

2007 Session Legislative Update - Higher Education

(prepared July 30, 2007)

The 2007 session of the South Carolina General Assembly, the first year of the continuing session, ended on June 29 under provisions of [H.4279](#), the *Sine Die* resolution. Noted below are major highlights from the 2007 session relating to higher education. The information herein is not intended to be exhaustive. For more detailed information, a year-end Legislative Update (*Major Issues from the 2007 Legislative Session*, Vol. 24, July 13, 2007, No. 23) prepared by the SC House of Representatives is available online at <http://www.scstatehouse.net/reports/hupdate/7n23.doc>

FY07-08 APPROPRIATIONS

Total new statewide allocations for FY 2007-08 include \$614 million in recurring funds, \$483 million in supplemental non-recurring funds, \$112 in Capital Reserve Funds and \$172 in Contingency Reserve Funds – a total of \$1.38 billion in recurring and nonrecurring funds. Of these new funds, higher education (*including administrative agencies -- CHE, SC Tuition Grants, State Board for Technical and Comprehensive Education -- and public colleges and universities*) received \$141 million or 10.2% of the statewide total not including funds to be provided for state employee pay/health plan increases.

Of note among the increases in recurring and nonrecurring funding for FY08 for higher education:

- \$44.3 million in increased recurring base funds for public higher education institutions for a variety of programs across institutions including \$19 million for parity.
- \$50.9 million in non-recurring (one-time) funding for various projects across public higher education institutions including \$31 million for renovation, deferred maintenance, and other capital projects; \$4.5 million for the SC LightRail project under the research institutions; \$10 million for the Technical College system Allied Health programs initiative.
- \$2 million continued for the statewide higher education electronic library.
- \$1 million for a “Critical Needs Nursing” initiative to provide faculty salary enhancements
- \$2 million for the State Tech’s Centers for Accelerated Training and Technology, C.A.T.T., program and an apprenticeship program
- \$527,250 to provide for increases in participation in SREB programs and services
- \$275,000 for technology projects under the Education and Economic Development Act (EEDA)
- \$2.5 million in increased or continued funding from FY07 for the state’s Low Country Graduate Center and University Center of Greenville
- \$150,000 in nonrecurring funding for the establishment of a higher education study committee under proviso 5A.28
- \$21.7 million overall increase including both lottery and general funds for the state’s undergraduate scholarship programs

Lottery Funding: In addition to the recurring and nonrecurring increases noted above, the General Assembly appropriated \$217 million or 81.3% of \$266 in lottery funds for higher education programs. Funding for higher education programs included last year are again funded in FY08 including: \$167 million across scholarship and grant programs, \$30 million for the Centers of Economic Excellence (Endowed Chairs) program; \$12 million for technology at two- and four-year colleges and universities; \$2.5 million for S.C. State; and \$4,700,000 for the Higher Education Excellence Enhancement program.

Other General Statewide Appropriations of Note: The 2007-08 appropriations also include funds for the 3% pay raise to state employees and funds for increases in state employee and retiree health insurance programs to

prevent increased premiums to subscribers while maintaining benefits. These funds will be allocated across state agencies including higher education and are not reflected in the higher education items identified above.

The following provides text with changes indicated for any **new and/or amended temporary budget provisos (Part 1B Provisos)** of interest for Higher Education. (Again the listing here is not intended as an exhaustive list. For all provisos, see the budget online FY08 budget at http://www.scstatehouse.net/sess117_2007-2008/appropriations2007/tab07ndx.htm):

