

## SC COMMISSION ON HIGHER EDUCATION FY 2013-14 BUDGET PRIORITIES SUMMARY

### HIGHER EDUCATION PRIORITIES & REQUESTS

#### **BEGIN INCREASING THE STATE'S INVESTMENT IN CORE HIGHER EDUCATION FUNDING**

We understand the enormous continued pressures on the state's budget. In light of the beginnings of an economic recovery and in consequence of higher education's central role in sustaining and enhancing that recovery, we recommend that the state begin working over the next several years toward restoring core state support for public institutions (nearly 50% since FY08) and higher education programs that have lost similar amounts. **Progressively increasing support as our economy recovers would lessen the tuition and fee burden on students and families and support institutions as they enroll increasing numbers of students and continue improving quality and student outcomes.**

#### **GIVE PRIORITY TO A BOND BILL OR NON-RECURRING FUNDS FOR CAPITAL NEEDS**

Higher education has received almost nothing for its capital projects needs since 2000 which puts increased pressure on resources and the need for increased tuition and fees. Capital is a normal operating cost—not an exceptional or unusual one. Over the past two years, the General Assembly has provided much appreciated support through one-time funding sources for on-going maintenance, repair, and renovations needs including \$39M from the Capital Reserve in FY12 for deferred maintenance needs, and in FY13, \$32.5M for deferred maintenance and another approximately \$30M for other facilities needs from the Capital Reserve and in Lottery Surplus funds. **Recognizing that a bond bill is not likely for FY14, continued investment of one-time funds at least at FY13 levels would continue much needed support for our 33 public colleges and universities toward needs for campus maintenance and facilities and help reduce costs that must otherwise be supported by students and families through tuition and fees.**

#### **CONTINUED SUPPORT OF STATE-SUPPORTED FINANCIAL AID PROGRAMS, WITH INCREASED EMPHASIS ON NEED-BASED AID**

Student financial aid programs are providing incentives for our students to enroll in and complete programs in South Carolina. Need-based aid is a critical element for any state seeking to enhance participation in and completion of degree programs for those with limited means. For the first time in several years, a much needed and appreciated boost to need-based aid was provided. **In addition to continued full support for the merit programs for growth (Palmetto Fellows, LIFE and HOPE), need-based aid should be supported at least at the current level and increased to the extent possible. To fund the Need-based Grant program, which received a one-time boost in FY13, CHE is requesting \$4,000,000 which will enable support at the current \$27.6M level.**

The **Lottery Tuition Assistance (LTA)** program improves access for students not qualified for merit programs who may be entering higher education for the first-time or returning to acquire training to enter or remain in the workforce. **Funding was increased by \$2.1M to a total of \$49.1M in FY13 and continued support at this level is recommended.**

The **SC National Guard College Assistance Program (SCNG CAP)** was initiated in 2007 to provide incentives for enlisting or remaining for a specified time in either the SC Army or Air National Guard. **CHE, in collaboration with the National Guard, is requesting an increase of \$2,854,000 for SCNG CAP to maintain annual support at the current participation levels.**

#### **SUPPORT THE LEADING EDGE OF EFFICIENCY AND PRODUCTIVITY – PASCAL AND SMARTSTATE®**

**PASCAL (Partnership Among South Carolina Academic Libraries), [www.pascalsc.org](http://www.pascalsc.org)**, is a government best practice, providing cooperative sharing of physical and electronic resources among all of the state's public and private academic institutions at greatly reduced rates. In FY05, the state began investing \$2M annually, but with the economic downturn, funding was reduced to just under \$200,000 as of FY08. Increased institutional investment and a reduction in available electronic collections have enabled PASCAL to continue. In FY12, PASCAL was given first priority for \$1.5M in excess unclaimed prize funds above the first \$12.4M and received \$1.25M at year-end. Again in FY13, PASCAL has been included in the first priority position for excess unclaimed prize funds at \$1.5M. Whether this funding will be realized is uncertain. **Funding of \$1.5M from a more stable source is needed to ensure PASCAL's continued success.**

Through **SMARTSTATE ([www.smartstatesc.org](http://www.smartstatesc.org))**, our research universities are advancing SC's economy by successfully recruiting a critical mass of top-notch researchers in science and engineering. In turn, our economy is benefiting through research and discovery, technology transfer and commercialization. To date, the SmartState Review Board has awarded \$191.6M in state funds which are matched, \$1-for-\$1 with non-state funds, for the creation of 48 Centers of Economic Excellence and 86 specialized endowed professorships. SmartState is responsible for more than \$1.4 billion in non-state investment in SC's economy (a 7:1 return on the state's investment) and the creation of over 8,000 jobs. Lottery funding for SmartState, which began in FY03, was eliminated in FY09 and has not been restored. The SmartState Program has survived on interest revenue accrued over the life of the program. This funding is depleting as additional centers come on line and projections are that without additional state support, the fund will be near zero by the end of FY13. **Restoration of annual funding to the extent possible will continue this important critical investment in SC's future.**

