SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3325 Amended by House Education and Public Works Higher Education Subcommittee on February 14, 2023
Author:	McGinnis
Subject:	In-State College Tuition Rates to Out-of-State Students
Requestor:	House Education and Public Works
RFA Analyst(s):	Tipton
Impact Date:	February 27, 2023

Fiscal Impact Summary

This bill as amended allows Coastal Carolina University (CCU), Francis Marion University (FMU), Lander University (Lander), the University of South Carolina (USC) - Aiken, USC - Beaufort, USC - Upstate, and Winthrop University (Winthrop) to offer in-state tuition to a student whose legal residence is located in a state that borders South Carolina. Out-of-state students must meet the university's admission requirements to be eligible to receive in-state tuition, and no state appropriations may be used to fund in-state tuition for out-of-state students. Eligible Institutions of Higher Learning (IHL) are not limited under the bill as amended in the number of in-state tuition awards that may be granted to students from North Carolina or Georgia at the undergraduate or graduate level. Participating IHLs under the bill as amended are required to provide the General Assembly an annual report that assesses the effect of the tuition program on the institution and includes data on the number of boarding students, by state of residence, using the program during the preceding academic year. This bill as amended is effective beginning with the 2023-2024 academic year through the 2029-2030 academic year, unless extended by the General Assembly.

This bill as amended will have no impact on the Commission on Higher Education (CHE), as the agency indicated any requirement of the bill will be managed within existing resources. Additionally, this bill will have no impact on scholarship disbursements, as CHE reported that students whose primary residence is outside of South Carolina are not eligible for state scholarships.

This bill as amended will have no expenditure impact on CCU, FMU, Lander, USC - Aiken, USC - Beaufort, USC - Upstate, Winthrop, or Horry-Georgetown Technical College as most institutions indicated that the implementation of the bill would take place under normal operations, and any increase in enrollment will be managed with existing resources. The Revenue and Fiscal Affairs Office (RFA) also anticipates that the annual report to the General Assembly required by the bill as amended will be managed within the institutions' existing budgets. Further, the bill specifies that no state appropriations may be used to fund the offer of in-state tuition to students from North Carolina or Georgia.

This bill as amended will have an undetermined impact on tuition revenue for the eligible IHLs. Based on current enrollment, lowering tuition for undergraduate students only from North Carolina or Georgia from out-of-state rates to in-state rates would decrease tuition revenue for all eligible IHLs by approximately $3,221,000 in total beginning in FY 2023-24. The potential reduction in tuition revenue from allowing in-state tuition to graduate students from North Carolina or Georgia is undetermined due to the cost variability of graduate programs. However, as this bill is permissive in nature and does not require all eligible IHLs to offer in-state tuition to all qualifying students, the actual revenue impact is unknown. Further, the IHLs anticipate that this may incentivize the enrollment of more students from North Carolina and Georgia, which could offset any reduction in revenue and may increase tuition revenue overall.

Explanation of Fiscal Impact

Amended by House Education and Public Works Subcommittee on February 14, 2023
State Expenditure
This bill as amended allows CCU, FMU, Lander, USC - Aiken, USC - Beaufort, USC - Upstate, Winthrop, and Horry-Georgetown Technical College to offer in-state tuition to a student whose legal residence is located in a state that borders South Carolina. Out-of-state students must meet the institution's admissions requirements to be eligible to receive in-state tuition, and no state appropriations may be used to fund in-state tuition for out-of-state students. The bill further provides that no out-of-state student receiving in-state tuition pursuant to the bill may cause the denial of enrollment to an eligible South Carolina student. Eligible IHLs are not limited under the bill as amended in the number of in-state tuition awards that may be granted to students from North Carolina or Georgia at the undergraduate or graduate level. Participating IHLs under the bill as amended are required to provide the General Assembly an annual report that assesses the effect of the tuition program on the institution and includes data on the number of boarding students, by state of residence, using the program during the preceding academic year.

This bill as amended also removes USC - Aiken from the provisions of §59-112-110 that limits the institution's ability to offer in-state tuition to students from two specified counties in Georgia contingent upon the continuation of a similar tuition program in Georgia. The bill similarly repeals §59-125-95, which limits Winthrop's ability to offer in-state tuition to graduate students who are residents of certain counties in North Carolina. The bill as amended allows USC - Aiken and Winthrop to offer in-state tuition to students from the entirety of Georgia and North Carolina.

The bill as amended is effective beginning with the 2023-2024 academic year through the 2029-2030 academic year, unless extended by the General Assembly. If the General Assembly does not extend this provision, the bill as amended provides that out-of-state undergraduate students who are receiving in-state tuition will continue to receive in-state tuition for up to eight academic semesters. Graduate students who are receiving in-state tuition will continue to receive in-state tuition for up to four academic semesters.

