

From: Pitts, Ted

To: Soura, Christian <ChristianSoura@gov.sc.gov>

Baker, Josh <JoshBaker@gov.sc.gov>

Patel, Swati <SwatiPatel@gov.sc.gov>

Veldran, Katherine <KatherineVeldran@gov.sc.gov>

Date: 6/20/2013 11:56:54 AM

Subject: FW: Thoughts on budget

From: Garry R. Smith [mailto:garryrolandsmith@gmail.com]

Sent: Thursday, June 20, 2013 11:38 AM

To: Pitts, Ted

Cc: Eric Bedingfield; Tommy Stringer; Nathan Ballentine; Shannon Erickson

Subject: Thoughts on budget

Hey, Ted. For what it's worth here are some thoughts on the budget, CRF & H.3360

Let me start with 3360.

I thought it unusual when it was amended to identify revenue and appropriations language in the bill. The bill clearly identifies revenue sources and makes appropriations. This act in itself, I think, makes the bill an appropriations bill allowing the Governor to use her line item veto.

With that in mind my first recommendation is to veto Section 4. A. appropriating funds to the State Infrastructure Bank for the purpose of bonding.

The reason I am recommending this action is because it will take funds out of the budget for as long as necessary to pay these bonds which could otherwise be used for road & bridge maintenance. I believe it is better to pay as you go rather than mortgaging future tax dollars.

Now to the General Fund budget, 3710.

A major concern of mine is the expansion of 4K. You will be also be receiving a letter signed by several House members concerned with the expansion of 4K. As evidenced by the LAC report, and numerous studies, I believe to put any funds into this program is only throwing more good money after bad. The data clearly shows that the effects of this intervention is short lived. However, if you look at the cost per student it is higher than the base student cost. That does not even begin to address the fact that we are taking tax dollars to compete with the private sector, and the fact that each time that has happened more of our private systems have closed, as a result, leaving working parents with the problem of what to do with their children under this age in order to work. I am afraid that this is rapidly leading us to a system where our public education system will be required to take our children from the cradle. We cannot afford nor is it desirable in my mind for this to happen.

With that in mind the letter suggest that there are still options. **The Governor can eliminate the entire expansion, which I support, or the line which will result in a balancing of the program between the private and the public sector, which I would vote to sustain if the Governor chose this route.**

Lottery funding has been a controversial issue since its inception. This year the Senate insisted on using funds for capital items for Higher Education. I think this is a very dangerous precedent. It further erodes funds available for the stated purpose of the Lottery. **I suggest that the Governor veto all of these line items.**

On the CRF, I will just make a general statement.

I continue to be concerned with the rate of construction going on in our Higher Education facilities in SC. There appears to be no slowing down.

Why is this a problem? Well, just beyond the normal funding and cost concerns there are a host of other issues that are rapidly emerging as a threat to the overall business model of higher education. This year Moody's Investment Services downgraded it's financial forecast for all Higher Education in an analysis calling into question their current business model, and stating that the outlook for the Higher Education sector is universally grim. Part of that is due to the rapidly changing dynamics of higher education in the age of iTunes University, MOOCs, and many other private ventures into the Massive Online Open Courses phenomenon coupled with the fact that statewide student debt average of \$22,277 in 2009, was over 54% of the median household income in South Carolina. We are going to have to address this soon, and the CRF may be a good place to start.

Thanks for the opportunity to provide some input. I hope it is useful.

Garry

Sent from my iPad