



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:	S. 0983	Introduced on January 13, 2022
Author:	Massey	
Subject:	Additional Scholarship Stipend for Education Majors	
Requestor:	Senate Education	
RFA Analyst(s):	Tipton	
Impact Date:	April 22, 2022	

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.

This bill will have no fiscal impact on CHE, as the agency's responsibility of defining an education major will take place under normal operations.

This bill will result in an increase of approximately \$6,500,000 in LIFE Scholarship expenditures and an increase of approximately \$1,000,000 in Palmetto Fellows Scholarship expenditures beginning in FY 2023-24, based on data provided by CHE on the number of education majors and their determination of which majors will qualify. This increase would first 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 expenses in future years.

Explanation of Fiscal Impact

Introduced on January 13, 2022

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. The provisions of this bill are effective beginning in the 2023-24 academic term.

This bill also 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. CHE indicates that this will take place under normal operations and will have no expenditure impact on the agency.

CHE provided data on the number of students enrolled in education programs receiving state scholarships from 2016 to 2020. During this time, the number of education majors receiving the LIFE Scholarship that would be eligible for the additional stipend under this bill grew from 2,457 to 2,527, an increase of approximately 0.6 percent. Eligible students majoring in education receiving the Palmetto Fellows Scholarship during this time grew from 297 to 371, an increase of approximately 5.7 percent. Based on these trends, the Revenue and Fiscal Affairs Office (RFA) estimates that there will be approximately 2,600 LIFE Scholarship recipients and 400 Palmetto Fellows Scholarship recipients majoring in education in the 2023-24 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 \$6,500,000 and the Palmetto Fellows Scholarship by approximately \$1,000,000 beginning in FY 2023-24. CHE indicates that this bill could encourage more students to major in education, which would further increase scholarship expenses in future years.

RFA estimates FY 2023-24 expenditures for the LIFE Scholarship to be approximately \$242,000,000 and the Palmetto Fellows Scholarship to be approximately \$88,000,000, based on average growth rates provided by CHE. Therefore, this bill would increase expenditures by approximately 2.7 percent for the LIFE Scholarship and 1.1 percent for the Palmetto Fellows Scholarship in FY 2023-24. This increase would first 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