



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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| Bill Number: | H. 3589 | Signed by Governor on April 23, 2021 |
| Author: | Allison | |
| Subject: | Schools of Innovation | |
| Requestor: | House of Representatives | |
| RFA Analyst(s): | Wren | |
| Impact Date: | July 13, 2021 | |

Fiscal Impact Summary

This bill changes the phrase “a school of choice” to “one or more schools of innovation” and requires a two-thirds vote from the State Board of Education on certain exemptions. The bill will have no expenditure impact on the South Carolina Department of Education (SCDE) or the state agency schools in FY 2021-22, since the bill does not alter the duties or responsibilities of the agencies.

This bill will have no expenditure impact on local school districts in FY 2021-22, since it does not change the duties or responsibilities of school districts.

Explanation of Fiscal Impact

Signed by Governor on April 23, 2021

State Expenditure

This bill changes the phrase “a school of choice” to “one or more schools of intervention” as it relates to local school boards creating flexible ways to educate children within a district where the school is exempt from applicable state statutes and regulations that govern other schools in the district. The bill also prevents districts from designating all schools in the district as schools of innovation. To achieve the status of a school of innovation and have exemption from specific statutes and regulations, the local board of trustees must identify the statutes and regulations that will be considered for exemption and must disclose the financial model to be used. Additionally, the bill outlines the steps a school district must follow to achieve the status of exemption. The exemption must be approved by a two-thirds vote of the State Board of Education.

Department of Education. SCDE indicates that this bill will have no expenditure impact on the State Board of Education in FY 2021-22, since it requires the State Board of Education to perform activities within the normal course of business.

State Agency Schools. The Governor’s School for Science and Mathematics, the Governor’s School for the Arts and Humanities, the Wil Lou Gray Opportunity School, and the School for the Deaf and Blind indicate that this bill will have no expenditure impact in FY 2021-22, since the bill does not change the duties or responsibilities of the agencies. Due to these responses, we do not expect that this bill will have an expenditure impact on the Governor’s School for

Agriculture at John de la Howe. Therefore, this bill will have no expenditure impact on state agency schools.

State Revenue

N/A

Local Expenditure

This bill changes the phrase “a school of choice” to “one or more schools of intervention” as it relates to local school boards creating flexible ways to educate children within a district where the school is exempt from state statutes and regulations that govern other schools in the district. The bill also prevents districts from designating all schools in the district as schools of innovation. To achieve the status of a school of innovation and have exemption from specific statutes and regulations, the local board of trustees must identify the statutes and regulations that will be considered for exemption and must disclose the financial model to be used. The bill also outlines the steps a school district must follow to achieve the status of exemption. The exemption must be approved by a two-thirds vote of the State Board of Education. Additionally, annually before July 1st, each school of innovation must complete the following:

- Demonstrate compliance with its financial model;
- Provide full financial statements detailing how it receives and expends funds; and
- Report the academic achievement of its students as indicated by the performance of its students on the same assessments and matrices required of all other public schools, based on grade level.

Further, nothing in the bill permits a local school district board of trustees to relinquish control or oversight of the schools created pursuant to the bill, and the local school district board must ensure transparent and timely reporting of fiscal and academic performance for each school of innovation.

SCDE indicates that the bill will have no expenditure impact on local school districts in FY 2021-22, as long as a school of choice can provide the most recent information available by July 1st and not information for the preceding year ending on June 30th.

Local Revenue

N/A



Frank A. Rainwater, Executive Director