~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

April 14, 2016

**H. 4795**

Introduced by Rep. Norrell

S. Printed 4/14/16--H.

Read the first time February 2, 2016.

**THE COMMITTEE ON EDUCATION AND PUBLIC WORKS**

To whom was referred a Bill (H. 4795) to amend Section 59‑104‑20, as amended, Code of Laws of South Carolina, 1976, relating to the Palmetto Fellows Scholarship Program, so as to provide, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass with amendment:

Amend the bill, as and if amended, Section 59‑104‑20(H), as contained in SECTION 1, by deleting the section in its entirety and inserting:

/ “(H) Notwithstanding another provision of law, a student who met the initial eligibility requirements to receive a Palmetto Fellows Scholarship Award as a senior in high school and has met the continuing eligibility requirements shall receive the award. A student selected as a Palmetto Fellow may elect to defer post‑secondary enrollment for one year, until the fall term of the year following the year of graduation, without declining the award. A student who received a Palmetto Fellows Scholarship Award as a senior in high school but declined the award is eligible to reapply for the annual scholarship, providing he meets all of the initial and continuing academic eligibility requirements of the Palmetto Fellows program, if he transfers to ~~a qualifying~~ an eligible South Carolina institution of higher learning. The number of semesters or academic years a student attended an out‑of‑state institution are to be deducted from the number of semesters or academic years a student is eligible for the scholarship. All funding provided for Palmetto Fellows Scholarships regardless of its source or allocation must be used to implement the provisions of this subsection.” /

Renumber sections to conform.

Amend title to conform.

MERITA A. ALLISON for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Fiscal Impact Summary**

This bill would increase general fund expenditures by $5,100 in FY 2017-18, $12,600 in FY 2018-19, $20,100 in FY 2019-20, and $27,600 in FY 2020-21. This bill will not impact federal funds and other funds expenditures.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill amends section 59-104-20 to allow students that have qualified for the Palmetto Fellows Scholarship award to defer enrollment for one year at a qualifying four-year institution without declining the award. The provisions of the bill apply to students graduating in the spring of 2016 and thereafter.

**SC Commission on Higher Education (CHE).** CHE reviewed the application and award process for the Palmetto Fellows Scholarship award and determined that, on average, three students per year declined the scholarship in order to take a year off from school. These students, if subsequently enrolled after one year, may be considered for the LIFE scholarship upon enrollment. The commission estimates the impact of this legislation would be the amount to provide the Palmetto Fellows award less the cost of the LIFE award. This differential amounts to $1,700 in the freshman year, and $2,500 each in sophomore, junior, and senior years.

Based on three students on average declining the Palmetto Fellows Scholarship and the first year differential in the amount of the Life Scholarship, we estimate this bill would increase general fund expenditures by $5,100 in FY 2016-17. Accounting for the increase in the award amount for subsequent years, general fund expenditures will increase to $12,600 in FY2017-18, $20,100 in FY 2018-19, and $27,600 in FY 2019-20. This bill will not impact federal funds and other funds expenditures.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTION 59‑104‑20, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO THE PALMETTO FELLOWS SCHOLARSHIP PROGRAM, SO AS TO PROVIDE STUDENTS ELIGIBLE FOR THE AWARD MAY ELECT TO DEFER ENROLLMENT IN AN ELIGIBLE FOUR-YEAR INSTITUTION FOR ONE YEAR, UNTIL THE FALL TERM OF THE YEAR FOLLOWING THE YEAR OF GRADUATION, WITHOUT DECLINING THE AWARD; AND TO PROVIDE THAT THE PROVISIONS OF THIS ACT, REGARDLESS OF ITS EFFECTIVE DATE, MUST BE CONSTRUED TO APPLY TO STUDENTS WHO GRADUATE IN THE SPRING OF 2016.

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

SECTION 1. Section 59‑104‑20(H) of the 1976 Code, as added by Act 162 of 2005, is amended to read:

“(H) Notwithstanding another provision of law, a student who met the initial eligibility requirements to receive a Palmetto Fellows Scholarship Award as a senior in high school and has met the continuing eligibility requirements shall receive the award. A student selected as a Palmetto Fellow may elect to defer enrollment in an eligible four-year institution for one year, until the fall term of the year following the year of graduation, without declining the award. A student who received a Palmetto Fellows Scholarship Award as a senior in high school but declined the award is eligible to reapply for the annual scholarship, providing he meets all of the initial and continuing academic eligibility requirements of the Palmetto Fellows program, if he transfers to a qualifying South Carolina institution of higher learning. The number of semesters or academic years a student attended an out‑of‑state institution are to be deducted from the number of semesters or academic years a student is eligible for the scholarship. All funding provided for Palmetto Fellows Scholarships regardless of its source or allocation must be used to implement the provisions of this subsection.”

SECTION 2. The provisions of this act, regardless of its effective date, must be construed to apply to students who graduate in the spring of 2016, as well as prospectively.

SECTION 3. This act takes effect upon approval of the Governor.

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