



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
 (803)734-0640 • RFA.SC.GOV/IMPACTS

**Bill Number:** S. 0030 Introduced on January 10, 2017  
**Author:** Rankin  
**Subject:** High School Graduation Requirements  
**Requestor:** Senate Education  
**RFA Analyst(s):** Walling  
**Impact Date:** February 1, 2017

**Estimate of Fiscal Impact**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>
<b>State Expenditure</b>		
General Fund	See below	See below
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	Undetermined	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would increase General Fund expenditures by \$20,000 in FY 2017-18 for curriculum development and \$3,297,000 in FY 2018-19 for textbooks and materials. The expenditure impact to the General Fund for an end-of-course examination is contingent upon the type of test used. A teacher administered examination would not have an expenditure impact on the General Fund. This bill would not have an expenditure impact on Federal Funds or Other Funds.

Local expenditures are voluntary and, therefore, undetermined.

**Explanation of Fiscal Impact**

**Introduced on January 10, 2017**

**State Expenditure**

This bill requires students to complete a one-half credit personal finance course as a requirement for high school graduation in place of the existing economics course requirement. This requirement would be effective beginning with the 2018-19 school year. The State Department of Education (SDE) indicates replacing the economics course with a personal finance course will require a new personal finance course book and associated materials.

SDE purchased textbooks for economics for the 2016-2017 school year at a cost of \$2,700,000 for approximately 27,000 editions. These books are expected to be used for a six year period with minimal expenditures for replacements between 2017 and 2022. As a result, changing to a personal finance course would require additional unexpected expenditures and could not be offset by reducing economics book purchases until the six year cycle is complete. The State

Board of Education priority list for textbook purchases lists Science for 6<sup>th</sup>-8<sup>th</sup> grade, Foundations in Algebra, Intermediate Algebra, and maintenance of existing materials as the next items. Funding would be diverted from these areas to accommodate the purchase of personal finance books.

Currently, personal finance is offered as a standalone course in the Career and Technology Education program. The course qualifies as an applied math course and is not a required course. Expenditures for 5,809 textbooks totaled \$453,210. The personal finance course materials were included in the call for textbook bids in 2016. The price for the personal finance books ranges from \$70.97 to \$102.50. If SDE purchases one text book for every student expected to take the course, an estimated 64,332 books would be needed based upon the freshman class enrollment for 2016-17. However, since the class is one semester, only 32,166 books may be needed. Non-recurring General Fund expenditures would increase by approximately \$3,297,000 based upon a price of \$102.50 for 32,166 books in FY 2018-19. The personal finance course materials would be purchased in FY 2018-19 on a six year contract with minimal expenditures beyond the initial purchase for lost materials and additional students.

The bill requires SDE to develop the curriculum for this coursework before July 1, 2018. Currently, SDE creates the course standards that are used by the local districts to develop the curriculum (lessons, assignments, and projects). SDE estimates the cost for the agency to develop the curriculum, as opposed to the districts, would increase General Fund expenditures by \$20,000 in FY 2017-18 in order to meet the July 1, 2018 deadline. This amount would be used to pay for writers from the field and travel cost.

The provisions of this bill require an end-of-course examination for the personal finance course. The bill does not require a statewide assessment. The required expenditures for administering the test will depend upon whether the State Board of Education or U.S. Department of Education (ED) determines that the course is a prerequisite for subsequent courses or requires a statewide assessment. If the course is not a prerequisite for other courses and a statewide assessment is not mandated by the State Board or ED, then the end-of-course examination can be administered by the teacher. SDE indicates there would be no increase to General Fund expenditures if the end-of-course examination is a teacher-administered test. However, if an end-of-course statewide assessment is mandated, SDE projects non-recurring General Fund expenditures would be \$650,000 in FY 2017-18, \$1,900,000 in FY 2018-19, and \$450,000 in FY 2019-20 for test development and field tests. Included in the non-recurring estimates are expenditures for one time-limited position at a salary and employer contributions of \$85,000. General Fund recurring expenditures would increase by \$900,000 in FY 2019-20 and an additional \$100,000 for a total recurring increase of \$1,000,000 in FY 2020-21 and thereafter, for test administration.

### **State Revenue**

N/A

### **Local Expenditure**

This bill requires the proposed personal finance course to replace the existing economics course required for graduation. SDE reports most existing teachers would need additional college courses to be appropriately certified to teach personal finance. According to SDE, most

currently required economics courses are taught by social studies teachers, who would need an additional 12 to 15 hours of college course credit to be properly certified. SDE estimates those costs could be up to \$2,083,069. Usually, these costs are born by the teachers, but some districts may contract with a university to provide a course for district employees at no cost or limited cost to educators, if a number of teachers need additional preparation. However, as district assistance is voluntary, an expenditure impact is undetermined.

**Local Revenue**

N/A



---

Frank A. Rainwater, Executive Director