



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3843 Introduced on January 31, 2023
Author: Erickson
Subject: Open Enrollment
Requestor: House Education and Public Works
RFA Analyst(s): Bryant
Impact Date: February 14, 2023

Fiscal Impact Summary

This bill requires the SC Department of Education (SCDE) to develop and provide a template for each local board of trustees to use to develop and adopt their own open enrollment policy for school attendance. The open enrollment opportunities must be available beginning with the 2023-24 school year.

This bill will have no expenditure impact on SCDE since the agency can develop a template for open enrollment and provide the necessary reports within existing appropriations.

This bill repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25 or imprisonment of no more than thirty days for any school district trustee to knowingly permit the enrollment of nonresident pupils without the consent of the residing school district. While this may result in a decrease in the fines and fees collected in court, the Revenue and Fiscal Affairs Office (RFA) anticipates that only a small number of these offenses have occurred and expect any decrease in fee revenue to be minimal. For reference, court fines and fees are distributed to the General Fund, Other Funds, and local funds. Additionally, we do not anticipate any cost savings for county or municipal prison or court systems for this portion of the bill.

The overall expenditure impact on local school districts to adopt and follow procedures for open enrollment is undetermined. Some school districts previously indicated on similar legislation the need to hire FTEs to manage the application and enrollment process and indicated the potential need to purchase a lottery system to determine student enrollment. Based upon the previous responses from the districts, the FTEs and equipment could increase expenses by an amount up to \$170,000 per district. Further, the change in enrollment may impact expenditures if the number of students in a district changes.

The overall revenue impact on local school districts is undetermined. The shift in enrollment will affect state pupil-based funding distributions. Additionally, the bill requires each district's open enrollment policy to state whether the district may charge nonresident students a fee to cover costs associated with their enrollment that are not covered by federal, state, or local funding, but the fee amount is not specified. The revenue impact will depend upon the number of students who may be allowed to enroll in a school outside of their resident district, the actual state funding per student, and any fees that may be charged for nonresident students.

Explanation of Fiscal Impact

Introduced on January 31, 2023

State Expenditure

This bill requires SCDE to develop and provide a template for each local board of trustees to use to develop and adopt their own open enrollment policy for school attendance. The State Board of Education must approve the template developed by SCDE and must ensure that each district policy that is developed, along with the data used to develop the policy and the related procedures, are posted prominently on the district website. The bill also requires the State Board of Education through the State Superintendent of Education to establish a standard inter-district open enrollment timeline for parents and districts to follow. Additionally, the bill requires SCDE to include all district open enrollment policies on its School Choice website portal. Further, SCDE must provide an update annually by October first to the State Board of Education, the Senate Education Committee Chair, and the House Education and Public Works Chair on the status, progress, innovations, evolving best practices, and challenges of implementing the program, including identifying districts that have not submitted a policy.

SCDE indicates that the agency can develop the template open enrollment policy and provide the necessary reports within existing appropriations. Therefore, the amended bill will have no expenditure impact on SCDE.

State Revenue

This bill repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25 or imprisonment of no more than thirty days for any school district trustee to knowingly permit the enrollment of nonresident pupils without the consent of the residing school district. While this may result in a decrease in the fines and fees collected in court, RFA anticipates that only a small number of these offenses have occurred and expect any decrease in fee revenue to be minimal. For reference, court fines and fees are distributed to the General Fund, Other Funds, and local funds.

Local Expenditure

This bill requires each local board of trustees to use the policy template approved by the State Board of Education to develop and adopt an open enrollment policy based on its evaluation of available data reflecting student, school, district, and community needs. The open enrollment opportunities that allow parents to apply for their child to enroll in any particular program or school must be available beginning with the 2023-24 school year. Each district must post its open enrollment policy, along with the data used to develop the policy and related procedures on its website. The open enrollment policy must clearly distinguish intra-district policies from inter-district policies. Additionally, the open enrollment policy and process must:

- adhere to certain federal and educational requirements;
- identify the application requirements, timeline, and communication plans;
- allow parents to declare school preferences;
- describe lottery and wait list policies, and an appeal process;
- include the policies adopted by the board regarding capacity standards, standards of approval and denial, priorities of acceptance for enrollment, and transportation;

- describe whether the district may charge nonresident students a fee to cover costs associated with their enrollment that are not covered by federal, state, or local funding, and if so, how such a fee is calculated; and
- include a component addressing public awareness of open enrollment opportunities, accessing data on the open enrollment capacity of a school, the district application process and timeline, and written procedures for notification of acceptance or denial of an application.

Also, a student must not be displaced by a student transferring from outside the attendance zone as long as the student currently resides in the attendance zone of the school, is qualified to attend a school within the attendance zone pursuant to current statute, or is a returning student who continues to meet the requirements of the program or school. After the above-mentioned students have been assigned to a school, remaining enrollment opportunities must be assigned as follows:

- first, to students who meet the requirements of the program or school and who seek to attend the designated school in the district’s feeder pattern;
- second, to the siblings of students residing in the same household already enrolled in the school, provided that any siblings seeking priority under this bill meet the requirements of the program or school; and
- third, to students whose parent or legal guardian is assigned to the school as his primary place of employment, with any remaining spaces being filled pursuant to a lottery procedure as follows:
 - for intra-district open enrollment applicants, then
 - if any remaining, for inter-district open enrollment applicants.

SCDE previously surveyed the regular school districts regarding the expenditure impact of similar legislation. One of the responding districts indicated that the bill could increase expenses by \$170,000 for an additional FTE to manage the application process and a lottery system to determine student enrollment. Another responding district indicated that the bill would increase expenses by approximately \$50,000 for an FTE to manage the provisions of the bill. Due to the limited responses, the expenditure impact on local school districts to implement the application and enrollment process is undetermined.

The bill also repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25 or imprisonment of no more than thirty days for any school district trustee to permit the enrollment of nonresident pupils without the consent of the residing school district. RFA anticipates 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.

Local Revenue

This bill requires each local board of trustees to use the policy template approved by the State Board of Education to develop and adopt an open enrollment policy based on its evaluation of available data reflecting student, school, district, and community needs. The open enrollment opportunities must be available beginning with the 2023-24 school year.

This bill could have an impact on state funding that is allocated to districts based on enrollment. Additionally, the bill requires each district's open enrollment policy to describe whether the district may charge nonresident students a fee to cover costs associated with their enrollment that are not covered by federal, state, or local funding. Since the impact will depend upon the number of students who may be allowed to enroll in a school outside of their resident district, the actual state funding per student, and any fees that may be charged for nonresident students, the revenue impact on local school districts is undetermined.

The bill also repeals Section 59-63-500, which makes it a misdemeanor with a fine not exceeding \$25 or imprisonment of no more than thirty days for any school district trustee to permit the enrollment of nonresident pupils without the consent of the residing school district. RFA anticipates that the number of these offenses over time has been minimal. While this may result in a decrease in the fines and fees collected in court, we anticipate that only a small number of these offenses have occurred and expect any decrease in fee revenue to be minimal. For reference, court fines and fees are distributed to the General Fund, Other Funds, and local funds.



Frank A. Rainwater, Executive Director