

CHE Legislative Update 2/6/2014

Since we met last, the General Assembly returned to work and opened session on January 14. I've provided you with brief updates on the first few weeks of the session and so I will make my remarks brief this morning. The updates have been posted on our website, which has been updated to include 2014 Session information

(<http://www.che.sc.gov/Home/CHELegislativeUpdates/LegislativeUpdatesofinterestforHigherEducation2014.aspx>)

As you are aware, the General Assembly got right to work and then took a break last week due to weather. Of significance before the break, the General Assembly passed the restructuring bill (S.22). The Governor has signed the legislation into law. Implementation of the provisions will begin this year but the legislation does not fully take effect until July 1, 2015. This legislation abolishes the Budget and Control Board, creates a new Department of Administration, and restructures the functions of the former Budget and Control Board either under the new Department or through other new or restructured agencies.

Work continues on the FY 2014-15 Budget:

The Governor released her budget recommendations just prior to the start of the session on January 13. She supported many of the Commission's requests including our requested increases for SREB and the CHE EIA-funded Centers of Excellence program. She supported recommended funding for PASCAL by including recurring funds and more stable lottery funds. Our proviso request concerning SmartState was also included.

Of note in the Governor's recommendations for institutions, the Governor supported about \$41 million in requested funds from the Capital Reserve Fund for building maintenance, renovation and repair needs. She recommended a total of about \$8.6M in recurring General Funds for institutions which included annualizations of one-time appropriations from last year and \$4.5 M in new funds for technical college allied health and STEM programs and apprenticeship programs.

The Governor supported full funding of the merit scholarship programs, requested level funding for Lottery Tuition Assistance, increases for need-based grants, and implementation, supported with funding, of year-round LIFE and Palmetto Fellows awards.

House Ways and Means budget subcommittees continue to hear from agencies. Our budget subcommittee has now heard from each of the institutions. This week the Committee also brought in consultants from Deloitte for a presentation on how an efficiency study of higher education institutions might be conducted. As you may have read in the papers, Chairman White is supportive of such a study, and other consultants are expected to present. The Governor's recommendations included such a study for higher education and \$2M in nonrecurring funds to support the study.

The Board of Economic Advisors (BEA) will give its official revenue estimate for FY 2014-15 by February 15. The full Ways and Means Committee is anticipated to meet during the week of February 18 to consider funding recommendations.

Legislation: A couple of new bills of interest have been introduced recently including:

- A bill (H.4518) by House W&M Chairman White to prohibit lottery funds from being used for higher education capital improvement projects
- A bill (S.984) introduced in the Senate that would enable technical colleges to expand program offerings from two to three years.
- Bills (S.911, S.940) in the Senate to expand the Education Capital Improvement Sales and Use Tax to enable participation by counties on a statewide basis. Presently only Horry County and Charleston meet the established threshold to participate.