



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. 3588	Introduced on January 12, 2021
Author:	Allison	
Subject:	LIFE scholarships	
Requestor:	House Education and Public Works	
RFA Analyst(s):	A. Martin and Wren	
Impact Date:	April 2, 2021	Updated for Additional Agency Response

Fiscal Impact Summary

This bill makes changes to the requirements for the LIFE Scholarship by requiring certain credits to be completed in the student's senior year of high school and adding specifications for ACT scoring requirements.

The Department of Education (SDE) indicates that this bill could increase General Fund expenses by \$3,920,175 beginning in FY 2023-24 depending upon the method in which the required senior credits in mathematics or computer science and English/language arts are offered by local districts. This estimate assumes 15,000 potential Life Scholarship recipients each year and also assumes that all 15,000 students will take both courses for dual enrollment credit. The average cost per dual enrollment course is \$300 per student. If all 15,000 students took both courses for dual enrollment credit, the total expense would be \$9,000,000 (15,000 students x \$600 per student for both courses). The state would cover a portion of the cost via the EFA dual enrollment credit add-on weight of .15 for a potential expense of \$3,920,175 (15,000 students x \$2,489 FY 2020-21 base student cost x 70 percent for the state portion x .15 dual enrollment add-on weight). Local districts would be responsible for the remainder of \$5,079,825 if all 15,000 students took both courses for dual enrollment credit.

The overall expenditure impact on the state agency schools is undetermined. The Governor's School for Science and Mathematics, the Wil Lou Gray Opportunity School, and the School for the Deaf and Blind indicate that this bill will have no expenditure impact since the requirements of the bill can be managed within each agency's current appropriations. The Governor's School for the Arts and Humanities indicates that this bill may increase expenditures for additional teachers. However, the agency is unable to determine the number of additional teachers needed at this time. Therefore, the overall expenditure impact on the state agency schools is undetermined.

SDE indicates that this bill could increase expenses of local school districts by \$5,079,825 beginning in FY 2023-24. This estimate assumes 50,000 approximate graduates each year, with 30 percent, or 15,000 potential Life Scholarship recipients. The average cost per dual enrollment course is \$300 per student. If all 15,000 students took both courses for dual enrollment credit, the total expense would be \$9,000,000. The state would cover a portion of the cost via the EFA dual enrollment credit add-on weight of .15 for a potential expense of \$3,920,175. Local

districts would be responsible for the remainder of \$5,079,825 beginning in FY 2023-24 if all 15,000 students took both courses for dual enrollment credit. However, the local district expense will change if the cost of each course fluctuates beyond \$300 per student. Additionally, the local expenditure impact would also change if districts offer the courses through a teacher-led class or online through VirtualSC. If the additional courses are offered as teacher-led, some districts will need to hire additional teachers to handle the increased demand. The number of additional teachers needed and the expense of hiring additional teachers will vary by district.

This bill will reduce the ACT score required by regulation for LIFE Scholarship eligibility from 24 to 22. This is expected to increase the number of students eligible for the LIFE Scholarship by approximately seventeen students, thereby increasing scholarship disbursements by an estimated \$37,400 annually beginning FY 2023-24. We anticipate that this increase will be funded via lottery proceeds.

This bill will require an additional review of high school transcripts by Financial Aid staff at institutions of higher learning. The University of Charleston and Francis Marion University responded that any impact from this bill would be minimal for their institutions. Lander University reported that this bill would require 1 additional FTE which would increase expenditures by \$60,000 annually. Coastal Carolina reported the need for 2 additional FTEs totally \$96,000 annually. The University of South Carolina (USC) System anticipates that this bill will require a total of 8 additional FTEs for all eight of its campuses. This would increase expenditures for the university by \$420,000 annually for salary and fringe. In total, this bill would increase General Fund expenditures for institutions of higher learning by \$576,000 annually beginning in FY 2023-24 for 11 additional FTEs.

The State Board for Technical and Comprehensive Education (SBTCE) anticipates that any impact from this bill will be minimal and can be managed within existing appropriations.

This fiscal impact statement has been updated to include responses from CHE, SBTCE, and institutions of higher learning.

