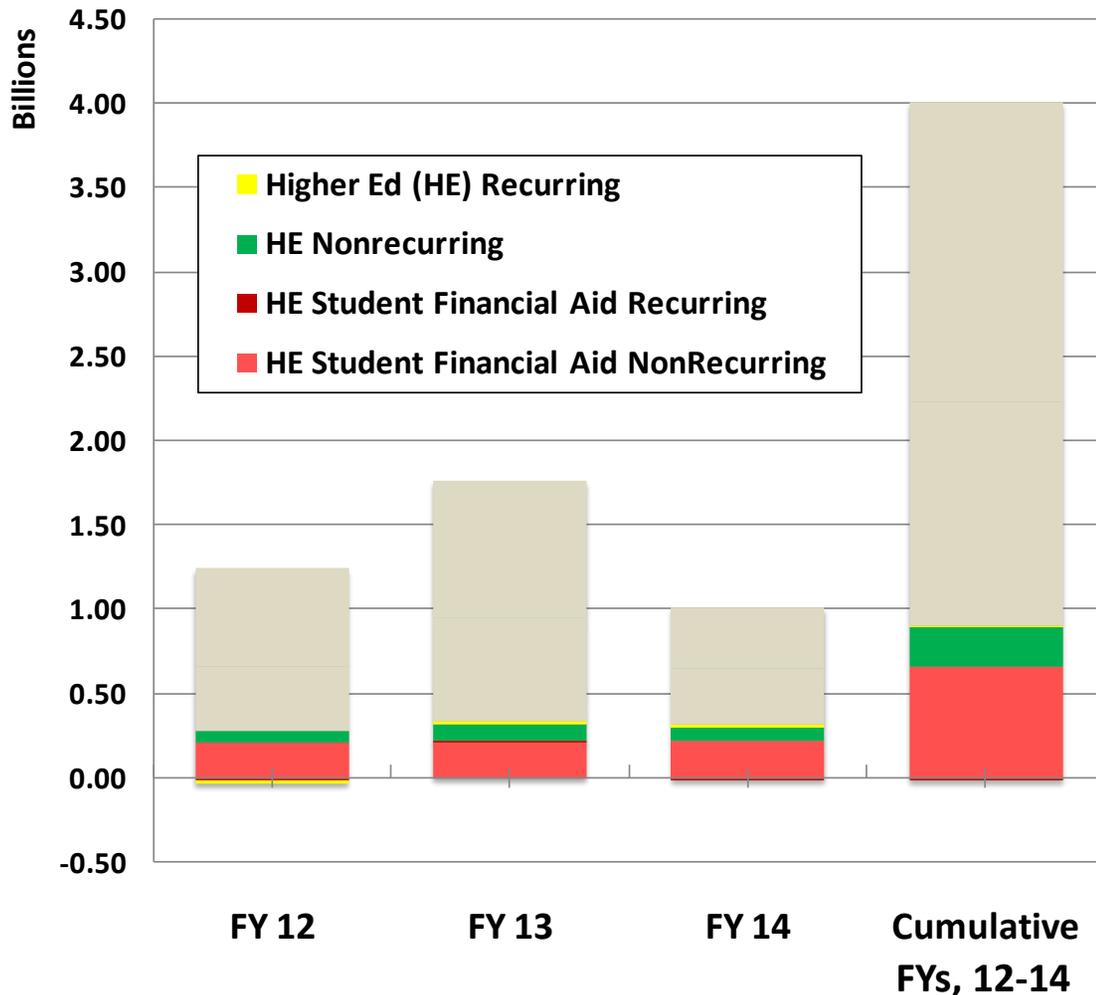# South Carolina Commission on Higher Education

FY 2014-15 Budget Priorities

for

Greater Affordability and Sustainability

State Total and Higher Education Appropriations
NEW Recurring and Non-Recurring (Surplus, Capital Reserve Fund, Lottery)

Chart legend:
- Higher Ed (HE) Recurring
- HE Nonrecurring
- HE Student Financial Aid Recurring
- HE Student Financial Aid NonRecurring

Y-axis: Billions (-0.50 to 4.50)
X-axis categories: FY 12, FY 13, FY 14, Cumulative FYs, 12-14

Over the past 3 years, $4B in new recurring or one-time funds have been available.