- **5A.3.** (CHE: Access & Equity Programs) Of the funds appropriated herein for Access and Equity Programs, the Commission on Higher Education shall distribute at least \$98,313 to South Carolina State University, \$24,559 to Denmark Technical College, and \$588,741 to the Access and Equity Program. ~~With the~~ these funds ~~appropriated herein~~ the colleges and universities shall supplement their access and equity programs so as to provide, at a minimum, the same level of minority recruitment activities as provided during the prior fiscal year. Any additional funds appropriated herein for the Access and Equity Program shall be used for Commission on Higher Education implementation of statewide program priorities.
- **5A.22.** (CHE: Out-Of-State Eligibility) For ~~Fiscal Year 2006-2007~~ the current fiscal year, students who are South Carolina residents and enrolled in out-of-state high schools ~~shall~~ may be eligible to receive the Palmetto Fellows, Life, and Hope scholarships. ~~Eligibility shall be calculated~~ utilizing criteria for in-state students. Any fees associated with the resulting conversion of grades or class rank to the South Carolina Uniform Grading Scale shall be the responsibility of the student. For the purposes of meeting the rank criteria for the Palmetto Fellows and LIFE scholarships, the existing high school rank may be used provided it is calculated per a state-approved, standardized grading scale at the respective out-of-state high school.
- **5A.24.** (CHE: Grants and Scholarships) No state or other appropriated funds authorized in this act or authorized in any state law may be used to provide illegal aliens tuition assistance, scholarships, or any form of reimbursement of student expenses for enrolling in or attending an institution of higher learning in this State. The Commission on Higher Education, the Higher Education Tuition Grants Commission, the South Carolina Student Loan Corporation, and the individual public institutions of higher learning are responsible for ensuring compliance with this provision.
- **5A.25.** (CHE: Education & General Funds - Institutions) Of the funds appropriated to the Commission on Higher Education for Education and General Funds for Institutions, the commission shall allocate the funds to research universities, excluding Clemson University and the University of South Carolina-Columbia, four-year comprehensive teaching colleges and universities, two year branches of the University of South Carolina, and the state technical and comprehensive education system per the allocation methodology adopted by the commission for FY 2007-08 such that 35% is distributed to the institutions to begin addressing parity issues with the remaining funding distributed based on the institution's share as determined by the commission's funding model for Fiscal year 2007-08.
- **5A.26.** (CHE: Rural Ophthalmologists and Optometrists Program Study Committee) A committee is established to assess the need for ophthalmologists and optometrists in rural areas of South Carolina. The committee is directed to conduct a study on the establishment of a rural ophthalmologists and optometrists program which will offer incentives to ophthalmologists and optometrists to practice in rural areas. The committee shall be composed of the following members: the Chair of the Ophthalmology Department of the Medical University of South Carolina, a representative of the UAB School of Optometry, the Chair of the Ophthalmology Department of the University of South Carolina; a representative of the Southern College of Optometry; three ophthalmologists and three optometrists, preferably practicing in rural areas, nominated by the South Carolina Society of Ophthalmology Board of Directors and the State Board of Optometric Examiners to serve staggered 4 year terms. The Executive Director of the SC Society of Ophthalmology, the Executive Director of the South Carolina Optometric Association, a representative of the Department of Health and Environmental Control and an Area Health Education Consortium official shall serve as ex-officio members of the committee. Members of the committee shall serve without compensation. The committee shall receive staff support from the Medical University of South Carolina, the University of South Carolina, and the Area Health Education Consortium. The results of this study are to be reported to the

General Assembly by January 15, 2008.

(FY08 Appropriations, Part 1B Provisos, continued)

- 5A.27. (CHE: Critical Needs Nursing Initiative) The funds appropriated to the Commission on Higher Education for the Critical Needs Nursing Initiative shall be used for nursing faculty salary enhancements. The commission, upon consultation with members of the Advisory Committee on Academic Programs (ACAP) from institutions with accredited nursing programs and the chairperson, or designee, of the South Carolina Council of Deans and Directors in Nursing Education, shall determine and distribute the funds to the institutions where such faculty are employed. The governing body of the institution, pursuant to its procedures, shall then allocate these enhancements among its affected faculty in such amounts as it determines appropriate consistent with their salary guidelines.
- 5A.28. (CHE: Higher Education Task Force) The funds appropriated to the Commission on Higher Education for the Task Force on Higher Education Study Committee shall be utilized to establish the Higher Education Task Force whose mission shall be to develop and recommend an evolving, multi-year statewide strategic plan for higher education in South Carolina to meet the needs of the state as can be addressed by higher education.

The task force shall consist of nine members appointed as follows: three by the Governor, one by the President Pro Tempore of the Senate, one by the Speaker of the House of Representatives, one by the Chairman of the Senate Finance Committee, one by the Chairman of the House Ways and Means Committee, one by the Chairman of the Senate Education Committee, and one by the Chairman of the House Education and Public Works Committee. The members appointed shall include persons knowledgeable in issues involving higher education to include, but not be limited to, higher education officials, K-12 education officials, and members of the business community. The task force shall elect its chairman from among its appointed members.

