



# 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>	H. 4738	Amended by the Higher Education Subcommittee of House Education and Public Works on February 10, 2026
<b>Subject:</b>	Commission on Higher Education	
<b>Requestor:</b>	House Education and Public Works	
<b>RFA Analyst(s):</b>	Tipton	
<b>Impact Date:</b>	February 24, 2026	

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### Fiscal Impact Summary

This bill as amended modifies or repeals numerous sections in Title 59 and others related to the Commission on Higher Education (CHE) and other education related entities.

This bill as amended is not expected to have an expenditure impact on CHE, the SC Tuition Grants Commission (Tuition Grants), the South Carolina Department of Education (SCDE), or the Department of Administration (Admin), as these agencies report that implementing the changes in the bill will be managed under normal operations. The bill is also not expected to have an impact on state institutions of higher learning, based on previous responses from the University of South Carolina (USC), the Medical University of South Carolina (MUSC), Coastal Carolina University (CCU), the College of Charleston (CofC) as well as the Technical College System (Tech System).

The bill as amended will reduce the amount of Lottery scholarship funding transferred from CHE's need-based grant funding to the Tuition Grants Commission. Currently, Tuition Grants receives a prescribed percentage of the Children's Education Endowment Fund and of CHE's Lottery-funded needs-based scholarship funding. This is based on the percentage of independent colleges' share of the total South Carolina resident undergraduate FTE enrollment of all public and independent higher education institutions in the state and was 16.3 percent in FY 2024-25. Under this bill as amended, this statutory funding percentage would only be applied to funds from the Children's Education Endowment Fund, removing the transfer of needs-based Lottery scholarship funding from CHE to Tuition Grants. As a result, this bill as amended will increase the needs-based Lottery scholarship funding of CHE for students at state institutions of higher learning as it will no longer be transferred to Tuition Grants. Tuition Grants reports that the agency will expend current carryforward funds from FY 2026-27 to FY 2028-29 to maintain the current level of scholarships. The agency will request approximately \$12,000,000 in recurring annual program funding beginning in FY 2029-30 to provide tuition scholarships at the current funding level.

The bill as amended will have no impact on LIFE, Palmetto Fellows, and HOPE Scholarships as it maintains the requirement that these scholarships will not be reduced in the event that Lottery revenue falls below the appropriated amount.

## **Explanation of Fiscal Impact**

**Amended by the Higher Education Subcommittee of House Education and Public Works  
on February 10, 2026**

### **State Expenditure**

This bill as amended modifies or repeals numerous sections in Title 59 and others related to CHE and other education related entities. The bill requires SCDE to be the primary agency responsible for the creation of the South Carolina Educator Preparation Report card, with the assistance of CHE. The bill also states that annual net Lottery proceeds and investment earnings must be used and carried forward to ensure that all LIFE, Palmetto Fellows, and HOPE Scholarships are fully funded annually. Additionally, the bill specifies that if lottery revenue received is less than the amounts appropriated, other projects and programs will be reduced on a pro rata basis and that this reduction may not be applied to the funding of the scholarships. The bill removes CHE from the review and approval process for the performance appraisal procedure for teaching and research faculty, professional librarians, academic administrators, and all other faculty at a post-secondary institution, leaving Admin as the sole entity responsible for reviewing and approving these procedures. The amended bill also modifies code related to the disbursement of higher education scholarship grants from CHE to Tuition Grants for the purposes of providing need-based scholarships and grants to students attending independent colleges and universities in the state but does not adjust current levels of funding.

The bill further repeals a number of sections related to the Governor's Teaching Scholarship Loan Program, the implementation of a metric system, a state occupational training advisory committee, allocation of cutting edge research funds, distribution of catalog sales tax revenue for one fiscal year, a private college presidents advisory council, chiropractic college accreditation requirements, oversight of manufacturing extension partnership, a competitive undergraduate education grants program, endowed professorship funding, a research investment fund, criteria for research fund use, research reporting and review requirements, allocation of research funds, a model campus sexual assault policy, a National Guard college loan program, authority to rename an institution, formula funding for a laboratory school, and Lottery-funded teaching scholarship grants.

This bill is not expected to have an impact on CHE, SCDE, or Admin, as these agencies report that implementing the changes in the bill will be managed under normal operations. The bill will also have no impact on scholarship funding, as it maintains the requirement that all LIFE, Palmetto Fellows, and HOPE Scholarships will not be reduced in the event that Lottery revenue falls below the appropriated amount. The bill is also not expected to have an impact on state institutions of higher learning based on responses from USC, MUSC, CCU, CofC, and the Tech System.

The bill as amended will reduce the amount of Lottery scholarship funding transferred from CHE's need-based grant funding to the Tuition Grants Commission. Currently, Tuition Grants receives a prescribed percentage of the Children's Education Endowment Fund and of CHE's Lottery-funded needs-based scholarship funding. This is based on the percentage of independent colleges' share of the total South Carolina resident undergraduate FTE enrollment of all public

and independent higher education institutions in the state and was 16.3 percent in FY 2024-25. Under this bill as amended, this statutory funding percentage would only be applied to funds from the Children's Education Endowment Fund, removing the transfer of needs-based Lottery scholarship funding from CHE to Tuition Grants. As a result, this bill as amended will increase the needs-based Lottery scholarship funding of CHE for students at state institutions of higher learning as it will no longer be transferred to Tuition Grants. Tuition Grants reports that the agency will expend current carryforward funds from FY 2026-27 to FY 2028-29 to maintain the current level of scholarships. The agency will request approximately \$12,000,000 in recurring annual program funding beginning in FY 2029-30 to provide tuition scholarships at the current funding level.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director