

Emails sent to date regarding CHE's FY 2007-08 Budget Requests

- **Email 1: 11/17/06 CHE request summary for FY 2007-08**
- **Email 2: 11/21/06, Technology and Academic Program Review**
- **Email 3: 11/28/06, EEDA Attachment**
- **Email 4: 12/1/06, GEAR UP, Access & Equity, and SREB**
- **Email 5: 12/5/06, Institutional Operating Funding**

Other:

- **Summary piece on the Mission Resource Requirement (MRR) and Parity Funding Issue**

Email 1: Sent 11/17/06 with CHE and CHE for Higher Education Summary attached

Greetings!

Over the next several weeks, you'll be receiving a series of emails regarding key CHE budget requests for FY 2007-08. As Layton mentioned at the last CHE meeting, these emails are intended to assist you in reviewing again the budget items CHE is advocating for in the upcoming 2007 legislative session and provide you with a brief summary of the main issues underlying each request.

Attached to this email is a summary sheet that outlines the CHE agency requests on one page and the CHE requests on behalf of higher education on another page. Beginning Monday, you'll start receiving emails related to each of these requests along with a copy of the appropriate summary bullet sheet for the item. As a note, some of the summary sheets have been revised per comments at your recent retreat. Should anyone need additional information on any of the items earlier, please let me know and I'll be happy to provide you with that information. Of course, we also plan to send you hard copies of the full packet of information on the budget items.

As a reminder, the 2007 session begins on Tuesday, January 9th. Prior to the session, the House of Representatives will hold a re-organization session in early December. House legislation will be pre-filed for the 2007 session on December 13 and December 20 and Senate legislation on November 29, December 6 and December 13. As was the case last year, I'll keep you updated on legislation affecting higher education and of course the budget process.

Hope you have a good weekend. Please do not hesitate to call if you have questions.

Thanks, Julie

Email 2: Sent 11/21/2006 with attachments for Technology and Academic Program Review

Good Afternoon!

The next three emails on CHE's budget requests for FY 2007-08 review the key priorities of CHE for the agency. This email focuses on two of CHE's highest priority requests in carrying out its legislative mission: 1) improving agency technology for enhanced data management and delivery and 2) conducting academic program review.

ENSURING EFFECTIVE SERVICE DELIVERY AND QUALITY ACADEMIC PROGRAMS

Technology Funding:

- CHE is requesting an increase of \$130,000 in agency funds to upgrade to the state's centralized higher education data system or CHEMIS.
- Last year, CHE had requested increased funds for technology and to support a full-time staff position (FTE) for data analysis and programming. Although CHE received increased funds for the staff position, CHE did not receive increased agency funds needed technology.
- As a result, CHE is still in need of increased technology funding to move forward with needed data system improvements to ensure efficiency in the transmission of data to CHE from institutions and in the accessibility of these data.

The attached one-page sheet on CHE Technology Needs outlines planned system changes that will be enabled by the requested funds.

Academic Program Review:

- CHE is charged with ensuring the quality of higher education programs statewide.
- To carry out this charge, CHE has in the past conducted reviews of academic programs across our public institutions. The reviews are conducted by teams of outside consultants knowledgeable in the discipline area under review. The programs reviewed are those disciplines that do not otherwise receive focused reviews such as might be conducted by a specialized accrediting agency. The reviews assist in identifying program strengths and weaknesses statewide and are used for improving academic offerings, reducing duplication and ensuring statewide needs are being met.
- Budget cuts in early 2000 led CHE to discontinuing these reviews. To re-establish the review process, CHE is requesting \$324,000.
- The requested funds will be used to support a staff member at CHE to coordinate the review process and to provide for consultant fees and costs to conduct two statewide disciplinary reviews annually.
- CHE has requested funds for re-establishing this process for the past two years, but has not received the funds to do so. The Governor has supported the request in his Executive Budget the past two years. Senate Finance has also included this item in its initial budget as well.

For additional details about this process, please find attached a one-page summary sheet.

Hope everyone has a Happy Thanksgiving. As a reminder, State Government Offices are closed for Thanksgiving on Thursday, November 23 and Friday, November 24. Should you have questions about these or other CHE requests, please call or email (jcarullo@che.sc.gov / (803) 737-2292).

Thanks,
Julie

Email 3: Sent 11/28/06 with EEDA attachment

Greetings!

I hope everyone had an enjoyable Thanksgiving. The following provides information on the EEDA request in CHE's budget.

In addition to requesting increased agency funds for technology needs and academic program review, CHE is requesting funds to support a technology initiative to ensure seamless academic transitions for the state's students. This request is in keeping with efforts to ensure the successful implementation of the Education and Economic Development Act (EEDA).

- CHE's request is for an increase of \$275,000 in EEDA funds for CHE and Higher Education to enable the implementation of two web-based statewide systems: one is a student portal system and the other is a web-based transfer articulation system that enables student transcript evaluation. The requested funds will be combined with existing EEDA funds to purchase necessary software, hardware and licensing for the systems.
- The web-based systems are recommendations arising from CHE's Expanded Advisory Committee on Academic Programs (Expanded-ACAP). The Expanded-ACAP Committee was formed at the direction of the EEDA legislation to bring together higher education and K-12 to ensure seamless educational pathways by addressing issues related to transfer and articulation.
- To implement both systems, the total anticipated costs in the first year \$1,715,000 with on-going costs of \$900,000. The requested increase will enable us to move forward with both systems. The EEDA Coordinating Council has included these initiatives in its budget requests.

For details about each of these systems, see the attached talking points. If you are interested in learning more about the EEDA initiative, please see www.scpathways.com

Thanks,
Julie

Email 4: Sent 12/1/2006 with GEAR UP, Access & Equity, and SREB Fact Sheets

Good Morning!

The final three items in CHE's budget request for the agency include CHE's requests for programs to ensure access to and increased enrollment in higher education.

First, CHE is requesting continuation of needed GEAR UP matching funds. The state is funding the match in FY 2006-07 with a total of \$1,200,000. Half of these funds, \$600,000, were provided as one-time funds in FY 2006-07. As a result, continuation of the non-recurring funds in FY 2007-08 along with the recurring funding will enable the full state match to be met. GEAR UP is a federal discretionary program established to increase significantly the number of low income students who are prepared to enter and succeed in postsecondary education. In 2005, SC was awarded its second grant of \$14.8 million over six years to work on early college preparedness and increase college enrollment for a cohort of students along the I-95 corridor. A summary sheet describing the program is attached. This program requires a 1:1 (dollar for dollar) state match which may be met with in-kind and cash match to access federal funds. The \$1.2 million is the cash match needed to enable us to fully access the state funds.

Second, CHE is requesting an increase of \$400,000 for the Access and Equity program. The funds will be used to establish a statewide competitive grants program that will be focused on projects and activities to address statewide priority issues affecting minority participation in higher education. The program envisioned will be focused on building a more diverse health-care workforce by increasing the number of underrepresented minorities, particularly males, in nursing/health care. See the attached talking point sheet for details.

Third, CHE is requesting an increase of \$527,250 in funds in order to cover the increased participation costs for SREB programs and services. Details on the SREB programs and services and associated costs are attached.

I hope everyone has a great weekend. Beginning next week, information on CHE's budget requests for higher education will be the focus of our mailings to you.

Thanks,
Julie

Email 5: Sent 12/05/06 with Institutional Operating Fund Request Fact Sheet and MRR/Parity Summary Piece

The next several emails will outline CHE's requests on behalf of higher education. The top priority is increased operating funding. A revised talking point sheet explaining the need and CHE's request is attached. Below are a few of the key points to keep in mind.

CHE's request for Increased Educational and General Operating Funding for Higher Education

As part of its role for higher education, CHE provides advocacy for higher education funding needs. A revised information sheet is attached that outlines the issues and summarizes the CHE FY 2007-08 request for institutional operating funding and the proposed allocation.

Key points to keep in mind:

CHE is advocating an increase of \$45 million in educational and general operating funds. The increase represents the Higher Education Price Index (HEPI) plus 1.5%. CHE also supports annualizing \$30,517,840 in one-time funding received by institutions in FY 2006-07. CHE's allocation plan focuses on addressing institutional needs that have arisen from recent declines in state revenues and the parity issue which evolved independent of performance and in light of institutional performance at the "achieves" level.

- Operating funding for public higher education decreased \$175 million or 22% from FY 2000-01 to FY 2003-04. *A recent study indicated South Carolina had the largest drop in state funding for higher education operating expenses during the recent recession experienced nationally, and like most states, higher education funding in South Carolina has yet to recover.*
- Current institutional operating funding at \$688 million remains almost \$93 million lower than the FY 2000-01 funding. The limited increases in recent years have been largely attributable to appropriated funds to state agencies and higher education institutions to cover mandated pay increases and health plan increases.
- Full-time equivalent (FTE) enrollment continued to grow during the recent downturns in funding. FTE enrollment grew from 115,758 in fall 2001 to 135,442 in fall 2005 – an increase of 17%.
- The cost of goods and services continued to rise. The Higher Education Price Index averaged 4.4% over the past 3 years. The operating appropriations would stand at \$998 million or \$309 million (28%) higher than today's operating appropriation had the state been able to keep up with higher education inflation since FY 2000-01.
- The reductions in operating funding coupled with increased costs have impacted tuition and fees for students attending public institutions. We have seen significant increases in tuition as institutions have tried to maintain and also improve the level of programs and services for students. Additionally, pressure on operating funding will continue as faculty who participated in the TERI program begin to retire and institutions compete in recruiting and retaining needed faculty.
- Institutions have taken measures to mitigate tuition increases by reducing programs, relying more on part-time faculty, and implementing efficiencies across operations. Further, institutions have maintained acceptable performance levels. All institutions have performed at "Achieves" or higher levels for the past ten years.
- Scholarship funds, while helpful to students in paying increased tuition costs, do not make up for the recent dramatic losses in operating funding.

Should anyone have questions or need additional information, please let me know,
Thanks, Julie

Summary Piece on the MRR and the Parity Issue attached for those wishing to review this issue.

CALCULATING EDUCATIONAL AND GENERAL OPERATING NEEDS OF SOUTH CAROLINA PUBLIC COLLEGES AND UNIVERSITIES

Mission Resource Requirement (MRR)

The MRR is a formula used to estimate operating needs for the state's 33 public colleges and universities and the recommended share of state support. In its simplest form, the MRR is calculated as the estimated total education and general operating (E&G) costs of an institution, reduced by the student's share, resulting in the portion to be funded by the state.

The MRR calculation of need considers the enrollment and program mix of institutions and estimates costs in the following areas: instruction, academic support, student services, libraries, physical plant, research, and public service. The estimated costs for each category are summed to produce a total recommended operating need. Of that need, the recommended state support is then determined by considering the relative share of need to be contributed by students (i.e., tuition and fee revenues) and the state (i.e., state operating appropriations for higher education).

The premise of the MRR is that in-state, undergraduate students should bear approximately 50% of the costs (40% for two-year institutions) and the state should bear the remaining 50%. The basis for the differential between four-year and two-year institutions is the statutory mandate for accessible institutions and low fees within the Technical College Sector. Additionally, the student share for medical and dental students is also considered at a lower student share percentage in recognition of the high cost of medical education and the state's need for graduates in those areas. Per statute, out-of-state students are to bear the full cost of their education.

As an aside, it is significant to note that in past years, the expected student share was calculated at 20% (15% for two-year institutions) and the expected state share at 80%. This significant change to the calculation was made in 2004 in recognition of the actual relationship found between the student tuition and fee revenues and state operating appropriations. In recent years, the state has shifted funding toward scholarships that are used by students to pay tuition and fees and there has been a decline in funding of state operating dollars.

