

A JOINT RESOLUTION TO PROVIDE THAT UNTIL JUNE 30, 2015, THE COMMISSION ON HIGHER EDUCATION AND THE PRESIDENTS OF PUBLIC COLLEGES AND UNIVERSITIES SHALL SUPPORT THE GENERAL ASSEMBLY'S EFFORTS TO ESTABLISH ACCOUNTABILITY-BASED FUNDING FOR PUBLIC COLLEGES AND UNIVERSITIES.

Be it enacted by the General Assembly of the State of South Carolina:

Findings

SECTION 1. The General Assembly finds that:

- (1) In recognition of the cultural, educational, and economic value of the state's public colleges and universities, the General Assembly makes significant annual investments in these institutions.
- (2) The people of South Carolina are supportive of these investments, provided that the institutions demonstrate that this commitment is resulting in tangible benefits for the state.
- (3) Public colleges and universities may best demonstrate their responsible stewardship of these funds through their performance, as measured against objective benchmarks.
- (4) The current process for appropriating state funds to public colleges and universities does not sufficiently link the allocation of these resources to their effective use, or to progress towards institutional goals.
- (5) A new method of allocating funds is required to ensure that public colleges and universities receive financial support from the state based upon the quality and effectiveness of the services they provide to South Carolina's students.
- (6) If public colleges and universities are to receive state appropriations based upon their performance, then institutions that demonstrate responsible fiscal stewardship and effective management should be granted greater autonomy to conduct their affairs.

Accountability-Based Funding

SECTION 2. (A) Beginning in the 2013-2014 fiscal year, the General Assembly intends to distribute its annual appropriations to public colleges and universities based upon an accountability-based model that contains the following major features:

- (1) Organization of the state's public colleges and universities and the selection of peer institutions and benchmarks, based upon the Carnegie Classification of Institutions of Higher Education.
- (2) Evaluation criteria organized into four categories:
 - a. Completion
 - b. Affordability and access
 - c. Educational quality
 - d. Economic development and institutional mission

- (3) A five-year transition to a new funding model, which may preserve certain elements of the existing process, in a streamlined and improved form.
 - (4) A financial and regulatory incentive structure that promotes the objectives defined herein by rewarding institutions for their accomplishments.
- (B) The Commission on Higher Education shall support the General Assembly's efforts to establish accountability-based funding by submitting a report to the Chairmen of the House Education and Public Works Committee, Senate Education Committee, House Ways and Means Committee, and the Senate Finance Committee no later than November 1, 2012, which:
- a. Identifies specific indicators associated with each of the categories identified above, which would be appropriate for incorporation into a new funding model, based upon the General Assembly's findings in Section 1. For each indicator, the Commission must identify prospective public or non-profit sources of data that could be used to support the annual evaluation process.
 - b. Identifies any aspects of the existing funding mechanism that merit retention in the new model, with suggestions as to any changes to current indicators or procedures that should be adopted.
 - c. Prioritizes the use of existing data sources and reporting mechanisms to the greatest practical extent.
 - d. Suggests any appropriate revisions to the critical success factors and performance indicators established by Section 59-103-30, in light of the legislative findings in Section 1 and the evaluation criteria in Section 2(A)(2).
 - e. Proposes degrees and measures of autonomy to be granted to institutions upon attainment of specific goals or thresholds.
 - f. Inventories all state-mandated reporting requirements imposed on South Carolina's institutions of higher education (including those of the Commission on Higher Education) and recommends the elimination of any conflicting, redundant, or other excessive requirements, to reduce institutional compliance burdens.
- (C) The presidents of the public colleges and universities shall convene at least monthly between the effective date of this resolution and the date on which the report required by Section 2(B) is submitted, to participate in the development of the Commission's report. They may also reconvene at their own initiative at any time prior to the expiration date of this joint resolution, to discuss and further advance efforts to establish accountability-based funding.

Time effective

SECTION 3. This joint resolution takes effect upon approval by the Governor and expires on June 30, 2015.