



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3697 Signed by Governor on March 20, 2019
Author: Taylor
Subject: Education Corporation of America, Inc.
Requestor: House of Representatives
RFA Analyst(s): A. Martin
Impact Date: May 7, 2019

Fiscal Impact Summary

This bill allows the Commission on Higher Education (CHE) to grant institutions of higher learning the flexibility to use teach-out options to facilitate program completion for students affected by the closure of the six education providers of the Education Corporation of America, Inc. (ECA) located within the state.

This bill will have no expenditure impact on CHE or the State Board of Technical and Comprehensive Education (SBTCE) because it does not materially alter the responsibilities of the agencies.

Due to the permissive nature of the bill, the expenditure and revenue impact on Other Funds of institutions of higher learning is undetermined.

Explanation of Fiscal Impact

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State Expenditure

This bill allows CHE to grant institutions of higher learning the flexibility to use teach-out options to facilitate program completion for former South Carolina students of ECA. ECA abruptly closed its South Carolina locations in December 2018, affecting approximately 1,000 students in this state.

Under normal circumstances, a graduate must earn at least 25 percent of their program requirements from the institution awarding the degree. Many former ECA students transferring to another institution would therefore be required to take excess courses or retake previous courses in order to complete their program and satisfy this regulation. A teach-out agreement would allow these students to complete their programs within their originally planned graduation timeframe.

This bill does not alter the responsibilities of CHE or SBTCE. Therefore, this bill will have no expenditure impact on the agencies.

The institutions of higher learning would each make their individual decisions whether to offer the teach-out options to these students. This will require the approval of the Southern Association of Colleges and Schools (SACS). Because of the permissive nature of bill, the expenditure impact to Other Funds of institutions of higher learning is undetermined. However,

because the number of students affected by the closure is small relative to our current higher education population, we anticipate any expenditures to be insignificant.

State Revenue

This bill allows CHE to grant institutions of higher learning the flexibility to use teach-out options to assist former South Carolina students of ECA in completing their degree or certificate programs. The institutions would be required to seek the approval of SACS. In addition, institutions may be required to enter into teach-out agreements that may require them to charge these students tuition and fees that are approximately equivalent or less than those charged by ECA. Because of the permissive nature of the bill, the revenue impact to Other Funds of institutions of higher learning is undetermined. However, because the number of students affected by the closure is small relative to our current higher education population, we anticipate any change in revenue to be insignificant.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director