



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3936	Introduced on February 12, 2019
Author:	Davis	
Subject:	Palmetto Fellows Scholarship	
Requestor:	House Education and Public Works	
RFA Analyst(s):	A. Martin	
Impact Date:	February 26, 2019	

Fiscal Impact Summary

This bill will increase scholarship disbursements by as much as \$24,500 annually beginning in FY 2020-21 for increases in Palmetto Fellows Scholarship disbursements for an estimated 7 students. This increase would first be funded by excess Lottery proceeds, above the amount appropriated in the Appropriations Act for Palmetto Fellows Scholarships. Any amounts in excess would become an obligation of the General Fund.

Explanation of Fiscal Impact

Introduced on February 12, 2019

State Expenditure

This bill includes two-year institutions of higher learning and technical schools among the category of institutions whose students may be eligible for the Palmetto Fellows Scholarship. Currently, only students attending eligible four-year institutions may utilize the Palmetto Fellows Scholarship. Recipients of the Palmetto Fellows Scholarship who chose to attend a two-year institution must forfeit their award. Furthermore, such a student may not reapply for the Palmetto Fellows Scholarship if he later transfers to an eligible four-year institution. Palmetto Fellows Scholarship recipients may receive up to \$6,700 for the first academic year and up to \$10,000 beginning their second academic year. The actual award is limited to the cost of attendance minus all other scholarships and grants received by the student.

Presently, a Palmetto Fellows Scholarship recipient who chooses to attend a two-year institution must forfeit their award, but such a student will automatically qualify for the LIFE Scholarship. LIFE Scholarship recipients may receive up to \$5,000 their first academic year and up to \$7,500 beginning their second academic year. The actual award amount is limited to the cost of attendance minus all other scholarships and grants received by the student.

Adjusting for student population, the weighted average cost of attendance at a two-year in-state institution in FY 2017-18 was approximately \$4,600. The average LIFE scholarship award for recipients attending a two-year institution was \$4,200 in FY 2017-18. All other scholarships and grants are applied to a student's cost of attendance before determining the amount of his LIFE Scholarship award. Therefore, the difference between the average cost of attendance and average scholarship amount awarded may be attributed to other scholarships and grants received by the student. The Palmetto Fellows Scholarship award amount is calculated in the same manner as the LIFE Scholarship. Hence, a student attending a two-year institution would receive, on average, the same amount for the Palmetto Fellows Scholarship as he would for the

LIFE Scholarship. Therefore, this bill will have no net impact on scholarship disbursement during the years in which the student attends a two-year institution.

If a student continues his education at a four-year institution, his scholarship amount would increase. The average Palmetto Fellows Scholarship award, excluding recipients at the Medical University of South Carolina (MUSC), was \$7,700 for FY 2017-18. This amount is \$3,500 more than the student received at his two-year institution. Therefore, this bill will increase net scholarship distributions by \$3,500 for each student that moves his Palmetto Fellows Scholarship from a two-year to a four-year institution. CHE reports that over the past two years 13 recipients have declined the Palmetto Fellows Scholarship for the purpose of attending a two-year institution. If this trend holds, we estimate an average of 7 students per year that would select this option beginning in FY 2020-21. Therefore, this bill would increase scholarship distributions by as much as \$24,500 each year beginning in FY 2020-21. This increase would first be funded by excess Lottery proceeds, above the amount appropriated in the Appropriations Act for Palmetto Fellows Scholarships. Any amounts in excess would become an obligation of the General Fund.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director