

Governor's FY 2008-09 (FY09) Budget Recommendations for Higher Education

The Governor released his Executive Budget recommendations January 7, 2008. We are in the process of reviewing the details, but have listed highlights below relating to higher education and recommendations for CHE's specific requests. If you are interested in accessing the budget directly, full text of the budget is available at http://www.scgovernor.com/news/releases/jan_7_2008.htm. The document is 345 pages long. For your convenience, the section of the budget entitled "Improve Our Higher Education System and Cultural Resources" pages 126 to 138 is attached.

Higher Education Generally

The Governor's Budget Plan reduces state spending across all areas. For higher education, including all agencies and institutions, total state recurring general funds are reduced from approximately \$893 million in FY08 to \$866 million under the Governor's FY09 recommendations, a decline of 3%. The reductions vary across institutions. In addition, the recommendations include no nonrecurring or one-time funds (Capital Reserve or Supplemental Funds). In contrast, higher education received approximately \$60 million in nonrecurring funding in FY08. The details are under review.

Recommended lottery fund expenditures for FY09 total \$265,319,064. The recommended portion for higher education programs totals \$215,504,537 or 81.2% of the total lottery funds. Last year, higher education received \$216,585,473 or 81.3% of the \$266,400,000 total. Details are provided below and may be found in Appendix D of the Governor's Budget. Of note, lottery funding is reduced by \$20 million for the Centers of Economic Excellence and by \$3.6 million for technology at public 2- and 4-year institutions.

The Governor again recommends a proviso that would limit tuition and fee increases to the prior year's Higher Education Price Index.

The Governor expresses concern about capital projects in regard to the funding of projects in a piecemeal fashion and cost overruns. In light of these concerns, the Governor finds that there needs to be a system in place to prioritize all projects. He includes a recommendation to direct CHE to create a program that prioritizes all capital improvement projects, including all currently proposed capital improvement projects, for all institutions of higher learning and to do so by January 1, 2009.

CHE's FY09 budget requests and the Governor's Recommendations:

Higher Education Institutions

Operating Request: CHE initially requested an increase of \$108 million in recurring funds for institutions
Not recommended. Details are under review. As indicated above, there is an overall decrease in base recurring funds recommended.

Need-based Grants: CHE requests increase of \$13,277,323 to bring total funding to \$36,908,889
Not recommended. Recommendation is level funding at \$23,631,566.

Lottery Tuition Assistance: CHE requests increase in lottery funds of \$11,000,000
Not recommended. Recommendation is level funding at \$47,000,000.

National Guard Tuition Assistance: CHE requests continued funding at FY08 level of \$3,000,000
Recommendation continues only existing recurring funding of \$1,700,000.

Governor's Recommendations for other Scholarship/Grant Programs

Palmetto Fellows	Increase funding by \$5,445,242 to bring total to \$46,360,732 (all sources of funds)
LIFE	Increase funding by \$14,190,515 to bring total to \$161,918,057 (all sources of funds)
HOPE	Level funding at \$7,767,606 (through lottery funds only)
Tuition Grants	Level funding

Higher Education Electronic Library: CHE requests recurring funding of \$2,500,000

No funding is recommended for FY09. The existing nonrecurring funding of \$2,000,000 is not continued.

SC LightRail: CHE requests continuation of nonrecurring funds of \$4,500,000

No funding is recommended for FY09.

EPSCOR: CHE requests recurring increase of \$982,464 to bring total to \$3,000,000

Level funding is recommended. No increase is provided.

UCG Operating: CHE requests recurring increase of \$1,281,301 to bring total to \$1,723,710

Recommendation cuts existing recurring funding of \$427,101 and does not continue \$1,112,229 in nonrecurring funds received in FY08.

Greenville Tech Maintenance and Debt Service for UCG: CHE requests recurring increase of \$635,919

Recommendation cuts existing recurring funding of \$1,087,791 by \$180,287 and the FY08 nonrecurring funds of \$1,123,000 are not continued

SC Manufacturing Extension Partnership: CHE requests level funding at \$2,427,921

Recommendation continues only the recurring funds of \$1,227,921.

Recommendations for other Higher Education Lottery Programs

Centers for Economic Excellence	Reduces funding from \$30,000,000 to \$10,000,000
2- and 4-yr Public Higher Education Technology	Reduces funding from \$12,000,000 to \$8,400,000
SC State University	Continues level funding of \$2,500,000
Higher Education Excellence Enhancement	Continues level funding of \$4,700,000

CHE

Agency Technology: CHE requests continued nonrecurring funds of \$130,000 as recurring

Not recommended

GEAR UP: CHE requests recurring increase of \$200,000 to bring funding to \$800,000

Not recommended. Recurring funding remains at \$600,000. In FY08, \$75,000 nonrecurring was received and this funding is not continued.

Access & Equity Program for Underrepresented in Health Care: CHE requests a \$400,000 recurring increase.

Not recommended, recommends reduction in funds from \$711,613 to \$476,781-- decrease of 234,832.

SREB Programs and Services: CHE requests a \$145,735 recurring increase.

Not recommended. Recommends total funding for SREB be decreased from \$2,889,005 to \$2,878,731 – a decrease of \$10,274 to discontinue participation in the NC School of Arts program.

Other recommendations included by the Governor regarding CHE agency funds

Recommends administrative reductions totaling \$158,113 for the following items: Central Travel Office, Property Reinsurance Contract, Reduce CIO Charges – DP/Telcom/Internet, SCEIS Implementation, State Health Plan Deallocation, Travel Savings, and Unemployment Compensation Premium Reductions.

Recommends administrative increase of \$56,869 for Employee Health/Insurance Pay Plan Allocation

Recommends cutting the following recurring funds in CHE's budget

Critical Needs Nursing Initiative,	\$1,000,000
Lowcountry Graduate Center	\$1,410,000
Professor of the Year	\$14,850
Youth Leadership	\$50,000
Nat'l Foundation of Teaching Entrepreneurship	\$250,000
Charleston Transition College Connection	\$300,000