

CHE Legislative Update – April 5, 2012

Budget Update

The House completed its work on the budget on March 15. The Appropriations Act, H.4813, and Capital Reserve Fund Bill, H.4814, as recommended by the House are available online at http://www.scstatehouse.gov/sess119_2011-2012/appropriations2012/gab4813.php.

There were no significant changes from the budget for higher education that was advanced by the Ways & Means Committee, except that an amendment was adopted by the House to include the requested increase for SREB programs. **A re-cap of the House recommendations for higher education follows:**

- For CHE, the recommendations include level state general funds for the agency and higher education programs that flow through CHE's budget with the exception of funds for SREB and scholarship programs which were increased. The House amended the budget to include the requested increase (\$551,309) in recurring funds necessary to fund SREB programs at the same level of participation as in the current year. It is also noted that CHE EIA-funded programs, Teacher Recruitment and Centers of Excellence, also remain at level funding.
- With respect to student financial aid programs, the recommendations fully fund the merit scholarship programs (Palmetto Fellows, LIFE, HOPE) for estimated growth with an increase of \$500,000 in recurring funds included in CHE's base budget and an increase of \$500,000 in the lottery funding. Lottery Tuition Assistance for students at two-year institutions is increased from \$47,000,000 to \$52,933,000. Need-based grant programs and National Guard Tuition Assistance remain at level funding.
- Overall, the funding recommendations included in the Lottery from certified funds are largely the same as in the current year with the exception of the student assistance programs noted above. The priority list of programs to receive funding for any available lottery funds beyond the certified lottery funds (excess unclaimed prize funds) was amended slightly from Committee recommendations to include \$50,000 for DAODAS - Gambling Services as first on the list ahead of PASCAL, which is recommended at last year's level of \$1.5 million. In an average year, it would be anticipated that these funds for PASCAL would be realized. The House also amended the excess unclaimed prize list to include just before the last item, a \$5 million allotment to be divided among USC Beaufort (38%), USC Upstate (23%), Coastal Carolina (18%), Lander (11%) and USC Aiken (10%). These funds were provided in relation to the parity issue, and based on past experience, it would not be anticipated that funds would become available from this source. Additionally, it is noted that it is not clear how the allocations were derived and that parity is a concern in relation to base funds which would not be addressed by a one-time allocation.
- For public institutions, there were no changes and recommendations for base funding include level funding with two exceptions. Additional recurring funds of \$8,150,000 for *readySC* are included for the State Technical College System and \$2,885,000 for USC for the USC Palmetto College initiative. There were also no changes in the House budget from the Committee recommendations for higher education concerning the non-recurring funds. Of the available non-recurring funds, higher education recommendations include Capital Reserve Funds totaling \$54,599,327 and other nonrecurring funds of \$71,862 provided to USC for the Palmetto Poison Center. The Capital Reserve Funds (one-time funding) for higher education include specific items and/or deferred maintenance.

(See next page for additional details regarding one-time and recurring increases for higher education)

The **Senate Finance Committee** is presently working on its budget recommendations.

- Subcommittees have been meeting.
- **Full Senate Finance Committee** will meet during the week of **April 23** to consider its recommendations.
- The budget is expected to reach the **full Senate** for debate during the week of **May 14**.
- A schedule is attached for reference.

**House Budget Recommendations (increases or one-time allocations) for Higher Education
(Appropriations Act, H.4813, and Capital Reserve Fund, H.4814)**

Higher Education General Fund Increases Include:

CHE - Merit Scholarships	\$500,000
CHE - SREB Programs	\$551,309
USC Palmetto College	\$2,885,000
SBTCE - readySC	\$8,150,000
	\$12,086,309

Higher Education Non-Recurring Funds Include:

USC Palmetto Poison Control Center	\$71,862
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Higher Education Lottery Funds Include:

Lottery Tuition Assistance	\$52,933,000	<i>increase over FY12 of \$5,933,000</i>
LIFE	\$107,054,616	<i>increase of \$500,000</i>
HOPE	\$7,823,474	
Palmetto Fellows	\$30,277,240	
CHE Need-based	\$11,631,566	
Tuition Grants	\$7,766,604	
National Guard Tuition Prgm	\$1,700,000	
SC State	\$2,500,000	
Technology - 2- & 4-yr Public	\$4,154,702	
HE Excellence Enhancement	\$3,000,000	<i>from certified unclaimed prize funds</i>
	\$228,841,202	

Excess Unclaimed Prize Funds above \$12.4 million:

DAODAS - Gambling Services	\$50,000
PASCAL	\$1,500,000
Technology - 2- & 4-yr Public	\$5,470,093
State Library - Cnty Libraries	\$2,000,000
HE Excellence Enhancement	\$1,000,000
Tech Allied Health	\$4,000,000
Critical Needs Nursing	\$1,000,000
Funding for Select Inst*	\$5,000,000

Any Balance to LIFE, HOPE, and Palmetto Fellows

* Funds to be directed in order to selected institutions for full-time equivalent student funding as follows: USC Beaufort at 38% or \$1,914,564, USC Upstate at 23% or up to \$1,135,093, Coastal Carolina at 15% or up to \$886,826, Lander University at 11% or up to \$553,567, and USC Aiken at 10% or up to \$509,953.