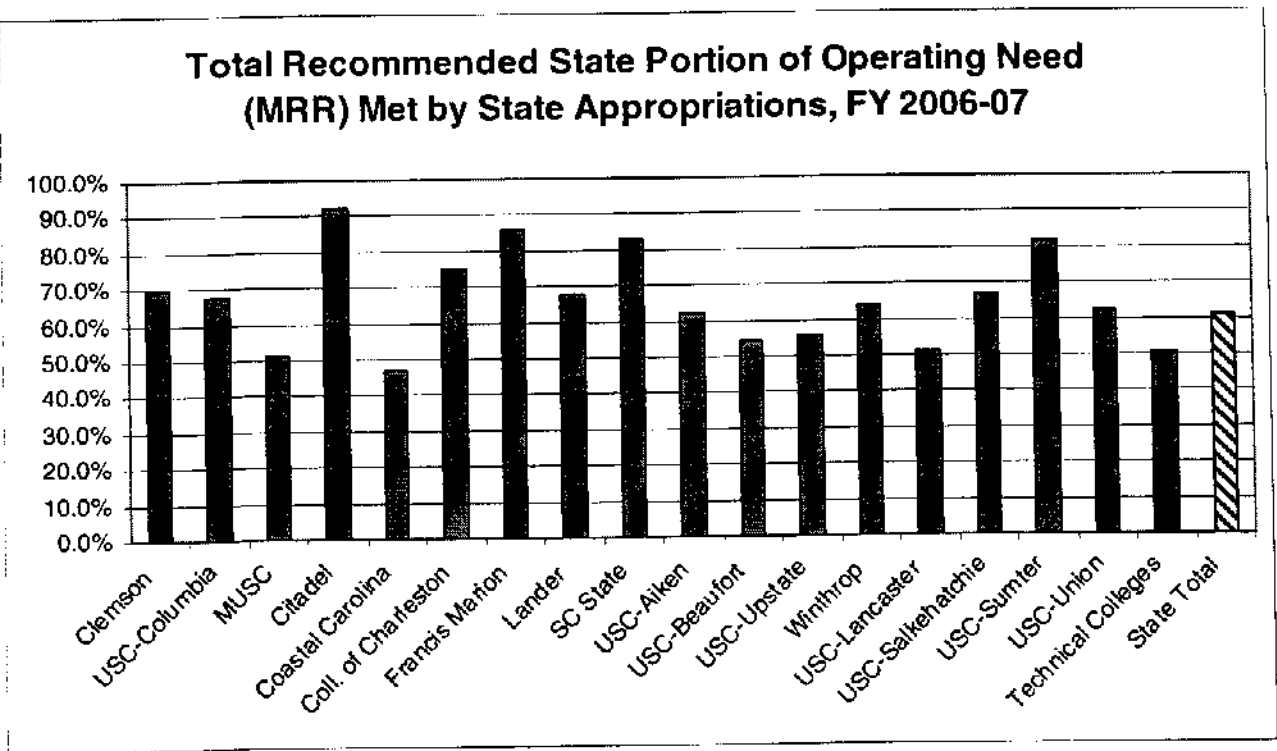
The table below shows the components of the total statewide FY06-07 MRR calculation:

FY06-07 MRR Summary Example

1) Instruction	\$1,164,926,946
2) Research	89,492,291
3) Public Service	25,445,459
4) Libraries	80,561,600
5) Student Services	155,131,063
6) Physical Plant	168,190,631
7) Administration (Academic & Institutional)	342,640,070
8) Total E&G Operating Needs	\$2,026,388,060
9) Revenue to be provided by student fees	(884,046,373)
10) Total Operating Need	\$1,142,341,687

Parity Funding Issue

The South Carolina higher education community has been dealing with the parity issue since the early 1990's. "Parity" in its simplest definition refers to the desire to have all of the state's institutions funded by the state at the same level of funding as recommended by the MRR. Ideally, each institution would be funded at 100% of its recommended MRR. However, as illustrated in the graph below, in 2006-07 public institutions are funded at various levels ranging from a low of 46.8% of the MRR to a high of 91.9%. Statewide, the MRR is funded at 61%.



In brief, the "Parity Funding" issue developed over the past decade and a half due to the following series of events:

- During the late 1980's, as a result of an economic slowdown, increases in state appropriations became severely limited. The Commission instituted a "Hold Harmless" policy, whereby institutions with increasing enrollment would forego increases in funding so that institutions with level or declining enrollment would not face a reduction in funding.
- In the early to mid 1990's, as modest funding increases began to occur, the Commission began to address the resulting funding level variances. However, prior to achieving parity in levels of funding, Performance Funding was enacted by the General Assembly. As a component of Performance Funding, appropriations levels were frozen at the 1996 levels with increases in funding being designated for allocation based on performance.
- In FY 1999-2000, a one-time allocation of \$10 million was made in an effort to address the funding level inequities. This allocation was inadequate to address the existing disparities.

continued

- The current status of allocations made through Performance Funding includes the vestiges of the funding inequities resulting from the hold-harmless policy. The levels of funding range from a low of 46.8% to a high of 91.5% based on 2006-07 operating appropriations compared to estimated need.

Of note, concurrent with the above events, another series of events, as briefly listed below, occurred in relation to the Commission's calculation for estimating state need. These events have affected the "parity" issue since "parity" is defined relative to state operating appropriations and the calculated need.

- Prior to 1996, the Commission used a model referred to as "the formula." With the institution of Performance Funding, a new model, the MRR, was developed, which replaced the formula as a model for estimating the fiscal needs of higher education institutions.
- Largely due to frustrations associated with funding levels, as a means of determining the validity of the new model, an external consultant was hired (MGT of America) to evaluate the model. MGT concluded its work and made a series of recommendations for modifications to the MRR in June 2000. All of the recommendations were adopted by the Commission in FY 2004-05.

Present Plan for Addressing the Parity Issue:

In its FY2007-08 budget request, CHE is requesting \$45 million on behalf of the institutions in state operating dollars. The request was approved by the Commission at its September meeting with the understanding that the additional operating funds would assist in bring institutions closer to the funding levels of FY 2000-01, prior to the budget cuts, and help mitigate further tuition increases. Additionally, the requested funds would be used to address a portion of the current funding disparity (parity) provided institutions continue to maintain acceptable performance levels. The plan to begin addressing parity allocates one-third of the new funds received to address funding disparities and allocates the remaining two-thirds based on the institution's share of the MRR. The plan was developed in cooperation with and with the support of the institutions.



NCSL NEWS

November 27, 2006

American Higher Education In Urgent Need of Reform, State Legislators Say

NCSL commission releases recommendations for state legislatures in new report

DENVER — More Americans must finish college if our country is to prosper in the global society, and it's up to state legislators to make that happen. Those are recommendations from the final report of the National Conference of State Legislatures' Blue Ribbon Commission on Higher Education, released today.

There is a higher education crisis in this country, the report says. The American system is no longer the best in the world. Other countries are outperforming us. At the same time, tuition and fees are skyrocketing and financial aid and loan programs aren't keeping up. As a result, a post-secondary education is not accessible to many Americans. Students are falling through the cracks. Nationally, for every 100 ninth graders who enter high school, only 18 finish college within six years.

The report, *Transforming Higher Education: National Imperative—State Responsibility*, says state legislators must: be at the center of a nationwide movement to identify the strengths and weaknesses of the current system, determine a public agenda for higher education, set clear goals, and hold institutions accountable.

"We call state legislators to action," said Wisconsin Representative Rob Krelbich, co-chair of NCSL's Commission. "They have the power to demand that we do better, to demand that we think of higher education not as the balance wheel of budgets, but as an investment in our future."

Higher ed can get short shrift in tough budget times because it has the built-in funding source of tuition. But still, states spend roughly \$70 billion a year on higher education. They provide more funding and regulation of colleges and universities than any other level of government. The federal government's limited involvement includes funding academic research and financial aid for low-income students.

"It is a national imperative that states reframe the message that higher education is vital to the success of our citizens, to the economic vitality of our states, and to the competitiveness of the country," said Connecticut Representative Denise Merrill, co-chair of NCSL's Commission. "States must take the initiative to reform higher education now, to avoid unnecessary federal intrusion. Each state's system's, traditions, strengths and weaknesses are unique. States need the flexibility to set their own goals. Higher ed has always been a state responsibility and it must remain that way."

The Commission, comprised of six Republicans and six Democrats, spent 18 months examining trends and issues in higher education and specifically the roles and responsibilities of state legislators. The Commission identified four specific ways legislators have contributed to problems in higher education: they have not set clear goals and expectations for higher education; they have not made higher education a legislative priority; they have not exerted strong leadership on the issue; and they have funded higher education reactively, rather than

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More Resources

 Listen to the press conference call (1 p.m. ET, Nov. 27)

- **Reporters: Request a Free Copy of the Full Report**
- **Order the Report at NCSL's Bookstore**
- NCSL's Blue Ribbon Commission on Higher Education
- NCSL Education Page
- PRESS RELEASE: State Legislators Welcome Federal Higher Ed Commission Report (9/26/06)
- PRESS RELEASE: New NCSL Project Seeks to Alleviate Higher Education Funding Problems (5/6/05)
- NCSL Press Room
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strategically.

The Commission developed the following 15 recommendations for legislators:

1. **Define clear state goals:** States need long-term priorities and a public agenda for higher education that links higher ed to overall state economic goals.
2. **Identify your state's strengths and weaknesses:** Legislators need to carefully study and examine where the leaks are in the student pipeline.
3. **Know your state's demographic trends for the next 10 to 30 years:** Legislators cannot begin to articulate meaningful goals for state higher education systems without good information about upcoming population changes.
4. **Identify a place or structure to sustain the public agenda:** Setting state goals is not a one-time thing. States should find an appropriate place to house ongoing, statewide discussions about how well the system is performing.
5. **Hold institutions accountable for their performance:** Once clear statewide goals are set, legislators can better hold institutions accountable for their performance.
6. **Rethink funding:** Over the years, states have reduced their share of overall higher education costs, and as a result, the share of costs for students, families, and institutions has gone up. Some states may decide to spend more money. All states need to spend money more wisely.
7. **Rethink student aid:** States should examine their merit- and need-based financial aid programs to ensure that they are well balanced, reward students who are efficient, and help adults and part-time students.
8. **Help reduce borrowing and debt:** Two out of three students graduate with debt, and the average debt is \$17,250. Ten years ago, it was \$8,000, adjusted for inflation. Legislators must find a way to reduce this drain on the state economy.
9. **Recommit to access:** States can make college more affordable. They can also see that courses are offered at varied hours, such as in the evenings. And they can make sure a variety of low-cost options like technical schools and community colleges are available.
10. **Recommit to success:** Ensuring that students get into college is only half the battle. States should also ensure that students graduate.
11. **Embrace innovation:** Legislators should encourage innovation within the entire state higher education community—including public schools, private schools, and the for-profit sector.
12. **Encourage partnerships:** Legislators can help communication with business and with K-12 to better articulate expectations and outcomes.
13. **Transform the 12th grade:** Dual enrollment, concurrent enrollment and early college programs can all help prepare students for college and finish faster.
14. **Don't neglect adult learners:** Adults going back to school now represent 40 percent of the student population. They have different needs than traditional students.
15. **Focus on productivity:** Legislators should ensure that state dollars are spent productively and should demand that institutions become more efficient.

Reporters can request a copy of the full report in an email to press-room@ncsl.org. Others can buy it at our [online bookstore](#). NCSL's Blue Ribbon Commission on Higher Education was funded by a grant from the [Lumina Foundation for Education](#).

NCSL is the bipartisan organization that serves the legislators on staff of the states, commonwealths and territories. It provides research, technical assistance and opportunities for policymakers to exchange ideas on the most pressing state issues and is an effective and respected advocate for the interest of the states in the federal system.

###

State Legislators Should Take Lead in Setting Higher-Education Agenda, Report Says

By Karin Fischer

THE CHRONICLE OF HIGHER EDUCATION

Tuesday, November 28, 2006

State legislators must take a leading role in reforming higher education to make college more accessible and to better meet state needs in a competitive global economy, according to a report issued on Monday by a bipartisan panel of the National Conference of State Legislatures.

In its report, "Transforming Higher Education: National Imperative – State Responsibility," the conference's 12-member Blue Ribbon Commission on Higher Education calls on state lawmakers to set a public agenda for higher education or risk ceding that authority to the federal government.

"When it comes to higher-education policy making, legislators react; they do not lead," the report says.

