

**Agenda Item IV**

**Legislative Update for CHE**  
**(June 2, 2005, updated as of June 21)**

**Budget:**

Work on the State’s budget was completed on May 26, 2005, after the House and Senate considered the Governor’s vetoes. The Governor had vetoed approximately \$30 million in higher education funding. The House and Senate overrode all of the Governor’s vetoes of higher education funding.

Overall, for higher education institutions, there is a \$28.9 million increase in funding, including the non-recurring items funded again for FY06 and any other increases or decreases. The majority of the increased funding for higher education in FY06 (\$25.0 million) is in non-recurring funds.

Increased, new or non-recurring Higher Education projects were funded through CHE with non-recurring funds totaling \$4.1 million. Of this amount, only \$100,000 for the African American Loan Program was an additional amount over last year. There was also an increase of \$1 million in recurring funds for projects. Of note, the virtual library for higher education was funded with \$2 million in non-recurring funds; the Statewide Public Engagement Initiative (Service Learning Pilot) was funded with \$65,000 in EIA funds; and CHE was authorized to use up to \$260,000 for scholarship support.

Funding for scholarship programs rose by \$20.3 million over FY05 levels. The following table shows the total FY06 funds (lottery and general funds) and the increase over FY05 for merit scholarship programs.

	<u>FY06 Funding Total</u>	<u>Increase over FY05</u>
Palmetto Fellows	\$26,381,991	+ \$3,205,279
LIFE	\$134,929,425	+ \$12,554,681
HOPE	\$6,673,826	+ \$490,809
Lottery Tuition Assistance	\$43,000,000	+3,250,000
Need Based		
CHE (Public & Independent)	\$23,246,093	+807,666
Tuition Grants (Independents)	\$23,322,247	+\$0
TOTAL	\$257,553,582	+ \$20,308,435

**Legislation Related to Higher Education:**

Several pieces of legislation were enrolled for ratification during the last week in the session that relate directly to higher education. Most notably, legislation included: H.3906 regarding changes to scholarship programs; H.3673 regarding regulatory relief items (most were also included in the Life Sciences Act of 2004 that were later struck down); H.3741 setting up a loan repayment program for certain physicians; and H.3794 establishing the Research Innovation Centers and amending provisions regarding the SC Research Authority. A chart of higher education related legislation that passed during the session and the current status follows on the next page.

Of note regarding other higher education legislation that was considered during the session: 1) a bill that would allow a name change for technical colleges and a bill that would require institutions to discontinue the use of a student’s social security number as a primary identification number are stalled in the Senate; and 2) bills related to USC Sumter’s status as a 4-year institution, Trident Technical College’s 4-year

culinary arts degree remain in Committee along with other bills related to scholarship programs, free tuition for certain residents, higher education governance, and establishing a law and engineering school at SC State.

During the last week, other key legislation in the state was passed or in conference committee including legislation on: seat belts, criminal domestic violence, mini-bottles, Medicaid and the State Retirement System. As of June 10, 2005, the Governor signed the mini-bottle legislation and criminal domestic violence legislation into law and allowed seat belt legislation to go into effect without his signature. Retirement System legislation was later signed by the Governor and Medicaid legislation is pending from conference committee next session. All but two of the Governor's vetoes of legislation passed during the last week of the session were overturned on June 14<sup>th</sup>. It is noted that the tuition tax credit legislation did not pass during the session while tort reform legislation was passed. Additional information is available on-line in the *Legislative Update* publication of the SC House of Representatives. The link is <http://www.scstatehouse.net/reports/hupdate/5n22.doc> . A link to all new laws passed this session is [http://www.scstatehouse.net/sess116\\_2005-2006/bills/05actsp1.htm](http://www.scstatehouse.net/sess116_2005-2006/bills/05actsp1.htm)

The table that follows on the next two pages briefly summarizes legislation pertaining to higher education that has become law. Additional information and copies of the legislation, including the status, are available at [www.scstatehouse.net](http://www.scstatehouse.net) . Bills may be accessed directly at [http://www.scstatehouse.net/cgi-bin/web\\_bh10\\_2003.exe](http://www.scstatehouse.net/cgi-bin/web_bh10_2003.exe) by typing in the bill, ratification or act number as instructed.

