



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:	S. 0202	Amended by Senate Education on March 10, 2021
Author:	Hembree	
Subject:	Inspector General, Definitions	
Requestor:	Senate Education	
RFA Analyst(s):	Wren	
Impact Date:	March 12, 2021	

Fiscal Impact Summary

The amended bill allows the State Inspector General to initiate, supervise, and coordinate any investigation of a public school, public school district, public charter school, or public school authorizer under certain conditions. The bill also adds public schools, public school districts, public charter schools, and public charter school authorizers to the current definition of 'agency' as they relate to investigations by the Office of the Inspector General.

In order to accommodate the anticipated increase in investigation requests, the amended bill will increase General Fund expenses of the Office of the Inspector General by \$422,508 in FY 2021-22. Of this amount, \$399,408 is for recurring expenses and would support 3.0 FTE's, additional office space for the new FTE's, IT and office supplies, and travel expenses. The remaining \$23,100 in non-recurring funds is for equipment and office furniture to support these new positions.

The amended bill will have no expenditure impact on the State Department of Education (SDE) since the requirements of the bill can be accomplished within the normal course of agency business.

The amended bill will have no expenditure impact on local school districts since the requirements of the bill can be accomplished within the normal course of business for local school district boards.

Explanation of Fiscal Impact

Amended by Senate Education on March 10, 2021

State Expenditure

The amended bill allows the State Inspector General to initiate, supervise, and coordinate any investigation of a public school, public school district, public charter school, or public school authorizer under the following conditions:

- Upon the request of the Governor;
- Upon the request of the State Superintendent of Education. A State Superintendent may consider a request for an investigation from the school

district's superintendent as a basis for an investigation request under the provisions of this bill;

- By a majority vote by the legislative delegation in which the subject of the investigation is located, or;
- By a majority vote of the local school district board of membership.

The bill also adds public schools, public school districts, public charter schools, and public charter school authorizers to the current definition of 'agency' as they relate to investigations by the Office of the Inspector General. Further, the bill also specifies that 'agency' does not include political subdivisions, unless otherwise provided herein.

Office of the Inspector General. The Office of the Inspector General indicates that the amended bill allows the agency to initiate, supervise, and coordinate an investigation of a public school, public school district, public charter school, or public school authorizer upon the request of the Governor, upon the request of the State Superintendent of Education, by a majority vote of the legislative delegation, or by a majority vote of the local school district board. This will expand the agency's jurisdiction beyond the current 106 statewide executive branch agencies to include the 79 regular public school districts and the 2 charter school districts. This will open the opportunity for additional investigations at the local school district level. The agency anticipates the potential new investigations could have a significant impact on its caseload. While the number of new investigations is unknown, the agency indicates the need to expand FTEs.

In order to accommodate the anticipated increase in investigation requests while maintaining current turn-around times, the Office of the Inspector General estimates that the bill will increase General Fund expenses of the agency by \$422,508 in FY 2021-22. Of this amount, \$399,408 is for recurring funds, which includes \$317,250 for 3.0 FTE's including fringe (2.0 Forensic Auditors and 1.0 Forensic Audit Manager), \$6,282 for additional office space for the new FTE's, \$7,872 for annual IT expenses and office supplies, and \$68,004 for travel and state fleet vehicle expenses. Non-recurring expenses in FY 2021-22 are expected to total \$23,100 for IT equipment and office furniture to support these new positions.

State Department of Education. SDE indicates that the requirements of the bill can be accomplished within the normal course of business. Therefore, the bill will have no expenditure impact on the agency.

State Revenue

N/A

Local Expenditure

The amended bill allows the State Inspector General to initiate, supervise, and coordinate any investigation of a public school, public school district, public charter school, or public school authorizer under the following conditions:

- Upon the request of the Governor;
- Upon the request of the State Superintendent of Education. A State Superintendent may consider a request for an investigation from the school

district's superintendent as a basis for an investigation request under the provisions of this bill;

- By a majority vote by the legislative delegation in which the subject of the investigation is located, or;
- By a majority vote of the local school district board of membership.

The bill also adds public schools, public school districts, public charter schools, and public charter school authorizers to the current definition of 'agency' as they relate to investigations by the Office of the Inspector General. Further, the bill also specifies that 'agency' does not include political subdivisions, unless otherwise provided herein.

SDE indicates that the requirements of the bill can be accomplished within the normal course of business for local school district boards. Therefore, the bill will have no expenditure impact on local school districts.

Local Revenue

N/A

Introduced on January 12, 2021

State Expenditure

This bill adds public schools, public school districts, public charter schools, and public charter school authorizers to the current definition of 'agency' as they relate to investigations by the Office of the Inspector General. The bill also removes school districts from the definition of 'political subdivision' as it relates to investigations by the Office of the Inspector General.

The Office of the Inspector General indicates that the change in the definition of 'agency' will expand its jurisdiction beyond the current 106 statewide executive branch agencies to include the 79 regular public school districts and the 2 charter school districts. This will open the opportunity for additional investigations at the local school district level. The agency anticipates the potential new investigations could have a significant impact on its caseload. While the number of new investigations is unknown, the agency indicates the need to expand FTEs and to have a dedicated budget to support any necessary contracting for forensic accounting services.

In order to accommodate the anticipated increase in investigation requests while maintaining current turn-around times, the Office of the Inspector General estimates that the bill will increase General Fund expenses of the agency by \$787,108 in FY 2021-22. Of this amount, \$770,908 is for recurring funds, which includes \$438,750 for 3.0 FTE's including fringe (2.0 Forensic Auditors and 1.0 Forensic Audit Manager), \$6,282 for additional office space for the new FTE's, \$7,872 for annual IT expenses and office supplies, \$68,004 for travel and state fleet vehicle expenses, and \$250,000 for contracted forensic audits. Non-recurring expenses in FY 2021-22 are expected to total \$16,200 for IT equipment and office furniture to support these new positions.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director