Higher Education Capital Reserve Funds (H.4814) Include:

Clemson	Grid Simulator Project	\$3,000,000
	Greenwood Genetics Lab	\$2,000,000
	Deferred Maintenance	\$1,595,044
USC	USC Palmetto College	\$2,115,000
	USC Law School	\$10,000,000
MUSC	Ashley Tower Renov. - Hosp Auth	\$5,500,000
	Deferred Maintenance	\$3,200,000
Citadel	Jenkins Hall Arms Room Upgrade	\$200,000
	Deferred Maintenance	\$737,691
Coastal	Research Vessel	\$948,366
Coll.of Charleston	Science Center Updgrade	\$1,999,246
Francis Marion	Nurse Practioner Program	\$100,000
	Deferred Maintenance	\$1,141,069
Lander	Deferred Maintenance	\$646,417
SC State	Deferred Maintenance	\$1,255,979
USC Aiken	Deferred Maintenance	\$553,795
USC Beaufort	Deferred Maintenance	\$327,207
USC Upstate	Deferred Maintenance	\$729,126
Winthrop	Student IT Infrastructure Update	\$1,374,947
	Deferred Maintenance	\$500,000
USC Lancaster	Deferred Maintenance	\$137,302
USC Salkehatchie	Deferred Maintenance	\$116,979
USC Sumter	Deferred Maintenance	\$367,869
USC Union	Deferred Maintenance	\$53,290
SBTCE	readySC	\$16,000,000
		\$54,599,327

Legislation of interest filed since March CHE meeting and updates on previously reported legislation:

All bills are accessible online at www.scstatehouse.gov by accessing "Legislation" and then "Bill, Act or Rat Number" and entering the bill number as instructed. Direct links to the most recent version of the bills are included below. The list below is not intended as exhaustive and the information is subject to change as bills move through the process. The 2012 Session is the second year of the two-year continuing session and legislation not enacted as of the end of the session dies and must be re-introduced. For 2012, bills that have not crossed over to the other body by May 1 require a two-thirds vote to be considered by the body.

S.1397 (http://www.scstatehouse.gov/sess119_2011-2012/bills/1397.htm) by Gregory and others is a Joint Resolution relating to Accountability-Based Funding for senior colleges and universities and if enacted would require CHE to provide a report and recommendations for a revised funding system by November 2012. The bill was introduced March 29 and referred to Senate Education.

H.5051 (http://www.scstatehouse.gov/sess119_2011-2012/bills/5051.htm) by Limehouse and others and a companion bill **S.1323**, (http://www.scstatehouse.gov/sess119_2011-2012/bills/1323.htm), by Rankin and others would change the statewide sector mission for four-year colleges and universities to enable these institutions to offer doctoral programs. H.5051 was introduced in the House on March 21, considered by Committee, and reported out favorably with amendments. It awaits consideration of 2nd reading by the House. S.1323 was introduced March 7 referred to Senate Education and has not yet been scheduled for a hearing.

Bills relating to Board of Trustees.

- **S.1307** (http://www.scstatehouse.gov/sess119_2011-2012/bills/1307.htm) by Courson and others was introduced in the Senate on March 6 and addresses the addition of the representation from SC's 7th Congressional District for various boards under the purview of Senate Education including CHE, the Technical College Board and higher education institutions. The legislation has been considered by the full Senate Committee and awaits consideration of the Senate.

- Two bills were filed, one in the House and one in the Senate relating to changes to SC State University’s Board of Trustees. **S.1380** (http://www.scstatehouse.gov/sess119_2011-2012/bills/1380.htm) by Matthews and others was recalled from the Education Committee and awaits consideration on the Senate Calendar. **H.5025** (http://www.scstatehouse.gov/sess119_2011-2012/bills/5025.htm) by Govan and others was reported out of the House Education and Public Works Committee and is on the House calendar awaiting consideration.
- **H.4794** (http://www.scstatehouse.gov/sess119_2011-2012/bills/4794.htm) by Barfield and others was filed in late February in the House and referred to House Education and Public Works. This bill would amend university boards to add two at-large seats – one appointed by the president and one by the board. No action has been taken on this bill.