<b>Higher Education Legislation that has been passed in the 2005 Session</b>		
<b>Bill #</b>	<b>Status</b>	<b>Summary</b>
<b>Act 88</b> R.102 H.3155	Signed by Governor 5/27/2005	Education and Economic Development Act. This bill provides for changes to high school curriculum related to the implementation of a career clusters model of study. It is designed to provide career paths for students. An overarching council is formed to oversee the legislation's implementation. The council includes among its members, the Executive Directors of CHE and SBTCE, and as appointed by the chair of CHE, a president or provost of a research institution, a president or provost of a four-year college, and a president of a technical college. Higher education will work with the Department of Education to consider transfer and articulation issues. The CHE's Advisory Committee on Academic Programs with added membership for this purpose will lead this effort. The implementation for the first year is being funded with \$6 million from the Department of Education's budget.
<b>Act 162</b> R.195 H.3906	House and Senate voted to override the Gov's veto on Jun 14  Vetoed by Governor June 7	This bill contains provisions regarding scholarship programs and the Higher Education Excellence Enhancement Program including:  1) Codifies temporary provisos that have been in effect for Palmetto Fellows and Provides for alternative criteria for Palmetto Fellows awards - Students with 1400 SAT and 4.0 GPA are eligible without regard to class rank; Provides that the number of students included in the top 6% be the next whole number of students if the top 6% is not a whole number. These students would have to meet the 1200 SAT and 3.5 GPA requirements.  2) Defines eligible institutions for Palmetto Fellows awards and adds Bob Jones University as a qualified institution  3) Amends the definition of eligible institutions for participation in the Higher Education Excellence Enhancement Program to HBCU's public and private that are SACS accredited, non-profit and headquartered in SC and that have for four consecutive years 60% or

<b>Higher Education Legislation that has been passed in the 2005 Session</b>		
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		<p>more low income or economically disadvantaged students</p> <p>4) Qualifies South University as an eligible institution for LIFE scholarships (This was a provision passed in the Life Sciences Act of 2004 that was later struck)</p> <p>5) Amends LIFE scholarship eligibility requirements to include as eligible students who have completed three of the final four years of high school within this state (Life Sciences provision) and students whose parent or guardian served or is retired military provided certain conditions are also met.</p> <p>6) Amends LIFE continuing eligibility requirements to provide that students must use in calculating the GPA for scholarship retention purposes to be inclusive of the student's grade point average at all public or independent institutions attended.</p>
<b>Act 48</b> R.54 H.3392	Signed by Governor 5/3	Lottery Tuition Assistance Program amended to provide that certain students do not have to complete the FAFSA in order to be eligible.
<b>Act 95</b> R.114 S.204	Signed by Governor, 6/1	Allows visual and hearing impaired or multi-handicapped students to receive Palmetto Fellows, HOPE or LTAP funds to attend an out-of-state institution that specializes in the student's impairment.
<b>Act 165</b> R.209 H.3741	Became law 6/14/05 without Governor's signature  Ratified 6/7/05	Establishes in the Division of Aging, a student loan repayment program for physicians who specialize in Geriatrics or Geropsychiatry and contract to practice in SC for at least 5 consecutive years.
<b>Act 143</b> R.186 H.3673	Signed by Governor 6/7/05	<p>Provides for "regulatory relief" for higher education institutions. Many of the provisions were included as part of the Life Sciences Act of 2004 that were later struck. In brief, provisions relate to :</p> <ol style="list-style-type: none"> <li>1) providing for lump sum bonuses for employees from sources other than state funds</li> <li>2) offering education fee waivers for no more than 4% of undergraduate student body</li> <li>3) establishing research grant funded positions without regard to FTE provided funds from non-state sources</li> <li>4) offering health insurance from non-state funds to graduate assistants</li> <li>5) granting of the power of eminent domain to board of trustees of public higher education institutions</li> <li>6) granting institutions the authority to negotiate for its annual audit</li> <li>7) codifying the distribution formula for lottery technology funds</li> <li>8) defining permanent improvement projects and establishing a \$500,000 threshold for approval consideration</li> </ol>
<b>Act 133</b> R.190 H.3794	Signed by Governor 6/7/05	Amends legislation for the SC Research Authority to establish "Research Innovation Centers" in order to enhance economic development and the capabilities of the research institutions and their collaboration with industry. Funding will come from SC Research Authority funds for the first several years.

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<b>Act 43</b> R.45 S.320	Signed by the Governor and Effective 5/3/05	USC athletic facilities bonds – Amends provisions for USC related to authorization of bonds for athletic facilities. Raises debt limit from \$40 million to \$60 million.
<b>Act 44</b> R.48 S.483	Signed by the Governor and Effective 5/3/05	SC State University Academic and Facilities Bond Act – prescribes the manner in which and condition under which SC State may issue certain revenue bonds for the acquisition of academic and administrative buildings and to define certain terms.

**Other Legislative Items:**

The Session ended on June 2, 2005 and the General Assembly had passed a resolution to return on June 14 to consider Governor's vetoes. The General Assembly returned on the 14<sup>th</sup> and adjourned *sine die* at the end of the day. This session is the first year of the two-year continuing session. All legislation will that has not passed will remain active for the upcoming year.

During the last week of the session, the Senate Majority Caucus elected Senator Harvey Peeler as the Senate Majority. The position has been held by Senator Leatherman. Speaker of the House of Representatives, David Wilkins, has been appointed U.S. Ambassador to Canada and has resigned from his position in the House. On June 2, the House elected Representative Bobby Harrell (Chair of Ways and Means) as the new Speaker beginning June 21. Representative Dan Cooper was elected Chair of Ways and Means on June 14<sup>th</sup>.