Without strong legislative direction, the interests of individual university campuses or systems could supplant statewide goals, the report cautions. Likewise, federal efforts at reform could impose a national solution that does not take into account state needs and strengths.

"Higher education is a national imperative," Connecticut State Rep. Denise W. Merrill, a Democrat and a co-chairwoman of the commission, said during a news conference on Monday, "but it has been and should be a state responsibility."

The group's report follows the release, in September, of the findings of the federal Commission on the Future of Higher Education, convened by U.S. Secretary of Education Margaret Spellings (The Chronicle, September 1). Like the Spellings commission's recommendations, the new report emphasizes making higher education more accessible, more affordable, and more accountable.

Noting that states spend \$70-billion a year on higher education, the report says that legislators must set long-term priorities that link higher education to state economic goals and hold colleges and universities answerable for meeting those standards. Lawmakers also should ensure that college is more accessible to low-income and nontraditional students.

The commission's six Democrats and six Republicans, all leaders in higher education in their state legislatures, spent 18 months examining trends in higher education, the challenges facing states, and the roles and responsibilities of state lawmakers.

Too often, higher-education policy is made in reaction to the latest budget crisis, not according to long-term strategic goals, Texas State Rep. Geanie W. Morrison, a Republican and member of the panel, said on Monday.

As other countries invest more in higher education and as the share of the American population belonging to minority groups that are traditionally underrepresented in colleges grows, states can no longer afford to take a "Band-Aid approach," she said.

"We have been complacent for many years in higher education," said Ms. Morrison, who is chairwoman of the Texas House of Representatives Higher Education Committee.

In all, the commission makes 15 recommendations for legislative action and highlights state efforts that are already under way. For example, the panel points to plans in Kentucky and Texas that set targets for improving college participation and graduation rates, among other measures, within a certain time period.

But the commission members also caution against adopting other states' strategies without first examining state-specific demographic trends and analyzing the strengths and weaknesses of their higher-education systems. "One mistake legislators tend to make is borrowing other states' policy solutions before they know whether their state has similar problems," the authors write.

And the panel argues that setting a public agenda for higher education cannot be a one-time activity. States should find a permanent, nonpartisan group, such as an education-business round table or coordinating council, to "house" continuing statewide discussions.

Among its other recommendations, the commission calls on states to:

- Hold colleges accountable. Public officials should set clear expectations for colleges and develop a system for collecting data.
- Spend higher-education funds more wisely. Policy makers should consider tuition and state appropriations to universities in tandem, and should consider tying funds to progress on statewide goals, such as improvement in student retention or graduation rates. Legislators should also demand that colleges spend state money more efficiently.
- Make college more accessible and affordable, particularly for low-income and working students, and for those who live far from a college campus. States should examine the overall price of a degree and ensure that there are a variety of low-cost and flexible education options. Lawmakers also can implement loan-forgiveness plans, more closely align their financial-aid programs with federal programs, and better balance merit- and need-based student aid, among other strategies, to limit student borrowing.
- Identify – and seal – cracks in the education pipeline. Legislators should support programs, such as concurrent enrollment or early college, that help make high-school graduates more successful in college or the workplace. At the same time, they should make sure that institutions are prepared to offer job training or continuing-education opportunities for the growing number of adult students.
- Be innovative. Public officials can encourage and reward inventive efforts by colleges, such as programs to respond to state work-force shortages or virtual universities that serve students who work full time.

The report can be purchased through the National Conference of State Legislatures' online bookstore.

2007 Legislative Session

S.C. HOUSE FRESHMEN

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HOUSE STANDING COMMITTEES

Education and Public Works (Education, Highways, State House & Grounds, Railroad, Aviation) Room 429, (803) 734-3053

Shading here denotes new Committee members

<u>Walker, Robert E. "Bob" , Chm.</u>	<u>Neal, James M. "Jimmy" , 1st V.C.</u>	<u>Smith, Donald C. , 2nd V.C.</u>
<u>Anthony, Michael A.</u>	<u>Ballentine, Nathan</u>	<u>Bedingfield, Eric M.</u>
<u>Branham, Lester P. , Jr.</u>	<u>Gambrell, Michael W. "Mike"</u>	<u>Govan, Jerry N. , Jr.</u>
<u>Gullick, Carl L.</u>	<u>Miller, Vida O.</u>	<u>Moody-Lawrence, Bessie A.</u>
<u>Mulvaney, J. Michael "Mick"</u>	<u>Pinson, Lewis E. "Gene"</u>	<u>Pitts, Edward H. "Ted" , Jr.</u>
<u>Skelton, B. R.</u>	<u>Stavrinakis, Leonidas E. "Leon"</u>	<u>Whitmire, William R. "Bill"</u>
<u>Smith, Sandra M. , Dir. of Res.</u>	<u>Gates, Matthew R. , Staff Counsel</u>	<u>Tinsley, Donna G. , Exec. Secy.</u>

Ways and Means Room 525, (803) 734-3144 *Shading here denotes new members*

<u>Cooper, Daniel T. , Chm.</u>	<u>Young, Annette D. , 1st V.C.</u>	<u>Rice, Rex F. , 2nd V.C.</u>
<u>Littlejohn, Lanny F. , 3rd V.C.</u>	<u>Kirsh, Herb. , Secy./Treas.</u>	<u>Barfield, Liston D.</u>
<u>Battle, James A. "Jim" , Jr.</u>	<u>Bingham, Kenneth A. "Kenny"</u>	<u>Clyburn, William "Bill"</u>
<u>Cobb-Hunter, Gilda</u>	<u>Cotty, William F. "Bill"</u>	<u>Davenport, G. Ralph , Jr.</u>
<u>Edge, Tracy R.</u>	<u>Hinson, Shirley R.</u>	<u>Kennedy, Kenneth</u>
<u>Limehouse, Harry B. "Chip" III</u>	<u>Lucas, James H. "Jay"</u>	<u>Merrill, James H.</u>
<u>Neal, Joseph H.</u>	<u>Neilson, Denny Woodall</u>	<u>Ott, Harry L. , Jr.</u>
<u>Simrill, J. Gary</u>	<u>Smith, J. Roland</u>	<u>Taylor, J. Adam</u>
<u>White, W. Brian</u>	<u>Smith, Beverly C. , Chief of Staff</u>	<u>Willis, Philip C. , Dir. of Budget and Finance</u>
<u>Homeyer, Benjamin N. , Dir. of Legislation</u>	<u>Rogers, Timothy M. , Dir. of Res., JBRC</u>	<u>Ford-Jennings, Nicole Y. , Budget Research Analyst</u>
<u>Day, Krissee R. , Budget Research Analyst</u>	<u>Aquino, Marcus D. , Budget Research Analyst</u>	<u>Grant, Rena A. , Budget Research Analyst</u>
<u>Keown, Mandi L. , Budget Research Analyst</u>	<u>Powell, Allyn H. , Budget Research Analyst</u>	<u>Hayes, Lillian E. , Budget Research Analyst</u>
<u>Wetzel, Virginia G. , Exec. Secy.</u>	<u>Bradley, Kaye , Chm. Exec Asst.</u>	

Agriculture, Natural Resources & Environmental Affairs
(Fish, Game, Forestry, State Parks, Rural Development & Environmental Affairs)
Room 411, (803) 734-3022

Witherspoon, William D., Chm. Toole, McLain R. "Mac", 1st V.C. Hiott, David R., 2nd V.C.

Brady, Joan B., Secy.

Agnew, Paul L.

Brown, Robert L.

Duncan, Jeffrey D. "Jeff"

Frye, Marion B.

Funderburk, Laurie Slade

Hardwick, Nelson L.

Hodges, Kenneth F.

Knight, Patsy

Loftis, Dwight A.

Lowe, Phillip D.

Mitchell, Harold, Jr.

Pitts, Michael A.

Umphlett, C. David, Jr.

Vick, Ted Martin

Hegler, William V., Dir. of Res. Whittle, Debbie, Com. Asst.

Ethics

Room 519, (803) 734-3114

Smith, J. Roland, Chm.

Hinson, Shirley R., V.C.

Sandifer, William E. "Bill" III, Secy.

Scott, John L., Jr., Treas.

Ceips, Catherine C.

Pitts, Michael A.

Anderson, Adam M., Research Asst. Thrower, Helen Ann S., Staff Counsel Muldrow, Ruth D., Exec. Secy.

Interstate Cooperation

Room 534, (803) 734-3141

Hamilton, Glenn L., Chm.

Breeland, Floyd, 1st V.C.

Smith, Donald C., 2nd V.C.

Vick, Ted Martin, Secy. Mulvaney, J. Michael "Mick", Treas. Derrick, Sophia F., Exec. Secy.

Invitations and Memorial Resolutions

Room 503, (803) 734-3107

Leach, Robert W. "Bob", Sr., Chm. Kirsh, Herb, V.C.

Frye, Marion B.

Haskins, Gloria Arias

Miller, Vida O.

Keenan, Julia, Exec. Secy.

Judiciary

(Privileges & Elections)

Room 512, (803) 734-3120

Harrison, James H., Chm.

McLeod, Walton J., 1st V.C.

Herbkersman, William G. "Bill", 2nd V.C.

Allen, Karl B.

Bannister, Bruce W.

Ceips, Catherine C.

Clemmons, Alan D.

Coleman, Creighton B.

Crawford, Kristopher R. "Kris"

Delleney, F. Gregory "Greg", Jr.

Hagood, Ben A., Jr.

Haskins, Gloria Arias

Jennings, Douglas, Jr.

Kelly, R. Keith

Rutherford, J. Todd

Scott, John L., Jr.

Smith, Fletcher N., Jr.

Smith, G. Murrell, Jr.

Smith, Garry R.

Smith, James E., Jr.

Stewart, James E. "Jim", Jr.

Talley, Scott F.

Viers, Thad T.

Weeks, J. David

Whipper, J. Seth

Dennis, Patrick G., Chief Counsel

Smith, Heather F., Exec. Secy.

Labor, Commerce and Industry
(Labor, Commerce & Manufacturing, Banking & Insurance, Merchants & Mercantile Affairs)
Room 407, (803) 734-3015

<u>Cato, Harry F. , Chm.</u>	<u>Dantzler, Thomas M. "Tom" , 1st V.C.</u>	<u>Thompson, Michael D. , 2nd V.C.</u>
<u>Anderson, Carl L.</u>	<u>Bales, Dr. Jimmy C.</u>	<u>Bowers, William K.</u>
<u>Brown, Grady A.</u>	<u>Chellis, Converse A. III</u>	<u>Haley, Nikki Randhawa</u>
<u>Hamilton, Glenn L.</u>	<u>Huggins, Chip</u>	<u>Leach, Robert W. "Bob" , Sr.</u>
<u>Mack, David J. III</u>	<u>Owens, Phillip D. "Phil"</u>	<u>Perry, Robert S. "Skipper" , Jr.</u>
<u>Phillips, Olin R.</u>	<u>Sandifer, William E. "Bill" III</u>	<u>Scarborough, Wallace B.</u>

Wright, Bradley S. , *Co-Counsel* Robinson, Jennifer P. , *Co-Counsel* Rogers, Robyn C. , *Admin. Asst.*

Medical, Military, Public and Municipal Affairs
(Medical Affairs, Social Security, Penitentiary, State Hospital Police Regulations, Military Affairs, Veterans' Affairs)
Room 425, (803) 734-3046

<u>Howard, Leon , Chm.</u>	<u>Parks, J. Anne , 1st V.C.</u>	<u>Chalk, Richard E. , Jr., 2nd V.C.</u>
<u>Moss, Dennis C. , 3rd V.C.</u>	<u>Harvin, Cathy B. , Secy.</u>	<u>Alexander, Terry</u>
<u>Bowen, Don C.</u>	<u>Brantley, Curtis</u>	<u>Breeland, Floyd</u>
<u>Hart, Christopher R.</u>	<u>Hayes, Jackie E.</u>	<u>Hosey, Lonnie</u>
<u>Jefferson, Joseph H. , Jr.</u>	<u>Mahaffey, Joseph G.</u>	<u>Sellers, Bakari T.</u>
<u>Shoopman, Phillip W.</u>	<u>Spire, Lawrence Kit</u>	<u>Williams, Robert Q.</u>