CHE indicated that any resulting requirement of the bill for the agency will be managed within existing resources, and will have no expenditure impact. CHE further reported that students whose primary residence is outside of South Carolina are not eligible for state scholarships, and therefore, this bill will have no impact on scholarship disbursements.

Based on a survey of CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, and Winthrop, this bill will not increase expenses for the institutions outside of normal business, as the IHLs indicate that any increase in enrollment will be managed with existing staff and resources. RFA anticipates that the annual report required by the bill as amended will also be managed within the institutions' existing budgets. Further, the bill specifies that no state appropriations may be used to fund the offer of in-state tuition to students from North Carolina or Georgia. Therefore, this bill as amended will have no expenditure impact on CCU, FMU, Lander, USC - Aiken, USC - Beaufort, USC - Upstate, Winthrop, or Horry-Georgetown Technical College.

State Revenue

This bill as amended allows CCU, FMU, Lander, USC - Aiken, USC - Beaufort, USC - Upstate, Winthrop, and Horry-Georgetown Technical College to offer in-state tuition to a student whose legal residence is located in a state that borders South Carolina. No out-of-state student receiving in-state tuition pursuant to the bill may cause the denial of enrollment to an eligible South Carolina student, and eligible IHLs are not limited in the number of in-state tuition awards that may be granted to students from North Carolina or Georgia.

As an illustration, if every eligible IHL under this bill as amended reduced tuition from out-of-state rates to in-state rates for all students currently enrolled in undergraduate programs from North Carolina or Georgia, the institution may see the following tuition revenue decrease beginning in FY 2024-25:

Institution of Higher Learning	Undergraduate Enrollment from NC and GA (Fall 2022)	Out-of-State Undergraduate Tuition Rate (2023-24)	In-State Undergraduate Tuition Rate (2023-24)	Potential Tuition Revenue Decrease
Coastal Carolina University	217	$14,245	$5,820	$1,828,225
Francis Marion University	35	$10,384	$5,192	$181,720
Lander University	108	$10,650	$5,850	$518,400
USC – Aiken	27	$10,428	$5,199	$141,183
USC – Beaufort	7	$10,695	$5,172	$38,661
USC – Upstate	11	$11,355	$5,604	$63,261
Winthrop	11	$14,818	$7,653	$78,815
Horry-Georgetown Technical College	158	$5,220	$2,873*	$370,905
Total	**574**	**-**	**-**	**$3,221,170**

Source: Commission on Higher Education, Fall 2022 & State Board for Technical and Comprehensive Education, Fall 2022
*Average tuition for residents of Horry County and non-Horry County residents of the state

The eligible IHLs indicate that this bill may incentivize students from North Carolina and Georgia to attend the eligible South Carolina public IHLs, which may offset any reduction in revenue. As follows are the number of additional undergraduate students paying in-state tuition rates, that would be required for each eligible IHL to offset the potential reduction in tuition revenue:

Institution of Higher Learning	Number of Additional Undergraduate Students Paying In-State Tuition Needed to Cover Tuition Revenue Reduction
Coastal Carolina University	315
Francis Marion University	35
Lander	89
USC – Aiken	28
USC – Beaufort	8
USC – Upstate	12
Winthrop	11
Horry-Georgetown Technical College	130

Graduate students from North Carolina or Georgia could also see a reduction in tuition rates to in-state levels under this bill, as well as make up for the reduction in total tuition revenue if additional students are enrolled, but have been omitted from this illustration due to the cost variability of graduate programs.

Therefore, this bill as amended will have an undetermined impact on tuition revenue for CCU, FMU, Lander, USC - Aiken, USC - Beaufort, USC - Upstate, Winthrop, and Horry-Georgetown Technical College. Based on the qualifying undergraduate enrollment in the table above, lowering tuition from out-of-state rates to in-state rates for students from North Carolina or Georgia could decrease tuition revenue for all eligible IHLs by approximately $3,221,000 beginning in FY 2023-24. However, as this bill is permissive in nature and does not require all eligible IHLs to offer in-state tuition to all qualifying students, the actual revenue impact is unknown. The eligible IHLs further indicate that a significant increase in students enrolled from North Carolina and Georgia, paying in-state tuition rates, would have a net positive effect on overall tuition revenue.

