

## CHE Legislative Update – March 1, 2012

### Budget Update

House Ways and Means approved its budget recommendations on February 23. The budget is in the process of being printed and will be introduced in the House next week. The full House is expected to begin its floor debate during the week of March 12. Once the House completes its work, the budget goes to the Senate for consideration. Senate budget subcommittees have already begun meeting.

For CHE, the Ways and Means recommendations include level state general funds for CHE and higher education programs that flow through CHE's budget. CHE's requested increase for SREB programs of \$551,309 was not included. In FY12, SREB programs were funded with recurring and also non-recurring funds. The funds requested are necessary to keep participation in SREB consistent with the current year. CHE EIA-funded programs, Teacher Recruitment and Centers of Excellence, remain level with the current year.

With respect to student financial aid programs, the Ways and Means recommendations fully fund the merit scholarship programs (Palmetto Fellows, LIFE, HOPE) for estimated growth with an increase of \$1,500,000 in recurring funds included in CHE's budget and minor adjustments made in LIFE in the lottery funding. Of note, 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 is the same as in the present year. Of note, PASCAL at \$1.5 million was again included in the first position on the list and in an average year, it would be anticipated that the funds would be realized.

For public institutions, funding is level with the current year with the exception of increased recurring funds included for State Technical College System which received an increase of \$8.15 million for *readySC* and USC which received \$2,885,000 for USC Palmetto College. 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.

Also of note, the recommendations include a 2% pay raise for state employees and teachers.

***A summary sheet is attached that outlines the items funded for higher education and also provides a comparison of higher education budget area to other budget areas.***

As to provisos, it is noted that the Committee did adopt all of the subcommittee recommendations for higher education which included for CHE a number of requested technical changes or deletions of obsolete provisos. A new proviso was adopted in CHE's section that would prohibit CHE from spending funds on marketing SmartState. This proviso was introduced at the Proviso Subcommittee in reaction to a recently released SmartState program RFP. The "Agency Flexibility" proviso which provided institutions and state agencies greater flexibility to move funds in addressing budget cuts since FY09 was deleted and changes were made to a proviso concerning travel reimbursement to enable mileage reimbursement consistent with the IRS rate.

### Other Legislation of Interest

**H.3066 – Government Restructuring.** Recently, the Senate passed H.3066 with amendments and sent it back to the House for consideration. This bill would create a Department of Administration (DOA) under control of the Executive Branch and in doing so dissolve the current Budget and Control Board. Current functions of the Board would be either placed under the new DOA or distributed to existing agencies or placed within new agencies. The bill is currently on the calendar awaiting consideration of the House which 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. The full text of the H.3066 as passed by the Senate is available at [http://www.scstatehouse.gov/sess119\\_2011-2012/bills/3066.htm](http://www.scstatehouse.gov/sess119_2011-2012/bills/3066.htm)

**S.258 (enacted) Office of the Inspector General** - Earlier this session, legislation was enacted to create the Office of the Inspector General. Last year, the Governor issued an Executive Order creating an Inspector General position

which applied to Cabinet Agencies. With the passage of the legislation, the Office becomes permanent and is expanded beyond the Cabinet Agencies to all of state government. The full text of the bill is [http://www.scstatehouse.gov/sess119\\_2011-2012/bills/258.htm](http://www.scstatehouse.gov/sess119_2011-2012/bills/258.htm)

**Addition of 7th Congressional District Representation to Boards:** Senate Committees are beginning to file legislation to incorporate necessary changes due to the addition of the new SC 7<sup>th</sup> Congressional District. Legislation for higher education boards has not yet been filed in either the Senate or House, but is expected shortly. Unrelated to the 7<sup>th</sup> Congressional District issue, a bill, H.4794, was filed recently in the House and referred to House Education and Public Works that would amend university boards to add two at-large seats – one appointed by the president and one by the board.

