

CHE Legislative Update 3/6/2014

Again this morning, my update will be brief. Work on the budget is proceeding on schedule despite another week lost due to the winter weather.

The Board of Economic Advisors (BEA) met February 13 and adopted its official estimate for FY 2014-15. They affirmed their recommendation from November for the general fund and acted to increase the lottery estimate by adding \$30 million to bring the total estimate for the lottery to \$290.

House Ways and Means adopted their budget proposal the following week and their recommendations were introduced in the House yesterday. The full House will begin its deliberations next week beginning on Monday.

You've received a [report](#) previously on the Ways and Means recommendations for higher education. At your places (attached), you'll find a brief recap of CHE's requested items and a comparison to Ways and Means and the Governor's recommendations. Ways and Means did not provide any funding for our top priority recommendation to provide funding for programs for innovations for student affordability. There was also no funding included for maintenance and repair needs for the institutions. The recommendations do include requested funding for our other requested items including SREB program increase, PASCAL, EIA-funded Center of Excellence for College and Career Readiness, and Need-based grants. The scholarship programs are fully funded for growth. Level funding as requested was included for Lottery Tuition Assistance and SC National Guard College Assistance Program. Additionally, the recommendations do include funding and a provision that would enable the implementation of awarding Palmetto Fellows and LIFE during the summer.

For the colleges and universities, there were no increases provided in General Funds and only limited non-recurring funds. Each of the universities received non-recurring funds toward one priority project that had been requested and also were provided with an allocation to be used toward an "efficiency, effectiveness and accountability review." For the review, a total of \$4 million is recommended for an outside consultant to conduct study or studies at the universities. The study is focused on the universities and the process and oversight would be overseen by a nine-member committee including the Governor, Senate President Pro Tempore, the Speaker of the House, and chairs of the Senate and House finance committees or their designees, the executive director of CHE, and a president and institutional finance officer selected by CHE. The funds to the universities were allocated pro rata relative to the state general fund budgets. For technical colleges, four colleges received funding toward projects and two received funding for a dual enrollment pilot. The technical college system office would receive under the recommendations \$1.5 million in recurring funds for a new stipend program for students in STEM areas and requested funding for readySC.

We are still early in the process. The House is expected to adopt recommendations next week. In the Senate, budget subcommittees are meeting and the full committee is expected to meet the second week of April with its recommendations reaching the full Senate by the first of May.

With respect to legislation, the SC National Guard College Assistance Program bill (H.3784) was heard in the Senate Higher Education subcommittee yesterday and will be considered next by the full Senate Education Committee. The subcommittee also considered yesterday two bills relating to in-state tuition rates for veterans. Both bills, one (H.3086) that would waive the 12-month physical presence requirement for veterans and dependents establishing residency in South Carolina and the other (S.93) that would provide in-state rates to those receiving veterans educational benefits, were advanced to full committee. The Accountability Based Funding bill (S.266) remains on the Senate calendar awaiting second reading, but the Senate did act recently to adopt the proposed recommendations of the Senate Education committee.

We continue to post online and send you [weekly updates](#). I'll be happy to address any questions you might have on items reported today or through the reports.

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

CHE FY15 Requests	Governor's Executive FY15 Budget Recs.	House Ways & Means (W&M) FY15 Budget Recs.
INNOVATIONS FOR STUDENT AFFORDABILITY \$9,000,000 Recurring Increase	Not funded	Not funded
NEED-BASED GRANTS \$2,600,000 Increase to return to FY13 level	\$2.6M in recurring	\$2.6M in nonrecurring
Other State-supported Student Aid Programs: Fully fund merit-based financial aid programs (Palmetto Fellows, LIFE, & HOPE) Level funding (\$49.1M) for LTA Level funding (\$4,634,968) SCNG CAP	Fully fund merit programs Level funding Level funding	Increase in lottery of \$28.2M to fully fund merit programs Level funding Level funding
SREB PROGRAMS AND SERVICES \$180,810 Recurring Increase	\$180,810 recurring	\$180,810 recurring
STATE ELECTRONIC LIBRARY, PASCAL \$1,500,000 Recurring	\$500,000 recurring \$1.5M lottery surplus	\$1.5M excess unclaimed prize funds, 1 st priority item
MAINTENANCE, EQUIPMENT, & OTHER FACILITIES NEEDS at least \$40,000,000 Lottery or Nonrecurring	\$41M in CRF (\$29.3 for Univ. & USC 2-yr; \$11.7 for Tech Coll.)	No maintenance funding included
EIA-FUNDED CENTERS OF EXCELLENCE \$250,000 EIA-fund Increase for new center	\$250,000 EIA increase	\$250,000 EIA increase
OTHER FUND AND FTE REQUESTS Delete authorization of \$1,404,133 for the federally-funded SLDS grant which ended CHE is not requesting any changes to other fund authorizations or FTEs.	As requested	As requested
PROVISO REQUESTS: <i>Add New:</i> (CHE: SmartState Draw Down) <i>Delete:</i> Proviso 11.14 (CHE: Parity Funding) Delete Proviso 11.17 (CHE: Inventory of State- Mandated Reporting Requirements) <i>Amend:</i> Proviso 11.19 (CHE: College Transition Connection Need-Based Grants)	Did not add SmartState proviso request. Otherwise, as requested.	Did not add SmartState proviso request. Otherwise, as requested.

Other Funding Recommendations included in Governor and W&M's Budgets:

Both the Governor and W&M recommendations include funding and proviso direction for enabling the award of Palmetto Fellows and LIFE during summer. The proviso language and funding recommendations are consistent with recommendations outlined in CHE's white paper (11/27/2014) on the feasibility and fiscal impact of year-round eligibility for Palmetto Fellows and LIFE scholarships.

W&M Budget includes \$4M for universities for efficiency studies. Governor recommended \$2M.

Neither the Governor nor W&M recommended any significant recurring increases for institutions. W&M included no recurring funds for the institutions except \$1.5M to technical college system for a student stipend STEM initiative. The Governor included approximately \$8.6M in recurring increases for select institutions, mainly annualizations for the institutions that received one-time funds in FY14.

With respect to nonrecurring funds, W&M included approximately \$18.4M for selected projects at institutions. Governor recommended approximately \$44M nonrecurring for colleges and universities including \$41M for maintenance and repair projects.