



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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**Bill Number:** S. 0201    Signed by Governor on May 17, 2021  
**Author:** Hembree  
**Subject:** Underperforming Schools  
**Requestor:** Senate  
**RFA Analyst(s):** Wren  
**Impact Date:** July 15, 2021

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### Fiscal Impact Summary

This bill repeals Article 15, Chapter 18, Title 59, which relates to intervention and assistance of schools and districts, and adds back language related to the intervention and assistance of schools and districts by the State Board of Education.

The overall expenditure impact on the South Carolina Department of Education (SCDE) in FY 2021-22 is undetermined since expenses associated with takeovers will vary and depend upon the number of schools and districts that may go through the takeover process. Depending upon the number of takeovers, SCDE may need to hire additional staff or may choose to hire consultants.

The bill will have no expenditure impact on state agency schools in FY 2021-22, since it is expected that any potential expenses could be managed within the agencies' budgets.

The overall expenditure impact on local school districts in FY 2021-22 is undetermined since any legal expenses associated with appealing the State Board of Education's declaration will depend upon the number of appeals, attorney costs, and length of time of the appeal process.

### Explanation of Fiscal Impact

#### Signed by Governor on May 17, 2021

#### State Expenditure

The impact on state expenditures is listed by section below:

##### ***Section 1:***

##### Code Section 59-18-1615

This section specifies definitions and requires SCDE to apply the same metrics as established in the state and federal combined accountability model, as defined in the Every Student Succeeds Act, to identify underperforming schools when the annual school report card is not available.

**Department of Education.** SCDE indicates that this section does not alter the duties or responsibilities of the agency. Therefore, this section will have no expenditure impact on SCDE.

Code Section 59-18-1620

This section requires SCDE to implement a tiered system to provide technical and other assistance, professional development, and monitor schools and districts. By December 31st annually, the State Superintendent of Education (State Superintendent) must provide a report to the General Assembly on the tiered system's progress, which must document the impact of assistance on student academic achievement, college and career readiness, and high school graduation rates.

**Department of Education.** SCDE indicates that a tiered system currently exists to provide assistance to schools and districts. Also, any expenses associated with monitoring professional development, monitoring local school board operations, and providing a summary of improvements can be managed within current appropriations for EAA Technical Assistance. Therefore, this section will have no expenditure impact on SCDE.

Code Section 59-18-1625

This section requires SCDE to place a school or district that has been designated as underperforming into a tiered status to provide technical assistance. Upon receiving notification from SCDE that a district has been placed in a tiered status, the district superintendent, along with school and community stakeholders, must review and revise the school or district's strategic plan with the assistance of the School Improvement Council. The strategic plan must include a turnaround plan. The turnaround plan must be based on data or needs assessments to identify improvement strategies, must include certain specific, measurable items necessary to improve student progress, and must include broad-based community input. The turnaround plan must be submitted to SCDE for review and approval. After initial approval by SCDE, the district superintendent and the local board of trustees must annually submit updates to SCDE regarding the implementation of the turnaround or revised strategic plan. The revised strategic plan must then be posted on the websites of SCDE, the district, and the school. SCDE must monitor the district's implementation of the revised strategic plan and must relay the district's progress to the State Board of Education once a quarter.

**Department of Education.** SCDE indicates that a tiered system currently exists to provide assistance to schools and districts. Also, any expenses associated with the review and approval of turnaround plans can be managed within current appropriations. Therefore, this section will have no expenditure impact on the agency.

**State Agency Schools.** The Governor's School for Science and Mathematics, the Governor's School for Arts and Humanities, the School for the Deaf and Blind, and the Wil Lou Gray Opportunity School indicate that any expenses associated with this section can be managed within the agencies' existing budgets. Based upon these responses, we anticipate that any expenditure impact on the Governor's School for Agriculture at John de la Howe could be managed within the agency's budget as well. If these agencies required a turnaround plan, potential expenses would be for the development and solicitation of community input on a turnaround plan and for notification to parents of students enrolled in a school that receives an

underperforming rating. Therefore, this section is not expected to have an expenditure impact on the state agency schools.

Code Section 59-18-1630

This section requires SCDE to notify the appropriate legislative delegation of any school receiving an overall unsatisfactory rating on the annual report card. This section further provides for the steps to be taken by the local school board and district superintendent with jurisdiction over a school that has received an unsatisfactory rating on the annual report card.

**Department of Education.** SCDE indicates that the requirements of this section can be managed within current appropriations and will have no expenditure impact on the agency.

