



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4039 Amended by House Education and Public Works on March 6, 2018
Author: Govan
Subject: Compulsory Attendance
Requestor: House Education and Public Works
RFA Analyst(s): Powell
Impact Date: March 19, 2018

Estimate of Fiscal Impact

| | FY 2018-19 | FY 2019-20 |
|----------------------------------|------------|------------|
| State Expenditure | | |
| General Fund | \$0 | See Below |
| Other and Federal | \$0 | See Below |
| Full-Time Equivalent Position(s) | 0.00 | 0.00 |
| State Revenue | | |
| General Fund | \$0 | \$0 |
| Other and Federal | \$0 | \$0 |
| Local Expenditure | \$0 | See Below |
| Local Revenue | \$0 | \$0 |

Fiscal Impact Summary

This bill as amended increases the age until which a parent or guardian must require a child to attend school from seventeen to eighteen. If the base student cost is maintained at \$2,425, this bill would increase General Fund expenditures for the Education Finance Act by \$6,024,301 in FY 2019-20. This impact may be mitigated by a reduced need for Other Funds from the Education Improvement Act for Adult Education; however, as the total amount of Adult Education funds is appropriation driven, not formula driven like the Education Finance Act, this is not a direct reduction.

Local expenditures for the Education Finance Act would also increase by \$2,185,876 statewide in FY 2019-20 as a result of this bill. This impact may be mitigated by a reduced need for local funds for adult education programs.

Explanation of Fiscal Impact

Amended by the House Education K-12 Education Subcommittee on March 6, 2018

State Expenditure

This bill as amended increases the age until which a parent or guardian must require a child to attend school from seventeen to eighteen. It becomes effective on July 1, 2019.

Department of Education.

The Department of Education (Department) does not maintain statistics regarding the number of students who drop out of school for this reason. However, during the 2015-16 academic year,

2,543 students in the eleventh or twelfth grade dropped out of school. The Department estimates that all, or nearly all, of these students, would have been required to remain in school under the requirements of this bill. This estimate is further confirmed as approximately 2,500 seventeen year olds currently participate in local adult education programs.

As 70 percent of the funding through the Education Finance Act is from the General Fund, there will be additional costs to fund the education of these students. The Education Finance Act and Proviso 1.3 of the FY 2017-18 Appropriations Act assign a weight of 1.00 for base students. However, students at risk for dropping out are likely to be assigned to one of the categories with an increased weighting. The Department estimates that twenty-five percent of these students are likely to qualify as students with learning disabilities at a weight of 1.74. This would result in 1,898 students at a weight of 1.0 and 636 students at a weight of 1.74, resulting in an increase in weighted pupil units of 3,005. Assuming the current base student cost of \$2,425 is maintained, the resulting cost for these students would be \$7,286,252. Of this, 70 percent, or \$5,100,376, would represent an impact to the General Fund and 30 percent, or \$2,185,876, would be the responsibility of the local school districts. No impacts would occur until Fiscal Year 2019-20.

The Department also estimates that all of these students would qualify for academic assistance at an add-on weight of 0.15. Per Proviso 1.3 of the FY 2017-18 Appropriations Act, no local match is required for the 0.15 add-on weighting. This would result in an increase of 381 weighted pupil units at an impact to the General Fund of \$923,925.

The total General Fund expenditure impact is calculated by adding the \$5,100,376 attributed to regular weights and the \$923,925 attributed to add-on weights.

However, this bill would also reduce the number of students participating in local adult education programs. These programs receive funding through the Education Improvement Act, Federal and local sources. The Department estimates that 2,500 seventeen year olds currently participate in adult education programs. Education Improvement Act funds for adult education are allocated based on Proviso 1A.27 of the FY 2017-18 Appropriations Act, Regulation 43-237.1, and the Department's Funding Manual. These funds are allocated based on many factors including prior year enrollment, performance factors, and target populations without a high school diploma. Reduced adult education enrollment could mitigate the need for these funds; however, Education Improvement Act funds cannot be used to offset requirements of the Education Finance Act formula.

State Revenue

N/A

Local Expenditure

As 30 percent of the funding through the Education Finance Act is from the local school districts, increased expenditures required for 3,005 weighted pupil units at a base student cost of \$2,425 would be \$2,185,876 statewide. No impacts would occur until FY 2019-20.

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Federal and local sources. Education Improvement Act funds for adult education are allocated based on Proviso 1A.27 of the FY 2017-18 Appropriations Act, Regulation 43-237.1, and the Department's Funding Manual. These funds are allocated based on many factors including prior year enrollment, performance factors, and target populations without a high school diploma. Reduced adult education enrollment could mitigate the need for some local funds for these programs, if Education Improvement Act funding remains at the same level.

Local Revenue

N/A



Frank A. Rainwater, Executive Director