



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0339 Introduced on February 1, 2017
Author: Hutto
Subject: SC Promise Scholarship Act
Requestor: Senate Education
RFA Analyst(s): Walling
Impact Date: March 6, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	Pending	\$0
Other and Federal	Pending	\$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	\$0	\$0

Fiscal Impact Summary

The impact of this bill is pending, contingent upon a response from the South Carolina Commission on Higher Education.

Explanation of Fiscal Impact

Introduced on February 1, 2017

State Expenditure

This bill establishes the South Carolina Promise Scholarship Act which creates a scholarship for eligible students enrolled in at least six credit hours of a program leading to an associate’s degree, certificate, or diploma at a public technical education college. The eligible student must apply for the scholarship within six years of receiving a high school diploma or its equivalent. The bill outlines the application and eligibility requirements for receiving the scholarship and establishes the South Carolina Commission on Higher Education (CHE) as the administer of the program. To assist a student in the continued receipt of the award, CHE’s responsibilities include promulgating regulations regarding the student’s satisfactory academic progress and the student’s participation in a mentoring program. The mentoring program must include frequent and consistent communication, development of a personalized student success program, connection of award recipients to on-campus resources and personal development opportunities, and financial planning.

The bill requires the amount of the scholarship to be the cost of tuition and mandatory fees of the public technical college the student attends, less the cost of any aid received from the federal Pell grant, a tuition grant, a LIFE scholarship, a lottery-funded scholarship, or a combination thereof.

The bill also provides a stipend up to \$1,500 (prorated for students enrolled less than twelve credit hours) for books and other higher education expenses for students with a family income that does not exceed 70 percent of the state median family income. Funding is subject to appropriation by the General Assembly.

The impact of this bill is pending, contingent upon a response from the South Carolina Commission on Higher Education.

In determining an initial estimate of total scholarship and awards, the Revenue and Fiscal Affairs (RFA) Office has used available data from 2014, which is the last year complete data is available for public technical college enrollment and federal and state financial aid assistance that public technical college students received. Based upon reported data from CHE, 88,677 in-state public technical college students were enrolled during 2014. Of these, 44 percent of students or 39,018 were full-time and 56 percent or 49,659 were part-time. The average amount of tuition and fees for the 16 public technical colleges for the 2014-15 school year was \$3,840. Assuming part-time tuition and fees to be half of full-time, total tuition and fees paid by the the full-time students and part-time students was approximately \$245,190,362 ($[39,018 \times \$3,840] + [49,659 \times \$1,920]$).

The bill requires all available aid be applied before any assistance is awarded from the Promise Scholarship. Of the 88,677 public technical college students, the LIFE scholarship awarded 7,530 public technical college students an average award amount of \$4,059 per student for a total award amount of \$30,562,418. These students are not expected to receive additional funds from a Promise Scholarship since the average award exceeds the average public technical college tuition. The Lottery Tuition Assistance Program (LTAP) award provided 38,726 public technical college students with an average award of \$1,232, or \$47,719,015 in total. The eligibility requirements for the LTAP are similar to the requirements for the Promise Scholarship, except LTAP students may have already received a degree and do not have to be within 6 years of high school graduation. In addition, public technical college students also received need based grants, which provided assistance of \$8,324,980 for 7,233 public technical college students. Reducing the estimated tuition and fees of \$245,190,362 by the LIFE scholarship (\$30,562,418), LTAP award (\$47,719,015), and need based grants (\$8,324,980), the amount this bill may increase scholarship expenditures related to tuition and fees is \$158,583,949. However, this amount would be further reduced by any assistance students received from a Pell grant. As reported by the US Department of Education for the 2014-15 school year, Pell grants to 59,150 public technical college students totaled \$198,176,964. RFA is unable to determine what amount of the Pell grant assistance was used for tuition and fees. The amount of Pell grants that apply to tuition and fees (once determined) will significantly reduce the \$158,583,949 estimate. The exact amount is undetermined, pending further clarification from CHE.

For the additional stipend, we assume that students receiving the need based grants (7,233) would qualify. The maximum additional scholarship expenditures related to the stipend would be \$11,586,000.

The actual impact amount is expected to be lower once additional requested information from CHE is received. Anticipated changes to the impact amount provided would include additional

eligibility restrictions and adjustments to the Pell grant amount to only include amounts applied to tuition and fees.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director