a new person is installed as its treasurer.

(C)(1) Each booster club within a school district must annually register with the school district board of trustees no later than August first. The registration shall include the name of the booster club, its purpose, the name of each of the booster club’s officers, including its treasurer, and other information required by the school district board of trustees.

(2) A booster club that fails to register by August first is prohibited from disbursing any funds for any purpose until registration has been completed.

(D)(1) Upon the receipt of a booster club’s registration, a school district board of trustees shall request a state criminal records check, including fingerprints, from the South Carolina Law Enforcement Division of the treasurer. The school district board of trustees shall immediately notify a booster club if the criminal records check reveals that its treasurer is prohibited from serving in that role for the booster club pursuant to subsection (B).

(2) A school district board of trustees may charge a fee to offset the costs associated with the state criminal records check.”

SECTION 2. This act takes effect upon approval by the Governor. /

Renumber sections to conform.

Amend title to conform.

GREG HEMBREE for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**State Expenditure**

The bill requires each booster club within a school district to annually register with the school district board of trustees no later than August first. The registration must include the name of the booster club, its purpose, the name of each of the booster club’s officers, including its chief financial officer, and other information required by the school district board of trustees. A booster club that fails to register by August first is prohibited from disbursing any funds until the registration has been completed. Upon receipt of a booster club’s registration, a school district board of trustees must request a state criminal records check, including fingerprints, from SLED for the chief financial officer. Additionally, the bill prohibits a person who was convicted of, or pled guilty or nolo contendere to, a felony pursuant to Chapter 13 or 14 of Title 16, which relate to forgery, larceny, embezzlement, false pretenses, cheats, and financial transaction card crimes, from serving as the chief financial officer of a school booster club. The bill further allows a school district board of trustees to charge a fee to offset the costs associated with the state criminal records check.

**State Department of Education.** This bill does not alter the duties or responsibilities of SCDE. Therefore, the bill will have no expenditure impact on the agency.

**State Agency Schools.** The Governor’s School for Science and Mathematics indicates that the bill will have no expenditure impact since the school does not have booster clubs. The Governor’s School for the Arts and Humanities and the Wil Lou Gray Opportunity School indicate that the bill would have no expenditure impact. Also, the School for the Deaf and Blind indicates that any expenses resulting from the bill can be managed within existing appropriations. Based upon these responses, we do not anticipate that the bill will have an expenditure impact on the Wil Lou Gray Opportunity School. We will update this impact statement if the agency provides a different response.

**State Law Enforcement Division.** SLED indicates that this bill will have no expenditure impact on the agency, as it can manage any increase in criminal records checks within existing appropriations.

**State Revenue**

As noted above, the bill requires SLED to conduct a criminal records check, including fingerprints, on the chief financial officer of each school booster club.

We anticipate that the bill may increase the number of background checks that SLED will be required to perform.  SLED indicates that the total cost for a criminal records check is $51.75, of which $25 is retained by SLED.  The current vendor, Identogo, receives $13.50, and the remainder of the fee, $13.25, is remitted to the Federal Bureau of Investigation (FBI).  SLED further indicates that these fees may increase slightly as the state is currently operating under a six-month emergency contract extension with the vendor.  Pursuant to Section 23-3-115(A), revenue generated from state criminal records checks performed by SLED up to an amount of $4,461,000 must be deposited in the general fund.  Any revenue over that amount is retained by SLED.

The overall revenue impact of this bill on other funds of SLED is undetermined as the number of booster club chief financial officers will fluctuate.  Further, SLED indicates that the agency generated $11,400,000 in revenue from criminal records checks in FY 2020-21.  The revenue impact on other funds of SLED will depend on the number of booster clubs and the amount of fees collected for the criminal records checks.