Cauthen, Mary Denis , *Dir. of Res.* Brumfield, Ava M. , *Research Asst.* Coleman, Barbara M. , *Exec. Secy.*

Operations and Management
(Personnel, Administration & Management of Facilities, Including Management of the Blatt Building)
Room 534, (803) 734-3141

<u>Littlejohn, Lanny F. , Chm.</u>	<u>Rice, Rex F. , 1st V.C.</u>	<u>Hayes, Jackie E. , 2nd V.C.</u>
<u>Mahaffey, Joseph G. , Secy./Treas.</u>	<u>Bales, Dr. Jimmy C.</u>	<u>Cotty, William F. "Bill"</u>
<u>Smith, Garry R.</u>		

Ex Officio Members:

<u>Speaker of the House</u>	<u>Speaker Pro Tempore</u>	<u>Clerk of the House</u>
Derrick, Sophia F. , <i>Exec. Secy.</i>		

Rules
Room 519, (803) 734-3113

<u>Chellis, Converse A. III, Chm.</u>	<u>White, W. Brian , V.C.</u>	<u>Anthony, Michael A.</u>
<u>Brady, Joan B.</u>	<u>Brown, Grady A.</u>	<u>Clemmons, Alan D.</u>
<u>Govan, Jerry N. , Jr.</u>	<u>Hagood, Ben A. , Jr.</u>	<u>Herbkersman, William G. "Bill"</u>
<u>Loftis, Dwight A.</u>	<u>Neal, Joseph H.</u>	<u>Neilson, Denny Woodall</u>
<u>Perry, Robert S. "Skipper" , Jr.</u>	<u>Pinson, Lewis E. "Gene"</u>	<u>Umphlett, C. David , Jr.</u>

Anderson, Adam M. , *Research Asst.* Muldrow, Ruth D. , *Exec. Secy.*

Ways and Means Committee

Budget Schedule 2007

January 8 - 12:	First week of session & Budget Subcommittees Meetings
January 15 - 16:	Budget Subcommittees Meetings
January 22 - 26:	Budget Subcommittees Meetings
January 29 - February 2:	Budget Subcommittees Meetings
February 5 - 9:	Budget Subcommittees Meetings
February 12 - 16:	PROVISO SUBCOMMITTEE MEETINGS
February 19 - 23:	FULL COMMITTEE BUDGET DELIBERATIONS
February 26 - March 1:	FY 07-08 Appropriation Bill Printed
March 5 - 9:	Printed Appropriation Bill placed on House Member's desk
March 12 - 16:	HOUSE FLOOR BUDGET DEBATE

Important Dates:

February 6, 2007:	Deadline for Proviso Submittals
February 7, 2007:	Provisos sent for drafting
February 15, 2007:	Final BEA estimate due
March 6, 2007:	Standing Committee Budget Briefing

Note: SC Code 11-11-70 provides that within five days after the beginning of each regular session of the General Assembly the Governor shall submit to the presiding officer of each house printed copies of a budget.

Note: Section 2-1-180 requires third reading of Appropriations Bill by March 31 or session is extended. Art. III, Sect. 36 (B)(3)(a) of the Constitution requires that after March 1 of a fiscal year, if the BEA has not declared a shortfall, Capital Reserves may be appropriated by the General Assembly in separate legislation.

Note:

Third Reading of Appropriation Bill: Section 2-1-180 provides "In any year that the House of Representatives fails to give third reading to the annual General Appropriation Bill by March thirty-first, the date of sine die adjournment is extended by one statewide day for each statewide day after March thirty-first that the House of Representatives fails to give the bill third reading."

Capital Reserve Fund

S. C. Constitution- Article III, Section 36 provides:

"(B) (1) The General Assembly must provide by law that if before March first the revenue forecast for the current fiscal year projects that revenues at the end of the fiscal year will be less than expenditures authorized by appropriation for that year, then the current year's appropriation to the Capital Reserve Fund first must be reduced to the extent necessary before mandating any reductions in operating appropriations."

"(B) (2) After March first of a fiscal year, monies from the Capital Reserve Fund may be appropriated by the General Assembly in separate legislation upon an affirmative vote in each branch of the General Assembly by a two-thirds of the members present and voting, but not less than three-fifths of the total membership in each branch for the following purposes:

- (a) to finance in cash previously authorized capital improvement bond projects;
- (b) to retire interest or principal on bonds previously issued;
- (c) for capital improvements or other nonrecurring purposes."

"(B) (3) (a) Any appropriation of monies from the Capital Reserve Fund as provided in this subsection must be ranked in priority of expenditure and is effective thirty days after completion of the fiscal year."

2007 Prefiled Bills to date Relating to Higher Education

December 7, 2006

The following dates are scheduled for the House and Senate to prefile legislation for the 2007 Legislative Session

- The House will prefile legislation December 13 and December 20
- The Senate prefiled legislation on November 29 and December 6 and is scheduled to prefile legislation again on December 13.

Below are available summaries of prefiled legislation relating to higher education. The summaries are the abstracts that are prepared by Legislative Counsel and are included at the beginning of each bill. Following each bill summary is the Committee to which the bill has been referred. If you would like to have a copy of the full bill or would like to discuss any particular point, please contact Julie.

HOUSE, PREFILED BILLS RELATING TO HIGHER EDUCATION

none available as of this report

SENATE, PREFILED BILLS RELATING TO HIGHER EDUCATION

S. 7 (Word version) -- Senators Courson and Hayes: A BILL TO AMEND SECTION 59-149-50(D) OF THE 1976 CODE, RELATED TO CUMULATIVE GRADE POINT AVERAGE REQUIREMENTS FOR ELIGIBILITY FOR THE LIFE SCHOLARSHIP, TO PROVIDE THAT HOME SCHOOL STUDENTS MAY SUBMIT AN ACADEMIC TRANSCRIPT PREPARED AND SIGNED BY A PARENT OR LEGAL GUARDIAN PROVIDING HOME SCHOOL INSTRUCTION TO MEET THE GRADE POINT AVERAGE REQUIREMENT.
L:\s-res\jec\001hstr.kmm.doc **Prefiled November 29, 2006, and referred to the Committee on Education.**

S. 21 (Word version) -- Senators Land and Leventis: A BILL TO AMEND SECTION 2-65-70, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO RECOVERY OF INDIRECT COSTS, SO AS TO INCREASE THE EXEMPTION AMOUNT FROM TWO HUNDRED THOUSAND DOLLARS TO TWO HUNDRED SEVENTY-FIVE THOUSAND DOLLARS INDEXED EACH YEAR BY THE HIGHER EDUCATION PRICE INDEX.
L:\council\bill\ggs\22619sj07.doc **Prefiled November 29, 2006, and referred to the Committee on Finance.**

S. 25 (Word version) -- Senator Ford: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING ARTICLE 11 TO CHAPTER 111, TITLE 59 SO AS TO EXEMPT A PERSON WHO IS CALLED TO ACTIVE MILITARY DUTY FROM PAYING TUITION TO A PUBLIC INSTITUTION OF HIGHER LEARNING OR A TECHNICAL COLLEGE IN THIS STATE WHEN HE RETURNS FROM SERVING HIS TERM OF ACTIVE DUTY PURSUANT TO CERTAIN CONDITIONS.
L:\council\bill\ggs\22617sj07.doc **Prefiled November 29, 2006, and referred to the Committee on Education.**

S. 26 (Word version) -- Senator Ford: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59-127-65 SO AS TO PROVIDE THAT BEGINNING JULY 1, 2008, SOUTH CAROLINA STATE UNIVERSITY SHALL ESTABLISH A LAW SCHOOL AND AN UNDERGRADUATE ENGINEERING SCHOOL, TO PROVIDE FOR THE MANNER IN WHICH THE LAW SCHOOL AND ENGINEERING SCHOOL MUST BE ESTABLISHED AND FUNDED, AND TO PROVIDE FOR FACULTY AT THE UNIVERSITY OF SOUTH CAROLINA LAW SCHOOL AND THE COLLEGE OF ENGINEERING OF THE UNIVERSITY OF SOUTH CAROLINA, BOTH IN COLUMBIA, TO TEACH ALSO AT THE COUNTERPART SCHOOLS AT SOUTH CAROLINA STATE UNIVERSITY. L:\council\bill\ggs\22616sj07.doc **Prefiled November 29, 2006, and referred to the Committee on Education.**

S. 37 (Word version) -- Senator Ford: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59-127-65 SO AS TO PROVIDE THAT BEGINNING WITH THE FALL SEMESTER OF 2009, AN ENGINEERING SCHOOL AND A LAW SCHOOL MUST BE ESTABLISHED BY THE BOARD OF TRUSTEES OF SOUTH CAROLINA STATE UNIVERSITY AT ITS CAMPUS IN ORANGEBURG, AND TO PROVIDE THAT FUNDS FOR THE ENGINEERING SCHOOL AND THE LAW SCHOOL MUST BE PROVIDED BY THE GENERAL ASSEMBLY IN THE ANNUAL GENERAL APPROPRIATIONS ACT AND MAY BE SUPPLEMENTED BY THE UNIVERSITY FROM OTHER FUNDS AND PRIVATE DONATIONS. L:\council\bill\gjk\20021sd07.doc **Prefiled November 29, 2006, and referred to the Committee on Education.**

S. 42 (Word version) -- Senator Ford: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 8-1-195 SO AS TO PROVIDE THAT ALL STATE AGENCIES, DEPARTMENTS, COLLEGES, UNIVERSITIES, INSTITUTIONS, AND ENTITIES SHALL REPORT TO THE GENERAL ASSEMBLY AND TO THE GOVERNOR ON JANUARY FIFTEENTH AND JULY FIFTEENTH OF EACH YEAR THE JUSTIFICATION OF THE DOLLARS FROM ANY SOURCE THAT ARE RECEIVED BY THEM, AND HOW THESE DOLLARS ARE USED TO PROVIDE SERVICES TO THE CITIZENS OF THE STATE, AND TO PROVIDE FOR THE ADMINISTRATION OF AND EXCEPTIONS TO THIS PROVISION. L:\council\bill\gjk\20016sd07.doc **Prefiled November 29, 2006, and referred to the Committee on Finance.**

S. 75 (Word version) -- Senators Ryberg and Bryant: A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTIONS 59-4-110 AND 59-4-120, TO PROVIDE THAT THE SOUTH CAROLINA TUITION PREPAYMENT PROGRAM MAY NOT ACCEPT NEW PARTICIPANTS, THAT THE PROGRAM SHALL REMAIN IN OPERATION FOR EXISTING PARTICIPANTS, THAT THE STATE SHALL MEET THE OBLIGATIONS TO BENEFICIARIES IF THE TUITION PREPAYMENT PROGRAM FUND CANNOT, AND THAT THE GENERAL ASSEMBLY SHALL APPROPRIATE MONIES TO THE FUND TO PAY TUITION AND FEES TO THE INSTITUTION IF THERE IS NOT ENOUGH MONEY IN THE FUND. L:\s-res\wgr\005tuit.dag.doc **Prefiled November 29, 2006, and referred to the Committee on Education.**

INFORMATION SHEETS ON CHE'S BUDGET REQUESTS

Summary Information

- 1) CHE General Funding Priorities: Summary of CHE Items with Higher Education Items on reverse

Detail Information Sheets

CHE Budget Requests

2) CHE Technology Request	\$130,000 recurring	1 page
3) CHE Academic Program Review Request	\$324,000 recurring	1 page
4) EEDA Technology Request	\$275,000 recurring	2 page
5) GEAR UP Request, Continuation of full state match	\$600,000 recurring	1 page
6) Access & Equity Competitive Grants Program	\$400,000 recurring	2 page
7) SREB Programs and Services	\$527,250 recurring	2 page
<hr/> <i>Subtotal</i>		\$2,256,250 increase

Available Information Sheets on CHE Budget Requests on Behalf of Higher Education

8) Institutional Operating Funding and CHE Allocation Methodology, 2 pages	\$45,000,000 recurring and annualization of \$30,517,840 in FY2006-07 operating funding received as one-time funds	
9) Higher Education Electronic Library	\$2,000,000 recurring	1 page
10) Funding for Need-Based Student Aid	\$10,000,000 increase	<i>to be added</i>
11) Information on Higher Education Lottery Funding		<i>to be added</i>

Other

12) Institutional Special (Below-the-Line) Items	1 page listing
13) Capital Bond Funds for Higher Education, CHE Priority Rankings	1 page listing

CHE'S GENERAL FUNDING PRIORITIES

ENSURING EFFECTIVE SERVICE DELIVERY AND QUALITY ACADEMIC PROGRAMS

Enhance Agency Technology – \$130,000 recurring

One of CHE's mission critical functions is the maintenance and support of a centralized statewide higher education data system necessary for state policy research, state and federal data requirements, and other data sharing needs of institutions and the public. In order to keep pace with changing technology and ensure continued quality data delivery, CHE needs additional on-going technology funding to improve and upgrade the state's central higher education data system. Funds will enable the purchase and maintenance of necessary hardware and software for system improvements.

