

act III

Budget Update – Higher Education Appropriations as of June 1, 2006

The following information is subject to change pending any Governor's Vetoes

The Budget Conference Committee adopted its report on Tuesday, May 30. The report was then adopted by both the House and Senate on Wednesday and has been enrolled for ratification. Once the Budget is ratified, the Governor has five days to return vetoes. The Senate and House will return on June 14 at noon and continue as needed through June 16 at 5:00 p.m. in order to consider any vetoes. The Governor is considering calling the General Assembly back prior to the 14th.

The State's \$6.6 billion budget includes \$525 million in new recurring funds and \$450 in nonrecurring funds. A Capital Reserve Fund bill totaling \$102 million was also passed. Appropriations for higher education are reflected below. Overall, higher education increases, (including CHE, State Technical System, and Colleges and Universities and not including funds for pay and health insurance increases), include \$42 million in new recurring funds, \$58 million in non-recurring funds and \$7 million in Capital Reserve Fund spending. The lottery appropriations total \$287 million and higher education receives 79% or \$228 million.

For CHE, Senate recommendations as desired in the Conference Committee were largely adopted. The following items have been added to CHE's budget for FY06-07:

Line Item Description	Funding in FY 06-07 Budget (pending Governor's Vetos)
CHE Data and Facilities Staffing	\$135,000 in recurring state general funds will enable CHE to fill two FTE positions, one in data management and the other in facilities management.
GEAR UP	\$600,000 in nonrecurring funds (Proviso 73.14) will enable CHE to access available federal matching money for the new GEAR UP grant that will serve schools along the I-95 corridor.
SREB	\$269,000 in nonrecurring funds (Proviso 73.14) will enable CHE to meet the State's obligation in increased SREB fees for FY06-07
EEDA – CHE	\$328,000 in recurring state general funds will assist CHE and institutions in implementing the EEDA requirements.
EEDA – Institutions	\$1,080,000 in recurring state general funds will assist CHE and institutions in implementing EEDA requirements.
Administration – Unclassified Positions	<i>\$69,628 of recurring funds was transferred from CHE to the Governor's Office resulting in a loss of an FTE for CHE. The FTE position and the associated funds were a necessary position for CHE.</i>
Statewide Electronic Library	\$2,000,000 in nonrecurring funds (Proviso 73.14) will enable the continuation of this important state initiative.
Education Endowment	\$738,317 in recurring state general funds will maintain the Education Endowment that is used to support the Palmetto Fellows and Need-Based Grants at its required statutory level of \$24,000,000.
LIFE Scholarships	\$25,790,858 in recurring state general funds will enable the LIFE program to be funded at an increase of \$6,404,404 increase. (Lottery funds reduced from \$107,298,090 to \$87,911,636 and general funds increased from \$27,631,335 to \$53,422,193).
Greenville University Center – Program Expansion (Redirected from USC Upstate	<i>Neither the House nor Senate budget provisions were adopted in this case. The \$1,000,000 that the House recommended being redirected from USC Upstate to the Greenville Center will remain in USC Upstate's budget and no proviso has been adopted to direct spending.</i>
Lowcountry Graduate Center	\$450,000 in new recurring state general funds as requested in "below-the-line" item funding is included.
SC Manufacturing Extension Partnership	\$1,200,000 in nonrecurring funds as requested in "below-the-line" item funding is included. This funding keeps the program at the same level as last year and enables federal matching funds to be fully realized.

In regard to Part 1B provisos of interest for CHE, the budget includes:

- Several codified provisos were deleted – 5A.17, 5A.19, 5A.23, 5A.27, 5A.28, and 72.14.
- Two provisos were deleted as they are no longer applicable - 5A.2 and 5A.25
- 5A.26 revised to amend dates indicated in FY05-06 proviso for continued applicability in FY 06-07
- A NEW proviso was adopted, 5A.29 (CHE: Out-of-State Eligibility), related to qualifications for Palmetto Fellows, LIFE and HOPE for SC resident students that attended an out-of-state high school.

5A.29. (CHE: Out Of State Eligibility) For Fiscal Year 2006-2007, students who are South Carolina residents and enrolled in out-of-state high schools shall be eligible to receive the Palmetto Fellows, Life, and Hope scholarships. Eligibility shall be calculated utilizing criteria for in-state students. Any fees associated with the resulting conversion of grades or class rank to the South Carolina Uniform Grading Scale shall be the responsibility of the student.

Higher Education Institutions:

Based on the budget adopted May 31, pending Governor's vetoes, Higher Education Institutions have received mostly non-recurring funding (\$57 million or 84% of total recurring, non-recurring and CRF. Included across the non-recurring funds is \$34.2 million directed at capital projects and \$11,661,142 designated as "MRR Parity."

The new funding is as follows:

Part 1A Recurring	\$10,230,000
Non-Recurring (Provisos 73.14 & 73.17)	\$53,081,969
Capital Reserve Fund (CRF) Bill	\$4,250,000
Total (Recurring, Non-Recurring, CRF)	\$67,561,969

Note: State Technical College System also received \$4.2 million in non-recurring funds for the C.A.T.T. program which is not reflected above for the institutions

Regarding 1B Provisos for Institutions of interest:

- There is NOT a proviso that would impose a tuition limitation
- A proviso was NOT adopted to suspend the local legislation that passed to enable Spartanburg Technical College to change its name to reflect "community college"
- A new proviso to provide waivers of tuition at USC's law school was adopted

Lottery Funding

Higher Education is receiving \$227,800,000 (79%) of the \$287,300,000 in certified lottery dollars that have been appropriated. If there additional funds as indicated in the table above, higher education will also receive \$14.75 million and an undetermined amount to be added dependent on the level of unclaimed prize money available for Tuition Grants.

Higher Education Lottery Funding, FY 06-07 - Subject to Governor's Vetoes		
Line Item Description	Amount	Change in Funds
Lottery Tuition Assistance – 2-Yr institutions	\$45,000,000	Increase of \$2 million
LIFE	\$87,911,636	Increase by \$6,400,000 considering lottery and general funds
HOPE	\$7,144,909	Increased \$471,083
*Palmetto Fellows	\$17,830,758	Increased \$3,448,767
*Need Based	\$11,246,093	(no increase)
Tuition Grants	\$7,766,604	Increased by \$3,766,604 (there is no increase in general funds)
National Guard	\$1,700,000	(no increase)
Endowed Chairs	\$30,000,000	(no increase)
Higher Ed Excellence Enhancement	\$4,700,000	(no increase)
SC State University	\$2,500,000	(no increase)
Higher Ed. Technology (2-&4-yr)	\$3,600,000	Certified Lottery Revenue. Coupled with unclaimed prize money, there is no increase in the technology funding.
Higher Ed. Technology (2-&4-yr)	\$8,400,000	Certified unclaimed prize money
Excess 05-06 Surplus Funds above the \$30.6 million currently certified	1) Tech Allied Health, \$12,150,000 2) Arts Partnership of Greater Spartanburg \$500,000 3) The remaining balance is directed to the State Library for equal distribution to each county for local libraries	
Unclaimed Prize Funds above \$8.4 currently certified	1) SDE Agriculture in Classroom, \$250,000; 2) Tuition Assistance, \$2,600,000 3) Tuition Grants - Any unclaimed prizes in excess of the amounts appropriated above.	

**Palmetto Fellows and Need Based Grants programs also receive approximately \$12 million each from the Education Endowment. Please note too that some of the listed projects may also receive general or other state funds.*