



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. 5504 Amended by House Education and Public Works on April 14, 2026
Subject: Foreign Influence Operations Out of American Education Act
Requestor: House Education and Public Works
RFA Analyst(s): Tipton
Impact Date: April 28, 2026 - Updated for Additional Agency Response

Fiscal Impact Summary

This bill establishes the “Foreign Influence Operations Out of American Education Act,” to prohibit state institutions of higher learning and affiliated groups or associations from soliciting or accepting a gift from, engaging in professional travel to, or entering into cultural exchange agreements with a foreign adversary nation, a foreign principal of that nation, or a foreign terrorist organization as defined by the bill. The bill requires institutions of higher learning to report to the State Treasurer’s Office (STO) any gift or contract from a foreign country or foreign principal that is valued at \$10,000 or more or aggregating \$50,000 or more within a twelve month period as well as specified information regarding the donation or contract funding source within one month of receiving the gift or executing the contract. The bill then requires the STO to provide a summary report with information from all institutions to the Speaker of the House of Representatives, the President of the Senate, the Office of Inspector General (OIG), and the Office of Attorney General (SCAG) by October 1 of each year for investigation or enforcement of any violations of the bill. The bill also establishes the Committee to Review Foreign Contributions, comprised of six appointees of specified House of Representatives and Senate leaders as well as three appointees of the Governor to establish criteria to be used for the designations outlined in the bill and also to designate additional entities that should be prohibited from funding institutions of higher learning. The bill provides a waiver process for the committee to grant an institution the ability to accept a gift from a foreign country under specified requirements. The bill takes effect on July 1, 2027, and is applicable to all funding relationships entered on or after that date.

This bill is not expected to have a material expenditure impact on Clemson University (Clemson), the College of Charleston (CofC), or Winthrop University (Winthrop). Clemson indicates that a minimal but undetermined expenditure impact would be incurred to ensure compliance with the bill, which would be managed with existing institutional resources. Winthrop reports that some ancillary effects related to the university’s ability to engage an agent for the recruitment of international students may occur under the bill but indicates that no immediate fiscal impact is anticipated. CofC indicates that no impact is anticipated as a result of the bill. The University of South Carolina (USC) indicates that the bill will add additional review and compliance processes that could increase administrative workloads and delay existing approval timelines, resulting in an undetermined increase in expenses for the institution. The Medical University of South Carolina (MUSC) indicates that the bill is expected to impact the

MUSC Foundation by requiring the foundation to implement enhanced donor screening and due diligence protocols and to expand documentation and tracking related to gift terms under the requirements of the bill. The State Board for Technical and Comprehensive Education (Tech Board) indicates that managing the requirements of the bill, including the determination of contract compliance and reporting to the STO will be managed with existing resources for state technical colleges.

This bill will increase expenses for the STO by approximately \$300,000 beginning in FY 2026-27 for salary, fringe, and travel for 2.0 FTEs (internal auditors) to conduct routine audits of state institutions of higher learning as required by the bill. The office indicates that additional General Fund appropriations will be required for these expenses.

This bill will have no expenditure impact on the SCAG or the OIG, as both offices indicate that investigating and addressing or enforcing an alleged violation of the bill and any other requirements will be managed with existing staff and resources.

The bill will have a minimal expenditure impact on the House of Representatives, the Senate, and the Governor's Office related to the Committee to Review Foreign Contributions. Under the bill, committee members may be reimbursed for per diem and travel expenses as provided for state commissions and boards, which equates to per diem of \$50 per day, subsistence of \$42 per day for any member who is not also a member of the General Assembly, and travel reimbursement of 72.5 cents per mile as established by the Internal Revenue Service (IRS). The House of Representatives, the Senate, and the Governor's Office indicate that managing expenses related to the three members of the committee appointed by each respective entity would be managed with existing operational resources.