**State Agency Schools.** The Governor's School for Science and Mathematics, the Governor's School for Arts and Humanities, the School for the Deaf and Blind, and the Wil Lou Gray Opportunity School indicate that any expenses associated with this section can be managed within the agencies' existing budgets. Based upon these responses, we anticipate that any expenditure impact on the Governor's School for Agriculture at John de la Howe could be managed within the agency's budget as well. If these agencies receive an unsatisfactory rating, potential expenses would include notifying parents of students enrolled in a school that receives an unsatisfactory rating and expenses related to organizing and holding a public meeting to explain an unsatisfactory rating. Therefore, this section is not expected to have an expenditure impact on the state agency schools in FY 2021-22.

Code Section 59-18-1635

This section allows the State Superintendent to seek a state-of-education emergency declaration for a school that is chronically underperforming, has been denied accreditation, or has insufficient turnaround plan results. Once the State Superintendent determines that a state-of-education emergency declaration is justified, the State Board of Education must meet to approve or disapprove of the declaration. Upon approval of a state-of-education emergency declaration, the State Superintendent must notify the district superintendent, local school board, local legislative delegation, and Governor and must also assume management of the school. The local district board may appeal the State Board of Education's approval of the declaration to the Administrative Law Court within ten business days of receipt of the notice of the declaration. Once a school that is subject to a state-of-education emergency declaration has met targets identified in the revised strategic plan for improvement for a minimum of three consecutive years, the State Superintendent must submit such documentation to the State Board of Education. SCDE, in consultation with the district and local board of trustees, must develop a transition plan and timeline for returning management of the school to the district upon an affirmative vote by the State Board of Education to end the state-of-education emergency declaration. After a school has been in a state-of-education emergency for three consecutive years, the State Superintendent may extend the state-of-education emergency for an additional three-year period upon the approval of the State Board of Education. The State Superintendent may make requests every three years, which must be approved or disapproved by the board. If the State Superintendent does not request additional time, or if the State Board disapproves a request, the school must revert back to the control of the local school board.

**Department of Education.** SCDE indicates that expenses associated with takeovers will vary and depend upon the number of schools that may go through the takeover process. Depending upon the number of districts affected, SCDE may need to hire additional staff or may choose to hire consultants. Therefore, the expenditure impact of this section is undetermined beginning in FY 2021-22.

**State Agency Schools.** The Governor's School for Science and Mathematics, the Governor's School for Arts and Humanities, the School for the Deaf and Blind, and the Wil Lou Gray Opportunity School indicate that any expenses associated with this section can be managed within the agencies' existing budgets. Based upon these responses, we anticipate that any expenditure impact on the Governor's School for Agriculture at John de la Howe could be managed within the agency's budget as well. If these agencies receive a state of emergency declaration, potential expenses would include legal expenses for the appeal. This would vary and would depend upon attorney costs and the length of time of the appeal process. Therefore, this section is not expected to have an expenditure impact on the state agency schools.

Code Section 59-18-1640

This section allows the State Superintendent to seek a state-of-education emergency declaration for a district that is identified as underperforming for three consecutive years, has been denied accreditation, has insufficient turnaround plan results, or is classified as being in a fiscal emergency status. Once the State Superintendent determines that a state-of-education declaration is justified, the State Board of Education must meet to approve or disapprove of the declaration. Upon approval of a state-of-education emergency declaration, the State Superintendent must notify the State Board of Education, the Governor, the appropriate district superintendent, local school board, and local legislative delegation and must also assume management of the district and all schools in the district. The local district board may appeal the State Board of Education's approval of the declaration to the Administrative Law Court within ten business days of receipt of the notice of the declaration. Upon approval by the State Board of Education of a state-of-education emergency declaration, the local district board of trustees must be dissolved. The State Superintendent must assume the authority and responsibilities of the district superintendent and the local board of trustees until district management is transitioned to an appointed interim local district board of trustees.

Once a district that is subject to a state-of-education emergency declaration has met targets identified in the revised strategic plan for improvement for a minimum of three consecutive years, the State Superintendent must submit such documentation to the State Board of Education. The State Board of Education must approve that an interim local district board of trustees be appointed. The interim local district board of trustees must consist of five members, with one member appointed by the Governor, one member appointed by the local legislative delegation, and three members appointed by the State Superintendent in consultation with the local legislative delegation. All appointees must be residents of the school district for which the interim appointments are being made. The appointing authority must take certain factors into account so as to represent all segments of the population of the affected district. The interim local school board must serve for a minimum of three years.

