



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. 3974	Introduced on February 12, 2025
Subject:	Private Providers	
Requestor:	House Education and Public Works	
RFA Analyst(s):	Bryant, Boggs, and Vesely	
Impact Date:	March 24, 2025	

Fiscal Impact Summary

This bill allows evaluators, private providers, and classroom aides to evaluate public school students for health, behavioral health, or therapeutic needs during school hours if the parent or legal guardian of the student requests such an evaluation from the evaluator. The bill also requires the State Board of Education to develop and adopt a model policy and provides requirements. School districts must adopt the model policy or develop their own policy that meets the minimum requirements of the model policy.

This bill will have no expenditure impact on the S.C. Department of Education (SCDE) or the Department of Disabilities and Special Needs (DDSN). The agencies indicate that they can manage the provisions of the bill with existing appropriations.

The expenditure impact of this bill on the Department of Health and Human Services (DHHS) is pending, contingent upon more information.

This bill will have no expenditure impact on the Department of Mental Health (DMH) because it does not impact the agency's normal business operations.

The expenditure impact of this bill on state agency schools will vary. The Governor's School for Agriculture at John de la Howe indicates that this bill will increase expenses by an amount of \$85,000 per year for salary and fringe benefits for 1.0 FTE for a full-time mental health counselor. The School for the Deaf and the Blind indicates that the bill may impact expenditures due to the potential loss of instructional time, a decrease in reimbursable services previously provided by the district, and expenses associated with the district having to provide services that were previously covered by an outside entity. However, the School for the Deaf and the Blind reports that the cost is currently undetermined. 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 this bill will have no expenditure impact since they can manage the provisions of the bill with existing appropriations.

The Department of Insurance (DOI) indicates that this bill is not expected to have a significant impact and any changes to workload will be managed within existing resources. Therefore, the bill will have no impact on DOI expenditures.

This bill requires evaluators, private providers, and classroom aides to complete and pay for a criminal background check conducted by the South Carolina Law Enforcement Division (SLED) unless already required for licensure. SLED anticipates that any increase in workload created by the background checks can be managed within existing staff and appropriations. Therefore, this bill will have no expenditure impact on the agency.

The cost to run a name-based SLED Citizen Access to Criminal Histories (CATCH) check as required by this bill is \$25. This fee is retained by SLED. Pursuant to Section 23-3-115(A), revenue generated by 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 current three-year average in fees collected for background checks totals approximately \$17,541,968, of which \$4,461,000 is deposited to the General Fund, and the remainder is retained by SLED. The potential increase in fee revenue for SLED will depend on the number of additional CATCH checks done as a result of this bill. Therefore, the impact to Other Funds revenue for the increase in criminal record checks fee is undetermined.

The State Board of Education will provide a model policy regarding the appropriate amount of general liability insurance coverage for evaluators, private providers, and classroom aides. Liability insurance premiums are taxed at a 1.25 percent rate as insurance premiums revenue, and 97.75 percent of this revenue is distributed to the General Fund. The remaining 2.25 percent is allocated to Other Funds of the SC Forestry Commission, Aid to Fire Districts and the VSAFE program, and Aid to Emergency Medical Services regional councils under the Department of Public Health. The amount of liability insurance coverage that will be written for evaluators, private providers, and classroom aides as a result of this bill is unknown. Therefore, the impact to General Funds and Other Funds revenue for potential additional insurance coverage is undetermined.

The overall expenditure impact of this bill on local school districts will vary. SCDE surveyed the seventy-two regular school districts and three charter school districts and received responses from fourteen districts. Five of the responding districts indicate that the bill will have no expenditure impact. Two districts anticipate the need to provide new facilities for providers and spend additional staff time preparing for meetings, but report that the cost is currently undetermined. The seven remaining responding districts indicate that implementing the provisions of the bill will increase expenses by an amount ranging from \$100,000 to \$2,333,232 beginning in FY 2025-26. Three districts report that they will need to hire evaluators or private providers. Four districts also anticipate the need to hire additional staff to screen applicants, meet with parents, and coordinate meetings between providers and students. One district further anticipates additional administrative and facility costs to develop and implement new policies and procedures, train staff, and provide space for providers. This district also notes the potential loss of instructional time and legal costs to ensure that the district's policies comply with state and federal laws.

