

Notes on Governor's Budget Recommendations for FY 2013-14 for CHE and Higher Education

Update 1-3-12 rev.

The Governor released her Executive Budget for FY2013-14 on December 20. A video of her press conference, a copy of the Executive Budget, and a background handout on the budget with charts from the press conference are available on her website at

<http://www.governor.sc.gov/ExecutiveOffice/ExecutiveBudget/Pages/default.aspx> .

For CHE:

- Recommendations support our requested increase of \$79,710 for SREB and our requests related to other fund budget authorizations concerning licensing and grant adjustments.
- Our requested increases for staffing (\$200,000K) and EIA –funded Centers of Excellence (\$36K) were not supported.
- The recommendations did not include requested \$4M for Need-based funds that would have provided at a minimum level funding in FY14 or the \$1.5M requested for PASCAL.
- No new funds were included for Smart State

Lottery:

- Lottery funds available for allocation included \$254.84M as compared to just under \$285M that were available for FY13 allocations. The level is based on the current certifications which could change as we move forward. The lottery recommendations reflect funding for programs similar to FY12 with the exception that it is recommended that any excess unclaimed prize funds above the \$12.4 certified are recommended for K-12 Weighted Pupil Unit Allocation.

Scholarship and Grant Programs:

- The Governor's recommendations support fully funding the merit-based programs but projections of the increased need for the merit programs was not available at the time of the release of the budget and so increases were not factored in to the lottery recommendations.
- The Need-based grant program is recommended at the FY12 level of approximately \$24M.
- SC National Guard College Assistance Program is recommended at level funding.
- SC Tuition Grants is recommended to be increased by \$1,622,184 (which represents a net increase of about \$122K as the amount replaces \$1.5 in lottery surplus received in FY13);
- Lottery Tuition Assistance is recommended at lowered funding of \$47M which is a decrease of \$2.1M from the current year's appropriation.

Flow-through Items in CHE's budget:

- In line with her previous budgets and veto considerations, the Governor again recommends decreasing lines associated with the University Center of Greenville (UCG) and the Lowcountry Graduate Center (LGC). These lines are reduced by 20%.
- Also recommended is the elimination of the funding line of \$1,397,520 in CHE's budget denoted as "Performance Funding" and its controlling proviso which directed the funds to EPSCoR and SC State for its business school program in an approximate 80%/20% split.
- New this year, the Governor has recommended that the Sea Grants Consortium be absorbed into CHE. The Sea Grant Consortium is a state agency established in 1978 that operates pursuant to 48-45-10 et seq. Funding for this agency was vetoed by the Governor in its entirety last year and the General Assembly overrode the veto. The Sea Grants Consortium is responsible for research, education and outreach relating to our ocean and coastal resources. The agency is overseen by a board of directors for the consortium that includes the presidents/director or designee of each of the members including The Citadel, College of

Charleston, Clemson, MUSC, SC State, USC and the Department of Natural Resources. It is not clear how the transfer is intended to be accomplished as no controlling proviso is advanced as part of the budget as released on December 20. The program funds associated with the Sea Grant Consortium are moved to CHE's budget with state funds reduced by 30% as part of the transfer to reflect savings associated with sharing resources.

Other Higher Education recommendations:

- The Governor again recommends Accountability Based Funding be implemented beginning in FY 2013-14. It is stated that FY14 would serve as a learning year and that the formula would be phased in over a five-year period in which 5% of direct funding to public colleges and universities would be distributed by ABF in FY 2014-15 and increasing to 100% by FY 2018-19.
- For the colleges and universities, recommendations include additional special funding directed for projects at USC including an increase of \$2.115M for the Palmetto College and \$1.25M for an initiative referred to as On Your Time Graduation; at Clemson including an increase of \$3M for the Center for Energy Systems; and at Technical Colleges including an increase of \$2.5M allocated across the colleges. For the remaining colleges and universities there are no recommended increases in General Funds or special projects funded.
- The Governor's recommendation support one-time funding for maintenance needs and recommends allocations of funds from the Capital Reserve Fund (CRF) for the universities and also technical system colleges. For universities, \$24 million from CRF for deferred maintenance is allocated across the universities on the basis of the share of in-state students. For technical colleges, \$2.5 million from CRF is recommended for lab equipment and maintenance needs. In FY 2012-13, colleges and universities (including technical colleges) were provided \$32.6M in one-time funds from CRF and lottery surplus for maintenance/deferred maintenance needs.