

Budget Update, March 17, 2013

The House began budget deliberations on Monday, March 11 and gave its final approval to the budget bill, [H.3710](#), and Capital Reserve Fund bill, [H.3711](#), before going home for the week on Wednesday, March 13.

For higher education, the recommendations remained largely unchanged from the Ways and Means Committee recommendations. The minimal changes included the addition of \$75,000 for the Poison Control Center at USC, the addition of a proviso to provide for carry forward authority for the SC National Guard College Assistance Program funds, the addition of a proviso to require institutions within available funding to develop a plan in the upcoming year for changed continuing eligibility for merit (Palmetto Fellows and LIFE) scholarship programs, and a revised provision concerning allocation of the Capital Reserve Fund appropriations provided to the Technical College System for system wide infrastructure and workforce development.

The following updates the previous report on the House Ways and Means recommendations. Please note that information is subject to change as the budget deliberations for FY 2013-14 continue in the 2013 Session. The budget is under consideration in the Senate. Senate Finance budget subcommittees are meeting; the full Senate Finance Committee is expected to consider recommendations in mid-to-late April; and the full Senate is expected to debate the budget in early May. Following Senate approval of a budget, any differences between the House and Senate are reconciled, the Governor considers the budget, and any vetoes are then considered by the General Assembly.

Highlights for CHE and Higher Education:

Part 1A and Non-recurring funds

- For CHE, recommendations include a level recurring budget. CHE requests for increases for the SREB programs (\$79,710) and for the National Guard College Assistance program (\$2,845,000) were supported in recurring funds. Adjustments to other funds for licensing and federal programs were also recommended as requested.
- For institutions, approximately \$7.9M in recurring funds and \$22.4M (\$4.35M in the surplus non-recurring proviso and \$18M in the Capital Reserve Fund bill, H.3711) in one-time funding were provided across institutions for various items that had been requested. USC's separate budget areas for its two-year regional campuses are being rolled up into USC Columbia's budget under Palmetto College.
- Scholarship programs (Palmetto Fellows, LIFE, and HOPE) are fully funded (\$233.5M total in lottery and general funds). Lottery Tuition Assistance for two-year institutions received level funding (\$49.1M total in lottery). CHE Need-based grants received funding at the level of 2011-12 (\$23.6M in lottery and general funds). Tuition Grants received an increase in recurring funds of \$1.6M which maintains funding at levels similar to FY 2012-13.
- PASCAL was again recommended as the first priority at \$1.5M in excess unclaimed prize funds above the first \$12.4M in certified unclaimed prize funds.
- SmartState, which has not been funded since FY 2008-09, did not receive funding.
- CERRA (Winthrop's Center for Educator Recruitment, Retention and Advancement) received an increase in EIA funds of \$500,000 with the additional funding directed for the Teaching Fellows and Teacher Cadet programs as directed by Proviso 1A.58. A proviso was also adopted (1A.56) to direct CERRA to review eligible schools and add any public institutions meeting the criteria. The existing proviso for teacher recruitment programs, 1A.9, was amended to provide CERRA with responsibilities to establish an advisory committee for the Teacher Loan program.
- SC Technical College CATT program received an increase of \$7.54M in nonrecurring funds in the Capital Reserve Fund bill for workforce training obligations.

- MUSC Hospital Authority received \$8M for the Telemedicine Program and \$400,000 for rural hospitals. Provisos 23.2 and 23.4 were adopted concerning these items. AHEC received an increase of \$400,000 in recurring funds.
- The University Center of Greenville received \$200,000 in nonrecurring funds for infrastructure development.
- A pay raise for state employees is not included but funds were included to provide for the increase to health plans for employees.

See next page for additional detailed information about the higher education items receiving increased or new funding in the House Budget

Part 1B Budget Provisos

CHE requested several technical amendments to existing provisos. The House made the following changes as requested: 11.4 (African American Loan Program) and 11.8 (Performance Improvement Pool) were amended to conform to funding; Proviso 11.3 (Access and Equity) was deleted as it is not funded; and Proviso 11.11 (Grants and Scholarships) was deleted as it had been codified in a previous year.

In addition to making technical adjustments to Part 1B provisos as requested by CHE, there were several new provisos that were adopted relating to CHE and higher education programs including:

- a proviso directing CHE to study the parity funding issue (11.16);
- a proviso was adopted relating to the grade point average used for continued eligibility once in college for the merit scholarship programs (Palmetto Fellows and LIFE). The proviso expresses the intent of the General Assembly to use a grade average of 80 out of 100 on a numeric scale in FY 2014-15 and directs the colleges and universities to develop a plan in FY 2013-14 using existing resources. (3.6);
- a proviso giving the USC Board the discretion to address parity within the USC system (20.4); and
- a proviso to provide eligibility for Converse and Columbia Colleges to participate in the Higher Education Excellent Enhancement Program. (11.15).