Re-establish Academic Program Review – \$324,000 recurring

Academic Program Review is a process whereby CHE coordinates the statewide review of academic offerings in disciplines that do not have specialized accrediting entities to ensure quality and efficiency in the state's instructional programming. The reviews benefit the state by enabling program strengths and weaknesses to be identified and used for improving academic offerings, reducing duplication, and ensuring statewide needs are met. CHE has been unable to support this mission-critical function and requested funds will allow the annual cycle to be re-established by providing an FTE to coordinate the review process and consultant fees and costs to conduct two discipline reviews annually.

ENSURING SUCCESSFUL IMPLEMENTATION OF THE EDUCATION AND ECONOMIC DEVELOPMENT ACT

Develop and maintain web-based transfer articulation and course equivalency evaluation system and a comprehensive, "one stop" student portal – \$275,000 recurring

CHE is requesting additional funds to purchase needed technology to ensure seamless educational pathways per EEDA legislation. The funds will purchase two needed web-based systems (software, hardware, licensing) one to enable student transcript evaluation and assist students in academic planning and the other to provide a statewide portal enabling student access to all information required to plan, apply and pay for college, and enter the workforce. The development of this system is a recommendation of the higher education and K-12 committee that was created in the EEDA legislation to ensure seamless educational pathways by addressing issues related to transfer and articulation. To implement this program, CHE is requesting \$275,000 to be used with existing EEDA funds to provide for necessary technology systems. The EEDA Coordinating Council has authorized and supported this initiative.

ENSURING ACCESS TO AND INCREASED ENROLLMENT IN HIGHER EDUCATION

Continuation of \$600,000 provided as a state match for the federal GEAR UP program

The state's second GEAR UP grant program, awarded in 2005, is in its second of six years and is aimed at addressing early college preparedness and increased college enrollment for a cohort of students along the I-95 corridor. The program will provide services for over 4,300 students across 22 schools. Last year, CHE received a requested increase of \$600,000 in SC GEAR UP matching funds bringing the total state matching support to \$1.2 million. In FY 2007-08, continuation of the total state funds provided for SC GEAR UP is necessary to fully match the available federal dollars.

Expand Access & Equity Program for Underrepresented Populations in Health Care – \$400,000 recurring

As we face workforce shortages in health care, particularly nursing, we need to address strategically known shortages such as the under representation of racial and ethnic minorities and males. CHE seeks increased program funds of \$400,000 for the expansion of the existing Access and Equity Program to establish a statewide partnership of universities and colleges whose goal is to build a more diverse health-care workforce by increasing the number of underrepresented minority males in nursing and other health care areas. In concert with the funding request, CHE requests that the corresponding CHE Part 1B budget proviso be amended accordingly.

Support SREB Programs and Services – \$527,250 in recurring funds to cover increased participation costs

The CHE seeks funds to cover increased fees for Southern Regional Education Board (SREB) programs and services. The requested funds will enable the state to continue the same level of participation in regional initiatives and policy research and in programs that enable our students to take advantage of higher education offerings not otherwise available in South Carolina at reduced rates (e.g., Veterinary Medicine, Optometry, and Academic Common Market programs).

(over)

CHE'S FY 2007-08 BUDGET REQUESTS FOR HIGHER EDUCATION

Public Higher Education Institutions – Investment in Quality Outcomes (Institutional Operating Funds)

\$45,000,000 increase in recurring funds for operating expenses for public higher education

and continuation of one-time funding of \$30,517,840 that was received for FY 2006-07 for recurring operational needs.

Statewide Electronic Library

Continuation of \$2,000,000 in project funding. Recurring funding is requested. Project has been funded with one-time funds since FY 2004-05.

Lottery Funding for Higher Education

Continuation of lottery funding of higher education programs with increased funding requested for Need-Based Grants (\$10 million increase) and restored funding of Teacher Grants (\$1.5 million).

Higher Education Lottery Programs

FY 2007-08 Requested Funding

*Palmetto Fellows.....	\$17,830,758	<i>FY07 level. FY08 growth not included here</i>
*LIFE.....	\$87,911,636	<i>FY07 level. FY08 growth not included here</i>
SC HOPE.....	\$7,144,909	<i>FY07 level. FY08 growth not included here</i>
Tuition Assistance (2-year).....	\$47,600,000	
*Need Based Grants.....	\$21,246,093	<u>Includes \$10 million increase over FY07</u>
*Tuition Grants.....	\$7,766,604	
National Guard Loan Repayment.....	\$1,700,000	
<u>Teaching Scholarship Grants</u>.....	<u>\$1,500,000</u>	<u>Program Restoration</u>
Research Centers of Economic Excellence.....	\$30,000,000	
Technology: SC public 4- & 2-year.....	\$12,000,000	
*SC State University.....	\$2,500,000	
Higher Ed. Excellence Enhancement.....	\$4,700,000	
Total:	\$241,900,000	

**These programs also receive general funds that aren't shown here.*

SC LightRail

\$4,500,000 in non-recurring funds.

SC Manufacturing Extension Partnership (SCMEP) Matching Funds

Continuation of \$1,200,000 received in FY07 as non-recurring funds. Recurring funds are requested for FY08.

University Center of Greenville Operating Funds

\$1,123,000 to restore funds lost through budget reductions in recent years.

Greenville Technical College Debt Service, University Center

\$646,172 increased recurring funds to restore appropriation provided in past years.

Experimental Program to Stimulate Competitive Research (EPSCoR) Matching Funds

\$1,057,464 increased recurring funds.

Institutional Special (Below-the-Line) Items

\$4,840,509 recurring funds (includes increases and non-recurring program funds to recurring).

Special Items Include:

Clemson: \$1,300,000 Call Me Mister; \$900,000 Optical Materials Science & Engineering Technologies
 USC: \$250,000 Palmetto Poison Center; \$250,000 Small Business Devl Ctr; \$200,000 Technology Incubator
 MUSC: \$512,471 Hypertension Initiative
 SC State: \$679,673 SCAMP; \$748,365 Transportation Center

OTHER: Capital Bond Funds for Higher Education Institutions: \$406,712,263

For additional information, contact Julie Carullo at 737-2292 or jcarullo@che.sc.gov

SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING EFFECTIVE SERVICE DELIVERY AND QUALITY ACADEMIC PROGRAMS

CHE TECHNOLOGY NEEDS

\$130,000 recurring funds for improvements to CHE's higher education database system

To keep pace with changing technology and ensure continued quality data delivery, CHE needs additional on-going technology funding. The funds will be used to improve the CHE Management Information System (CHEMIS) by automating the receiving of data electronically from both public and private institutions; developing interactive data products to aid end-users; and developing a decision support system to provide secure access to the data and benefit CHE staff, institutional personnel, policymakers, and the public.

HOW WILL INCREASED FUNDING ASSIST CHE IN ITS ROLE AS SC'S STATEWIDE COORDINATING AGENCY FOR HIGHER EDUCATION?

CHE is charged with examining the state's institutions of higher education and preparing studies on enrollment trends, student costs, business management practices, accounting methods, operating results and needs, and capital fund requirements, and making recommendations concerning higher education to the Governor and the General Assembly.

The maintenance and support of a centralized statewide higher education data system is critical to CHE's ability to perform its duties to conduct state policy research, respond to state and federal data requirements, and to address other data-sharing needs of institutions and citizens of South Carolina.

CHE's current centralized system, CHEMIS, is in need of upgrades to enable improved access to the state's higher education information and data. Last year, CHE requested and received much needed support for additional data management staff, but did not receive requested increased funding necessary for system upgrades. The funds will enable the agency to make and maintain necessary system upgrades and will be used to:

- Allow for planned system improvements including interactive data accessibility via the Internet
- Automate the receipt and edits of institutional data from public and private institutions
- Develop a decision-support system to improve secure access to data for CHE staff, institutional staff, policymakers, and the public
- Integrate the Palmetto Fellows application process with a planned transcript exchange program
- Purchase necessary software and hardware
- Support continued maintenance costs

The requested funds will assist CHE in ensuring effective service delivery and in sustaining continuous improvement in all aspects of its operations.

For additional information, contact Julie Carullo at 737-2292 or jcarullo@che.sc.gov

SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING EFFECTIVE SERVICE DELIVERY AND QUALITY ACADEMIC PROGRAMS

RE-ESTABLISH CHE ACADEMIC PROGRAM REVIEW

\$324,000 in recurring funds to re-establish CHE's Academic Program Review Process

CHE has been unable to support this mission-critical function and is requesting funds to allow the agency to re-establish its annual review cycle of programs. The reviews benefit the state by enabling program strengths and weaknesses to be identified and used for improving academic offerings, reducing duplication, and ensuring that statewide needs are met.

WHAT IS ACADEMIC PROGRAM REVIEW?

Academic Program Review is a process whereby CHE coordinates the statewide review of academic offerings in disciplines that do not have specialized accrediting entities to ensure quality and efficiency in the state's instructional programming. The review of existing academic programs is critical to CHE's statewide mission of ensuring quality and integrity of higher education degree programs across the state.

The process serves to

- Identify exemplary programs as well as programs in need of strengthening.
- Ensure appropriate program productivity and availability.
- Provide a strategic planning device for identifying present and future needs of specific discipline areas.
- Inform new program development.
- Aid in identifying resources such as facilities and equipment.
- Provide a comparative analysis of the level of development and overall quality of programs as measured against programs external to the State.

The reviews are conducted across the state's public baccalaureate-level institutions by outside review teams and primarily cover those disciplines (e.g., liberal arts and sciences) that do not have specialized accrediting entities. The evaluation process is both formative and summative. It involves the preparation of institutional self-studies; site visits conducted by external peer reviewers; a final report for each discipline area; and site visits once every seven to eight years, assuming this budget request is honored. Reviewers make recommendations to modify programs, to place programs on probation pending improvement, or to terminate programs.

HOW WILL REQUESTED FUNDS BE USED?

Requested funds will support an FTE at CHE to coordinate the review process and provide consultant fees and costs to conduct two statewide, disciplinary reviews annually.

For additional information, contact Julie Carullo at 737-2292 or jcarullo@che.sc.gov

SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING FULL AND SUCCESSFUL IMPLEMENTATION OF THE EDUCATION AND ECONOMIC DEVELOPMENT ACT (EEDA)

\$275,000 in recurring funds to implement and maintain a web-based transfer articulation and course equivalency evaluation system and a comprehensive, "one stop" student portal.

CHE is requesting additional funds to purchase needed technology to ensure seamless educational pathways in accordance with the spirit, intent and mandates of the EEDA legislation. The requested funds will be used to purchase two vitally needed web-based systems (software, hardware, and licensing). One system will enable student transcript evaluation and assist students in academic planning. The second will provide a statewide portal enabling student access to all information required to plan, apply and pay for college, and enter the workforce, including electronic transmission of transcripts. The implementation of these types of automated systems has been recommended by the higher education and K-12 committee that was created in the EEDA legislation to ensure seamless educational pathways by addressing specific issues related to transfer and articulation.

