

CHE Legislative Update, 6/5/2015

The following provides an outline prepared in advance of the meeting of items to be covered as part of the legislative update during the June 5 meeting.

BUDGET

Today the General Assembly adjourns the 2014 session at 5:00 pm under provisions of a Sine Die Resolution (5282) that provides for their return June 17-19. There has been a flurry of activity in the last few days of the session. Yesterday, Senator Courson resigned his position as President Pro Tempore in anticipation of Lt. Governor McConnell stepping down today.

By late yesterday afternoon, the House and Senate agreed on the budget bills which will now go to the Governor for consideration. The Governor will have 5 days excepting Sunday to consider and the General Assembly is expected to take up any vetoes when the General Assembly returns in two weeks. As you'll recall, when the BEA met two weeks ago, the BEA acted to increase the state's revenue estimates which provided about \$19 million in recurring and \$41 million in nonrecurring revenues as well as increases to the lottery estimates (\$19 million) and EIA-fund estimates (\$6 million).

In a rare event, the House and Senate agreed on the budget bills without the need for a conference committee after the House adopted and then amended further the Senate bills.

In the next few days, we'll have a closer look for you at the provisions and I'll just hit the highlights for higher education. With respect to higher education, the provisions for the most part followed the Senate budget which as you'll recall was more generous for higher education.

FY 2014-15 Budget Highlights include:

For Institutions:

- Recurring: Just over \$8 million in recurring funds. Of these funds \$2.7 million is included for the Higher Education Efficiency Study. A proviso directs a committee to oversee the process for procuring the study and includes language from the Senate version that CHE survey institutions with respect to institutional studies that have been completed.
- Nonrecurring (Surplus and CRF) There are about \$43 million in nonrecurring funds for various projects across institutions.
- Lottery: \$10.4 million for critical equipment needs, maintenance, and repair for all 33 public colleges that had been included in the Senate budget was included. Lottery technology funds were provided at \$8 million.

CHE Requests –

- SREB request funded
- EIA-Center of Excellence requested increase of \$250,000 included
- PASCAL included in the lottery at \$1.5 million as the first priority of any excess unclaimed prize funds after \$8 million certified is funded
- No funds were provided to the requested Innovations for Student Affordability initiative for institutions

Scholarships and Grants:

- Merit programs fully funded which included an increase in funds of \$30 million for the merit programs (Palmetto Fellows, LIFE and HOPE)
- Year-round scholarship initiative for Palmetto Fellows and LIFE included and funded
- Need-based Grant funds are increased by \$2.6 million in nonrecurring surplus funds
- Lottery Tuition Assistance and National Guard College Assistance programs receive level funding as requested

Other Items in the Budget:

- The funds and provision included in the Senate version contingent on the passage of legislation relating to in-state tuition for veterans and dependents was ultimately not included.
- Increased funding of \$300,000 in nonrecurring funds for the Lowcountry Graduate Center was added (not previously included in House or Senate versions).
- AHEC receives \$200,000 in nonrecurring (in previous versions).
- SBTCE CATT program receives \$5.4 million in increased funds.
- CHE requested proviso relating to other funds authorization and SmartState was not included.
- With respect to the book issue, the Senate version prevailed which did not include cuts to funds for USC Upstate and College of Charleston but instead directed spending of funds for the provision relating to teaching the Constitution, Declaration of Independence, and other American foundational documents and direction for all institutions in considering selections or requiring participation in certain events.
- With respect to SC State, the Senate provision with additional amendment to create an advisory committee for assisting with the development of a budget plan was included. Neither the House nor Senate included funds to cover the deficit situation. The advisory committee will work with the institution to make recommendations that would be considered by the Joint Bond Review Committee.
- The Higher Education Excellence Enhancement program which predominately goes to independent institutions (HBCU's and by proviso Columbia and Converse Colleges) was funded at \$4.6 million. Another \$450,000 from the lottery was given to three independent colleges (\$150,000 each for Southern Methodist, Clinton Junior College and Coker College)
- State employees will receive a pay raise of 2%. (The House and Senate had included a 1.5% increase with the Senate adding a provision for a one-time bonus of \$300.)

LEGISLATION

Once the session ends today, all legislation that has not been passed or addressed by the Sine Die Resolution will die. The Sine Die Resolution enables the General Assembly to consider limited items to finish its business this session including budget bills, bills for which a conference committee has been appointed by 5 pm sine die today, and bills that have been vetoed. A few highlights (not a comprehensive listing)

Among bills relating to higher education that are anticipated to die as of the end of the Session today:

- Senate and House bills relating to Accountability based funding
- A bill (H.4815) prohibiting lottery appropriations for capital permanent improvement projects at or associated with an institution of higher learning, passed the House and remained in Senate Finance
- Legislation relating to academic program approval authority for associates degrees (H.4988 and S.1197 and three-year technical college degrees remain in committee in their respective houses.
- Legislation to provide out-of-state military and dependents on GI bill benefits with access to in-state tuition and fees (S.93).

Among bills that passed and have been enacted:

- Legislation CHE requested to amend certain provisions in SC National Guard College Assistance Program (H.3784)
- Legislation to eliminate high school exit exam (H.3919)
- Legislation (H.3893) relating to Common Core and K-12 Assessments
- Legislation to transfer oversight for regional education centers from SDE to Commerce (H.3410)
- Legislation to restructure state government by creating the Department of Administration and eliminating Budget and Control Board (S.22)

In Conference Committee:

- S.825 relating to provisions for military. The Senate version includes consideration for property tax exemption and the House version amended the bill further to include H.4859, Military Family Quality of Life Enhancement Act of 2014, which included a number of provisions for military families including a provision addressed in H.3086 to allow for in-state tuition for discharged military by providing a waiver of the 12-month physical presence requirement for discharged military who establish residency in South Carolina.
- Legislation focused on ethics reform (H.3945)
- Legislation relating to participation by counties in provisions for educational capital improvement sales and use tax (S.940)

Pending any final action today:

H.3086, relating to in-state tuition for veterans establishing residency in South Carolina was also positioned yesterday to be acted on after the minority report was removed and the bill was further amended and given second reading.

S.516, Read to Succeed Act, which among its provisions directed to improving literacy has implications for teacher certification and teacher education programs, is positioned to pass today. Funding for this legislation that includes expanded K4 programs is also included in the budget.

University of Charleston Act (H.4632) and Clemson Enterprise Act (S.535):

Much of the drama in the past week has centered on legislation relating to the University of Charleston Act. The Charleston University Act started off as a merger of MUSC and College of Charleston. The House amended it to focus on College of Charleston only and provisions to designate the College of Charleston as a research university, passed the legislation and sent it to the Senate. Senate Education committee held a subcommittee meeting on the bill and just prior to a scheduled full committee hearing, the bill was recalled by the Senate over the objection of the Senate Education chair. The bill was placed on the contested calendar. The House in anticipation of H.4632 stalling passed the Clemson Enterprise Act (S.535) after amending it to strip the Senate provisions focused on Clemson and instead amended it to include the Ways and Means recommended changes to the capital facilities approval process for higher education and to include the University of Charleston Act as passed by the House. Yesterday the Senate took up S.535 and non-concurred with the House amendments which opens the door for the bill going to conference committee and remaining under consideration. As of the meeting report, it was learned that Conferees had been named.