The task force shall review the current higher education mission and goals as set forth in Section 59-103-15 of the 1976 Code, taking into consideration the areas identified by the Governor's Task Force on Higher Education in their final report issued September 28, 2006, and shall also review all state supported higher education scholarship and grant programs.

Upon completion of the review the task force shall develop and recommend a Statewide Higher Education Strategic Plan which shall include, but not be limited to, the following five aspects of higher education as recommended by the Governor's Task Force on Higher Education's final report

- 1) Institutional Missions and Academic Programs and Planning;
- 2) Enrollment;
- 3) Funding and Institutional Cost;
- 4) Buildings, Facilities, and Information Technology; and
- 5) Organization and Plan Implementation.

The Plan shall also include recommendations for all state supported higher education scholarship and grant programs whether funded through the Education Lottery Account or through the State General Fund. The task force shall submit recommendations for the Higher Education Statewide Strategic Plan to the General Assembly by February 1, 2008.

- 5J.1. (SCSU: BRIDGE Program) The funds appropriated to South Carolina State University for the BRIDGE Program shall be utilized to recruit minority high school students along the I-95 corridor into the teaching profession by offering them, while still in high school, access to counseling, mentoring, on campus summer enrichment programs, and opportunities for dual enrollment credits at South Carolina State University for the purpose of preparing these students to major in education and to become future teachers along the I-95 corridor.

- 5N.5. (TEC: Chester Technology Center) York Technical College is authorized to supplement the current project budget from local or other college institutional funds for the Chester Technology Center in an amount sufficient to complete the project based on competitive bids with a current projected cost of \$8,500,000. The (FY08 Appropriations, Part 1B Provisos, continued
- completion must be conducted in a manner that meets the college's instructional needs and schedule. To the extent additional state funds are provided, such funds may be used to reimburse the local or college institutional funds.
- (TREAS: Tuition Prepayment Program) The South Carolina Tuition Prepayment Program shall not accept any new enrollment for Fiscal Year 2007-08. Beginning with the current fiscal year, the increase in the average tuition from the 2006-07 level cannot exceed seven percent on an annual basis. To the extent that actual tuition exceeds the average tuition as calculated in this proviso, colleges and universities must grant a waiver of the difference to the designated beneficiary and shall not pass along this difference to any student.
- (ADJ: Citadel-S.C. National Guard Readiness Center) The \$2,500,000 appropriated herein to the Adjutant General's Office for the Citadel-South Carolina National Guard Readiness Center shall be used to ensure the construction schedule is maintained without interruption due to the federal budget cycle. In the event additional federal funds are received for this project which, when combined with the \$2,500,000 general fund appropriation would bring the total additional amount to \$5,000,000 or more, the Adjutant General's Office shall return an equivalent amount of general funds, up to \$2,500,000, to the General Fund of the State. The Adjutant General's Office shall notify the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee of such action.
- (GP: Law School Educational Fee Waiver) For Fiscal Year ~~2006-2007~~ the current fiscal year, a public institution of higher learning with a law school may offer fee waivers to no more than four percent of the law school student body. This waiver shall not impact the capacity of the fee waivers for four percent of the undergraduate student body. This waiver can not be applied to fees for out-of-state students.
- (GP: LightRail) Pursuant to this provision the three research universities: Clemson University, the Medical University of South Carolina, and the University of South Carolina-Columbia, are authorized and directed to plan, procure, administer, oversee, and manage all functions associated with the South Carolina LightRail and are thereby exempt from the oversight and project management regulations of the State Chief Information Officer. South Carolina LightRail is an academic network for the use of the state's three research universities for the exchange of information directly related to their mission and must not carry commercial or K-12 traffic originated in South Carolina. For Fiscal Year 2007-08, public or private organizations and entities may be provided access only through formal documented partnerships with one or more of the three research universities. On February 1, 2008, the entity managing the network must submit to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee a report specifically identifying each entity with access to the network and any payment, including without limitation in-kind payment, that each such organization and entity is making for access to the network.
- (GP: Academic Center) Of the funds appropriated to the University of South Carolina Upstate for other operating expenses, \$100,000 shall be transferred to Spartanburg Community College to support the Academic Center.
- (GP: I-95 Corridor Study) South Carolina State University and Francis Marion University may expend the funds appropriated for the I-95 Corridor Study for the purpose of a study assessing human development needs in the I-95 corridor. The study, to be conducted jointly with South Carolina State University and Francis Marion University serving as lead institutions, shall recommend solutions to the needs identified. The methodology of the study must be jointly agreed upon by the presidents of the two institutions. The funds appropriated for the study shall be divided equally between South Carolina State University and Francis Marion University.