**FOIA: H 3235**, By Taylor, Young, J.R. Smith and Bikas, **Summary: Freedom of Information Act**

A BILL TO AMEND SECTION 30-4-30, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO FEES AND THE TIME WITHIN WHICH CERTAIN RECORDS MUST BE FURNISHED UNDER THE FREEDOM OF INFORMATION ACT, SO AS TO PROVIDE RECORDS MUST BE FURNISHED AT CURRENT MARKET VALUE TO THE PERSON REQUESTING THE RECORDS, AND TO PROVIDE WHERE A PUBLIC BODY GRANTS A REQUEST FOR RECORDS, IT MUST FURNISH THOSE RECORDS FOR INSPECTION OR COPYING IMMEDIATELY, BUT NO LATER THAN THIRTY DAYS AFTER THE DATE OF THE FORMAL REQUEST.

*Status: On House Calendar awaiting Debate on 2<sup>nd</sup> reading*

**Retirement Systems: H 4898**, By Merrill, Anthony, Battle, Bingham, Cobb-Hunter, Pitts, Skelton and White. A BILL TO AMEND SECTION 9-1-10, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS UNDER THE SOUTH CAROLINA RETIREMENT SYSTEM (SCRS), . . .

*Status: Introduced 2/29/2012 in the House and referred to Ways and Means*

**Concerning Higher Education:**

**S 1193**, By Rose, **Summary: College and University tuition.** A BILL TO AMEND CHAPTER 112, TITLE 59 OF THE 1976 CODE, RELATING TO TUITION OF POST SECONDARY EDUCATIONAL INSTITUTIONS, BY ADDING SECTION 59-112-117 TO LIMIT THE AUTHORITY OF THE GOVERNING BOARD OF AN INSTITUTION TO INCREASE TUITION AND FEES ABOVE A RATE CALCULATED BY THE CONSUMER PRICE INDEX AND THE STATE POPULATION GROWTH, AND TO REQUIRE A REDUCTION IN STATE FUNDS FOR THE INSTITUTION FOR ANY AMOUNT ABOVE THIS RATE UNLESS APPROVED BY THE GENERAL ASSEMBLY.

*Status: Introduced in Senate and referred to Senate Education*

**S 0833**, By Jackson, Courson, et al. **Summary: Tuition rates for military personnel and dependents**

A BILL TO AMEND SECTION 59-112-50, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO TUITION RATES FOR MILITARY PERSONNEL AND THEIR DEPENDENTS, SO AS TO PROVIDE THAT ACTIVE DUTY MILITARY PERSONNEL MAY BE CHARGED LESS THAN THE UNDERGRADUATE TUITION RATE FOR SOUTH CAROLINA RESIDENTS FOR CERTAIN COURSES.

*Status: Passed Senate, Introduced in House, and referred to House Education and Public Works*

**H 4641**, By Daning, Knight, Crosby, Ott, et al **Summary: In-state tuition for military and dependents**

A BILL TO AMEND SECTION 59-112-50, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO IN-STATE TUITION RATES FOR MILITARY PERSONNEL AND THEIR DEPENDENTS UNDER CERTAIN CONDITIONS, SO AS TO REVISE THE CRITERIA UNDER WHICH VETERANS WHO ARE HONORABLY DISCHARGED AND THEIR DEPENDENTS MAY RECEIVE IN-STATE TUITION RATES.

*Status: Introduced and referred to House Education and Public Works. Subcommittee hearing expected during the week of March 5*

**H 3558**, By J.E. Smith, Govan and Harrell, **Summary: Military service, duty, training or disaster relief.** A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 25-1-2270 SO AS TO REQUIRE ALL STATE INSTITUTIONS OF HIGHER EDUCATION TO ALLOW STUDENTS TO COMPLETE ASSIGNMENTS OR TAKE MAKE-UP EXAMINATIONS WHEN AN ABSENCE IS CAUSED BY ATTENDING OR PARTICIPATING IN MILITARY SERVICE, DUTY, TRAINING, OR DISASTER RELIEF EFFORTS.

