



**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.*

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<b>Bill Number:</b>	S. 0125	Introduced on January 10, 2023
<b>Author:</b>	Hembree	
<b>Subject:</b>	Scholarship Stipend	
<b>Requestor:</b>	Senate Education	
<b>RFA Analyst(s):</b>	Tipton	
<b>Impact Date:</b>	February 21, 2023	

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### **Fiscal Impact Summary**

This bill expands the additional scholarship stipend currently offered to students attending state public or private institutions of higher learning whose major is in math or science to those whose major is in education. This bill also requires the Commission on Higher Education (CHE) to define what constitutes an education major and create eligibility requirements for each scholarship stipend, provided that the education student work in a public school for one year for every year the stipend is received. The bill further amends code relating to testing requirements for LIFE Scholarship eligibility and the use of Palmetto Fellows Scholarship at a state two-year institution. The provisions of this bill are effective beginning with the 2024-25 academic term.

This bill will have no impact on CHE, as the agency's requirements under the bill will be managed with existing appropriations.

This bill will result in an increase of approximately \$4,750,000 in LIFE Scholarship disbursements and an increase of approximately \$750,000 in Palmetto Fellows Scholarship disbursements beginning in FY 2024-25, based on data provided by CHE on the number of education majors and their determination of which majors will qualify. This increase would be funded by Lottery proceeds if available, and remaining amounts would become an obligation of the General Fund. Additionally, the bill could encourage more students to major in education, which would further increase scholarship disbursements in future years.

### **Explanation of Fiscal Impact**

#### **Introduced on January 10, 2023**

#### **State Expenditure**

This bill expands the additional scholarship stipend currently offered to students attending state public or private institutions of higher learning whose major is in math or science to those whose major is in education. Under the provisions of this bill, eligible LIFE scholarship recipients majoring in education will receive an additional stipend of no more than \$2,500 each year for three years of a four-year program or four years of a five-year program. This bill also allows Palmetto Fellows Scholarship recipients majoring in education with eligibility to receive an additional stipend of no more than \$3,300 each eligible year. CHE indicates that this statutory stipend level was established while the base yearly award for the Palmetto Fellows Scholarship

was \$6,700. Regulation 62-330 increased the base Palmetto Fellows Scholarship award to \$7,500 per eligible year and reduced all enhancement stipends to \$2,500 per eligible year. CHE further indicates that current practice conforms to the base scholarship and additional stipend amounts set forth in regulation and does not conform to the statute. Therefore, the implementation of this bill will result in an additional Palmetto Fellows Scholarship stipend for education majors of no more than \$2,500 each year for three years of a four-year program or four years of a five-year program. Students in the first year of an education major are not eligible to receive the stipend under this bill. The bill also requires CHE to define what constitutes an education major and create eligibility requirements for each scholarship stipend and must include a requirement that the education student work in a public school for one year for every year the stipend is received. The provisions of this bill are effective beginning with the 2024-25 academic term.

The bill further amends statutory eligibility requirements for the LIFE Scholarship, to include as an option for eligibility obtaining a score of at least 22 on the ACT. The bill also limits the use of the Palmetto Fellows Scholarship at a two-year state institution to four continuous semesters, not including future semesters at an applicable four-year institution.

**Commission on Higher Education.** This bill requires CHE to define through regulation what constitutes an education major and develop conforming eligibility criteria for the purposes of providing the eligible students with the additional LIFE or Palmetto Fellows scholarship stipend, and must include that the education student work in a public school for one year for every year the stipend is received. In addition, CHE must adjust the scoring requirements set by the bill to reflect any changes in SAT or ACT scoring metrics. CHE indicates that the agency's requirements under the bill will be managed with existing appropriations and therefore this bill will have no expenditure impact on CHE.

**LIFE and Palmetto Fellows Scholarships.** CHE provided data on the number of students enrolled in education programs receiving state scholarships from 2018 to 2022. During this time, the number of education majors receiving the LIFE Scholarship that would be eligible for the additional stipend under this bill declined from 2,488 to 2,088, an average decrease of approximately 4.3 percent. Eligible students majoring in education receiving the Palmetto Fellows Scholarship during this time declined from 344 to 305, an average decrease of approximately 3 percent. Based on these trends, the Revenue and Fiscal Affairs Office (RFA) estimates that there will be approximately 1,900 LIFE Scholarship recipients and 300 Palmetto Fellows Scholarship recipients majoring in education in the 2024-25 academic year that will be eligible for the additional stipend. At the level of \$2,500 per LIFE and Palmetto Fellows Scholarship recipient, this bill will increase disbursements of the LIFE Scholarship by approximately \$4,750,000 and the Palmetto Fellows Scholarship by approximately \$750,000 beginning in FY 2024-25. CHE indicates that this bill could encourage more students to major in education, which would further increase scholarship expenses in future years.

Based upon our current estimates, RFA anticipates that FY 2024-25 disbursements for the LIFE Scholarship to be approximately \$211,274,000 and the Palmetto Fellows Scholarship to be approximately \$81,763,000 based on average scholarship disbursement growth rates from

FY 2017-18 to FY 2021-22. Therefore, this bill would increase disbursements by approximately 2.2 percent for the LIFE Scholarship and 0.9 percent for the Palmetto Fellows Scholarship in FY 2024-25. This increase would be funded by Lottery proceeds if available, and remaining amounts 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