USC reports that this bill will reduce tuition revenue for the institution by approximately \$400,000 beginning in FY 2026-27 as a result of the bill's limitations on the transfer of money and other contractual agreements with certain foreign principals.

This fiscal impact statement has been updated to include a response from the State Board for Technical and Comprehensive Education and the State Treasurer's Office.

Explanation of Fiscal Impact

Updated for Additional Agency Response on April 28, 2026 Amended by House Education and Public Works on April 14, 2026 State Expenditure

This bill establishes the "Foreign Influence Operations Out of American Education Act," to prohibit state institutions of higher learning and affiliated groups or associations from certain actions related to a foreign adversary nation, a foreign principal of that nation, or a foreign terrorist organization as defined by the bill. Institutions and their personnel or affiliate organizations may not solicit or accept a gift from, engage in professional travel to, or enter into cultural exchange agreements with these foreign adversary groups. Under the bill, a gift is defined as a transfer of money or property of any kind, including a gift, grant, contract, research

sponsorship, endowment, award, program agreement, formal partnership, or donation, whether direct or indirect, and whether conditional or unconditional. The bill defines foreign adversary nation as the government of one or more countries, one or more nations, one or more provinces, or a political subdivision or agency, instrumentality, or other person acting on its behalf, including a foreign government designated as a foreign adversary by the United States Department of Commerce pursuant to 15 C.F.R. section 791.4. Student or scholar organizations may not coordinate activities with these groups, and any such coordination must result in a termination of the affiliation by the institution. No foreign adversary nation or agent may be permitted to hire staff, define curriculum or educational content, establish school policies, or restrict the free expression of students or faculty under the bill.

Institutions must also report to the STO any gift or contract from any foreign country or foreign principal that is valued at \$10,000 or more or aggregating \$50,000 or more within a twelve-month period as well as specified information regarding the donation or contract funding source, country of origin, and any purposes or stipulations for the use of the funds. The bill requires the report to be submitted to the STO within one month of receiving the gift or executing the contract and must be submitted in a digital format that is searchable and sortable. The STO must maintain a public online database containing the information required under this section. The bill then requires the STO to provide a summary report containing information received by the institutions of higher learning to the Speaker of the House of Representatives, the President of the Senate, the OIG, and the SCAG by October 1 of each year. The bill provides that the OIG may investigate and address or enforce an alleged violation of the section and must develop a process and platform for filing complaints regarding potential violations, and the SCAG may enforce the section and bring an action for injunctive or declaratory relief in a court of competent jurisdiction. The bill requires the STO to annually inspect or audit a random sample of at least 10 percent of institutions of higher learning, including any institution that did not submit a report under this section, to determine compliance with the requirements of this section.

The bill further establishes the Committee to Review Foreign Contributions, membership of which consists of nine appointees, three appointed by the House of Representatives, three members appointed by the Senate, and three members appointed by the Governor. The bill requires members to serve conterminously with the appointing official, with vacancies filled in the manner of appointment. The bill states that members may be reimbursed for per diem and travel expenses as provided for state commissions and boards. Under the bill, the committee must establish criteria to be used for the designations outlined in the section prior to July 1, 2027, and must report to the General Assembly the names of foreign nations or principals that are funding any institution of higher learning by July 31, 2027, and annually by July 31 each year thereafter. The committee must also designate any additions to the list of entities that should be prohibited from funding institutions of higher learning by these dates. The bill provides that an institution of higher learning may apply to the committee for a waiver to accept a gift from a country or foreign principal of a foreign nation which must explain the terms of the proposed donation and how the institution will ensure the gift does not enable any foreign influence. Any waivers granted must be included in the annual report to the General Assembly. The bill also includes a severability clause in the event that any portion is found unconstitutional or invalid.

The bill takes effect on July 1, 2027, and is applicable to all funding relationships entered on or after that date.

