



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** S. 0711 Introduced on May 8, 2017  
**Author:** Massey  
**Subject:** Scholarships  
**Requestor:** Senate Education  
**RFA Analyst(s):** Powell  
**Impact Date:** March 20, 2018

**Estimate of Fiscal Impact**

	<b>FY 2018-19</b>	<b>FY 2019-20</b>
<b>State Expenditure</b>		
General Fund	See Below	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	2.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill allows South Carolina residents who otherwise would have qualified for a LIFE, HOPE, or Palmetto Fellows scholarship had they attended college in state to receive the scholarship when attending a school in another state because no public college or university in the State offers the student’s chosen major. The Commission on Higher Education expects to hire two additional FTEs to implement the provisions of this bill, resulting in a recurring General Fund expenditure impact of \$130,000. The cost to provide such scholarships to the 124 students in the Academic Common Market program, for which we have data, would be approximately \$288,600. However, these students represent only a small portion of the students attending school out of state, either physically or via distance education. Currently, at least 29,835 additional South Carolina students are attending out of state institutions, but this number is not comprehensive because it only captures students in reciprocity or agreement programs that report data to the Commission on Higher Education. Because no data is available on the majors or full time status of these students, the General Fund expenditure impact is undetermined.

**Explanation of Fiscal Impact**

**Introduced on May 8, 2017**

**State Expenditure**

This bill allows South Carolina residents who otherwise would have qualified for a LIFE, HOPE, or Palmetto Fellows scholarship had they attended college in state to receive the scholarship when attending a school in another state because no public college or university in the State offers the student’s chosen major.

We began our analysis by considering students participating in the Southern Regional Education Board's Academic Common Market program. The Academic Common Market program is a long-standing reciprocal agreement allowing students in the fifteen participating states to pay in state tuition to attend public out of state institutions if the degree they are pursuing is not available in their home state. There are 197 undergraduate majors available to students using the Academic Common Market. Approximately 124 students from South Carolina used the Academic Common Market in calendar year 2016, but no data is available to differentiate whether these students were enrolled in undergraduate or graduate programs.

Assuming these 124 students are undergraduates and are spread equally among freshmen, sophomores, juniors, and seniors, and that all 124 of these students are qualified for scholarship programs in the same ratio as freshmen entering college in state in 2017, and that all HOPE recipients would go on to receive LIFE in their sophomore, junior, and senior years, 48 students would qualify for LIFE scholarships at \$5,000 per scholarship per year for a total cost of \$240,000, 6 students would qualify for Palmetto Fellows Scholarships at \$6,700 per scholarship for a total cost of \$40,200, and 3 students would qualify for HOPE scholarships at \$2,800 per scholarship for a total cost of \$8,400. The total cost of providing scholarships to these students would be \$288,600. The average cost of providing scholarships using this methodology is \$2,327 per student.

This program only captures students attending participating public institutions. There are also students attending non-participating public institutions and private institutions, but the number of students and their majors are unknown. The availability of scholarships for this purpose may create an incentive for additional students to explore out of state programs.

Another program, called the State Authorization Reciprocity Agreement (SARA) program, also serves students attending out of state institutions. SARA is not a reciprocal tuition program, but instead a set of agreements regarding online education standards and accreditation for institutions whose physical campus is housed in one state but who offer degree programs via distance education in other states. Approximately 29,835 students from South Carolina enrolled in out of state institutions through SARA in calendar year 2016. Very little additional data is available on these students and it is unknown how many of these students would become eligible for scholarships under the provisions of this bill. No data is available regarding the majors or full time status of these students. Anecdotally, many of these students are attending online schools part time; however, if scholarships became available for these students, it could serve to change this behavior.

Students could also originally enroll in a qualifying major then later change to a different major when coursework requirements become more specific in the sophomore and junior years. Under this scenario, many students attending college out of state would qualify for at least two of the four years of eligibility.

**Commission on Higher Education.** The Commission on Higher Education states they would also be required to hire additional personnel to administer this program. Currently, in state institutions certify the eligibility of students in accordance with the Commission's regulations and state law. Out of state institutions fall outside of this legal and regulatory framework. The

Commission will add two Program Manager II positions at a total cost, including salary and fringe, of \$130,000. The job functions of these positions would include verifying that all the scholarship requirements are met and that the students are in a major that is currently not offered in the state. A review of academic majors and their equivalency at the out of state institutions would also need to be conducted on a case by case basis.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director