

**SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION (CHE)**  
**FY 2014-15 BUDGET PRIORITIES FOR GREATER AFFORDABILITY AND SUSTAINABILITY**

---

SC is an under-educated state, ranking 39<sup>th</sup> in adults with an associate’s degree or higher and 43<sup>rd</sup> for adults with a bachelor’s degree or higher. To advance, we must compete through knowledge and dramatically increase SC’s educational attainment levels and ensure that SC prepares a broadly educated and occupationally trained workforce.

Ensuring high-quality, affordable higher education opportunities that serve all of our citizens is critical to that success. The value and purpose in doing so extends well beyond the individual benefits that accrue to those who pursue higher education. The strong relationship between a person’s education level and earnings is well documented. People with with associate’s and bachelor’s degrees have lifetime earnings nearly \$500,000 to more than \$1 million greater than high school graduates. A more educated populace has lower unemployment, less poverty, better health, more productive labor force participation, more civic engagement, and less incarceration. As our citizens become better educated, businesses will produce more and better jobs in our state, and they will innovate for future growth.

*Investing in knowledge now is crucial to our success. It requires a steady commitment to our public higher education system to assist SC’s citizens in realizing educational goals and our public higher education institutions in providing the necessary quality programming.*

CHE continues to support strongly the imperative to recover lost ground in higher education investment. Our public colleges and universities lost nearly 50% of their institutional educational and general (E&G) operating budgets from the state during the recent great recession. We urge the General Assembly to make higher education a priority and begin working over the next several years to restore core state support for public institutions. Progressively increasing support as our economy recovers will mitigate the tuition and fee burden on students and their families and will support our institutions as they enroll increasing numbers of students and continue to improve quality and student outcomes.

CHE understands that there will be many demands on the state’s anticipated revenues as our economy gradually continues to recover. **CHE is advancing an ambitious but realistic strategic agenda of higher education investments for FY 2014-15 (FY15) including:**

**INNOVATIONS FOR STUDENT AFFORDABILITY \$9,000,000 Recurring Increase**

A primary challenge facing SC students and their families is the increasing cost of attending and completing post-secondary education. 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. These innovations fall into two broad categories: 1) academic bridge articulations between 2- and 4-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. 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.

**NEED-BASED GRANTS \$2,600,000 Lottery Increase**

Student financial aid programs provide incentives for our students to enroll in and complete higher education in our state. 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 boost to need-based grant aid was provided in FY13, but that benefit was lost when the increase was not fully returned in FY14. The request to increase need-based grant funds by \$2.6M will return the program to the FY13 level.

Other State-supported Student Financial Aid Programs:

- Continuation of full support for anticipated growth of merit-based financial aid programs (Palmetto Fellows, LIFE, & HOPE).
- Level funding (\$49.1M) for the Lottery Tuition Assistance (LTA) program at two-year institutions.
- Level funding (\$4,634,968) to meet on-going demand is requested for the SC National Guard College Assistance Program.

**SOUTHERN REGIONAL EDUCATION BOARD (SREB) PROGRAMS AND SERVICES \$180,810 Recurring 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 five partner institutions. The requested increase results from a structured increase in SREB contract prices in the slots we hold for SC students. (A fact sheet on SREB programs is available for more information.)

**SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION (CHE)**  
**FY 2014-15 BUDGET PRIORITIES FOR GREATER AFFORDABILITY AND SUSTAINABILITY**

**STATE ELECTRONIC LIBRARY, PASCAL**

**\$1,500,000 Recurring**

PASCAL, Partnership Among SC Academic Libraries ([www.pascalsc.org](http://www.pascalsc.org)), is a government best practice, providing cooperative sharing at greatly reduced rates of physical and electronic resources among the state's public and private academic institutions. The state began investing in PASCAL in FY05 at \$2M annually. With the economic downturn, funding was reduced to less than \$200,000 in FY09. Since FY11, PASCAL has been included at \$1.5M on the priority list for excess unclaimed lottery prize funds. These non-recurring funds have not been predictable or fully available. On-going support of \$1.5M is requested to stabilize the state's support. These recurring funds will enhance PASCAL's ability to leverage better group purchasing power in seeking shared resources that are more costly if procured separately by each institution.

**MAINTENANCE, EQUIPMENT, AND OTHER FACILITIES NEEDS**

**\$40,000,000 Lottery or Nonrecurring**

Capital investment is a normal business operating cost—not an exceptional or unusual one. The lack of a statewide bond bill since 2000, as well as the lack of a predictable source of funding for higher education E&G facilities has created pressure to increase tuition and fees as institutions maintain and develop needed infrastructure. With recovering revenues since 2011, the General Assembly has begun assisting our colleges and universities by providing support from one-time sources for construction, equipment, and on-going repair and maintenance needs for E&G facilities. Support over the past three years has ranged from \$40M to \$68M annually. We encourage the General Assembly to continue providing these much needed resources while working with higher education to address funding needs and regulatory constraints for facilities. Recognizing that a bond bill is not likely in FY15, CHE is requesting a *minimum* of \$40M (and an amount greater to the extent possible) in nonrecurring support toward campus repair, refurbishment, and maintenance needs to help reduce costs that must otherwise be supported by students and families through tuition and fees.

**EIA-FUNDED CENTERS OF EXCELLENCE**

**\$250,000 EIA-fund Increase**

CHE Centers of Excellence is a longstanding competitive grants program that was an original part of 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 SC in a specific area related to the improvement of teacher education and student learning outcomes. Program funds have been level for the past several years and new grants are not possible given current commitments to four existing centers. The requested increase will enable the creation of a new center to address college and career readiness of SC high school graduates.

**OTHER FUNDS and FTEs**

CHE is requesting the deletion of authorization of \$1,404,133 for the federally-funded State Longitudinal Data System. The federal grant ended in FY14.

CHE is not requesting any changes to other fund authorizations.

CHE is not requesting any changes in FTEs.

**PROVISO REQUESTS:**

**ADD NEW: (CHE: SmartState Draw Down)** The Commission on Higher Education, upon receipt of the dollar-for-dollar non-state match for a SmartState "South Carolina Center of Economic Excellence" as required by Section 2-75-50 of the 1976 Code, and after State Budget Division approval, shall be authorized to draw down previously appropriated lottery funds that had been held in trust until matching funds were on hand. The Commission shall submit required documentation to the State Budget Division for approval of such draw downs, including proof that the required match is on hand, and the State Budget Division shall notify the Other Funds Oversight Committee of an authorization approved for this purpose. The requirements of proviso 91.21 contained in this act shall not apply to circumstances described in this proviso.

*Explanation:* SmartState® funds for program operations and matching funds for Centers have been previously appropriated from lottery funds and held in trust per §2-75-10, *et seq.* While authorization for operating funds is recognized, authorization for matching funds is not. Once institutions have the requisite \$1-for-\$1 non-state match, CHE must request authorization to draw down the state matching funds through the Other Funds Oversight Committee. The proviso, which was advanced by the Senate in the FY14, would reduce regulatory burden without compromising accountability. (SmartState has not received new funding since 2008. CHE and the institutions remain supportive of restored funding for this highly successful and innovative program that is strengthening SC's economic competitiveness.)

**DELETE: Provisos 11.14 (CHE: Parity Funding) and 11.17 (CHE: Inventory of State-Mandated Reporting Requirements)** should be deleted as required reports have been submitted.

**AMEND: Proviso 11.19 (CHE: College Transition Connection Need-Based Grants)** was new in FY 2013-14 and should be updated for continued applicability going forward.