Explanation of Fiscal Impact

Introduced on January 12, 2021

Updated for Additional Agency Response

State Expenditure

This bill will require high school seniors seeking a LIFE Scholarship to earn at least one unit of credit in mathematics or computer science and one unit of credit in English/language arts during their senior year. The bill specifies that these credits may be satisfied by a dual enrollment class.

This bill specifies the required ACT score necessary to qualify for the LIFE Scholarship. Currently, the statute requires an ACT score equivalent to a score of 1100 on the SAT.

Department of Education. This bill may increase the number of high school seniors enrolled in English/language arts, mathematics, or computer science courses by requiring these credits to be

earned in their senior year. This may affect scheduling and the number of courses offered by high schools. SDE indicates that this bill could increase General Fund expenses by \$3,920,175 beginning in FY 2023-24 depending upon the method in which the required senior credits in mathematics or computer science and English/language arts are offered by local districts. This estimate assumes 50,000 approximate graduates each year, with 30 percent, or 15,000 potential Life Scholarship recipients. Additionally, this estimate assumes that all 15,000 students will take both courses for dual enrollment credit. The average cost per dual enrollment course is \$300 per student. If all 15,000 students took both courses for dual enrollment credit, the total expense would be \$9,000,000 (15,000 students x \$600 per student for both courses). The state would cover a portion of the cost via the EFA dual enrollment credit add-on weight of .15 for a potential expense of \$3,920,175 (15,000 students x \$2,489 FY 2020-21 base student cost x 70 percent for the state portion x .15 dual enrollment add-on weight). Local districts would be responsible for the remainder of \$5,079,825 if all 15,000 students took both courses for dual enrollment credit.

State Agency Schools. The Governor's School for Science and Mathematics, the Wil Lou Gray Opportunity School, and the School for the Deaf and Blind indicate that this bill will have no expenditure impact since the requirements of the bill can be managed within each agency's current appropriations. The Governor's School for the Arts and Humanities indicates that this bill will have an expenditure impact on the agency but is unable to provide an estimate at this time. The agency further indicates that its schedule is based on students coming from schools statewide. Students matriculate for only eleventh and twelfth grades. The agency will likely need to hire additional teachers to teach the additional mathematics or computer science and English/language arts courses to seniors, but the number of additional teachers and expense cannot be quantified at this time. Therefore, the overall expenditure impact on the state agency schools is undetermined.

Commission on Higher Education. The SAT and the ACT are both used to assess college readiness. The SAT is produced and administered by the College Board. The ACT is produced and administered by ACT, Inc. The College Board and ACT, Inc. have collaborated to produce concordance tables to help educators compare SAT and ACT results. According to the most recent concordance table produced in 2018, a score of 22 on the ACT would equate to a score of 1100 on the SAT.

Currently, the statute requires a student to have scored 1100 or better on the SAT or have an equivalent score on the ACT. Current regulations regarding LIFE Scholarship eligibility specify that the student must score at least 1100 on the SAT or 24 on the ACT. This bill would lower the ACT score requirement for LIFE Scholarship from 24 to 22. This would increase the number of students eligible for the LIFE Scholarship.

Students who do not meet the SAT or ACT scoring requirement for the LIFE Scholarship will qualify for the HOPE Scholarship, provided their cumulative GPA is at least a 3.0. HOPE recipients may receive up to \$2,500 towards the cost of attendance and a \$300 book allowance, for a maximum award of \$2,800 for the year. The maximum award for a LIFE Scholarship

recipient is \$5,000 each year. Therefore, each additional student that would be eligible for the LIFE Scholarship as a result of this bill would increase scholarship distributions by up to \$2,200.

Based on data provided by CHE for FY 2014-15 through FY 2018-19, an average of seventeen HOPE recipients would have qualified for the LIFE Scholarship under this bill. If each of these students received the maximum LIFE Scholarship award, this would increase scholarship distributions by \$37,400. Both the LIFE and HOPE Scholarships are funded through the Education Lottery Account. HOPE Scholarship funding is contingent upon available lottery funds. However, if lottery funding is not sufficient to provide LIFE Scholarships to all students who qualify, the additional funding is automatically appropriated from the General Fund. Since FY 2016-17, LIFE Scholarships have been funded entirely by lottery proceeds. The average year-over-year increase in lottery proceeds from FY 2016-17 through FY 2019-20 is \$22,500,000. There has been no year-end shortfall in LIFE Scholarship funding for at least the past ten years.