#### **CONTINUE PROGRESS IN HIGHER EDUCATION REGULATORY REFORM**

#### **A MORE STRATEGIC CHE OVERSIGHT ROLE IN THE CONTEXT OF A REVITALIZED PLANNING FRAMEWORK**

## SC COMMISSION ON HIGHER EDUCATION FY 2013-14 BUDGET PRIORITIES SUMMARY

### CHE AGENCY BUDGET REQUESTS

#### Core Mission Support for Critical Staffing Needs \$200,000 Increase

The inability to fund vacated positions has led to staffing shortages and increases in staff workload that are not sustainable in effectively fulfilling CHE's mission. The requested increase will support an estimated 2 FTE positions that are presently vacant and cannot be supported with current funds. The positions are needed in carrying out mission critical core agency functions concerning regulatory and state-level policy work to ensure academic program quality.

#### Southern Regional Education Board (SREB) Programs and Services \$79,710 Increase

SREB contract programs offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees. Our state participates by contracting through SREB for 24 student slots in Optometry and 104 in Veterinary Medicine at 5 partner institutions. The requested increase results from a programmed increase by SREB in contract prices for slots held for SC students in optometry and veterinary medicine programs and enables participation at the current level. (A fact sheet on SREB programs and funding is available.)

#### EIA-Funded Centers of Economic Excellence \$36,000 EIA-fund Increase

The Centers of Excellence is a longstanding competitive grants program original to the Educational Improvement Act (EIA) of 1984. The program enables eligible institutions or groupings of institutions to serve as "state of the art" resource centers for South Carolina in a specific area related to the improvement of teacher education. The requested increase along with existing funds will enable a new center in FY14 focused on College and Career Readiness and fully fund the two continuing Centers at Newberry College and Claflin University and a Center at The Citadel scheduled to begin in FY14. (*This budget item is submitted through EOC for consideration*).

**Other Higher Education Requests:** *As outlined under CHE Higher Education Priorities & Requests, CHE is requesting increases of \$4,000,000 million for Need-based Grants, \$1,500,000 for PASCAL, and \$2,854,000 for the SC National Guard College Assistance Program (SCNG CAP). The requested funds for Need-based and PASCAL will replace one-time fund sources received in FY13. The increase requested for the SCNG CAP will bring funding to a total of \$4,643,868 (\$4,554,000 total lottery and \$89,868 level funding from General Funds) and enable annual support at current participation levels.*

#### **Requested Agency Budget Adjustments and FTE authorizations:**

**Licensing Authorization Adjustments including \$85,000 increase in Other Funds Authorization and shift 2 vacant Federal FTE to Other Funded FTE.** CHE is the sole authority for licensing degree- and non-degree granting for profit and not-for-profit institutions seeking to operate in South Carolina. This process is designed to provide consumer protection by ensuring minimum standards which have been increasingly aligned to standards of SACS, the regional accrediting body. The licensing function is supported predominately by fees from entities seeking licensure. The requested adjustment supports staffing and operating needs and is supported by the existing fee structure.

**Federal Program Adjustments:** Transfer authorization of \$54,646 in federal funds for unclassified positions in CHE Part 1A budget Section I Administration to federal grants - GEAR UP grant (\$32,788) and CACG (\$21,858) in CHE budget Section VII.

**Other Fund Authorization Adjustment for EEDA:** Delete Other Fund authorization of \$15,501 provided for one-time funds.

### **Agency Proviso Requests**

#### **Proviso Consideration for SmartState® (formerly Endowed Chairs or Research Centers of Excellence) Program**

SmartState funds for program operations and approved SmartState Centers have been previously appropriated from lottery funds and held in trust as authorized per SC Code of Laws §2-75-10 et seq. While authorization for program operating funds is recognized in CHE's budget, authorization for state matching funds for Centers is not. Presently, CHE must request authorization to draw down the state matching funds through the Joint Other Funds Oversight Committee (JOFOC) process. CHE will continue to work with JOFOC in seeking either through the budget or by a special proviso recognition of authorization for the release of trust funds for approved SmartState Centers for which institutions have realized and CHE has confirmed the necessary \$1-for-\$1 non-state matching requirement.

#### **CHE finds the following (renumbered base) could be conformed, codified, or deleted:**

<b>Amend to conform</b>	<b>Delete (no longer funded or codified)</b>	<b>Codification Candidates</b>
11.4, CHE: African American Loan Program	11.3, CHE: Access & Equity Programs (no longer funded)	11.9, CHE: Troops-to-Teachers
11.8, CHE: Performance Improvement Pool Allocation	11.11, CHE: Grants and Scholarships (codified through legislation enacted in 2008)	11.10, CHE: Need-based Grants for Foster Youth
117.89, GP: Printed Report Requirements		11.13, CHE: LIFE and Palmetto Fellows Enhancement Stipends