



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.

Bill Number: H. 3006 Introduced on January 12, 2021
Author: Brawley
Subject: School Lunch Debt
Requestor: Senate Education
RFA Analyst(s): Wren
Impact Date: April 12, 2022 Updated for Additional Agency Response

Fiscal Impact Summary

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. The bill also prohibits a public school from assessing or collecting monetary penalties for outstanding debts on these student accounts.

This bill is not expected to have an expenditure impact on the state agency schools since most of the agencies indicate that they either do not use debt collection services for outstanding debts on student meal accounts or do not charge for student meals.

This bill will have an undetermined expenditure impact overall on local school districts and is expected to vary from no impact to up to \$200,000 per district. The State Department of Education (SCDE) surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from twenty-seven districts. Twenty-four of the responding districts indicate that the bill will have no expenditure impact since they do not use debt collection agencies or all students currently receive breakfast and lunch free of charge. The three remaining responding districts indicate that the bill could increase expenses by a range of \$3,800 up to \$200,000 per district based on previous outstanding food service debt. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

This impact statement has been updated to include additional responses from the local school districts.

Explanation of Fiscal Impact

Updated for Additional Agency Response on April 12, 2022

Introduced on January 12, 2021

State Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill

apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate the bill will likely not impact the Governor's School for Agriculture at John da la Howe either. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools. We will update this impact statement if the agency provides a different response.

State Revenue

N/A

Local Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE surveyed the seventy-seven regular districts and the two charter districts regarding the expenditure impact of this bill and received responses from twenty-seven districts. Twenty-four of the responding districts indicate that the bill will have no expenditure impact. These districts indicate that they do not use debt collection agencies or that students currently receive breakfast and lunch free of charge. The three remaining responding districts indicate that the bill could increase expenses by a range of \$3,800 up to \$200,000 per district based on previous outstanding food service debt. Due to the varying responses, the expenditure impact of this bill on local school districts is undetermined. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

This section of the impact statement has been updated to include additional responses from the local school districts.

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill

apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

The Governor's School for the Arts and Humanities, the Governor's School for Science and Mathematics, and the Wil Lou Gray Opportunity School indicate that they do not use debt collection services or assess any interest, fees, or other monetary penalties for outstanding debts on school lunch and breakfast accounts. The School for the Deaf and Blind indicates that the agency does not charge students for meals. We anticipate a similar response from the Governor's School for Agriculture at John da la Howe. Therefore, we do not expect that this bill will have an expenditure impact on the state agency schools.

State Revenue

N/A

Local Expenditure

This bill prohibits a public school or public school district from using a debt collection service to collect debts on student school lunch or breakfast accounts. Additionally, a public school or public school district may not assess or collect any interest, fees, or other monetary penalties for outstanding debts on student school lunch and breakfast accounts. The provisions of the bill apply to debts on student lunch and breakfast accounts outstanding on the effective date of the bill and incurred after the effective date of the bill.

SCDE indicates that this bill will have an undetermined expenditure impact on local school districts since some districts do use a debt collection agency to collect on student meal accounts. The impact will vary annually by district and will depend upon the amount of delinquent student meal debt.

Local Revenue

N/A



Frank A. Rainwater, Executive Director