Copies of the provisos referenced above follow the table provided on the next page concerning Part 1A and non-recurring funding for higher education.

House Recommendations -- Increases/ decreases in recurring General Funds (Part 1A) and NonRecurring and Lottery
 Information subject to change and under debate currently in House.

Grey Shading indicates new or change items

Institution Operating		Part 1A Recurring	NonRecurring Proviso 118.17	NonRecurring Proviso 118.16	H.3711 Capital Reserve Fund	Total
Clemson	Center for Energy	3,000,000				3,000,000
	Student Career Opportunity Prgm		1,000,000			1,000,000
USC	Palmetto College	2,115,000				2,115,000
	Palmetto College - Roll up of 2-yr Branch Campuses	5,895,720				5,895,720
	On Your Time		2,500,000			2,500,000
	Small Business Development	300,000				300,000
	SC Child Abuse Medical Response Program		225,000			225,000
	USC Lancaster Deferred Maintenance		400,000			400,000
	USC Poison Control Center	75,000				75,000
MUSC						
Citadel	Cadet Accountability System				1,500,000	1,500,000
College of Charleston	Science Center				2,000,000	2,000,000
Coastal Carolina	Science Center				1,500,000	1,500,000
Francis Marion	Industrial Engineering Program	400,000				400,000
	Health Sciences Bldg		200,000			200,000
Lander	National Center for Montessori Education				750,000	750,000
SC State	Enrollment Management	346,000				346,000
USC Aiken	Parity	250,000				250,000
USC Beaufort	Parity	1,200,000				1,200,000
USC Upstate	Parity	250,000				250,000
Winthrop	Fire Alarm System				750,000	750,000
USC Lancaster	(See USC Columbia - moved budget section under USC)	(1,540,734)				(1,540,734)
USC Salkehatchie	(See USC Columbia - moved budget section under USC)	(1,308,457)				(1,308,457)
USC Sumter	(See USC Columbia - moved budget section under USC)	(2,446,777)				(2,446,777)
USC Union	(See USC Columbia - moved budget section under USC)	(599,752)				(599,752)
Technical Colleges	Systemwide Infrastructure and Workforce Development				5,500,000	5,500,000
	Manufacturing Skills Standards Council Initiative				2,500,000	2,500,000
	Central Carolina Technical College				3,500,000	3,500,000
	Horry Georgetown Technical College Culinary Arts Center		25,000			25,000
Subtotal		7,936,000	4,350,000	-	18,000,000	30,286,000
Other Items:						
	MUSC Telemedicine - Hosp Authority	4,000,000		4,000,000		8,000,000
	MUSC Rural Hospital Transformation		400,000			400,000
	AHEC - Health Prof Students Rural Infrastructure	400,000				400,000
	SBTCE CATT				7,538,694	7,538,694
	Tuition Grants	1,622,184				1,622,184
	CHE - SREB	79,710				79,710
	CHE National Guard CAP	2,845,000				2,845,000
	CHE Scholarships	1,072,540				1,072,540
	UCG Infrastructure Development		200,000			200,000
Total (Institutions and Other)		17,955,434	4,950,000	4,000,000	25,538,694	52,444,128
Lottery (only Higher Ed items listed)						
		Certified Approp.	Unclaimed (Cert)	Unclaim Excess Priority		Total
LTA		42,900,000	6,200,000			49,100,000
LIFE	(also receives General Funds)	109,341,120				109,341,120
HOPE	(also receives General Funds)	7,779,856				7,779,856
PF	(also receives General Funds)	30,777,240				30,777,240
NB	(also receives General Funds)	11,631,566				11,631,566
Tuition Grants	(also receives General Funds)	7,766,604				7,766,604
National Guard	(also receives General Funds, see increase above)	1,700,000				1,700,000
SC State	(also receives General Funds)	2,500,000				2,500,000
Technology	(see also Excess Lottery allocations)	7,301,816				7,301,816
HEEEP	(see also Excess Lottery allocations)	50,000	2,950,000			3,000,000
Subtotal Lottery		221,748,202	9,150,000	-	-	230,898,202
Lottery Excess Unclaimed Priorities		Priority listed in proviso:				
PASCAL	1			1,500,000		
Technology	2			5,470,093		
State Library	3			2,000,000		
HEEEP	4			1,000,000		
Tech Allied Health	5			4,000,000		
CHE CNNI	6			1,000,000		
balance to scholarships	7			balance		

The following are several excerpted higher education provisos of interest that are new or amended by the House. New text is italicized and underlined. Amended text is struck. This is not an exhaustive list.