Local Expenditure
N/A

Local Revenue
N/A

Introduced on January 10, 2023
State Expenditure
This bill allows CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, and Winthrop to offer in-state tuition to a student whose legal residence is located in a state that borders South Carolina. Out-of-state students must meet the university's admission requirements to be eligible to receive in-state tuition, and no state appropriations may be used to fund in-state tuition for out-of-state students. The bill further provides that no out-of-state student receiving in-state tuition pursuant to the bill may cause the denial of enrollment to an eligible South Carolina student. Eligible IHLs may award in-state tuition to up to 250 total students from North Carolina or Georgia at the undergraduate or graduate level. This bill is effective upon approval by the Governor beginning with the 2024-2025 school year through the 2029-2030 school year, unless extended by the General Assembly.

This bill also removes USC - Aiken from the provisions of §59-112-110 that limits the institution's ability to offer in-state tuition to students from two specified counties in Georgia contingent upon the continuation of a similar tuition program in Georgia. The bill similarly repeals §59-125-95, which limits Winthrop's ability to offer in-state tuition to graduate students who are residents of certain counties in North Carolina. This bill allows USC - Aiken and Winthrop to offer in-state tuition to students from the entirety of Georgia and North Carolina, within the 250-student limit.

CHE indicates that any resulting requirement of the bill for the agency will be managed within existing resources, and will have no expenditure impact. CHE further reports that students whose primary residence is outside of South Carolina are not eligible for state scholarships, and therefore, this bill will have no impact on scholarship disbursements.

Based on a survey of CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, and Winthrop, this bill will not increase expenses for the institutions outside of normal business, as the eligible IHLs indicate that any increase in enrollment will be managed with existing staff and resources. Further, the bill specifies that no state appropriations may be used to fund the offer of in-state tuition to students from North Carolina or Georgia. Therefore, this bill will have no expenditure impact on CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, or Winthrop.

State Revenue
This bill allows CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, and Winthrop to offer in-state tuition to a student whose legal residence is located in a state that borders South Carolina. No out-of-state student receiving in-state tuition pursuant to the bill may cause the denial of enrollment to an eligible South Carolina student, and eligible IHLs may award in-state tuition to up to a combined 250 students from North Carolina or Georgia at the undergraduate or graduate level.

As an illustration, if every eligible IHL under this bill reduced tuition from out-of-state rates to in-state rates for all students currently enrolled in undergraduate programs from North Carolina or Georgia, the institution may see the following tuition revenue decrease beginning in FY 2024-25:

Institution of Higher Learning	Undergraduate Enrollment from NC and GA (Fall 2022)	Out-of-State Undergraduate Tuition Rate (2023-24)	In-State Undergraduate Tuition Rate (2023-24)	Potential Tuition Revenue Decrease
Coastal Carolina University	217	$14,245	$5,820	$1,828,225
Francis Marion University	35	$10,384	$5,192	$181,720
USC – Aiken	27	$10,428	$5,199	$141,183
USC – Beaufort	7	$10,695	$5,172	$38,661
USC – Upstate	11	$11,355	$5,604	$63,261
Winthrop	11	$14,818	$7,653	$78,815
Total	**308**	**-**	**-**	**$2,331,865**

Source: Commission on Higher Education, Fall 2022

The eligible IHLs indicate that this bill may incentivize students from North Carolina and Georgia to attend the eligible South Carolina public IHLs, which may offset any reduction in revenue. As follows are the number of additional undergraduate students paying in-state tuition rates, under the bill's 250 student limit, that would be required for each eligible IHL to offset the potential reduction in tuition revenue:

Institution of Higher Learning	Number of Additional Undergraduate Students Paying In-State Tuition Needed to Cover Tuition Revenue Reduction
Coastal Carolina University	N/A
Francis Marion University	35
USC – Aiken	28
USC – Beaufort	8
USC – Upstate	12
Winthrop	11

Graduate students from North Carolina or Georgia could also see a reduction in tuition rates to in-state levels under this bill, as well as make up for the reduction in total tuition revenue if additional students are enrolled, but have been omitted from this illustration due to the cost variability of graduate programs. Further, based on the bill's cap of 250 students from bordering states allowed in-state tuition, CCU would be unable to cover the entirety of the revenue loss with new students, if they chose to offer in-state tuition to all students currently enrolled from North Carolina or Georgia.

Therefore, this bill will have an undetermined impact on tuition revenue for CCU, FMU, USC - Aiken, USC - Beaufort, USC - Upstate, and Winthrop. Based on the qualifying undergraduate enrollment in the table above, lowering tuition from out-of-state rates to in-state rates for students from North Carolina or Georgia could decrease tuition revenue for all eligible IHLs by approximately $2,332,000 beginning in FY 2024-25. However, as this bill is permissive in nature and does not require all eligible IHLs to offer in-state tuition to all qualifying students, the actual revenue impact is unknown. The eligible IHLs further indicate that a significant increase in students enrolled from North Carolina and Georgia, paying in-state tuition rates, would have a net positive effect on overall tuition revenue.

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director