The total anticipated project costs in the first year are \$1,715,000 with on-going costs of \$900,000 expected. To implement these systems, CHE is requesting an increase of \$275,000 in EEDA funding to be used with existing higher education EEDA funds to provide for the required technology systems. The EEDA Coordinating Council has approved these initiatives and supports them.

FUNCTIONS AND BENEFITS THAT EACH OF THE TWO INFORMATION TECHNOLOGY SYSTEMS WILL PROVIDE FOR SOUTH CAROLINA'S STUDENTS:

System to Support Transfer Articulation

Increased enrollment has led to a larger number of courses transferred between colleges and universities. According to the National Center for Education Statistics (NCES), more than 50 percent of today's students will attend more than one higher education institution. **Help is needed for transfer students so that they can move from one school to another and earn degrees in a timely manner, plan for courses, and reduce time and cost to degree completion.**

- Using transfer articulation technology, institutions can list credit transfer policies and students can explore procedures and rules regarding how their academic transcripts will be evaluated. Statewide consistency will be assured.
- Using a decentralized electronic advising system will provide prospective students and their advisors direct access to information regarding course equivalencies, programs, courses, and degree audits. It will provide information about how courses will transfer from one school to another and how those courses will apply to meet academic program requirements at other institutions in the state.
- Students will be assisted by understanding what additional courses can be taken at their current institution to fulfill further requirements at a target transfer school through a system that provides degree audit and transfer evaluation automation.
- Such a system will enable the student to create, maintain and store a complete electronic record and also provide centralized and easy access to information for students, advisors, and institutional officials.

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- The system can assist in **helping to overcome**:
 - students not having transfer courses accepted;
 - an unsystematic process for accepting students' transfer courses statewide; and
 - the inability to plan a transfer pathway.
- The system can also assist in fully implementing state and legislative mandates for transfer programs and policies. It will help to overcome declining enrollment and poor retention rates, students not knowing what courses to take to graduate, and poor or inaccurate advising.

System to Support Student "One Stop" Access Portal for K-16

- The system will provide a comprehensive "one stop" approach to facilitating the college pre-admission-to-admission process. Students can select a college, apply for admission and financial aid, explore career options, and maintain communications with their campuses of interest.
- Students and institutions can communicate with each other seamlessly via email.
- Tools and services will be provided so that students can fully explore academic options and careers. They can access key facts about colleges, utilize the search tools to find the college that meets their needs and interests, obtain contact information and send emails to institutions.
- Students are able to research financial-aid eligibility and apply for it online.
- Students can compile an electronic portfolio of their academic achievements and progress and use that information to prepare for meeting entrance requirements to the college or university of their interest.
- Colleges and universities are able to manage and download student applications, and to update cost and financial-aid information provided to students.
- Students are able to share their electronic information with their guidance counselors.
- Students can use test preparation services and reinforce the academic skills tested by the SAT, ACT, and GRE through a series of tutorials, practice sessions, and vocabulary drills.
- Students can send their online application and electronic transcript to a college or university.

A number of states have or are now beginning to implement these types of technology systems:

States using *Systems to Support Transfer Articulation* include Arizona, Illinois, Indiana, Kentucky, Minnesota, and Ohio. Additionally, more than 140 individual higher education institutions throughout the country have implemented such systems.

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SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING ACCESS TO AND INCREASED ENROLLMENT IN HIGHER EDUCATION

GAINING EARLY AWARENESS & READINESS FOR UNDERGRADUATE PROGRAMS

Continuation of \$600,000 in non-recurring funding received for FY 2006-07 as state matching funds for the federal GEAR UP program

Last year, CHE received a requested increase of \$600,000 in SC GEAR UP matching funds bringing the total state matching support to \$1.2 million. In FY 2007-08, continuation of these total state matching funds will enable the 1:1 match requirement for available \$2,468,637 in federal dollars to be met. The current GEAR UP grant program is the state's second federal grant. This program, now in its second of six years, focuses on early college preparedness and increased college enrollment for a cohort of students along the I-95 corridor.

WHAT IS GEAR UP? Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) is a federal discretionary program whose purpose is to increase significantly the number of low-income students who are prepared to enter and succeed in postsecondary education. In a 2005 competitive grant application process, CHE was awarded its second GEAR UP grant worth a total of \$14.8 million.

WHY IS GEAR UP IMPORTANT? Now in its second of six years, SC GEAR UP reinforces high expectations and high achievement at the secondary level, promotes a rigorous curriculum and provides greater access to and preparation for advanced placement courses in English, math and science. SC GEAR UP is focused on improving student achievement in SC. Our state has a history of low per capita income and poor educational attainment. Research shows that *educational success is one of the strongest links to long term positive life outcomes, both financial and personal.*

WHAT DOES GEAR UP DO? SC GEAR UP provides a broad range of intensive programs and services, such as mentoring, tutoring, and professional development, to students in 22 targeted schools across 16 school districts along the I-95 corridor. The schools were selected for participation according to the following criteria: *at least 50% or more free and reduced lunch students, at least 75% poverty, and over 30% of students scoring below basic in English/language arts and math and will ultimately serve over 4,300 students as they progress from seventh grade to 12th grade.*

WHAT ARE THE EXPECTED OUTCOMES FOR SC GEAR UP? SC GEAR UP expects the implementation of these programs over the six years of the grant will improve the college-going rate and increase: standardized test scores, GPAs, the numbers of students taking rigorous courses, attendance, promotion rates, graduation rates, teacher expectations of student's academic achievement, and parents' knowledge about college requirements and financial aid information. SC GEAR UP currently employs mentors and tutors in all 22 targeted schools who provide support and help to students and teachers by being on-site during the school day. Academic and college awareness workshops have been held for students and their families regarding college and financial counseling, and parent assistance workshops have been offered at businesses to increase and encourage parent engagement. Local school, community, and business alliances have been formed through a partnership with the SC Chamber of Commerce to provide volunteer mentors and tutors, incentives for recognition, and career awareness programs. Partnerships with the State Department of Education, the two Governor's Schools of SC, the Center of Ocean Science Education Excellence-Southeast, and YES Carolina have provided professional development opportunities and additional services and resources for SC GEAR UP.

DID YOU KNOW?

SC's first GEAR UP grant brought in over \$12 million federal dollars into SC from 1999 to 2006.

SC's second GEAR UP grant awarded in 2005 will bring in almost \$15 million federal dollars over six years.

For additional information, contact Julie Carullo at 737-2292 or jcarullo@che.sc.gov

SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING ACCESS TO AND INCREASED ENROLLMENT IN HIGHER EDUCATION

SUPPORT FOR ACCESS & EQUITY COMPETITIVE GRANTS PROGRAM TO INCREASE UNDERREPRESENTED POPULATIONS IN HEALTH CARE

\$400,000 recurring funds to expand the Access & Equity Program

As we face workforce shortages in health care, particularly nursing, we need to address strategically known shortages such as the under representation of racial and ethnic minorities and males. **CHE seeks to expand the existing Access and Equity Program to establish a statewide partnership of universities and colleges whose goal is to build a more diverse health-care workforce by increasing the number of underrepresented minority males in nursing/health care.** In concert with the funding request, CHE requests that Proviso 5A.4 be amended to direct funds toward the proposed Competitive Grants Programs. (See reverse for proviso details.)

Increased program funding will:

- Enhance the state's Access and Equity Program in meeting one of its program goals – to address minority recruitment and retention in higher education in South Carolina.
- Empower the state's public institutions to help increase the number of underrepresented minority males in Nursing/Health Care.
- Provide for the expansion of the existing Access & Equity Competitive Grants Program which is supported by \$32,811 of the \$711,613 in funds provided for Access & Equity programs across the state's 33 public higher education institutions as directed by proviso. These additional funds will provide incentives for institutions to focus on projects and/or activities that address priority issues (e.g., The Recruitment of African-American Males into Health Care) affecting minority participation and achievement in higher education.

Why Diversity in Nursing and other Health Care Programs Is Important

- Attracting a more diverse population into the profession serves many purposes. First, studies have shown that racial and ethnic minorities are more likely than their white cohorts to serve underrepresented communities. This helps improve access to health care for minority patients and reduce health-care disparities. When given a choice, patients are more likely to select a health-care professional of their own racial or ethnic background and are generally more satisfied with the care provided them by these providers. Minority health providers are also more likely to practice in community-based settings that serve low-income populations or in settings less coveted by non-minority nursing professionals.
- A diverse student body and workforce can also improve the cross-cultural training of all students. The interaction of students from diverse backgrounds provides a broader perspective of racial, ethnic, and cultural differences. Reaching out to racial and ethnic minorities could also help broaden the pool of potential nurses and other health-care workers. In short, creating a more diverse workforce is beneficial in creating a sense of community, narrowing the health disparity gap, and promoting the health of all people.

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**FY 2007-08 PROVISIO CHANGE TO SUPPORT
CHE'S REQUESTED EXPANSION OF THE ACCESS & EQUITY PROGRAM**

CHE requests the following proposed amendment to FY 2006-07 Proviso 5A.4 to direct any increase in Access & Equity program funding toward the Competitive Grants program. The Competitive Grants program is intended to be focused on impacting the numbers of underrepresented populations in nursing/health-care programs

AMEND 5A.4* (CHE Access & Equity Programs) Of the funds appropriated herein for the Access and Equity Programs, the Commission on Higher Education shall distribute at least \$98,313 to South Carolina State University, \$24,559 to Denmark Technical College, and \$588,741 to the Access and Equity Program. ~~With the these funds appropriated herein~~ the colleges shall supplement their access and equity programs so as to provide, at a minimum, the same level of minority recruitment activities as provided during the prior fiscal year. **Any additional funds appropriated herein for the Access and Equity program shall be used for CHE implementation of statewide program priorities.**

**Note: Proviso Number will be 5A.3 in Renumbered Base for FY 2007-08*

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SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

ENSURING ACCESS TO AND INCREASED ENROLLMENT IN HIGHER EDUCATION

SREB PROGRAMS AND SERVICES

The Southern Regional Education Board (SREB) was founded more than 50 years ago specifically to help states improve and share resources in higher education. Today, SREB continues to organize and administer regional arrangements to avoid costly duplication and expensive development of programs that provide access to undergraduate and graduate programs in specialized areas by waiving out-of-state tuition. SREB data collection, SREB policy documents, comparative research and publications on K-20 issues as well as participation in several other programs are benefits of South Carolina's membership in this sixteen state consortium. The SREB operates through state support provided by the member states. Each year, the Governors of the member states receive an invoice for their share of SREB general operations and regional education programs of the SREB and contracts-for-services. The Commission on Higher Education (CHE) coordinates South Carolina's participation in higher education programs under the SREB, and state funding for SREB participation and programs flows through CHE.

SREB Member States

AL	AR	DE	FL
GA	KY	LA	MD
MS	NC	OK	SC
TN	TX	VA	WV

www.sreb.org

Over the years, state support has enabled numerous South Carolinians to benefit directly through access to programs at rates not available without South Carolina's participation in SREB. Last year alone, over 250 students took part in SREB higher education programs. The state itself benefited from timely policy information and other regional programs. Funding needs and SREB programs and services are outlined below.

FY 2007-08 Funding Needs for Continued Participation in SREB Programs and Services

CHE is requesting a \$527,250 increase in recurring funds to meet increased program costs

Current FY 2006-07 appropriations for SREB programs and services total \$2,630,755, including \$269,000 provided in one-time funds for FY 2006-07. Each year, SREB informs South Carolina of costs for participation in the upcoming fiscal year. For FY 2007-08, the total costs for the states' continued participation in programs and services have increased and will be \$3,146,955. To meet these costs, \$527,250 of recurring funds is needed. Increased costs include: a 3% increase in SREB core operations and regional education programs, an increase in per student costs for contract program seats in Veterinary Medicine (\$2,000 per student increase) and Optometry (\$900 per student increase), and associated costs necessary for the continued phase-in of the five additional Veterinary Medicine seats the General Assembly has provided for in recent years. Costs are outlined below and program descriptions follow.

