
SC Commission on Higher Education

Summary of FY 2012-13 Higher Education and Agency Budget Priorities

BEGIN INCREASING THE STATE'S INVESTMENT IN CORE HIGHER EDUCATION FUNDING

- We understand the enormous pressures on the state budget. In light of the beginnings of an economic recovery and in consequence of higher education's central role in sustaining and enhancing that recovery, we recommend that the state begin working over the next several years to begin restoring core state support that has been lost from our institutions and higher education programs since 2008. The institutions have lost nearly 50% of their state budgets and many other important higher education programs have lost similar amounts. **Progressively increasing support as our economy recovers would lessen the tuition and fee burden on students and families and support institutions as they enroll increasing numbers of students and continue improving quality and student outcomes. A plan might include \$50 million in the first year, \$76 million in the second year and \$127 million in each of the next year two years – charting a course to replace lost funds and taking into account enrollment and inflation increases.**

CONTINUED SUPPORT OF STUDENT FINANCIAL AID PROGRAMS, WITH INCREASED EMPHASIS ON NEED-BASED AID, AND SUPPORT OF SREB STUDENT CONTRACT PROGRAMS

- Student financial aid programs are providing incentives for our students to enroll in and complete programs in SC. Need-based aid is a critical element for any state seeking to enhance participation in and completion of degree programs for those with limited means. The current portfolio of state aid is not balanced. **In addition to continued support for the merit programs, need-based aid should be supported in FY13 at least at the current level and increased to the extent possible.**
- In concert with the technical colleges, **we also support funding increases to ensure LTA levels are continued at least at the current level (\$936 per semester) which the Technical College System has estimated will require an increase of \$2.1 million.** LTA improves access for students not qualified for merit programs who may be entering higher education for the first-time or returning to acquire training to enter or remain in the workforce.
- Southern Regional Education Board (SREB) contract programs offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees. SC participates by contracting through SREB for seats for 24 students in Optometry and 104 students in Veterinary Medicine at 5 partner institutions. SREB support has been provided through a combination of recurring and non-recurring funds. **To continue SREB participation at the current levels, base recurring dollars plus \$551,309 is requested.**

INVEST IN SMARTSTATE™ (FORMERLY THE ENDOWED CHAIRS OR CENTERS OF ECONOMIC EXCELLENCE PROGRAM)

- Funding for SmartState™, which began in FY03, was eliminated in FY09 and has not been restored. The SmartState™ Program has survived for the past four years on interest revenue accrued over the life of the program. This funding is depleting as additional centers come on line and projections are that without additional state support, the fund will be zero by the end of FY13. **We request annual funding of \$30 million as required per §2-75-30 be restored to the extent possible to continue this critical investment in South Carolina's future.** For more information, see, www.smartstatesc.org.

SUPPORT THE LEADING EDGE OF EFFICIENCY AND PRODUCTIVITY – PASCAL, WWW.PASCALSC.ORG

- PASCAL (Partnership Among South Carolina Academic Libraries) is a government best practice, providing cooperative sharing of physical and electronic resources among all of the state's public and private academic institutions at greatly reduced rates. In FY05, the state began investing \$2 million annually in PASCAL, but with the economic downturn, funding was reduced to just under \$200,000 as of FY08. Increased institutional investment and a reduction in available electronic collections have enabled PASCAL to continue. For FY12, PASCAL was given first priority for \$1.5 million in excess unclaimed prize funds

above the first \$12.4 million. Whether this funding will be realized is uncertain. **Restoration of the state's investment through recurring or one-time sources is important to PASCAL's continued success.**

GIVE PRIORITY TO A BOND BILL OR NON-RECURRING FUNDS FOR CAPITAL NEEDS

- Higher education has received almost nothing for its capital projects needs since 2000 which puts increased pressure on resources and the need for increased tuition and fees. Capital is a normal operating cost—not an exceptional or unusual one.
- The latest data reflect nearly \$1 billion in maintenance and infrastructure repair and renovation needs across the state's public colleges and universities. Higher education greatly appreciated the General Assembly's investment of one-time Capital Reserve Funding of \$39 million in FY12 for deferred maintenance needs. **Recognizing that a bond bill is not likely for FY13, an investment of \$100 million in Capital Reserve Funds and other one-time funds in FY13 for our 33 public colleges and universities toward campus deferred maintenance needs will help meet needs and reduce costs that must otherwise be supported by students and families through tuition and fees.**

CONTINUE PROGRESS IN REGULATORY REFORM

- Higher Education greatly appreciates the regulatory reforms granted during 2011 with the passage of the Higher Education Administrative Procedures and Efficiencies Act. These reforms were a positive step. Continued progress in reforming regulatory provisions for higher education remains an area of focus.