**Local Expenditure**

As previously stated, this bill requires each booster club within a school district to annually register with the school district board of trustees no later than August first. The registration must include certain information about the booster club, including the name of its chief financial officer. Upon receipt of a booster club’s registration, a school district board of trustees must request a state criminal records check, including fingerprints, from SLED for the chief financial officer. A school district board of trustees may charge a fee to offset the costs associated with the state criminal records check.

SCDE surveyed the seventy-seven regular school districts and the two charter school districts regarding the expenditure impact of this bill and received responses from twenty-seven districts. While the responses vary from no impact up to $2,640 annually for the background checks and processing fees, the overall expenditure impact of this bill on local school districts is undetermined and will be based on the difference between the cost of the state criminal records search and the fee that each district board of trustees may charge, as well as the number of booster club chief financial officers associated with each school district.

**Local Revenue**

As noted above, this bill requires SLED to conduct a criminal records check, including fingerprints, on the chief financial officer of each school booster club. A school district board of trustees may charge a fee to offset the costs associated with the state criminal records check.

The overall revenue impact of this bill on local school districts is undetermined and will be based on the difference between the cost of the state criminal records search and the fee that each district board of trustees may charge, as well as the number of booster club chief financial officers associated with each school district.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND CHAPTER 17, TITLE 59 OF THE 1976 CODE, RELATING TO SCHOOL DISTRICTS, BY ADDING SECTION 59-17-170, TO PROVIDE THAT A PERSON WITH CERTAIN CRIMINAL CONVICTIONS IS PROHIBITED FROM SERVING AS THE CHIEF FINANCIAL OFFICER OF A BOOSTER CLUB, TO PROVIDE THAT EACH BOOSTER CLUB WITHIN A SCHOOL DISTRICT SHALL ANNUALLY REGISTER WITH THE SCHOOL BOARD, TO PROVIDE THAT THE SCHOOL BOARD MUST RUN A CRIMINAL BACKGROUND CHECK TO DETERMINE IF THE CHIEF FINANCIAL OFFICER OF A BOOSTER CLUB IS PROHIBITED FROM SERVING IN THAT ROLE DUE A CRIMINAL CONVICTION, AND TO DEFINE NECESSARY TERMS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 17, Title 59 of the 1976 Code is amended by adding:

“Section 59-17-170. (A) For the purposes of this section:

(1) ‘Booster club’ means a parent‑led organization, not directly controlled by a school or school district, that is formed with the primary purpose of raising funds for the school, school district programs, interscholastic athletics, or after‑school activities.

(2) ‘Chief financial officer’ means a person who maintains custody of a booster club’s financial records and who has signatory authority on all of the booster club’s transactions, accounts, contracts, checks, or other instruments or undertakings of any kind.

(B)(1) A person who was convicted of, or pled guilty or nolo contendere to, a felony, a violation of Chapter 13 of Title 16, or a violation of Chapter 14 of Title 16 is prohibited from serving as the chief financial officer of a booster club.

(2) If a chief financial officer was convicted of, or pled guilty or nolo contendere to, a crime identified in item (1), then the chief financial officer must immediately resign, and a new person shall be assigned to that role within the booster club. A booster club is prohibited from disbursing funds for any purpose until a new person is installed as its chief financial officer.

(C)(1) Each booster club within a school district must annually register with the school district board of trustees no later than August first. The registration shall include the name of the booster club, its purpose, the name of each of the booster club’s officers, including its chief financial officer, and other information required by the school district board of trustees.

(2) A booster club that fails to register by August first is prohibited from disbursing any funds for any purpose until registration has been completed.

(D)(1) Upon the receipt of a booster club’s registration, a school district board of trustees must request a state criminal records check, including fingerprints, from the South Carolina Law Enforcement Division for the chief financial officer. The school district board of trustees shall immediately notify a booster club if the criminal records check reveals that its chief financial officer is prohibited from serving in that role for the booster club pursuant to subsection (B).

(2) A school district board of trustees may charge a fee to offset the costs associated with the state criminal records check.”

SECTION 2. This act takes effect upon approval by the Governor.

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