State Institutions of Higher Learning. This bill is not expected to have a material impact on Clemson, CofC, or Winthrop. Clemson indicates that a minimal but undetermined expenditure impact would be incurred to ensure compliance with the bill, which would be managed with existing institutional resources. Winthrop reports that some ancillary effects related to the university's ability to engage an agent for the recruitment of international students may occur under the bill but indicates that no immediate fiscal impact is anticipated. CofC indicates that no impact is anticipated as a result of the bill. USC indicates that the bill will create additional review and compliance processes that could increase administrative workloads and delay existing approval timelines, resulting in an undetermined increase in expenses for the institution. MUSC indicates that the bill is expected to impact the MUSC Foundation by requiring the foundation to implement enhanced donor screening and due diligence protocols and to expand documentation and tracking related to gift terms under the requirements of the bill.

State Board for Technical and Comprehensive Education. The Tech Board indicates that managing the requirements of the bill, including the determination of contract compliance and reporting to the STO will be managed with existing resources for state technical colleges.

State Treasurer's Office. The STO indicates that routine audits of state institutions of higher learning as required by the bill to ensure compliance will require 2.0 FTEs (internal auditors) for the office. The STO reports that salary, fringe, and travel expenses for the new FTEs are estimated to total \$300,000 beginning in FY 2026-27. The office indicates that additional General Fund appropriations will be required for these expenses.

Inspector General's Office. The OIG indicates that investigating and addressing or enforcing an alleged violation of the bill and developing a process and platform for filing complaints regarding potential violations as required by the bill will be managed with existing resources.

Attorney General's Office. The SCAG indicates that enforcing the provisions of the bill, including bringing an action for injunctive or declaratory relief in a court as required by the bill will be managed with existing resources.

House of Representatives and the Senate. Under the bill, members of the Committee to Review Foreign Contributions, three of whom are appointed by specified members of the House of Representatives and three of whom are appointed by specified members of the Senate, may receive per diem and travel expenses as provided for state commissions and boards. Under the FY 2025-26 Appropriations Act, this equates to per diem of \$50 per day, subsistence of \$42 per day for any member who is not also a member of the General Assembly, and travel reimbursement of 72.5 cents per mile as established by the IRS. The House of Representatives and the Senate indicate that managing these expenses for the three appointees to the committee appointed by members of each respective body would be managed with existing operational resources.

Governor's Office. Under the bill, the three appointees of the Governor to the Committee to Review Foreign Contributions may also receive per diem of \$50 per day, subsistence of \$42 per day, and travel expense reimbursement of 72.5 cents per mile as established by the IRS. The Governor's Office indicates that the appointment of the committee members would be managed with existing office resources and personnel.

This section of the fiscal impact statement has been updated to include a response from the State Board for Technical and Comprehensive Education and the State Treasurer's Office.

State Revenue

This bill establishes the "Foreign Influence Operations Out of American Education Act," to prohibit state institutions of higher learning and affiliated groups or associations from certain actions related to a foreign adversary nation, a foreign principal of that nation, or a foreign terrorist organization as defined by the bill. Under the bill, a gift is defined as a transfer of money or property of any kind, including a gift, grant, contract, research sponsorship, endowment, award, program agreement, formal partnership, or donation, whether direct or indirect, and whether conditional or unconditional. The bill defines foreign adversary nation as the government of one or more countries, one or more nations, one or more provinces, or a political subdivision or agency, instrumentality, or other person acting on its behalf, including a foreign government designated as a foreign adversary by the United States Department of Commerce pursuant to 15 C.F.R. section 791.4.

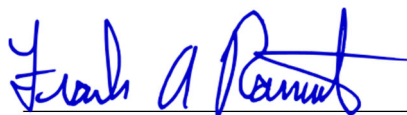
USC reports that this bill will reduce tuition revenue for the institution by approximately \$400,000 beginning in FY 2026-27 as a result of the bill's limitations on the transfer of money and other contractual agreements with certain foreign principals.

Local Expenditure

N/A

Local Revenue

N/A



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