- Higher Education received 22% ($895M)

- Less than 1% of the higher education funds were recurring

- The majority (72%) of this higher education funding goes directly to students for scholarships & grants

CHE Budget Priorities for FY 2014-15

o **Innovation for Student Affordability**

o **Need-Based Grants**

o **SREB Programs and Services**

o **PASCAL**

o **Maintenance, Equipment, and Facilities Needs**

o **EIA-Funded Centers of Excellence**

o **Agency Proviso Requests**

Innovation for Student Affordability

$9 million Recurring Increase for Institution Programs

o A primary challenge facing South Carolina students and their families is the increasing cost of attending and completing post-secondary education.

o This initiative for institutional educational and general funding provides a focused investment in realistic, practical innovations that allow students to earn an associate's or bachelor's degree at less expense.
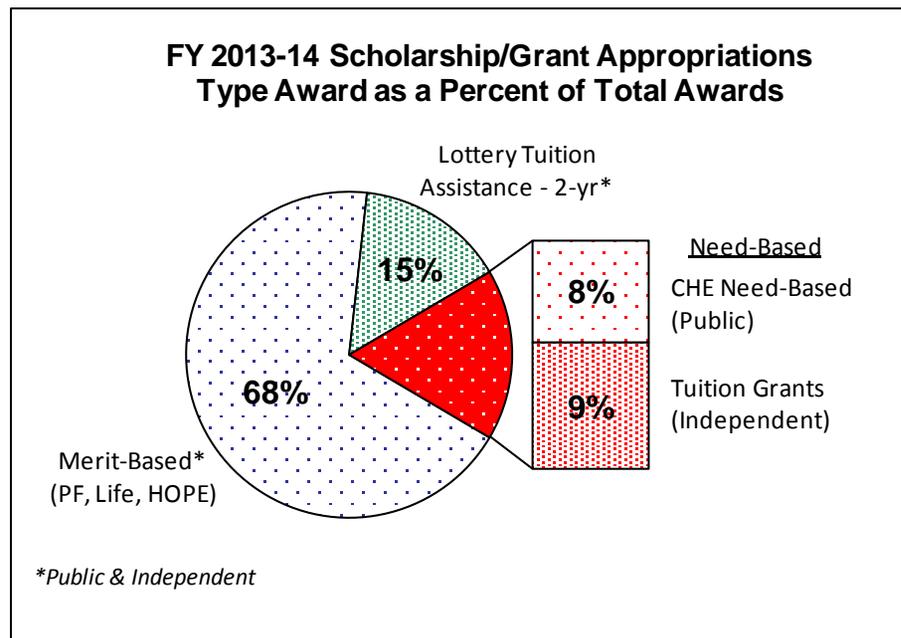
Innovation for Student Affordability

o These innovations fall into two broad categories:

1) academic bridge articulations between two-and four-year degree programs; and

2) management innovations in program/course delivery, scheduling, competency-based learning, and other efficiencies that assist students in completing their degrees more quickly.

o The funding requested is to be transferred to institutions on a competitive basis to enhance, extend, and pilot proposed innovations focused directly on student affordability.

o Related to this request are several individual institutional requests.

Need-Based Grants

$2,600,000 increase to return to FY 2012-13 funding level

**FY 2013-14 Scholarship/Grant Appropriations
Type Award as a Percent of Total Awards**

Lottery Tuition
Assistance - 2-yr*

15%

68%

Need-Based

8%   CHE Need-Based
(Public)

9%   Tuition Grants
(Independent)

Merit-Based*
(PF, Life, HOPE)

Public & Independent

o Student financial aid programs provide incentives for our students to enroll in and complete higher education in our state.

o Need-based aid is a critical element but makes up only a small portion of the more than $330 million in financial aid provided by the state

Need-based Grants and Scholarships

o In FY 2012-13, a much needed and appreciated boost to need-based grant aid was provided , but that benefit was lost when the increase was not fully returned in FY 2013-14.

o The request to increase need-based grant funds by $2.6 million will return the program to the FY 2012-13 level.

Also recommend:

o Continued full support of the state's merit-based financial aid programs (Palmetto Fellows, LIFE, and HOPE) for anticipated growth.

o Level funding for the Lottery Tuition Assistance (LTA) program at two-year institutions ($49.1 million) and for the S.C. National Guard College Assistance Program ($4.6 million).

SREB Programs and Services

$180,810 Recurring Increase to Maintain Level Services

o The Southern Regional Education Board (SREB) was founded in 1948 by the Governors of the member states to help state's share resources and improve higher education.

o CHE coordinates South Carolina's participation in higher education programs and funding flows through CHE.

o SREB appropriations in FY 2013-14 total $3,516,927 and support participation in SREB providing access to programs and services benefitting K-12 and higher education and affording many S.C . residents the ability to take part in programs not available here at in-state or reduced rates.

