

Legislative Updates of interest for Higher Education Week of April 13 – April 17, 2009

Budget Update:

During the week, the Senate Finance Committee met to consider the FY 2009-10 budget recommendations. On Thursday evening, the Committee wrapped up its work after approving a state budget and also a special contingency budget related only to the federal stimulus funds for education and government services. Highlights of the recommendations are summarized below. On April 20th, a summary spreadsheet of Senate Finance Committee FY 2009-10 recommendations and a general fund appropriations summary were posted and are accessible at <http://www.scstatehouse.gov/citizensinterestpage/SenateFinanceMeetingHandouts/MeetingHandouts.html> under the bullet for April 20, 2009.

State Budget Recommendations: For higher education, the Committee's recommendations hold higher education funding (including CHE, Tuition Grants, the State Technical College Board, and colleges and universities) level with the current funding levels inclusive of the March 2009 2% statewide reductions with the exception of travel reductions taken for CHE and Tuition Grants of \$24,415 and \$1,746, respectively. The travel reduction for CHE and Tuition Grants were also recommended in the House budget. For K-12, Education Finance Act funding, which is the foundation program for school districts and the primary funding formula for the distribution of funds, has been reduced by an additional \$85 million over the March 2009 2% statewide across-the-board reduction. The additional \$85 million reduction combined with the FY 2009 reductions provides for funding of the Base Student Cost for K-12 at the FY 2004-05 level of school district aid. The recommendations for Higher Education and K-12 together will enable South Carolina to be eligible for consideration of a waiver and receipt of federal stimulus funds for education and government services. Also, in light of requirements for accessing available federal funds, base funding of health care agencies including the Departments of Health and Human Services, Mental Health, and Disabilities and Special Needs were also held close to current levels in light of requirements for accessing federal funds. Due to the deficits at Department of Corrections and Juvenile Justice, base funding of these agencies was not reduced further. In order to balance the state's recurring budget, base funding for most other agencies was reduced by as much as 13.7% on average. Additional details are available as noted above.

Lottery Expenditures: The lottery expenditures under the Senate recommendations are similar to those passed by the House. However, the Senate Finance Committee recommendations would increase lottery technology funding, which had been reduced by the House, pending the passage of S.110 which permits the sale of lottery tickets on general or primary election days and the availability of any excess unclaimed prize funds. As to the allocation of any excess unclaimed prize funds over those certified, the Senate Finance Committee recommendations add as the first item funded \$2 million for the CATT/ReadySC Program and would use the balance of any excess unclaimed prize funds to restore the Technology Funds for the 2-year and 4-year public institutions up to a total of \$12 million. Like the House version, the Allied Health Initiative at the technical colleges and the Critical Needs Nursing Initiative are also funded with excess unclaimed prize funds if available at \$4,000,000 and \$1,000,000, respectively. ***Other:*** Also included in the Senate budget recommendations for the CHE need-based grant program is \$500,000 in other nonrecurring dollars.

Federal Budget Stabilization Funds: A copy of the recommended expenditures in FY 2009-10 in the special contingency budget approved by the Committee for the federal funds that are being made available to S.C. for education and government services is available at <http://www.scstatehouse.gov/citizensinterestpage/SenateFinanceMeetingHandouts/BudgetStabilization3.pdf>. Of the \$568 million total available to S.C. for education stabilization over the next two years, the Committee's recommendations for FY 2009-10 include an allocation of \$285 million with \$185 million

for K-12 and \$100 million for higher education institutions. The funds are divided among K-12 and higher education as required by the federal legislation based on budget shortfalls each has experienced. The higher education funds are allocated across the institutions relative to institutional shortfalls in FY 2009 compared to FY 2008. Of the \$126 million total available to South Carolina for government services stabilization over the next two years, the recommendations include allocations of \$63 million across various state agencies including public safety as indicated in the document mentioned above.

The Senate Finance Committee recommendations will be debated by the full Senate next week. Once the Senate approves its recommendations, the budget will go back to the House for consideration before being sent to conference committee so that differences between House and Senate recommendations may be worked out. Once the budget conference report is approved by the General Assembly, the budget will be subject to gubernatorial vetoes and consideration of any vetoes by the House and Senate before the budget is final for FY 2009-10.

In the House –

The House remained on furlough during the week and will meet next on Tuesday, April 21st.

In the Senate –

The Senate met in session on Tuesday and Wednesday and only committee meetings were held on Thursday so that the Senate Finance Committee could complete its work on the budget as described above. Bills introduced on Tuesday included: [S.691](#), a joint resolution to compel the Governor to accept the federal stimulus funds within 30 days of the passage of the resolution; [S.700](#), a joint resolution to authorize the University of South Carolina to develop and construct a new facility for the Moore School of Business in the Innovista district on the Columbia Campus; and [H.3365](#) relating to regulatory reform for the research and comprehensive four-year institutions. These bills were referred to Senate Finance for consideration. Also on Tuesday, the committee report from Labor, Commerce and Industry on [S.391](#) which would create a workforce department appellate panel within the Department of Workforce was received. The report included a favorable majority report with amendments and an unfavorable minority report. The Senate also received notice that the House concurred with a concurrent resolution, [S.659](#), to set the election in joint session for noon on April 29, 2009, for Boards of Trustees for Coastal Carolina University, College of Charleston, South Carolina State University, Wil Lou Gray Opportunity School, and Winthrop University for those seats under consideration.

Other News:

The Board of Economic Advisors (BEA) held its regularly scheduled monthly meeting on Thursday. The BEA did not adjust its revenue forecast. April is a critical month and the BEA will continue to monitor the situation closely. The BEA estimates that South Carolina's unemployment will reach 12 percent in April.

On Thursday, a South Carolina teen filed a lawsuit asking the S.C. Supreme Court to decide who — Governor Sanford or the Legislature — controls the federal stimulus funds for education that are available for South Carolina under the American Recovery and Reinvestment Act of 2009. The Supreme Court plans to act on the case as quickly as possible and has asked for a response from the State's Attorney General by Monday, April 20, 2009. A related news article that appeared in The State on Friday is accessible <http://www.thestate.com/breaking/story/752865.html> .