



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0036 Introduced on January 10, 2017
Author: Young
Subject: School Districts
Requestor: Senate Education
RFA Analyst(s): Powell
Impact Date: March 6, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	(\$104,338,626)	\$0
Other and Federal	(\$22,903,601)	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	(\$127,242,227)	\$0

Fiscal Impact Summary

This bill will result in a reduction in expenditures of \$127,242,227 in FY 2018-19 and each year thereafter, comprised of a reduction in General Fund expenditures of \$104,338,626 and a reduction in Other Funds expenditures from the Education Improvement Act and the Education Lottery of \$22,903,601. There will be a corresponding reduction in local revenues.

Explanation of Fiscal Impact

Introduced on January 10, 2017

State Expenditure

Beginning with the FY 2017-18 school year, this bill requires school districts be comprised of at least 2,500 students to receive state appropriations, unless the school district is the only school district in a county. Based on the FY 2017-18 45 Day Average Daily Membership (ADM), of the state's eighty-two school districts, excluding the special schools, twenty-three districts have less than 2,500 students. Of these twenty-three districts, eighteen districts are located in multi-district counties and would be affected by this bill.

To calculate the impact per district, we began with the FY 2016-17 revenues as reported by the districts. We subtracted out revenues from the Trust Fund for Tax Relief and the Homestead Exemption Fund, as these funds are distributed to school districts by formula outside of the General Appropriation Act as reimbursement for property tax exemptions. If the assumption that these are not considered state appropriations is incorrect, then our analysis would be affected. Our analysis considers the remaining categories reported by the districts as state revenues, including revenues from the Education Finance Act, the Education Improvement Act, the

Education Lottery, and State Grants. Growth was applied to the FY 2016-17 revenues consistent with the Revenue Per Pupil Report for FY 2017-18. The following chart shows the number of students and estimated state appropriations by district:

District	FY 2017-18 45 Day ADM	FY 2017-18 Estimated State Appropriations
Anderson 03	2,491	\$12,782,236
Bamberg 01	1,310	\$7,298,217
Bamberg 02	644	\$2,967,421
Barnwell 19	599	\$3,509,715
Barnwell 29	869	\$4,491,347
Barnwell 45	2,152	\$10,984,449
Clarendon 01	717	\$3,963,823
Clarendon 03	1,211	\$6,378,994
Dillon 03	1,589	\$7,537,098

District	FY 2017-18 45 Day ADM	FY 2017-18 Estimated State Appropriations
Dorchester 04	2,220	\$10,350,696
Florence 02	1,124	\$8,021,544
Florence 04	628	\$3,239,701
Florence 05	1,190	\$7,358,902
Greenwood 51	891	\$4,792,799
Greenwood 52	1,528	\$6,936,870
Hampton 01	2,183	\$11,673,646
Hampton 02	672	\$4,137,140
Lexington 03	1,933	\$10,817,628
Total:		\$127,242,227

As the FY 2017-18 school year is already in progress, the bill would only apply to payments that have not yet been received by school districts at the time the bill is signed by the Governor. Given the uncertainty in timing, the expenditure impact in FY 2017-18 is undetermined.

Assuming per-pupil funding remains consistent, this will result in a reduction in expenditures of \$127,242,227 in FY 2018-19 and each year thereafter, comprised of a reduction in General Fund expenditures of \$104,338,626 and a reduction in Other Funds expenditures from the Education Improvement Act and the Education Lottery of \$22,903,601.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

Beginning with the FY 2017-18 school year, this bill requires school districts be comprised of at least 2,500 students to receive state appropriations, unless the school district is the only school district in a county. Based upon the analysis outlined under the State Expenditures section, this bill will reduce revenues to affected school districts by \$127,242,227 in FY 2018-19 and each year thereafter.

Frank A. Rainwater, Executive Director