Explanation of Fiscal Impact

Introduced on February 12, 2025

State Expenditure

This bill allows evaluators, private providers, and classroom aides to evaluate public school students for health, behavioral health, or therapeutic needs during school hours if the parent or legal guardian of the student requests such an evaluation from the evaluator. The bill also requires the State Board of Education to develop and adopt a model policy. The model policy must:

- require districts adopt a case-by-case review process for requests made by parents or guardians for a private provider to serve a child at a school during school hours;
- clarify the types of evaluators and private providers covered by the model policy;
- require evaluators, private providers, and classroom aides to complete and pay for a criminal background check conducted by SLED unless such background check is already required for licensure as a private provider or evaluator;
- determine the appropriate amount of general liability insurance coverage for evaluators, private providers, and classroom aides and require them to maintain general liability insurance coverage;
- allow for services to be provided during instructional time in English/language arts, mathematics, or science if the school district and the private provider agree that doing so is in the best interest of the student;
- require any instructional time missed due to services being provided must be forgiven and may not require the student to make up missed instruction;
- require the parent or legal guardian of a student receiving a service from a private provider to execute and submit to the district a written confirmation of the funding source for services provided by the private provider; a parent authorization for the provision of services at school during the school day; and a consent to release information form between the private provider and the school district; and
- provide procedures for a school district to establish sanctions, including termination of the authorization to provide services on any school campus, against an evaluator, private provider, or classroom aide for failure to comply with the policy of the district.

The State Board of Education must finalize its model policy by November 1, 2025. Districts must adopt the model policy or develop their own policy that meets the minimum requirements of the model policy, subject to department approval, by January 1, 2026

S.C. Department of Education. This bill will have no expenditure impact on SCDE. The department indicates that it can manage the provisions of the bill with existing appropriations.

State Agency Schools. The expenditure impact of this bill on state agency schools will vary. The Governor's School for Agriculture at John de la Howe indicates that this bill will increase expenses by an amount of \$85,000 per year for salary and fringe benefits for 1.0 FTE for a full-time mental health counselor. The School for the Deaf and the Blind indicates that the bill may impact expenditures due to the potential loss of instructional time, a decrease in reimbursable services previously provided by the district, and expenses associated with the district having to provide services that were previously covered by an outside entity. However, the School for the

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Department of Disabilities and Special Needs. This bill will have no expenditure impact on DDSN. The agency indicates that it can manage the provisions of the bill with existing appropriations.

Department of Health and Human Services. The expenditure impact of this bill on DHHS is pending, contingent upon more information.

Department of Mental Health. This bill will have no expenditure impact on DMH because it does not impact the agency's normal business operations.

Department of Insurance. DOI indicates that this bill is not expected to have a significant impact and any changes to workload will be managed within existing resources. Therefore, the bill will have no impact on DOI expenditures.

State Law Enforcement Division. SLED anticipates that any increase in workload due to the increase in requests for background checks can be managed within existing staff and appropriations. Therefore, this bill will have no expenditure impact on the agency. For information, SLED notes this bill will require the agency to run a name-based check, a SLED CATCH, rather than a more extensive, finger-print based background check.

State Revenue

This bill requires evaluators, private providers, and classroom aides to complete and pay for a criminal background check conducted by SLED unless already required for licensure. The cost for a SLED CATCH check is \$25, which is retained by SLED. Pursuant to Section 23- 3-115(A), revenue generated by 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 current three-year average in fees collected for background checks totals approximately \$17,541,968, of which \$4,461,000 is deposited to the General Fund, and the remainder is retained by SLED. The potential increase in fee revenue for SLED will depend on the number of additional CATCH checks done as a result of this bill. Therefore, the impact to Other Funds revenue for the increase in criminal record checks fee is undetermined.

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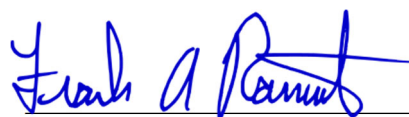
Local Expenditure

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Local Revenue

N/A



Frank A. Rainwater, Executive Director