SCDE, in consultation with the district and interim board, must develop a transition plan and timeline for returning management of the district to a local board of trustees upon an affirmative vote by the State Board of Education to end the state-of-education emergency declaration. Local district board of trustee's members will be elected or appointed pursuant to statutory requirements, beginning with the next regularly scheduled election. The state-of-education emergency declaration must expire, and the powers and duties of the district superintendent and local district school board of trustees are restored upon the swearing-in of a new local district board of trustees. A district in a state-of-education emergency declaration must have its fiscal authority relating to taxing authority and levying millage transferred to its county council until the declaration is lifted, notwithstanding any other provision of law.

**Department of Education.** SCDE indicates that expenses associated with takeovers will vary and depend upon the number of districts that may go through the takeover process. Depending upon the number of districts, SCDE may need to hire additional staff or may choose to hire consultants. Therefore, the expenditure impact of this section is undetermined beginning in FY 2021-22.

**State Agency Schools.** The Governor's School for Science and Mathematics, the Governor's School for Arts and Humanities, the School for the Deaf and Blind, and the Wil Lou Gray Opportunity School indicate that any expenses associated with this section can be managed within the agencies' existing budgets. Based upon these responses, we anticipate that any expenditure impact on the Governor's School for Agriculture at John de la Howe could be managed within the agency's budget as well. If these agencies receive a state of emergency declaration, potential expenses would include legal expenses for the appeal. This would vary and would depend upon attorney costs and the length of time of the appeal process. Therefore, this section is not expected to have an expenditure impact on the state agency schools.

***Section 2:***

This section repeals Article 15, Chapter 18, Title 59, which relates to intervention and assistance.

**Department of Education.** SCDE indicates that the repeal of Article 15, Chapter 18, Title 59 will have no expenditure impact on the agency, since Section 1 of the bill adds back requirements related to intervention and assistance.

**State Agency Schools.** Section 2 of the bill will have no expenditure impact on state agency schools, since Section 1 of the bill adds back language related to intervention and assistance.

**State Revenue**

N/A

## **Local Expenditure**

The impact on local expenditures is listed by section below:

### ***Section 1:***

#### **Code Section 59-18-1625**

This section requires SCDE to place a school or district that has been designated as underperforming into a tiered status to provide technical assistance. Upon receiving notification from SCDE that a district has been placed in a tiered status, the district superintendent along with school and community stakeholders must review and revise the school or district's strategic plan with assistance of the School Improvement Council. The strategic plan must include a turnaround plan. The turnaround plan must be based on data or needs assessments to identify improvement strategies, must include certain specific measurable items necessary to improve student progress, and must include broad-based community input. The turnaround plan must be submitted to SCDE for review and approval. After initial approval by SCDE, the district superintendent and the local board of trustees must annually submit updates to SCDE regarding the implementation of the turnaround or revised strategic plan. The revised strategic plan must then be posted on the websites of SCDE, the district, and the school. SCDE must monitor the district's implementation of the revised strategic plan and must relay the district's progress to the State Board of Education once a quarter.

**Local School Districts.** SCDE indicates that this section will have an undetermined expenditure impact on local school districts since expenses to develop and solicit community input on a turnaround plan will vary by district. Also, expenses to notify parents of students enrolled in a school that receives an underperforming rating will vary by district depending upon the chosen communication method. Although expenses are unknown, SCDE anticipates that any expenses incurred can be managed within the districts' current budgets.

#### **Code Section 59-18-1630**

This section requires SCDE to notify the appropriate legislative delegation of any school receiving an overall unsatisfactory rating on the annual report card. This section further provides for the steps to be taken by the local school board and district superintendent with jurisdiction over a school that has received an unsatisfactory rating on the annual report card.

**Local School Districts.** SCDE indicates that this section will have an undetermined expenditure impact on local school districts. Expenses to notify parents of students enrolled in schools receiving an unsatisfactory rating on the annual report card will vary by district and will depend upon the number of schools receiving an unsatisfactory rating. Also, expenses to organize and hold a public meeting to explain an unsatisfactory rating are undetermined and will vary by district. Although expenses are unknown for this section, SCDE anticipates that any expenses incurred can be managed within the districts' current budgets.

