

Att. V

Budget Update - Higher Education Recommendations as of 4/5/2006

The following information is subject to change as the budget moves forward.

The House passed the budget bill (H.4810) on March 31, 2006 and the Supplemental (H.4811) and Capital Reserve Bills (H.4812) on April 4, 2006. The budget recommendations for higher education that were adopted by the House are similar to those recommended by the Ways and Means Committee. The House recommendations include base funding for CHE and higher education with funding increases as funding as note below.

The Senate Finance subcommittees have been holding budget hearings, and the CHE, the State Technical College Board, Institutions, and Tuition Grants have all made presentations to the Senate Finance Higher Education Subcommittee. The Full Senate Finance Committee is scheduled to meet to consider budget recommendations next Tuesday. It is anticipated that the Senate will begin budget debates beginning the week of April 25.

Recommendations for CHE

For CHE, the House's recommendations include base funding for existing programs. In regard to CHE's requests for increased funding, the House recommends \$135,000 in non-recurring funding in the Supplemental Bill for data and facilities management staffing. The House has not recommended funding CHE's requests for \$300,000 for Academic Program Review and for \$320,000 for Technology Funding. In addition, the House has not recommended increases requested by CHE for SREB programs (\$269,000 increase requested), GEAR UP matching funds (\$600,000 increase requested), Access and Equity (\$400,000 increase requested) or Student Record Digitization (\$40,000 requested).

The House has fully supported CHE's request for full funding for higher education for implementation of the Education and Economic Development Act of 2005 (EEDA). Recurring funding of \$328,000 for CHE and \$1,080,000 for institutions for EEDA activities is included in CHE's budget.

Recommendations for Institutions

There were no changes in recommended funding for institutions in the House Budget Bills from that reported on previously. Base funding is recommended for institutions, and for USC Upstate, \$1,000,000 of the institution's base funding is redirected to the University Center of Greenville. In regard to increases for higher education institutions, the House has not recommended any increases in recurring funding and has recommended non-recurring increases of \$29,094,128. Of these funds, \$9,365,000 is provided in the Supplemental Bill for "MRR Parity" for selected institutions and \$19,429,128 is provided in the Supplemental Bill and \$300,000 in the Appropriations Bill for earmarked projects at institutions. Additionally, \$2,701,365 for projects at higher education institutions is included in the Capital Reserve Bill.

The House has not recommended funding for the Higher Education Electronic Library. CHE, The State Technical College Board and the Presidents have expressed support for this project in the recent Senate subcommittee hearings.

The House has recommended an increase of \$450,000 in recurring funds for the Lowcountry Graduate Center and an increase of \$1,200,000 in non-recurring funds for the South Carolina Manufacturing Extension Partnership (SCMEP). These items are found in CHE's budget.

Lottery Funding – A total of \$287.3 million in lottery fund expenditures are recommended. Higher Education's share is 79% (\$227.8 million). As reported previously, higher education programs in the lottery are being funded at the same level as last year except that Tuition Grants is increased by \$3,766,604 and Lottery Tuition Assistance is increased by \$2,000,000. Additionally, the House has recommended that \$5,000,000 for the State Technical College Board's Allied Health Initiative contingent on the availability of unclaimed prize funds beyond the \$8,400,000 in certified unclaimed prize funds. Also, as reported previously, the LIFE scholarship program has been increased by \$6,400,000; Palmetto Fellows by \$3,448,767; HOPE by \$471,083; and Need Based by \$0. For the LIFE program, a greater share of the program funding has been moved from lottery funds back to general funds.

Provisos

Technical Amendments: As noted in CHE's proviso requests, the House has recommended several provisos be deleted due to permanent codification of provisions (5A.17, 5A.19, 5A.23, 5A.25, 5A.27, 5A.28, 72.14), one be deleted as it is no longer applicable (5A.2), and one be amended by updating dates for applicability in the upcoming year (5A.26). The Senate Finance Higher Education subcommittee has voted to recommend these changes as well.

Tuition Limitation: The House has recommended amending Proviso 5A.6 to include a provision that prevents 4-yr public institutions, except MUSC, from raising tuition greater than HEPI plus \$250 per semester. The Senate subcommittee discussed this proviso and has voted to recommend that it be deleted.

New: The House has recommended two new provisos for applicability in FY 2006-07. As listed below, the first is under consideration by the Senate subcommittee and the second will be supported by the Senate subcommittee.

1) Proviso 5A.29 relates to the scholarship programs and states "For Fiscal Year 2006-07, students that 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."

2) Proviso 72.102 relates to law school tuition and states "For Fiscal Year 2006-07, a public institution of higher learning with a law school may offer fee waivers to no more than four percent of the law school student body. This waiver shall not impact the capacity of the fee waivers for four percent of the undergraduate student body."

Other Legislation of Note:

In the House budget discussions, a proviso was proposed to create an endowed chairs program for SC State University. The proviso was tabled. There is free-standing legislation that has been proposed to create such a program. House Bill 4848, if enacted, would establish an endowed chairs program at SC State. The bill, introduced on March 15 and referred to House Education and Public Works, would create a separate process for this program managed through the Budget and Control Board and funded with \$5 million in lottery funds each year for eight years. On March 21, H.4848 was passed out of the House Education and Public Works Higher Education Subcommittee, but was recalled on March 23 from the Education and Public Works Committee and sent to House Ways and Means.