

BUDGET

There have been no changes to revenue estimates since the last Commission meeting. The Board of Economic Advisors (BEA) met on April 17 and took no action to change the current or next year's revenue estimates. The state's revenues for the year continue to remain on target and are nearly \$30 million ahead of the estimate. Consequently, Senate Finance was not working with higher numbers than the House; however, because it is anticipated that there may be unobligated surplus funds, Senate Finance recognized such funds in its recommendations (approximately \$45 million allocated in a priority list should unobligated funds be realized).

The Senate Finance Committee adopted its budget recommendations last night. Staff are in the process of finalizing accordingly and preparing the budget for members. It is expected that the budget will be posted online by Sunday morning in order to meet Senate requirements and that the budget deliberations of the full Senate will begin next Tuesday.

The following is a brief report on their recommendations this morning and once budget is posted a more detailed summary will be provided.

There was better news from Senate Finance for Higher Education. Higher Education received more funds than in the House budget though not fully restored to current budget level. A few highlights:

- *Scholarships and Grants:* Scholarships are fully funded. Support for summer eligibility for Palmetto Fellows and LIFE scholarships is included. An increase of \$2.6 million requested for Need-based is included. The funding increase requested to meet needs for SREB contract programs are included.
- *Lottery Fund recommendations* are fairly similar to the House except that Senate Finance added anticipated surplus funds above the current lottery estimate, expending \$14.4 million of the \$17.9 million added on Higher Education including:
 - \$10.4 million for critical equipment needs, maintenance, and repair for all 33 public colleges,
 - additional funds for 2-year and 4-year technology lottery funds to enable House amount to be increased by nearly \$1 million (for a total of \$9 million),
 - increase of \$650,000 for Higher Education Excellence Enhancement Program, and
 - \$50,000 each for three independent colleges including ~~Converse Coker~~, ([correction 5/21/2014](#)), Clinton, and Southern Methodist.
- PASCAL remains in lottery as 1st priority in excess unclaimed prize funds above \$10 million.
- Colleges and Universities (including technical colleges) provided \$8 million in increased recurring funds (\$0 operating funds in House budget for institutions). Various items funded but primarily for educational and general (E&G) operating needs. There was also approximately \$21 million in non-recurring (Supplemental/CRF) funds (compared to \$16 million in House budget), not including the above referenced maintenance and repair or other lottery funds for institutions. There was a vote to include the other fund cuts made by the House in the College of Charleston and USC Upstate related to reading assignments; the motion failed and the funds were not reduced.

- The Higher Education Efficiency Study recommended by the House for senior colleges and universities was reduced from \$4 million to \$100,000, and additional provisions were added to the controlling proviso to make clear that the procurement process would be followed and to add a requirement for CHE to first conduct a study of the efficiency studies at the colleges that had been completed to date. These funds are allocated to the colleges but are to be used for the study.
- CHE's request for student affordability initiative was not funded. CHE's request for increased EIA-funded Centers of Excellence (\$250,000) for a center focused on college and career readiness is included.
- A pay raise for state employees was included at the same level as in the House budget (1.5% increase). Also included, if additional unobligated surplus funds become available, is an across-the-board employee bonus of \$300, the total budget cost of which was \$10 million (nonrecurring).
- Additionally, Senate Finance included in the priority list for any unobligated surplus funds (non-recurring) that may become available, \$14.2 million for 12 of the 16 techs for various nonrecurring facilities, equipment and related projects. These funds were provided according to priorities provided by the technical college system.

LEGISLATION

Today (May 1) is crossover. Updates of note on legislation discussed since last month's meeting:

[H.4632](#), University of Charleston Act came up this week. It received second reading in the House (98-5) was given third on Wednesday and the sent to the Senate where it was referred to the Education Committee.

[H.4518](#), which prohibits lottery appropriations for capital permanent improvement projects at or associated with an institution of higher learning, passed the House 108 – 0 on second, given third, and sent to Senate on Wednesday. Before passing the amendment from the committee to make clear that Higher Education Excellence Enhancement Program (HEEEP)-funded institutions could use funds for such purposes was passed.

[S.1229](#) relating to the definition of an eligible institution as it pertains to the South Carolina Higher Education Excellence Enhancement Program was introduced and referred to Senate Education. The bill would amend requirements to include a provision that would enable Clinton College to qualify. (Sponsor: Hayes, Referred to Education)

[H.5152](#), Student Empowerment in College Governance Act, was introduced in House this week and would add two student members to each of the university board of trustees.

Bills relating to provisions for the waiver of out-of-state tuition for veterans ([H.3086](#) and [S.93](#)) and accountability-based funding ([S.266](#)) remained on the Senate calendar awaiting second reading. [H.4859](#), Military Family Quality of Life Enhancement Act of 2014, relating to various provisions for military families passed the House and was introduced in the Senate on April 15 where it remains on the calendar. Among the provisions is one that would allow for in-state tuition for discharged military by providing a waiver of the 12-month physical presence requirement for discharged military who establish residency in South Carolina.

Legislation relating to academic program approval authority for associates degrees ([H.4988](#) and [S.1197](#)) and three-year technical college degree remain in committee in their respective houses.

Bills relating to Common Core Standards remain under debate on both sides, as does legislation relating to K-12 reading initiatives (Read to Succeed) and which has implications for teacher certification.

- [H.3893](#) relating to K-12 standards and assessments passed the House on April 11 and was introduced in the Senate on April 15 and referred to Senate Education. On Wednesday, the Senate recalled this bill from Committee and set it to special order. It was amended to the Senate version (1145) and now awaits debate by the Senate. The bill includes provisions relating to a compromise on prohibiting Common Core standards which provides for a review process for these standards and includes a provision to withdraw South Carolina from the Smarter Balanced Assessment Consortium and prohibit the use of the Smarter Balance Assessment. Earlier in the month, Superintendent Zais announced that he had the authority and was withdrawing South Carolina from the Consortium. Similar bills to H.3893 including [S.1145](#), [S.300](#) and [S.888](#), as amended, also remain under consideration in the Senate.
- [H.3994](#), Read to Succeed Act, was passed by the House on April 11 and introduced in the Senate on April 15. The bill was referred to Senate Education. [S.516](#) the Senate version remains in House Education & Public Works. Funding is included in the House budget and also Senate Finance recommendations in support of this legislation.
- Legislation to eliminate high school exit exam ([H.3919](#)) was passed and signed into law.