The FY 2007-08 SREB program costs will be as follows:

SREB General Operations and Regional Education Programs	\$187,900
SREB Contract Programs in Veterinary Medicine (104 students at \$22,400 per student and Optometry (24 students at \$13,100 per student)	\$2,644,000
Doctoral Scholars Program (15 students at \$20,000 per student)	\$300,000
Tuition Aid Program	\$15,055
Total	\$3,146,955

Please see reverse side for a description of these SREB Programs and Services

SOUTH CAROLINA PARTICIPATION IN SREB PROGRAMS AND SERVICES

SREB General Operation and Regional Education Programs offers benefits by enabling access to student programs such as the *Academic Common Market*, which provides access to undergraduate and graduate programs in specialized areas, and the *Electronic Campus*, which is an "electronic marketplace" for courses, programs and services. In addition, South Carolina benefits from access to a wealth of SREB publications and data sharing resources and ability to participate in other regional programs. SREB works with higher education and K-12 agencies in the 16 member states to collect and share timely comparative information and data and to produce policy reports used extensively by state leaders.

SREB Higher Education Contract Programs offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees at public institutions and for reduced tuition at private institutions. Participating states pay schools to maintain spots in their professional programs and save the expense of building and staffing these schools. **South Carolina participates in Veterinary Medicine programs at Tuskegee University, University of Georgia, and Mississippi State University and in Optometry programs at Southern College in Tennessee and University of Alabama.** SREB serves as the fiscal agent and handles the administrative duties for participating states. Funding enables a total of 104 students in veterinary medicine programs and 24 in optometry programs.

Doctoral Scholars Program provides financial assistance and academic support to minority students who are admitted to doctoral programs. The program's purpose is to produce more minority PhDs and to encourage them to seek faculty positions. The program was begun in 1993. In 2006, SREB announced its 300th graduate and noted that almost 80 percent of the program's graduates are now employed on college and university campuses in 38 states. This past year seventeen new and continuing students from South Carolina participated in the program, and it is expected that even more South Carolinians will benefit in 2006-07 with the funding provided for 2006-07.

Tuition Aid Program provides tuition assistance to SC residents to attend the North Carolina School of the Arts, a conservatory-based high school program in Winston Salem to train professionals in the arts. The amount per student is determined by the amount appropriated divided by the number of South Carolina residents who attend. Four attended last year and seven attended in each of the preceding two years.

During 2005-06

- **130 South Carolinians accessed programs not available in SC through the SREB Academic Common Market.**
- **107 participated in Optometry and Veterinary Medicine programs in other states.**
- **4 South Carolinians participated in the tuition aid program.**

As a result of SC's participation in SREB, these students were able to access programs in other states at reduced rates.

Additionally,

- **17 South Carolinians received support through the SREB Doctoral Scholars program**

In 2006-07, continued state support will enable similar numbers of students to participate.

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SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

INVESTMENT IN QUALITY OUTCOMES

OPERATING FUNDS FOR SC'S PUBLIC HIGHER EDUCATION INSTITUTIONS

CHE is advocating for **\$45 million in educational and general recurring operating funding** across our public colleges and universities for FY 2007-08. The requested increase is based on the higher education price index (HEPI) for 2006 plus one-and one-half percent. In addition, CHE supports **annualizing \$30,517,840 in one-time FY 2006-07 funding** received for on-going operating activities. *(See reverse side for information on recommended allocation.)*

Why the need for increased operating funding for public higher education?

Like other state agencies, public higher education institutions experienced declines in state funding in the early years of 2000 when the state experienced a downturn in funding. State funding for higher education has not yet recovered, and it is these funds that most impact the ability of public institutions to keep tuition and fees at affordable rates.

- State funding for the operation of our public colleges and universities (i.e., recurring base higher education operating funding) declined from \$781 million in 2000-01 to a low of \$606 million in FY 2003-04 – that represents a 22% decline in just three years. Funding has started to return for higher education, but most of the increase to date in recurring funding is largely attributable to pay and health plan increases provided across all state agencies, including higher education. Today, in FY 2006-07, higher education operating funding at just over \$688 million still remains \$92.6 million below FY 2000-01 funding levels.

Additionally, since FY 2000-01, enrollment continues to increase as does the cost of goods and services which places greater pressure on institutional operating funding.

- Full-time equivalent (FTE) enrollment in public institutions grew by 17% from fall 2001 to fall 2005.
- Factoring in inflationary increases for higher education since FY 2000-01, the educational and general higher education appropriations today would stand at \$998 million which is \$309 million or 28% higher than current appropriations had the state operating funds kept pace with rising costs. *[A recently released study examined state higher education funding and recovery from recessions across 50 states over the past 25 years. It showed that per student funding in South Carolina adjusted for inflation never fully recovered from the recession in the early 1990's much less the more recent recession of the early 2000's. In this most recent recession, our state, with a decline in funding of 27%, showed the single largest drop in state funding for higher education.]*

South Carolina has lower than average funding compared to other states regionally. Of 16 SREB states, South Carolina ranks 15 of 16 in State Appropriations per FTE, 3 of 16 in Tuition and Fee Revenues per FTE, and 6 of 16 in Total Funds (appropriations plus tuition and fees) per FTE student.

As large numbers of faculty begin to retire, our public institutions will have difficulty competing for quality faculty without increased funding to recruit and retain needed faculty.

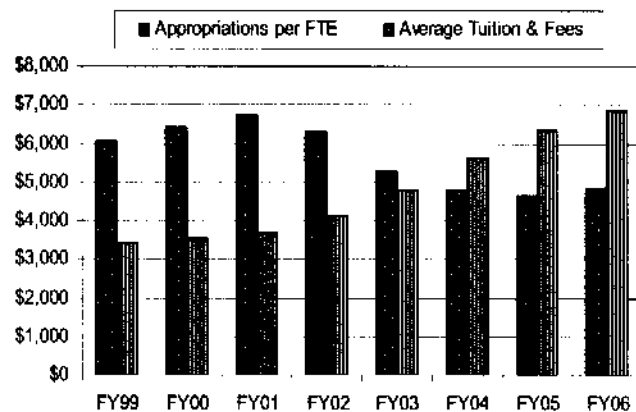
How have institutions coped with the declines in funding?

One of the direct results of recent budget reductions has been a corresponding increase in tuition across all public institutions. The state has provided increased funding for merit-based scholarships in recent years; however, while these funds assist students in paying the higher tuition, they do not make up for recent dramatic losses in state operating funding.

Our institutions have reduced programs, increased reliance on part-time faculty, implemented efficiencies across institutional operations, and eliminated unnecessary expenditures.

For the past ten years, public institutions have been held accountable under performance measures and standards. Our institutions continue to perform successfully at acceptable levels.

Recurring Operating Appropriations per FTE and Average Tuition and Required Fees at SC's Public Colleges and Universities



HOW WILL THE REQUESTED FUNDS BE ALLOCATED?

Higher Education's greatest need is for increases in operating funds to pay for full-time faculty and to reduce dependency on tuition and fees to replace state operating appropriations. As a related issue, there is growing concern regarding "parity" in higher education funding which refers to the inequity in funding levels across the institutions that has evolved unrelated to institutional performance or accountability for state resources. The requested funds will enable a portion of the current inequities to be addressed, provided institutions continue to maintain acceptable performance levels.

CHE's budget request for increased higher education operating funding was approved by the CHE at its September meeting with the understanding that the additional operating funds would assist in bringing institutions closer to funding levels prior to the budget cuts and would help mitigate further tuition increases. Additionally, the requested funds would be used to address parity in funding among institutions provided institutions continue to maintain acceptable performance levels. The plan to begin addressing the parity issue allocates one-third of the new funds received to address funding disparities and allocates the remaining two-thirds based on the institution's share of the model used to calculate institutional need which is known as the Mission Resource Requirement (MRR). The plan was developed in cooperation with the public higher education institutions.

The table below illustrates by institution the recommended allocation of increased operating funds and the continuation of the one-time appropriations in FY 2006-07. Current disparities in funding are illustrated in Column 3.

CHE Recommended Funding and Allocation Plan for Public Colleges and Universities

	FY06-07 Base	FY06-07 MRR Calculation of Need ¹	Base as % of MRR	CHE FY07-08 Recommended Increase	Base plus Recommended Increase (Col 1 + Col 5)	Base plus Increase as % of MRR (Col 5 / Col 2)	Continuation of FY06-07 Non-Recurring Funds ²	Total FY07-08 Recommendation (Base+Increase+Annualization (Col 1 + Col 4 + Col 7))	Resulting Total as % of MRR (Col 8 / Col 2)
Column #	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Institution									
Clemson	\$100,476,486	\$144,729,702	69.4%	\$5,701,303	\$106,177,789	73.4%	\$1,500,000	\$107,677,789	74.4%
USC-Columbia	\$170,355,770	\$252,561,682	67.5%	\$9,949,104	\$180,304,874	71.4%	\$1,500,000	\$181,804,874	72.0%
MUSC	\$88,969,156	\$174,546,758	51.0%	\$6,875,880	\$95,845,036	54.9%	\$2,545,904	\$98,390,940	56.4%
Citadel	\$15,285,183	\$18,833,865	81.2%	\$655,254	\$15,940,437	85.8%	\$141,326	\$16,081,763	86.7%
Coastal Carolina	\$12,667,571	\$27,057,886	46.8%	\$1,065,885	\$13,733,456	50.8%	\$2,358,122	\$16,091,578	59.5%
Coll. of Charleston	\$30,317,308	\$40,418,076	75.0%	\$1,592,180	\$31,909,488	78.9%	\$524,238	\$32,433,726	80.2%
Francis Marion	\$16,413,177	\$19,088,692	86.1%	\$751,169	\$17,164,346	90.0%	\$172,989	\$17,337,335	90.9%
Lander	\$10,175,198	\$15,029,030	67.7%	\$592,035	\$10,767,233	71.6%	\$174,252	\$10,941,485	72.8%
SC State	\$21,769,768	\$26,326,725	82.7%	\$1,037,083	\$22,806,851	86.6%	\$263,347	\$23,070,198	87.6%
USC-Aiken	\$10,381,262	\$16,711,158	62.1%	\$658,299	\$11,039,561	66.1%	\$599,237	\$11,638,798	69.6%
USC-Beaufort	\$2,677,047	\$4,931,266	54.3%	\$194,256	\$2,871,303	58.2%	\$502,175	\$3,373,478	68.4%
USC-Upstate	\$12,696,259	\$22,783,295	55.7%	\$897,497	\$13,593,756	59.7%	\$1,877,675	\$15,471,431	67.9%
Winthrop	\$21,732,096	\$33,801,269	64.3%	\$1,331,526	\$23,063,622	68.2%	\$1,172,423	\$24,236,045	71.7%
USC-Lancaster	\$2,554,105	\$4,973,134	51.4%	\$195,906	\$2,750,011	55.3%	\$650,000	\$3,400,011	68.4%
USC-Salkehatchie	\$2,217,943	\$3,309,092	67.0%	\$130,354	\$2,348,297	71.0%	\$100,000	\$2,448,297	74.0%
USC-Sumter	\$4,125,896	\$5,049,701	81.7%	\$198,922	\$4,324,818	85.6%	\$51,269	\$4,376,087	86.7%
USC-Union	\$992,713	\$1,598,656	62.1%	\$62,975	\$1,055,688	66.0%	\$16,206	\$1,071,894	67.0%
Technical Colleges	\$149,420,427	\$295,002,684	50.7%	\$11,620,972	\$161,041,399	54.6%	\$15,856,698	\$176,898,097	60.0%
Sub-Total	\$673,227,365	\$1,104,532,671	61.0%	\$43,510,598	\$716,737,963	64.9%	\$30,005,861	\$746,743,824	67.6%
AHEC	\$15,392,828	\$37,809,016	40.7%	\$1,489,402	\$16,882,230	44.7%	\$511,979	\$17,394,209	46.0%
Total	\$688,620,193	\$1,142,341,687	60.3%	\$45,000,000	\$733,620,193	64.2%	\$30,517,840	\$764,138,033	66.9%

¹ The MRR calculation of need considers the enrollment and program mix of institutions and estimates costs in the following areas: instruction, academic support, student services, libraries, physical plant, research, and public service. Of the total calculated operating need, the recommended state support is then determined by considering the relative share of need to be contributed by students (i.e., tuition and fee revenues) and the state (i.e., state operating appropriations for higher education).