*Status: Received 2<sup>nd</sup> reading in House on 2/29/2012 and awaits 3<sup>rd</sup> reading*

House Ways and Means Committee FY 13 Budget Recommendations , 2/23/2012

Subcommittee	FY12 GF BASE	% of Total	FY13 W&M Recommended State Increases								Total FY13			
			Recurring General Fund	% of Total	NonRecurring Total	% of Total	Capital Reserve Fund	% of Total	Total State Increases	% of Total	FY13 Lottery	% of Total	State Increases incl Lottery	% of Total
Statewide Allocations	581,641,299	10.7%	155,927,438	29.1%	280,633,879	51.6%	47,000,000	44.8%	483,561,317	40.8%			483,561,317	33.3%
Public Education (K-12) & Special Schools	2,022,976,252	37.1%	101,459,378	18.9%	4,077,564	0.8%		0.0%	105,536,942	8.9%	37,891,798	14.2%	143,428,740	9.9%
Higher Education Technical and Cultural Resources	565,102,658	10.4%	13,529,605	2.5%	71,862	0.0%	54,599,327	52.1%	68,200,794	5.8%	228,841,202	85.8%	297,041,996	20.5%
<i>HE portion only*</i>	<i>550,445,542</i>	<i>10.1%</i>	<i>12,535,000</i>	<i>2.3%</i>	<i>71,862</i>	<i>0.0%</i>	<i>54,599,327</i>	<i>52.1%</i>	<i>67,206,189</i>	<i>5.7%</i>	<i>228,841,202</i>	<i>85.8%</i>	<i>296,047,391</i>	<i>20.4%</i>
Health and Human Services and Medicaid	1,444,848,614	26.5%	206,303,950	38.5%	176,327,313	32.4%	3,238,588	3.1%	385,869,851	32.6%			385,869,851	26.6%
Economic Development and Natural Resources	88,850,496	1.6%	20,063,408	3.7%	16,497,230	3.0%	-	0.0%	36,560,638	3.1%			36,560,638	2.5%
Law Enforcement and Criminal Justice	633,886,498	11.6%	17,687,073	3.3%	33,298,559	6.1%	-	0.0%	50,985,632	4.3%			50,985,632	3.5%
Transportation and Regulatory	7,584,669	0.1%	1,724,440	0.3%	30,000,000	5.5%	-	0.0%	31,724,440	2.7%			31,724,440	2.2%
Legislative, Executive, and Local Government	107,857,654	2.0%	18,791,343	3.5%	2,659,800	0.5%	-	0.0%	21,451,143	1.8%			21,451,143	1.5%
<b>TOTAL</b>	<b>5,452,748,140</b>	<b>100.0%</b>	<b>535,486,635</b>	<b>100.0%</b>	<b>543,566,207</b>	<b>100.0%</b>	<b>104,837,915</b>	<b>100.0%</b>	<b>1,183,890,757</b>	<b>100.0%</b>	<b>266,733,000</b>	<b>100.0%</b>	<b>1,450,623,757</b>	<b>100.0%</b>

Other: EIA Programs include FY13 BEA Estimate Total \$606,607,653, of which \$60,146,033 is increased (new) revenue for FY13.

(CHE EIA-funded programs including Centers of Excellence and Teacher Recruitment Programs are recommended at level funding)

Higher Education General Fund Increases Include:

CHE - Merit Scholarships	\$1,500,000
USC Palmetto College	\$2,885,000
SBTCE - readySC	\$8,150,000
	<b>\$12,535,000</b>

Higher Education Non-Recurring Funds Include:

USC Palmetto Poison Control Center	\$71,862
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Higher Education Capital Reserve Funds 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
		<b>\$54,599,327</b>

Higher Education Lottery Funds Include:

Lottery Tuition Assistance	\$52,933,000 increase over FY12 of \$5,933,000
LIFE	\$107,054,616 increase of \$500,000
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 from certified unclaimed prize funds
	<b>\$228,841,202</b>

Excess Unclaimed Prize Funds above \$12.4 million:

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
	<i>Any Balance to LIFE, HOPE, and Palmetto Fellows</i>