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Indicates New Matter

AMENDED

April 24, 2013

**H. 3896**

Introduced by Reps. Merrill, White and Limehouse

S. Printed 4/24/13--H.

Read the first time April 9, 2013.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

State Treasurer’s Office

The State Treasurer’s Office reports that as of December 31, 2012, the present value of the projected unfunded liability of the Tuition Prepayment Program was approximately $68.1M and that if future tuition and fees paid by the Program to public universities were frozen at the 2008-09 academic year levels, the Program’s unfunded liability would be eliminated. The Office indicates the reduction in tuition payments from the Program due to the legislation would not affect the Program’s participants and that the estimated present value of tuition cost by the state’s public universities is approximately $68.7M. The cost would be spread over the lifetime of the Program, which is scheduled to end upon the last tuition payment made by the Program in 2027.

Commission on Higher Education

The Commission on Higher Education indicates that the agency is unable to submit a comprehensive final cost estimate at this time. However, it is estimated that the impact to any single institution would be for those participants who enroll, the loss of the differential between the rate of tuition and fees assessed at the time a participant enrolls and the 2008-09 tuition and fee level (see attached schedule).

*Approved By:*

Brenda Hart

Office of State Budget

**A** **BILL**

TO AMEND SECTION 59‑4‑120, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE LIMITATION ON TUITION INCREASES UNDER THE SOUTH CAROLINA TUITION PREPAYMENT PROGRAM, SO AS TO PROVIDE THAT, BEGINNING WITH THE 2013‑2014 SCHOOL YEAR, A PUBLIC INSTITUTION OF HIGHER LEARNING IN THIS STATE SHALL ACCEPT AS FULL PAYMENT OF ALL TUITION AND FEES DUE FOR THOSE IN‑STATE UNDERGRADUATE STUDENTS WHOSE TUITION AND FEES ARE PAID PURSUANT TO A TUITION PREPAYMENT CONTRACT UNDER THE TUITION PREPAYMENT PROGRAM THE AMOUNT OF TUITION AND FEES CHARGED IN‑STATE UNDERGRADUATE STUDENTS FOR SCHOOL YEAR 2008‑2009 WHO DID NOT PARTICIPATE IN THE PROGRAM, TO ALSO PROVIDE FOR THE MANNER IN WHICH THE TUITION PREPAYMENT PROGRAM, BEGINNING WITH THE 2013‑2014 SCHOOL YEAR, SHALL PAY TUITION AND FEES FOR STUDENTS PARTICIPATING IN THE PROGRAM WHO ATTEND IN‑STATE PRIVATE INSTITUTIONS OR OUT‑OF‑STATE INSTITUTIONS, AND TO PROVIDE FOR OTHER RELATED PROVISIONS TO IMPLEMENT THESE REQUIREMENTS.

Amend Title To Conform

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 59‑4‑120 of the 1976 Code, as added by Act 246 of 2008, is amended to read:

“Section 59‑4‑120. (A) For purposes of the Tuition Prepayment Program, the annual increase in tuition for an institution cannot exceed seven percent per year from Fiscal Year 2006‑2007. To the extent that actual tuition for an institution exceeds an annual growth of seven percent per year, the institution shall grant a waiver of the difference to the designated beneficiary and must not pass along the difference to any student. Upon the effective date of subsection (B), the provisions of this subsection are superceded by the provisions of subsection (B).

(B)(1) Notwithstanding the provisions of subsection (A), beginning with the fall semester or quarter of the 2013‑2014 school year, public institutions of higher learning in this State, as defined in Section 59‑103‑5, in regard to students who attend the institution as an undergraduate and whose tuition and fees are paid by the South Carolina Tuition Prepayment Program pursuant to a tuition prepayment contract, shall accept as full payment of all tuition and fees due on a yearly basis on behalf of these students the amount of tuition and fees charged an in‑state undergraduate student for the school year 2008‑2009 who did not participate in the Tuition Prepayment Program. If the total amount of tuition and fees for any particular year as levied by an institution exceed what the South Carolina Tuition Prepayment Program is required to pay for tuition and fees on behalf of in‑state undergraduate students participating in the program as provided in this subsection, the institution shall absorb the difference, which may not be passed on in whole or in part to the student.

(2) The South Carolina Tuition Prepayment Program shall continue to pay tuition and fees for students participating in the program who attend in‑state private institutions or out‑of‑state institutions on the weighted average tuition (WAT) amount basis.

(3) ‘Tuition’, as used in this subsection, has the meaning defined in Section 59‑4‑20(10) and ‘fees’, as used in this subsection, means those mandatory or optional charges the Tuition Prepayment Program contemplated when determining the pricing structure of the applicable tuition prepayment contract, regardless of how the charges are characterized by the institution.”

SECTION 2. This act takes effect upon approval by the Governor.

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