

Legislative Updates of interest for Higher Education Week of Mar. 10 – Mar 14, 2008

Budget Update –

The House passed the budget and capital reserve bills (H.4800 and H.4801) on Thursday. Overall, changes to these bills from that passed by House Ways and Means were very limited. For higher education, the Ways and Means recommendations reported on previously (see report from Week of Feb. 18 – Feb. 22 for details) remained intact. Of significance, there was an additional \$3.5 million in non-recurring funds that was added in the House budget for higher education.

The following provides a brief summary of key higher education recommendations included in the House budget bills that are now in the Senate for consideration.

Base recurring reductions to higher education agencies (CHE, Tuition Grants, and State Technical College System Office, and public colleges and universities) that total approximately \$24 million. These include base reductions of 2.4% and other reductions for travel and CIO-related charges.

Increased funding for the merit scholarship programs (Palmetto Fellows, LIFE, and HOPE). Overall funding for these programs increase by \$10,231,701 considering both lottery and general funds sources.

Need-based Grants funding remains level with current funding. However, a provision is included in the lottery funding recommendations to provide this program with the balance of any unclaimed prize funds that may come available after the first \$8.4 million in expenditures of expected unclaimed prize revenue. Any such funds would only become available for the program at the end of the fiscal year, and therefore, could not be used for need-based grants for students until the following fiscal year (i.e., FY 2009-10). Additionally, a proviso was adopted to enable the allocation methodology of need-based funds for public colleges and universities to be changed from one based on full-time enrollment to one based on the distribution of the state's neediest students in the distribution formula for public institutions. The proviso protects public colleges and universities from getting less funding than would be indicated under the current methodology for the allocation of funds in FY 2008-09 and does not impact the current allocation methodology of need-based grant funding for independent institutions.

Lottery Tuition Assistance was not increased. An increase of \$11 million has been requested to provide consistent funding to students in light of projected increases in program participation. Additionally, the National Guard Tuition Assistance Program, which had received \$3,000,000 in FY 2007-08, will receive only \$1,700,000 under the recommendations since one-time funding of \$1,300,000, which was used to fund this program in FY 2007-08, was not continued.

Funding for the statewide higher education electronic library (PASCAL), which has been included as non-recurring funds in the amount of \$2,000,000 each year over four years, was not recommended.

In regard to recommendations from one-time or non-recurring funding sources, the House has included non-recurring funding for a number of projects including: funding for CHE technology (\$130,000), the University Center of Greenville (\$1,112,229), SCMEP (\$1,200,000), and SC LightRail (\$4,500,000). This funding will enable the current funding levels for these programs to be continued. Additionally, other non-recurring funding that is recommended for FY 2008-09 for higher education agencies includes: CHE operating (\$373,901); Citadel Computer System (\$1,270,000); Coastal Carolina operating (\$500,000); College of Charleston operating (\$25,000) and Science Center (\$1,500,000); Francis Marion Master of Science in Nursing Feasibility Study (\$50,000); Lander Nursing Initiative (\$200,000); SC State Deferred Maintenance (\$1,000,000); USC Upstate Master of Education and Special Education (\$100,000); USC Beaufort Bluffton Campus Technology (\$25,000), operating (\$25,000) and Penn Center (\$25,000); Winthrop Science Center (\$50,000); USC Lancaster Technology (\$50,000) and operating (\$500,000); USC Salkehatchie Leadership Center (\$150,000); State Board for Technical and Comprehensive Education Allied Health Initiative (\$744,235); and Orangeburg-Calhoun Technical College (\$200,000).

In regard to lottery funding recommendations, higher education programs funded through the SC Education Lottery are continued at the current levels including: Technology for Public 4- and 2-year Institutions (\$12,000,000), Centers of Economic Excellence or the Endowed Chairs program (\$30,000,000) SC State (\$2,500,000), and Higher Education Excellence Enhancement (\$4,700,000). See above for information on the state's scholarship programs which are funded with lottery and general fund revenue.

The budget recommendations are not final and are now under consideration of the Senate. It is expected that the full Senate Finance Committee will consider its recommendations the week of April 1 with the budget debate on the Senate Floor expected the week of April 14. Once the Senate approves a budget, it will be returned to the

House for further amendments and then sent to Conference Committee to work out any differences between the House and Senate. From there, any Governor's vetoes, if applicable, must be considered before the budget becomes final.

(week of Mar. 10 – Mar. 14, continued)

In the House –

See Above. No committee meetings were scheduled during the week due to the budget deliberations.

In the Senate –

Full Senate Education met on Wednesday. Among its considerations, the Committee screened appointments including the Governor's recommendation to appointment Mr. Kenneth Jackson to CHE's board as the four-year comprehensive college and university representative. The Committee will recommend Mr. Jackson's appointment to the Senate for confirmation.

The Senate Finance Higher Education budget subcommittee met on Thursday and heard testimony from the CHE, Francis Marion and SC Tuition Grants Committee. Members of this subcommittee include Senators Courson, Matthews, Pinckney and Cromer. The subcommittee is scheduled to meet again next week on March 18 and will hear from the University of South Carolina and SC State. They are also scheduled to meet on March 19 and hear from the State Board of Technical and Comprehensive Education and the Citadel.

Reminder: The above report is not intended to be all inclusive. Bill numbers are linked to the SC General Assembly page. The link should go to the most recent version of the bill. For additional information on legislation referenced above and other legislation relating to higher education, see http://www.che.sc.gov/CHE_Docs/InfoCntr/Legis/HigherEd_Legis_List.xls . Detailed information on the 2008 Session of the General Assembly may be access at www.scstatehouse.net or from links included on CHE's website at <http://www.che.sc.gov/Home/CHELegislativeUpdates/LegislativeSession2008.aspx>