Relating to Tuition and Fees:

- **S.0833** (http://www.scstatehouse.gov/sess119_2011-2012/bills/833.htm) by Jackson and others enables institutions to charge less than the resident undergraduate tuition rate to active duty military personnel and dependents for certain courses (distance education). The bill passed the Senate and House and was signed into law by the Governor on 4/2/2012.
- **H.4641** (http://www.scstatehouse.gov/sess119_2011-2012/bills/4641.htm) by Daning and others, which would enable a waiver of the one-year wait period to establish residency for certain military and dependents, has received third reading in the House and awaits consideration in Senate Education.
- **S.1193** (http://www.scstatehouse.gov/sess119_2011-2012/bills/1193.htm) by Rose, which would place limitations on tuition and fee increases, was introduced in the Senate in early February and referred to Senate Education. A hearing has not been scheduled and is not anticipated prior to cross over date.

Other bills relating to students and campuses

- **H.3558** (http://www.scstatehouse.gov/sess119_2011-2012/bills/3558.htm) by J.E. Smith and others relates to allowances for the completion of assignments and examinations for absences due to military service duty, training or disaster relief efforts. This bill has received third reading in House and was sent to Senate and referred to Senate General Committee.
- **H.4092** (http://www.scstatehouse.gov/sess119_2011-2012/bills/4092.htm) by Limehouse and others relates to provisions for smoke-free campuses. This bill is on the House Calendar awaiting third reading.

Bills of Interest concerning State Government or Agencies

- **H.3066 – Government Restructuring** (http://www.scstatehouse.gov/sess119_2011-2012/bills/3066.htm). This bill which had passed the House last year and passed the Senate in late February remains on the House calendar awaiting consideration. The House can either agree with the Senate version which would send it to the Governor for consideration or, most likely, could further amend the bill or insist on its version sending the bill to conference.
- **Retirement Systems: H.4898**, (http://www.scstatehouse.gov/sess119_2011-2012/bills/4898.htm) by Merrill and others to enact changes to the State’s retirement system has been passed by the House and was sent to the Senate and referred to Senate Finance.
- **Tax Reform** – Seven bills (**H.4993 to H.4999**) by Stringer and others were introduced in the House on March 13 relating to comprehensive tax reforms. A press release about the package is available at <http://www.schousegop.com/pressreleases/83>.
- **FOIA**: Two pieces of legislation have been filed concerning changes to the State’s Freedom of Information Act (FOIA) that would change timelines and requirements relating to assessments – **H.3235**, (http://www.scstatehouse.gov/sess119_2011-2012/bills/3235.htm) by Taylor and others is on the House Calendar awaiting consideration for 2nd reading. A similar companion bill, S.1350, (http://www.scstatehouse.gov/sess119_2011-2012/bills/1350.htm) by Rose was filed in the Senate and awaits consideration by Senate Judiciary.

SENATE FINANCE COMMITTEE
SCHEDULE FOR APPROPRIATION BILL DELIBERATIONS
2012 LEGISLATIVE SESSION
(Note: Dates Subject to Change)
Updated: March 18, 2012

WEEK OF:

HOUSE:

January 10-12:	(Week 1)	First week of session & Budget Subcommittees Meetings
January 17-19:	(Week 2)	W&M Budget Subcommittees Meetings
January 24-26:	(Week 3)	W&M Budget Subcommittees Meetings
January 31-February 2:	(Week 4)	W&M Budget Subcommittees Meetings
February 7-9:	(Week 5)	W&M Budget Subcommittee Meetings
February 9:	(Week 6)	W&M PROVISO SUBCOMMITTEE MEETING
February 21*-23:	(Week 7)	W&M Full Committee Budget Deliberations
February 28-March 1:	(Week 8)	W&M FY 12-13 Appropriation Bill Printed
March 6-8:	(Week 9)	Printed Appropriation Bill placed on House Member's desk
March 13*-15:	(Week 10)	House Floor Budget Deliberations

* The Full Committee and House floor deliberations may begin on Monday of the weeks indicated.

SENATE:

March 20-22:	(Week 11)	SFC Budget Subcommittee Meetings
March 27-29:	(Week 12)	SFC Budget Subcommittee Meetings, Discussion of Statewide Funding Items
April 3-5: (Easter 8th)	(Week 13)	SFC Staff Preparation Week
April 10-12:	(Week 14)	Testimony from Selected State Agencies Review of Amendment for Proviso Codification Act
April 17-19:	(Week 15)	Budget Discussion and Proviso Review
April 24-26:	(Week 16)	SFC Full Committee Budget Week
May 1-3:	(Week 17)	SFC Staff Preparation of Budget Bill and Supporting Documents
May 8-10:	(Week 18)	SFC Version Printed, Summaries Distributed
May 15-17:	(Week 19)	Senate Floor Budget Debate
May 22-24:	(Week 20)	
May 29-31:	(Week 21)	
June 5-7:	(Week 22)	

Note: Upon completion of the Senate budget the bill is returned to the House for concurrence, non-concurrence or amendment. If amended or non-concurrence, then the bill is returned to the Senate for concurrence or non-concurrence. If non-concurrence, then House and Senate appoint Conference Committee.