FISCAL IMPACT STATEMENT ON BILL NO. ***H.3896***
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TO:	The Honorable W. Brian White, Chairman, House Ways and Means Committee		
FROM:	State Budget Division, Budget and Control Board		
ANALYSTS:	Torina Wood, Nicole Ford-Jennings		
DATE:	April 22, 2013	SBD:	2013249

AUTHOR:	Representative Merrill	PRIMARY CODE CITE:	59-4-120
SUBJECT:	South Carolina Tuition Prepayment Program		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
$0 (No additional expenditures or savings are expected)

BILL SUMMARY:
House Bill 3896 amends Section 59-4-120 of the Code of Laws of South Carolina, 1976, as amended, relating to the limitation on tuition increases under the South Carolina Tuition Prepayment Program, so as to provide that, beginning with the 2013-14 school year, a public institution of higher learning in this State shall accept as full payment of all tuition and fees due for those in-state undergraduate students whose tuition and fees are paid pursuant to a tuition prepayment contract under the Tuition Prepayment Program the amount of tuition and fees charged in-state undergraduate students for school year 2008-09 who did not participate in the program. The Bill further provides the manner in which the Tuition Prepayment Program, beginning with the 2013-14 school year, shall pay tuition and fees for students participating in the program who attend in-state private institutions or out-of-state institutions and other related provisions to implement these requirements.

EXPLANATION OF IMPACT:
State Treasurer's Office
The State Treasurer's Office reports that as of December 31, 2012, the present value of the projected unfunded liability of the Tuition Prepayment Program was approximately $68.1M and that if future tuition and fees paid by the Program to public universities were frozen at the 2008-09 academic year levels, the Program's unfunded liability would be eliminated. The Office indicates the reduction in tuition payments from the Program due to the legislation would not affect the Program's participants and that the estimated present value of tuition cost by the state's public universities is approximately $68.7M. The cost would be spread over the lifetime of the Program, which is scheduled to end upon the last tuition payment made by the Program in 2027.

Commission on Higher Education
The Commission on Higher Education indicates that the agency is unable to submit a comprehensive final cost estimate at this time. However, it is estimated that the impact to any single institution would be for those participants who enroll, the loss of the differential between the rate of tuition and fees assessed at the time a participant enrolls and the 2008-09 tuition and fee level (see attached schedule).

Approved by:

Brenda Hart
Assistant Director, State Budget Division