The full text of all House Part 1B Budget Provisos, is available at http://www.scstatehouse.gov/sess120_2013-2014/appropriations2013/hp13ndx.php.

CHE Section:

11.15. (CHE: Higher Education Excellence Enhancement Program Additions) Converse College and Columbia College shall be eligible to receive funds under the Higher Education Excellence Enhancement Program until June 30, 2014.

11.16. (CHE: Parity Funding) The Commission on Higher Education is directed to study the issue of parity funding for all state institutions of higher learning. Findings and recommendations shall be submitted to the members of the General Assembly by January 3, 2014.

11.17. (CHE: SCNG CAP Carry Forward) Funds appropriated for the South Carolina National Guard College Assistance Program may be carried forward from the prior fiscal year into the current fiscal year and expended for the same purpose. If a mid-year budget reduction is imposed by the General Assembly or the State Budget and Control Board, the appropriations for the program are exempt.

Lottery Section

See Proviso 3.5 for full text of House lottery allocations.

3.6. (LEA: Scholarship Eligibility Requirement) It is the intent of the General Assembly that beginning in school year 2014-15 students awarded the merit based scholarships of Palmetto Fellows and Life shall remain eligible as long as they keep a grade average of 80 based on a 100 point scale. The amount of time that the student is eligible shall be determined by the provisions of the scholarships. During school year 2013-14, colleges and universities, from the funds appropriated to or authorized for each college and university, must develop a plan to implement this requirement.

Other Provisos:

See 1A.9. (SDE-EIA: XII.F.2-CHE/Teacher Recruitment) for full text of this proviso. The new section added to this proviso follows: *With the funds appropriated CERRA shall also establish, appoint, and maintain the South Carolina Teacher Loan Advisory Committee. The Committee shall be composed of one member representing each of the following: (1) Commission on Higher Education; (2) State Board of Education; (3) Education Oversight Committee; (4) Center for Educator Recruitment, Retention, and Advancement; (5) South Carolina Student Loan Corporation; (6) South Carolina Association of Student Financial Aid Administrators; (7) a local school district human resources officer; (8) a public higher education institution with an approved teacher education program; and (9) a private higher education institution with an approved teacher education program. The members of the committee representing the public and private higher education institutions shall rotate among those institutions and shall serve a two-year term on the committee. Initial appointments must be made by July 1, 2013, at which time the member representing CERRA shall call the first meeting. At the initial meeting, a chairperson and vice-chairperson must be elected by a majority vote of the committee. The committee must be staffed by CERRA, and shall meet at least twice annually. The committee's responsibilities are limited to: (1) establishing goals for the Teacher Loan Program; (2) facilitating communication among the cooperating agencies; (3) advocating for program participants; and (4) recommending policies and procedures necessary to promote and maintain the program.*

1A.56. (SDE-EIA: XII.F.2 CHE/CERRA) The Center for Educator Recruitment, Retention and Advancement (CERRA South Carolina) must review the list of schools eligible for receiving Teaching Fellows Program scholarships to ensure all schools currently on the list of eligible institutions still meet the necessary criteria as set forth by CERRA. Further, CERRA is directed to add any public institutions that currently meet the criteria so that they may admit students receiving a Teaching Fellows scholarship.

1A.58. (SDE-EIA: XII.F.2-CERRA/Teaching Fellows) The additional funds provided to CERRA in the current fiscal year must only be used to support the Teaching Fellows and Teacher Cadet programs.

20.4. (USC: Parity Funding) At the discretion and direction of the Board of Trustees, the University of South Carolina System shall develop and implement policies to achieve parity funding across its branch and regional campuses.

23.2. (MUSC: Telemedicine) From the \$8,000,000 appropriated to the Medical University of South Carolina for the MUSC Hospital Authority, the Authority is directed to continue the development of its Telemedicine network. The MUSC Hospital Authority shall determine which hospitals are best suited for a Telemedicine partnership.

23.3. (MUSC: Rural Access Plan) The MUSC Hospital Authority, in conjunction with the Department of Health and Human Services, shall study how to partner with existing rural hospitals to ensure that these regions maintain access to medical care. Facilities studied shall not be limited to, but shall at a minimum include those facilities in Hampton, Allendale, Orangeburg and Barnwell counties. If a hospital does not actively participate, the Department of Health and Human Services may withhold a portion of the enhanced DSH payment.

25.5. (TEC: MSSC) The funds appropriated to the State Board for Technical and Comprehensive Education for the Manufacturing Skills Standards Council Initiative may not be used for marketing or consulting associated with the Initiative.