SREB Programs and Services

- o The major portion of SREB funding (nearly 90%) supports S.C.'s longstanding participation in the SREB Contract Programs which offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees.

- o S.C. contracts through SREB for 24 student slots in optometry at University of Alabama Birmingham (8) and Southern College in Tennessee (16) and 104 in veterinary medicine at University of Georgia (68), Tuskegee University (16) and Mississippi State (20).

- o The requested funding increase of $180,810 results from a structured 4% increase in SREB contract prices for optometry and veterinary medicine slots held for South Carolina students and a 3% (or $8,000) increase in SREB member support.

- o The request factors in any estimated carry forward funds resulting from the occasional contract slot not being filled.

State Electronic Library, PASCAL
$1.5 million in Recurring Funds to Stabilize State Support

o PASCAL is a government best practice, providing cooperative sharing of physical and electronic resources at greatly reduced rates.

o 53 of the state's public and private colleges and universities participate.

o PASCAL initially received funding in FY 2004-05 and has been included in all subsequent budgets with funding primarily one-time sources.

o Since FY 2010-11, state funding has been provided as part of the priority list for uncertified unclaimed prize funds from the lottery.

o This funding is not predictable and has not been fully available.

o The request seeks to stabilize the $1.5 million in state support which will enhance PASCAL's ability to leverage its group purchasing power.

www.pascalsc.org

Maintenance, Equipment & Other Facilities Needs

$40 million (minimum) in Lottery or Nonrecurring Support

o The General Assembly has provided much needed support for higher education by providing one-time funding in support of Maintenance, Equipment and Facilities.

o Support over the past three years has ranged from $40 million to $68 million annually through a combination of appropriations from the Capital Reserve Fund and for the past two years, the Lottery.

o CHE is requesting *a minimum* of $40 million (and an amount greater to the extent possible) in nonrecurring support to help reduce costs that must otherwise be supported by students and families through tuition and fees.

o Maintenance Funds have been estimated based on E&G square feet weighted by the age of the building.

EIA-funded Centers of Excellence

$250,000 Increase in Education Improvement Act (EIA) Funds

Enable institutions to serve as "state of the art" resource centers focused on improving teacher education and training in South Carolina

o The Centers assist low-performing schools and districts by providing training and support to teachers.

o Target schools and districts that have an overall rating of Below Average or Unsatisfactory and a Poverty Index of greater than 25%.

o 5-year competitive project-based funded grant.

YEAR 1	YEAR 2	YEAR 3 – 5
100% from CHE funding + Institutional/ External funding	90% of year 1 CHE funding + Institutional/ External funding	75% of year 1 CHE funding + Institutional/ External funding

EIA-funded Centers of Excellence

24 Centers funded since inception

17 Centers are still active (through institution/other support)

4 Centers are currently funded (2 in year 1, 1 each in year 3 and 4).

o Requesting an increase of $250,000 in order to fund a new Center that will focus on College and Career Readiness. The Center will leverage the work of the S.C. Course Alignment Project and other college and career readiness and P-20 initiatives.

o The goal will be to transform the high school experience to create a college-going and career readiness culture that prepares students for postsecondary education and the world of work.

Agency Proviso Requests

o ADD NEW Proviso for SmartState® Draw Down to expedite the process of authorization and draw down of matched state matching funds. The proposed proviso, advanced by the Senate last year, would reduce regulatory burden without compromising accountability.

o DELETE: Proviso 11.14* (CHE: Parity Funding) and Proviso 11.17* (CHE: Inventory of State-Mandated Reporting Requirements).

These provisos require reports to be submitted in FY 2013-14 and will not be necessary in FY 2014-15.   (*renumbered FY15 proviso base)

CHE Budget Priorities for FY 2014-15

(Requested Increases and Nonrecurring)

o **Innovation for Student Affordability** **$9 million recurring**

o **Need-Based Grants** **$2.6 million Lottery**

o *Full funding merit-based scholarships (Palmetto Fellows, LIFE, & HOPE) and Level funding for Lottery Tuition Assistance ($49.1M) and SC National Guard College Assistance Program ($4.6M)*

o **SREB Programs and Services** **$180,810 recurring**

o **PASCAL** **$1.5 million recurring**

o **Maintenance, Equipment, & Facilities Needs** **$40 million nonrecurring/ Lottery**

o **EIA-funded Centers of Excellence** **$250,000 EIA funds**

o *Agency Proviso Requests*