#### **Code Section 59-18-1635**

This section allows the State Superintendent to seek a state-of-education emergency declaration for a school that is chronically underperforming, has been denied accreditation, or has insufficient turnaround plan results. Once the State Superintendent determines that a state-of-

education declaration is justified, the State Board of Education must meet to approve or disapprove of the declaration. Upon approval of a state-of-education emergency declaration, the State Superintendent must notify the district superintendent, local school board, local legislative delegation, and Governor and must also assume management of the school. The local district board may appeal the State Board of Education's approval of the declaration to the Administrative Law Court within ten business days of receipt of the notice of the declaration. Once a school that is subject to a state-of-education emergency declaration has met targets identified in the revised strategic plan for improvement for a minimum of three consecutive years, the State Superintendent must submit such documentation to the State Board of Education. SCDE, in consultation with the district and local board of trustees, must develop a transition plan and timeline for returning management of the school to the district upon an affirmative vote by the State Board of Education to end the state-of-education emergency declaration. After a school has been in a state-of-education emergency for three consecutive years, the State Superintendent may extend the state-of-education emergency for an additional three-year period upon the approval of the State Board of Education. The State Superintendent may make requests every three years, which must be approved or disapproved by the board. If the State Superintendent does not request additional time, or if the State Board disapproves a request, the school must revert back to the control of the local school board.

**Local School Districts.** SCDE indicates that this section could have an undetermined expenditure impact on local school districts if districts appeal the State Board of Education's declaration decision. Legal expenses would vary and will depend upon the number of appeals, attorney costs, and the length of time of the appeal process.

#### Code Section 59-18-1640

This section allows the State Superintendent to seek a state-of-education emergency declaration for a district that is identified as underperforming for three consecutive years, has been denied accreditation, has insufficient turnaround plan results, or is classified as being in a fiscal emergency status. Once the State Superintendent determines that a state-of-education declaration is justified, the State Board of Education must meet to approve or disapprove of the declaration. Upon approval of a state-of-education emergency declaration, the State Superintendent must notify the State Board of Education, the Governor, the appropriate district superintendent, local school board, and local legislative delegation and must also assume management of the district and all schools in the district. The local district board may appeal the State Board of Education's approval of the declaration to the Administrative Law Court within ten business days of receipt of the notice of the declaration. Upon approval by the State Board of Education of a state-of-education emergency declaration, the local district board of trustees must be dissolved. The State Superintendent must assume authority and responsibilities of the district superintendent and the local board of trustees until district management is transitioned to an appointed interim local district board of trustees.

Once a district that is subject to a state-of-education emergency declaration has met targets identified in the revised strategic plan for improvement for a minimum of three consecutive years, the State Superintendent must submit such documentation to the State Board of Education. The State Board of Education must approve that an interim local district board of trustees be

appointed. The interim local district board of trustees must consist of five members with one member appointed by the Governor, one member appointed by the local legislative delegation, and three members appointed by the State Superintendent in consultation with the local legislative delegation. All appointees must be residents of the school district for which the interim appointments are being made. The appointing authority must take certain factors into account, so as to represent all segments of the population of the affected district. The interim local school board must serve for a minimum of three years.

SCDE, in consultation with the district and interim board, must develop a transition plan and timeline for returning management of the district to a local board of trustees upon an affirmative vote by the State Board of Education to end the state-of-education emergency declaration. Local district board of trustee's members will be elected or appointed pursuant to statutory requirements, beginning with the next regularly scheduled election. The state-of-education emergency declaration must expire, and the powers and duties of the district superintendent and local district school board of trustees are restored upon the swearing in of a new local district board of trustees. A district in a state-of-education emergency declaration must have its fiscal authority relating to taxing authority and levying millage transferred to its county council until the declaration is lifted, notwithstanding any other provision of law. It is unclear how this transfer of taxing authority will be managed if a school district is within multiple counties.

**Local School Districts.** SCDE indicates that this section could have an undetermined expenditure impact on local school districts if districts appeal the State Board of Education's declaration decision. Legal expenses would vary and will depend upon the number of appeals, attorney costs, and the length of time of the appeal process.

**County Governments.** It is unclear how the transfer of taxing authority to a county council will be managed if a school district is within multiple counties. However, we anticipate any transfer of taxing authority to a county council can be accomplished within the normal course of business for county governments. Therefore, we do not anticipate that this section of the bill will have an expenditure impact on county governments.

***Section 2:***

This section repeals Article 15, Chapter 18, Title 59, which relates to intervention and assistance.

**Local School Districts.** SCDE indicates that repealing Article 15, Chapter 18, Title 59 will have no expenditure impact on local school districts since Section 1 of this bill adds back language related to intervention and assistance.

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director