- Of note -- Although there was considerable discussion again this year, a provision was not adopted that would impose any limitations on tuition increases.

PERMANENT LEGISLATION ENACTED DURING 2007

A listing of bills affecting higher education and the status of those bills is available on the Commission's website at http://www.che.sc.gov/CHE_Docs/InfoCntr/Legisl/HigherEd_Legis_List.xls. Those bills that have passed are easily identified and links provided will direct you to the text for each bill. Below are brief descriptions of the legislation passed that affects higher education. Full text copies of all bills are available online on the S.C. General Assembly's website at http://www.scstatehouse.net/cgi-bin/web_bh10.exe). *Please note that the listing herein is not intended to be exhaustive of all legislation passed affecting higher education. The summaries provided are for information purposes only and are not a substitute for the act language itself or any agencies' role in implementing the legislation.*

Legislation passed relating to student aid programs:

- Scholarship Enhancements for Palmetto Fellows and LIFE recipients in science and math disciplines: At the beginning of the session, the Speaker of the House announced that he was supporting a plan to enhance merit scholarships to increase math and science majors in South Carolina (sponsored H.3170). At the very end of the session, legislation (**S.656**) was enacted and it creates incentives for students to enter the science and math disciplines. Under this legislation, sophomores who are recipients of merit-based scholarship including Palmetto Fellows and LIFE would receive increased awards for pursuing majors in math and science (including at a minimum majors in science or mathematics disciplines, computer science or informational technology, engineering, science education, math education, and health care and related disciplines including medicine and dentistry.) Palmetto Fellows which is a \$6,700 award would be increased for eligible students by up to \$3,300 to a total of \$10,000 and LIFE which is a \$5,000 award would be increased by up to \$2,500 for a total of \$7,000. In order to be eligible students must be receiving the underlying merit award and must complete 14 hours in math and life and physical sciences prior to the sophomore year. As part of the legislation, Palmetto Fellows recipients in the sophomore year not receiving the enhancement will have their awards increased from \$6,700 to \$7,500, and students receiving the state's HOPE program, which is an award available in the freshmen year only provided the student is not receiving Palmetto Fellows or LIFE, will have their awards increased from \$2,650 to \$2,800.
- A bill (**S.322**) was passed to provide for a tuition assistance program in lieu of a loan repayment program for National Guard members. Under the legislation, the state's loan repayment program for Guard members is closed to new participants and a tuition assistance program for Guard members will become available this fall. Additionally, the legislation repeals the section in code that provided one-half tuition at college's discretion. In the budget for FY08 is \$1,700,000 for the loan repayment program (lottery funds) and \$1,300,000 (supplemental, non-recurring funds) for the assistance program.
- A bill (**S.484**) was passed that amends the eligible institutions for the state's tuition grants program which is a need-based program for students attending independent institutions in South Carolina. Bob Jones University became eligible to participate. The institution has not been eligible in the past because the law required institutions to be SACS accredited. Bob Jones has recently received TRACS accreditation and by action of the General Assembly in previous years, had already been made eligible for participation in the state's merit scholarship programs. Tuition Grant program funding was increased in the FY 2007-08 budget by \$2.48 million to account for this change.
- Underage Drinking Prevention Act (**S.213**) includes amendments that will change current statutory provisions that result in loss of scholarship eligibility after a first conviction of an alcohol or drug related offense to second conviction. Change applies to all programs that had such provisions including Palmetto Fellows, LIFE, HOPE, Need-Based and Tuition.

(Permanent legislation passed in 2007, continued)

- Permanent legislation (**S.75**) to close the Tuition Prepayment program was considered during the session. It passed the Senate and awaits consideration by a House committee. Of note, a one-year budget proviso (Part 1B, 60.13) passed effective for FY 2007-08 that will close the state's Tuition Prepayment program to new enrollees.