A MORE STRATEGIC CHE OVERSIGHT ROLE

- During the many meetings the Higher Education Study Committee had around the state to discuss the Action Plan, CHE heard frequent concerns that there was insufficient coordination of higher education—that the public lacked a clear view of how the pieces fit together and why all are necessary. Building on these and on recent conversations with Presidents and others, CHE agrees it should take a stronger role in ensuring that college and university plans create a coherent whole that effectively and efficiently meets the needs of the state, especially as stated in the Action Plan of March 2009.

Steps to accomplish this include:

- Consideration of revisions to CHE regulatory authority within the context of a strengthened or revitalized planning framework such that colleges and universities can move with confidence to implement approved plans.
- Greater system coherence, effectiveness and efficiency in statewide planning with CHE working in close collaboration with a revitalized Council of Presidents should:
 - Use existing authority to provide the Governor, General Assembly, and public with an annual report that outlines recommendations, both statewide and by institution, on progress toward the goals of CHE's Action Plan for Higher Education. This should include specific comments on such issues as: success in serving South Carolinians, increasing participation and success of under-represented populations, enrollment growth, tuition policy, new academic program priorities, facilities needs, and shared infrastructure needs (both physical and operational).
 - In this context, CHE would seek necessary regulatory revisions to enhance its coordinating authority but would not seek governing authority on any of these factors. To do so would conflict with the responsibility of institutional boards of trustees.

(Detailed - CHE Agency Budget Requests and Proviso Requests are attached)

CHE Agency Detailed Budget Requests

CHE has requested level funding for administration and for higher education programs which flow through CHE, but in keeping with its higher education priorities also requests that the state begin restoring funding for critical higher education programs. As described below, CHE is requesting additional funds of \$551,309 necessary to continue participation in SREB services and programs at present levels and is seeking adjustments outlined below to appropriately reflect federal and other funds authorizations. CHE is not presently seeking any new provisos or substantive changes to existing provisos.

NOTE: CHE's budget structure for FY13 has been realigned to better recognize functional areas within CHE's budget. Consequently, changes are evident in CHE's budget lines that are the result of moving funding to appropriate sections and program lines of the realigned budget and not changes in requested funding. The following outlines CHE's request for SREB funding and the changes in authorization of federal and other funds that are not part of the realignment.

Request for State General or Non-Recurring Funds

- Provide an increase of **\$551,309 for SREB** to continue support of SREB programs and services at the current level of participation. The request represents an effective increase of \$39,710 over the total FY12 appropriation of recurring and non-recurring funds that includes \$2,885,908 in recurring funds and \$591,019 in nonrecurring funds. The requested increased need for FY13 factors in the current level of recurring funds and anticipated carry forward funds. (A fact sheet on SREB programs and FY13 assessments is available.)

Requests to Incorporate Federal and Other Funds Authorizations

CHE is seeking to fully recognize authorization for several federal and other-funded items in its budget. The following requests are made to incorporate changes in federal and other-funded grants and programs recognized previously in the Appropriations Act or to make changes in authorizations necessary to incorporate other funds that have been recognized previously by the Joint Other Funds Oversight Committee.

- **College Access Challenge Grant** - Add federal grant program to include federal funds of \$1,920,258 *CHE is designated by the Governor as the lead state entity to apply for and manage this federal formula grant program which is aimed at fostering partnerships among federal, state, and local governments and philanthropic organizations to increase the number of underrepresented and low-income students who enter and succeed in postsecondary education. The grant began in 2008 and is now in its fourth year of funding.*
- **Statewide Longitudinal Data System** - Add federal grant program to include federal funds of \$1,404,133 *SC Department of Education is the lead entity for the state's SLDS grant awarded for the purpose of expanding a statewide longitudinal data system to support instruction and learning across pre-K to postsecondary education to workforce. CHE is working in collaboration with SDE and is a sub-grant recipient receiving the federal funds through SDE for this project.*
- **GEAR UP** – Reduce federal funds of this existing federal grant program by \$1,073,245 to align funds previously stated in the budget with necessary annual expectations for FY13 *GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is a federal discretionary grant program designated to significantly increase the number of low-income students who are prepared to enter and succeed in postsecondary education. CHE is designated by the Governor to apply for and manage the state's grant. CHE has won and managed GEAR UP grants awarded in 1999, 2005, and in 2011 for the current grant period which extends over seven years.*
- **Improving Teacher Quality (ITQ)** - Reduce funds for this existing federal grant program by \$229,449 in recognition of anticipated reduced federal funds in FY13 *Since 1984, CHE has managed this federal grant program for SC that is aimed at supporting strategies to increase student achievement. The program is a competitive grants program for our institutions and focuses on professional development of teachers and principals.*
- **College Goal Sunday** - Add this grant from YMCA to include \$35,000 in non-state/federal funds. *This program is supported by the YMCA and is designed to provide free, on-site assistance to students in completing the FAFSA (Free Application for Federal Student Aid).*