The HOPE Scholarship is provided for the student's first year of post-secondary education only. After the first year, the student may earn the LIFE Scholarship if they meet credit hour and GPA requirements. In addition, LIFE recipients must meet the same requirements in order to maintain their scholarship. As such, the number of students qualifying for LIFE Scholarships in their second academic year and beyond will not be affected by this bill. Therefore, this bill is expected to increase lottery distributions for LIFE Scholarships by approximately \$37,400 annually beginning in FY 2023-24. It is anticipated that this will be achieved through increased lottery revenue.

CHE surveyed the state's public institutions of higher learning and SC Technical College System for the impact this bill would have on their individual institutions. This bill would add administrative duties for the institutions' financial aid offices. Financial Aid Office staff would be required to further review high school transcripts to ensure students have completed the required credits in their senior year to be eligible for the LIFE Scholarship.

Lander University currently has an automated system in place that determines a student's eligibility for the LIFE Scholarship. The university estimates that this bill would require 1 additional FTE in their Financial Aid department to manually review each incoming freshman for compliance. Total salary and fringe for this FTE is estimated to be \$60,000 annually.

The University of South Carolina (USC) reported that the university would need to update their data systems to track compliance. The estimate for systems modifications is not currently available. This impact statement will be updated upon additional information from the university. In addition, this bill would require 1 FTE at each of the four four-year campuses to review final high school transcripts. The salary and fringe for each FTE would be \$65,000. USC Palmetto College, which comprises USC Union, Lancaster, Salkehatchie, and Sumter branches, would also need .5 to 1 FTE per campus at an estimated cost of \$40,000 per FTE. In total, this bill would increase General Fund expenditures for USC by \$420,000 annually for the addition of 8 FTEs.

Coastal Carolina University reported that this bill would require the addition of 2 FTEs dedicated to reviewing high school transcripts. The annual requirement for salary and fringe for the 2 FTEs is expected to be \$96,000.

Francis Marion University and University of Charleston both responded that this bill would have minimal impact on their institutions.

In total, this bill would increase General Fund expenditures by \$576,000 annually for the addition of 11 FTEs beginning FY 2023-24 for the ten institutions that responded. No response was received from the other institutions. The fiscal impact of this bill will be updated if we receive additional responses.

State Board for Technical and Comprehensive Education. SBTCE reports that this bill may create a minimal increase in dual enrollment course enrollment. However, the agency anticipates that any impact from this bill will be minimal and can be managed within existing appropriations.

State Revenue

N/A

Local Expenditure

This bill will require high school seniors seeking a LIFE Scholarship to earn at least one unit of credit in mathematics or computer science and one unit of credit in English/language arts during their senior year. The bill specifies that these credits may be satisfied by a dual enrollment class.

This bill may increase the number of high school seniors enrolled in English/language arts, mathematics, or computer science courses by requiring these credits to be earned in their senior year. This may affect scheduling and the number of courses offered by high schools. SDE indicates that this bill could increase expenses of local school districts by \$5,079,825 beginning in FY 2023-24 if all 15,000 students take the mathematics or computer science and English/language arts courses through a dual enrollment option. This estimate is based on the average cost per dual enrollment course of \$300 per student. However, the local district expense will change if the cost of each course fluctuates beyond \$300 per student. Additionally, the local expenditure impact would also change if districts offer the courses through a teacher-led class or online through VirtualSC. If the additional courses are offered as teacher-led, some districts will need to hire additional teachers to handle the increased demand. The number of additional teachers needed and the expense of hiring additional teachers will vary by district.

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responsible for the remainder of \$5,079,825 beginning in FY 2023-24 if all 15,000 took both courses for dual enrollment credit.

Local Revenue

N/A

Introduced on January 12, 2021

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CHE is currently working on the estimated impact of this bill. If the required ACT score is lowered, this could increase the number of students eligible for the LIFE Scholarship and would, therefore, increase scholarship expenditures. This fiscal impact will be updated once more information is provided by CHE.

State Revenue

N/A

Local Expenditure

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responsible for the remainder of \$5,079,825 beginning in FY 2023-24 if all 15,000 took both courses for dual enrollment credit.

Local Revenue

N/A



Frank A. Rainwater, Executive Director