



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 3470 Introduced on January 12, 2021
Author: B. Newton
Subject: Dual Enrollment
Requestor: House Education and Public Works
RFA Analyst(s): Wren and Tipton
Impact Date: March 17, 2022

Fiscal Impact Summary

This bill requires articulation agreements for dual enrollment courses between school districts and institutions of higher learning (IHLs) in the state to allow such dual enrollment opportunities for all students in grades ten, eleven, and twelve, provided that the students meet the requirements specified in the bill. The bill also specifies that students are not required to take a minimum number of dual enrollment credits in order to receive tuition assistance from the Lottery Tuition Assistance Program (LTAP). Additionally, this bill expands the Palmetto Fellows Scholarship program to include two-year or technical institutions, by allowing students who attend two-year or technical institutions and are eligible for the Palmetto Fellows Scholarship to receive up to four continuous semesters of the scholarship.

This bill will have no impact on scholarship expenditures. Qualifying students attending state technical colleges are currently eligible to receive the Palmetto Fellows Scholarship as provided in Act 36 of 2021. However, the Tech Board indicates that providing LTAP funds for dual enrollment students without requiring a minimum number of credit hours would shift approximately \$7,000,000 of the \$51,100,000 in Education Lottery funds to dual enrollment and full-time students taking fewer than six credit hours. The shift would, therefore, reduce the award amount per student for full-time and dual enrollment students. Currently, the award is \$85 per credit and would be lowered to approximately \$73 per credit.

This bill will have no expenditure impact on the Commission on Higher Education (CHE), as the agency reports that the increase in high school student dual enrollment participation will be managed with existing appropriations. However, CHE indicates that while the bill does not require the agency to oversee the dual enrollment program for additional high school students, the agency would need 1.0 FTEs at an annual expense of \$125,000 if the bill's intent is for the agency to manage the expanding program.

This bill will have no expenditure impact on the State Department of Education (SCDE) since it does not alter the duties or responsibilities of the agency.

The overall expenditure impact on EFA funding is undetermined. Maintaining current EFA funding for the projected additional dual credit enrollment students would cost up to \$1,100,000 beginning in FY 2022-23. SCDE indicates that an additional 4,177 tenth grade students may be

eligible to participate in dual enrollment courses. However, SCDE is unable to determine if the elimination of the minimum credit hour requirement for dual enrollment in order to receive LTAP assistance will further increase the number of students who may choose to participate in dual enrollment. Therefore, the overall impact on EFA funding is undetermined. Further, please note that the Ways and Means Committee introduced and the House of Representatives adopted a new education funding plan that eliminates the dual credit enrollment add-on weight of 0.15 beginning in FY 2022-23. This impact is based on the current funding but would not occur under the proposed new funding plan.

This bill is not expected to have an expenditure impact on local school districts. All but two of the regular districts have students who currently participate in dual enrollment courses. The two districts that do not currently offer dual enrollment previously had students who participated in dual enrollment courses. Both statewide charter school districts offer dual enrollment courses.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill requires articulation agreements for dual enrollment courses between school districts and IHLs in the state to allow such dual enrollment opportunities for all students in grades ten, eleven, and twelve, provided that the students meet the requirements stated in the bill. In order for students to take dual enrollment courses provided by four-year institutions and two-year regional campuses of the University of South Carolina (USC) must have at least a 3.0 grade point average on a 4.0 scale and the recommendation of the principal of their school. In order for students to take dual enrollment courses provided by technical colleges, they must meet the normal requirements set by the technical college, as well as have the recommendation of their principal.

The bill also specifies that students are not required to take a minimum number of dual enrollment credits in order to receive tuition assistance from the LTAP. Currently, LTAP appropriations are reserved for students taking six or more credit hours at state two-year or technical colleges, and appropriations totaled \$51,100,000 in FY 2021-22.

Additionally, this bill expands the Palmetto Fellows Scholarship program to include two-year or technical institutions. These changes were adopted in Act 36 of 2021 and will have no further impact.

State Board for Technical and Comprehensive Education. The Tech Board reports that providing LTAP funds for dual enrollment students without requiring a minimum number of credit hours would shift approximately \$7,000,000 of Lottery funds to dual enrollment and full-time students taking fewer than six credit hours. While this would not increase Lottery expenditures beyond current appropriations, the Tech Board indicates that it would reduce the award amount for full-time and dual enrollment students. Currently, the award is \$85 per credit hour and would be lowered to approximately \$73 per credit by the shift in funding. The Tech Board also indicates that removing the six credit hour requirement for LTAP funding could result

in full-time and dual enrollment students taking fewer courses, as they would still receive the financial aid.

Commission on Higher Education. CHE disburses LTAP funds to two-year and four-year institutions in the state for dual enrollment purposes. The agency reports that the increase in high school student dual enrollment participation will be managed with existing appropriations and will have no expenditure impact. However, CHE indicates that while the bill does not require the agency to oversee the dual enrollment program as it expands to additional high school students, the agency would need 1.0 FTEs at an annual expense of \$125,000 if the bill's intent is for the agency to manage the expanding program.

State Department of Education. This bill will have no expenditure impact on SCDE since it does not alter the duties or responsibilities of the agency.

State Revenue

As noted above, this bill requires articulation agreements for dual enrollment courses between school districts and IHLs in the state to allow such dual enrollment opportunities for all students in grades ten, eleven, and twelve, provided that the students meet the requirements stated in the bill. The bill also specifies that students are not required to take a minimum number of dual enrollment credits in order to receive tuition assistance from LTAP.

SCDE indicates that some districts currently allow tenth grade students to participate in dual enrollment courses. Based on the FY 2021-22 45-day student count, 1.9 percent of tenth grade students participate in dual enrollment courses. For reference, 8.8 percent of eleventh grade students participate in dual enrollment. SCDE estimates that this bill could allow an additional 4,177 tenth graders to take dual enrollment courses. This estimate assumes that 8.8 percent of tenth grade students will choose to participate in dual enrollment. Further, SCDE indicates that funding the increase in dual enrollment students if all 4,177 participate would require additional funding of \$1,100,000 to maintain the current EFA base student cost in FY 2022-23. However, SCDE is unable to determine if the elimination of the minimum credit hour requirement for dual enrollment in order to receive LTAP assistance will further increase the number of students who may choose to participate in dual enrollment. Therefore, the overall impact on EFA funding is undetermined. Please note that the Ways and Means Committee introduced and the House of Representatives adopted a new education funding plan that eliminates the dual credit enrollment add-on weight of 0.15 beginning in FY 2022-23. This impact is based on current EFA funding and would not have an impact under the new funding plan.

Local Expenditure

As previously stated, this bill requires articulation agreements for dual enrollment courses between school districts and IHLs in the state to allow such dual enrollment opportunities for all students in grades ten, eleven, and twelve, provided that the students meet the requirements stated in the bill.

SCDE does not anticipate that this bill will have an expenditure impact on local school districts. Further, SCDE indicates that all but two of the regular school districts have students who

currently participate in dual enrollment. These two districts that currently do not offer dual enrollment previously had students who participated in dual enrolment courses. Both statewide charter school districts offer dual enrollment courses.

Local Revenue

N/A



Frank A. Rainwater, Executive Director