- **EEDA** – In addition to continued level state funds, add recognition of a one-time authorization in FY13 of \$15,501 in other funds.
Through the EEDA program, CHE, the institutions, and K-12 partners are working to improve transfer and articulation at all levels to ensure seamless educational pathways and facilitate the transition of students from high school to postsecondary education and the workforce. CHE is requesting the continuation of state recurring funds which focus on two programs, SC Course Alignment Project and SC Transfer and Articulation System, and is requesting authorization to expend \$15,501 in other funds available on a one-time basis in FY13.
- **SmartState (formerly Endowed Chairs or Research Centers of Excellence)** - Add authorization of \$849,284 from previously appropriated lottery funds for SmartState.
SmartState funds have been previously appropriated from lottery funds and held in trust for SmartState as authorized per §2-75-10 et seq. Funds are available from the trust for program operations and for approved SmartState Centers. To recognize previously authorized funds for operating this program that have not been included to date as a line CHE's budget, it is necessary to include recognition of \$849,284 in other funds in CHE's budget. It is also noted that CHE may need to increase the amount substantially or request for authorization through proviso in order to recognize trust funds anticipated to be accessed in FY13 by institutions for approved SmartState Centers of Excellence for which institutions have realized and CHE has confirmed the matching requirement necessary to draw the previously appropriated funds from the trust.
- **PASCAL (higher education electronic library)** - CHE is requesting recognition of an increase to PASCAL's authorization of \$200,000 to provide for additional program support for colleges and universities. These funds are derived from revenues provided by member institutions.
- **EIA-funded Centers of Excellence** - CHE is requesting level program funding of \$887,526. However, to correct an overstatement of funds that was made in CHE's budget in FY12, a reduction of \$537,526 is noted to bring the program line from \$1,425,052 to the current and anticipated continued level of \$887,526. The program involves a competitive grant program focused on teacher education.
- **State Approving Section** - CHE's Veterans Education and Training section functions as the federally recognized State Approving Agency for SC, acting on behalf of the federal government to evaluate educational/vocational institutions and training establishments for the approval of training available through the GI bill. CHE has included in its request recognition of decreased authorization of \$50,606 in anticipated federal funds for FY13.
- **Licensing** - CHE is the sole authority for licensing nonpublic educational institutions established in SC and for those licensed elsewhere which want to operate in or confer degrees in SC. The licensing function is supported predominately by fees from entities seeking licensure. To recognize increased authorization for anticipated fees (other funds), an increased other funds authorization of \$77,782 is necessary and consistent with requests approved through the Joint Other Funds Oversight Committee.

CHE Proviso Requests (Proviso numbers reflect renumbered 2012-13 proviso base)

- **CHE is not requesting new provisos or substantive changes to existing provisos at this time.**
- In submitting a review of its provisos, CHE has noted the following provisos could be deleted or conformed:
 - Delete** – The following provisos may be deleted as they have been codified or have been accomplished and are no longer needed:
 - 6.4 (CHE: Allowable Tuition and Fees) - Codified as 59-101-55 with the passage of Act 74 of 2011
 - 6.11 (CHE: SREB Veterinary Students) - Intended purpose has been accomplished and the proviso may be deleted with no impact to the program and number of participating students.
 - 6.12 (CHE: EPSCoR Transfer Authority) – In FY05, this proviso authorized a relocation of the EPSCoR program which did not occur and is no longer under consideration.
 - 6.16 (CHE: Critical Needs Nursing Initiative) – Program provisions were codified with the passage of legislation (§59-110-10 et seq) in 2008 and the program is no longer funded.
 - Amend** – The following provisos should be amended to conform funding or dates:
 - 6.3 (CHE: Access & Equity Programs) – If program funding that was lost when a gubernatorial veto was sustained is restored, the proviso should be conformed to funding. Otherwise, the proviso may be deleted.
 - 6.5 (CHE: African American Loan Program) – Conform to funding.
 - 6.9 (CHE: Performance Improvement Pool Allocation) – Conform to funding.
 - 6.17 (CHE: Tuition Age) – Update designated fiscal year for continuation in FY13.