² Includes the one-time funds appropriated in FY 2006-07 for educational and general recurring operating activities. CHE recommends annualization of these appropriations in FY 2007-08.

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SC CHE FY 2007-08 LEGISLATIVE PRIORITIES

HIGHER EDUCATION PRIORITIES – PASCAL * STATEWIDE ELECTRONIC ACADEMIC LIBRARY

\$2,000,000 recurring

The higher education electronic library has received a non-recurring appropriation of \$2 million in each of the three most recent fiscal years. CHE, along with higher education, requests continued recurring support of this important statewide initiative to avoid turning the clock back on the great progress made to date in connecting our libraries and providing for group purchasing of vital academic information.

WHAT IS THE HIGHER EDUCATION ELECTRONIC/VIRTUAL LIBRARY INITIATIVE?

A cooperative and collaborative effort among our public and private higher education libraries that is transforming how our state's citizens access vital higher-level academic information.

- Allows central licensing of essential electronic academic journals and related databases that are available to all of SC's higher education libraries (public and private) -- An effective and efficient way to equalize access to new resources statewide and level the playing field for smaller higher education institutions, while helping larger institutions fill research gaps by expanding access in core undergraduate areas. License fees for these electronic research sources are annual; requiring continued funding to sustain benefits.
 - Example of Cost Efficiencies: Each dollar spent centrally on electronic resources returns \$6-\$8 dollars in value when compared to single library licensing of the same materials. This adds up! Over 5 years, \$6.2 million invested in licenses is \$49 million worth of material!
- Enables extremely cost-effective collection sharing by connecting 58 public and private higher education libraries and the State Library in a catalog and delivery system.
 - Funding to date has purchased the hardware and software system required, and continued funding will support ongoing technology management and operations.
 - Comparisons with other states indicate this effort will reduce interlibrary loan unit costs by ten times, and increase service comparably by a comparable amount.

A FEW OF THE BENEFITS FOR SOUTH CAROLINA

- Exponentially raises the quantity and quality of academic library resources available to the state's 212,000+ students, faculty and researchers: 16,000 electronic full-text periodicals (and growing) and a virtual collection of 12 million volumes.
- Promotes institutional collaboration (Public/Private, Two-Year/Four-Year), avoids duplicated expenditures, and leverages materials, institutional spending, and capacity.
- Enhances development of the state's knowledge infrastructure -- crucial for competing in today's knowledge-based economy -- by expanding availability and access to state-of-the-art information at reduced costs, and reducing the gap between SC and surrounding states.
- Expands access to resources by other citizens through collaborative program development and direct "walk-in" use of academic libraries.

*PASCAL, Partnership Among SC Academic Libraries. See <http://pascalsc.org> for information on library initiatives.

For additional information, contact Julie Carullo at 737-2292 or jcarullo@che.sc.gov

Below-the-Line Requests for FY 2007-2008

Name of Request	Brief Description	2006 - 2007 Appropriation		FY 2008 Total Amt Requested	FY 2008 Change	
		Recurring	Non-Recurring		Requested	Recommended
Clemson						
Call Me Mister	The Call Me MISTER program is an effort to address the critical shortage of African American male teachers particularly among the state's lowest performing schools. Program participants are selected from among underserved, socio-economically disadvantaged and educationally at risk communities. The program seeks to place 200 African American males in SC elementary schools. This would more than double the number of Black male teachers currently practicing in the 600+ elementary schools to date. We currently have 139 MISTERS enrolled among the nine partner colleges and universities. Successfully placing 200 MISTERS in schools will impact over 4000 school children annually or 20,000 children over just a five year period. (Travel, tuition assistance, and books and supplies)		\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
Center for Optical Materials Science & Engineering Technologies	The Center for Optical Materials Science and Engineering Technologies (COMSET) at Clemson University has become a national focal point for optical fibers and related material technologies. COMSET's research funding since its founding in 2000 has exceeded \$20,000,000 representing over 4% of Clemson's entire research activity. COMSET is forming an extended regional network of partners representing regional industry, economic development organizations, and technical schools to help transform the economic mindset in South Carolina from traditional low wage manufacturing to a more entrepreneurial culture. The result will be the aggressive development of technology-based new ventures, improved competitiveness of existing firms, and wealth creation in the region. (Other Personnel, Equipment, Program Support)	\$ 106,000	\$ 900,000	\$ 1,006,000	\$ 900,000	\$ 900,000
University of South						
Palmetto Poison Center	(Funding in FY07 based on Part 1 Proviso SEC 5K.1 requiring USC to expend at least \$150,000 center. Provide adequate funding so South Carolina's only poison control center can continue to provide emergency medical service via a toll-free number for every citizen and medical personnel twenty-four hours a day, seven days a week. In addition, the Center serves as a teaching site for pharmacists, physicians and other health professionals as well as performing poison prevention programs throughout the State. Request is an increase of \$50,000 and to move all funds to recurring funds. (Faculty, other personnel, and operating expenses)		\$ 200,000	\$ 250,000	\$ 250,000	\$ 250,000
Small Business Development Center	Provide fee free management and technical assistance to small businesses through a consortium of four universities (USC, Clemson, SC State, and Winthrop) with 15 offices. Federal funds are matched by State funds. Current funding is \$686,534 recurring, for FY2007 will receive an additional \$250,000 in non-recurring funds. Request is to move the \$250,000 to recurring funds. (Other personnel and operating expenses)	\$ 686,534	\$ 250,000	\$ 936,534	\$ 250,000	\$ 250,000
USC Columbia Technology Incubator	Enhances the economic development of South Carolina through collaboration with Midlands Technical College, state and local governments and private businesses. No change requested. (Director, other personnel, and operating expenses)		\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Hypertension Initiative	Over 300 primary care clinicians across South Carolina are enrolled in the Hypertension Initiative to track cardiovascular treatments and outcomes in over 100,000 hypertensive patients and >300,000 total patients. The database provides information to: 1) help clinicians monitor whether their methods of treatment and control of cardiovascular risk factors meet national standards by providing recurring feedback reports; 2) inform a continuing medical education program-Experts in Hypertension Seminar Series-ensuring the information provided addresses concerns encountered in daily practice; and, 3) improve the questions asked and design of studies addressing limitations in current health care delivery systems. In 2004, the Hypertension Initiative was nationally recognized twice. The US Asst. Secretary of HHS designated the project a National Best Practice Program and the US Secretary of HHS recognized the Initiative as "an exemplary partner in reducing racial and ethnic health disparities". Faculty & Other Personnel			\$ 512,471		\$ 512,471
South Carolina State						
SC Alliance for Minority Participation (SCAMP)	The South Carolina Alliance consists of all seven HBCU's in the state, three technical schools, three non-minority institutions (two of which are major research universities). Initially, three were only eight alliance institutions. However, since 2002 four additional academic institutions have become partners. SCAMP is designed to increase the number of SC African-American undergraduate students who pursue Ph.D. opportunities in science, engineering, and mathematics; in doing so, SCAMP will also dramatically increase the number of baccalaureate degrees awarded to African-American students in these disciplines. Since the inception of SCAMP in 1992, minority bachelor's degrees have increased approximately 60%. Minority SMET enrollment and minority SMET retention currently are higher than minority non-SMET retention and enrollment within SCAMP. Funding is needed to expand the impact of SCAMP at all institutions. (Other Personnel)	\$ 320,327		\$ 1,000,000	\$ 679,673	\$ 679,673
University Transportation Center	SCSU named in Transportation Equity Act-2 as the only University Transportation Center in South Carolina. The University Transportation Center programs and funding advances increases the number and quality of research, training, education, and Transportation Technology Transfer programs in South Carolina, thereby improving the quality of life for South Carolina citizens. (Faculty, other personnel, and operating expenses)	\$ 122,612	\$ 748,365	\$ 870,977	\$ 748,365	\$ 748,365
Total					\$ 4,840,509	\$ 4,840,509

Statewide Ranking of Institutions' Priority One Capital Requests for 2007-08

<u>Rank</u>	<u>Institution</u>	<u>Project Name</u>	<u>Project Type</u>	<u>CIB Funds Requested</u>	<u>Actual Total Points</u>
1	Medical University of South Carolina	College of Dental Medicine	Renovation	\$ 29,700,000	197.48
2	USC - Columbia	School of Law New Building Construction	Replacement Building	\$ 20,000,000	194.65
3	College of Charleston	Expansion & Renovation of Science Facilities	Renovation	\$ 52,300,000	190.48
4	USC - Sumter	Instructional Laboratories Building Construction	Replacement Building	\$ 11,825,000	167.65
5	USC - Upstate	Information Resource Center Construction	Renovation/Replacement	\$ 16,800,000	164.16
6	Aiken Technical College	Industrial Technology Building	Replacement Building	\$ 9,037,493	163.49
7	Midlands Technical College	Engineering Laboratory/Classroom Building - Northeast Campus	Replacement Building	\$ 15,200,000	160.16
8	South Carolina State University	Whittaker Library Expansion/Renovations	Renovation/New Construction	\$ 20,000,000	156.82
9	The Citadel	Capers Hall Replacement	Renovation/Replacement	\$ 26,500,000	154.49
10	Piedmont Technical College	PTC Business/Industrial Technology Center Renovations (A,B,E,F,G)	Renovation	\$ 8,917,440	154.16
11	Clemson University	Air Quality Deficiencies & Critical Deferred Maintenance	Deferred Maintenance	\$ 10,000,000	153.16
12	Trident Technical College	Nursing Building	New Construction	\$ 6,220,000	152.16
13	Winthrop University	Library Construction	New Construction	\$ 35,000,000	150.16
14	Coastal Carolina University	R. Cathcart Smith Science Center Addition & Renovation	Renovation	\$ 45,000,000	149.83
15	Technical College of the Lowcountry	Buildings 6 & 8 Renovations	Renovation	\$ 2,107,000	145.99
16	Orangeburg-Calhoun Technical College	Automotive Training and Transportation Center	New Construction	\$ 1,040,000	140.16
17	USC - Lancaster	Campus Renovations	Renovation	\$ 4,110,000	138.83
18	USC - Salkahatchie	Walterboro Classroom Building & Science Building Renovation	Renovation/Replacement	\$ 2,442,960	135.33
19	Lander University	Jackson Library Renovation	Renovation	\$ 4,750,000	129.00
20	Francis Marion University	School of Education/School of Business Building Construction	New Construction	\$ 15,250,000	128.00
21	USC - Aiken	New Academic Building	New Construction	\$ 11,500,000	125.83
22	USC - Union	Facility Upgrades	Renovation	\$ 700,000	125.33
23	USC-Beaufort	USCB South Campus Classroom Building	New Construction	\$ 6,327,728	121.83
24	Williamsburg Technical College	Technology Building	New Construction	\$ 6,500,000	121.33
25	Spartanburg Technical College	Academic/Library Building Construction - Phase II	New Construction	\$ 9,000,000	117.83
26	Central Carolina Technical College	Health Sciences Building	Renovation	\$ 11,172,075	117.66
27	Florence-Darlington Technical College	Manufacturing Incubator Center	New Construction	\$ 2,880,000	112.83
28	Tri-County Technical College	Replace Clarke-McKissick Classroom Building - Main Campus	New Construction/Replacement	\$ 3,200,000	111.00
29	Northeastern Technical College	Campus Expansions/Renovations - Dillion Campus	Renovation/Expansion	\$ 1,000,000	86.00
30	Denmark Technical College	Renovation of Barnwell Facility	Renovation	\$ 657,567	69.83
31	Horry-Georgetown Technical College	General Purpose Classroom Building - Conway	New Construction	\$ 12,000,000	62.50
32	York Technical College	Hood Center HVAC Replacement	Replacement	\$ 1,000,000	55.00
33	Greenville Technical College	Renovated Second Floor ARC for Classrooms	Renovation	\$ 4,575,000	54.00

Grand Total

\$ 406,712,263