Other Legislation of Interest:

- The Energy Independence and Sustainable Construction Act (**H.3034**) adds Article 8 to Chapter 52, Title 48, so as to require the application of "green building" or comparable standards to measures of energy efficiency and energy conservation on state-funded major facility projects, to define those projects and provide for exemptions, to set forth purposes and goals, to provide for monitoring and evaluating the efficacy of the standards, and to require an annual report of the results to the General Assembly.
- The American Board for the Certification of Teacher Excellence Act (**H.3476**) passed and enables school districts to hire individuals who have received a passport certificate issued by the American Board for the Certification of Teacher Excellence (ABCTE) in the content areas of biology, chemistry, English, mathematics, physics, or science (additional areas of certification may be approved by the State Board of Education upon review of the longitudinal information that is required to be collected on any such individuals hired).
- Legislation (**H.3481**) amends Section 40-10-230, Code of Laws of South Carolina, 1976, relating to persons whom the provisions of Chapter 10, Title 40, regulating fire sprinkler contractors, do not apply, so as to provide that Chapter 10 does not apply to persons who are employed by public institutions to repair, alter, maintain, test, or inspect fire sprinkler systems, water spray systems, or water foam systems if this work is conducted by persons under the control or supervision of a person with a NICET Level III Certification and if the public institution is responsible for acts of these exempt employees.
- The Jessica Horton Act (**S.459**) amends the Code of Laws of South Carolina, 1976, by adding Chapter 154 to Title 59 so as to enact the "Jessica Horton Act" to provide that campus police officers shall notify and work with the state law enforcement division on the investigation of a death or an alleged act of criminal sexual conduct resulting from an incident occurring on the campus of an institution of higher learning and to provide definitions.
- Late in the session, a bill (**H.3964**) was filed and received a great deal of discussion by the House that would have enabled concealed weapons permit holders to carry guns onto campuses. Although legislation passed out of Committee over concerns expressed by the higher education community, it ultimately did not pass and was sent back to committee.
- Legislation (**H.4029**) passed and amends Act 114 of 1959, as amended, relating to the Horry County Higher Education Commission, so as to revise the manner in which members of the Commission are appointed, to further provide for where the Commission will meet, and to revise or delete obsolete language.
- Hydrogen Infrastructure Development Fund (**S.243**) was passed that will create incentives for investment in hydrogen research. This legislation continues the focus in recent years on research and economic development which began with the passage of the lottery-funded research program known as the Centers of Economic Excellence (also referred to as endowed chairs program). It establishes a Hydrogen Infrastructure Development Fund managed by the South Carolina Research Authority in conjunction with SC Hydrogen and Fuel Cell Alliance to develop and promote hydrogen fuel cell technologies and applications in SC.

(Permanent legislation passed in 2007, continued)

- Legislation (**S.321**) passed that allows CHE greater flexibility in the use of bond funds posted by institutions licensed to operate in S.C. per the state's statutes for the licensing of non-public postsecondary institutions in the event such an institution closes and does not meet its obligations.
- Other provisions included clarify the definition of seasonal recruiting activity as related to state licensing requirements.
- Legislation (**S.451**) passed that amends Section 59-119-940, as amended, Code of Laws of South Carolina, 1976, relating to Clemson University athletic facilities revenue bonds, so as to raise the outstanding debt limit for these bonds from sixty million dollars to two hundred million dollars; and amends Section 9 of Act 518 of 1980, as amended, relating to the University of South Carolina athletic facilities revenue bonds, so as to raise the outstanding debt limit from sixty million dollars to two hundred million dollars.
- The Critical Needs Nursing Act (**S.657**) passed during the session. This legislation, also referred to as "One Voice, One Plan," provides incentives for the recruitment and retention of nurse faculty including faculty salary enhancements, new nursing faculty positions, student aid programs for those pursuing nurse faculty positions, nurse program simulation technology and equipment, and an office of healthcare workforce research. Implementation of the act is dependent on funding. The General Assembly appropriated only \$1,000,000 toward this initiative which was estimated to cost upwards of \$30 million if fully funded. Allocation of these funds is directed by Part 1B proviso 5A.27 of the FY 2007-08 Appropriations Act.
- Legislation (**S.666**) amends Sections 59-125-20 and 59-125-30, Code of Laws of South Carolina, 1976, relating to the board of trustees of Winthrop University and their selection, so as to provide for two additional at-large members of the board and for the manner of their election and terms of office.