



Dr. Gail M. Morrison
Interim Executive Director

MEMORANDUM

TO: Members of the Commission

FROM: Dr. Layton McCurdy, Chairman and Members of the Executive Committee

DATE: September 6, 2006

RE: FY 2007-08 Agency Budget Request

During the 2007 Legislative Session, CHE will seek to maintain its current funding levels and to achieve funding increases for FY 2007-08 as described below. The requested funding will enable the agency to address mission critical agency priorities. CHE will also seek three budget proviso changes. A summary table of requested increases is presented below. Descriptions of each item and the provisos follow. **The Executive Committee recommends favorably to the Commission staff's recommendations for the Commission's FY 2007-08 budget priorities as stated herein.**

CHE Agency Budget Priorities , FY 2007-08

**Increased in
Recurring Funds
for FY 2007-08s**

Ensuring Quality Effective Service Delivery and Academic Programs

Increased Technology Need	\$130,000
Academic Program Review	\$324,000

Ensuring Successful Implementation of the Education and Economic Development Act (EEDA)

Web-based Transfer, Articulation & Course Equivalency Evaluation and Student Portal	\$275,000
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Ensuring Access to and Increased Enrollment in Higher Education

GEAR UP Matching Funds	\$600,000
Access & Equity Competitive Grant Program – Increasing Underrepresented Populations in Health Care	\$400,000
SREB Programs and Services	\$527,250

CHE Total	\$2,256,250
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**Request continues non-recurring FY07 funds*

1) Ensuring Quality Effective Service Delivery and Academic Programs

\$130,000 increase in recurring funds for Agency Technology

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. The requested recurring funds will enable CHE to purchase necessary software and hardware, support continued maintenance costs, and allow for planned system improvements.

\$324,000 increase in recurring funds to re-establish 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 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.

2) Ensuring Successful Implementation of the Education and Economic Development Act (EEDA)

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

CHE is requesting additional funds to purchase needed technology to ensure seamless educational pathways per the 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.

3) Ensuring Access to and Increased Enrollment in Higher Education

\$600,000 in continued funding of the state match for the federal GEAR UP grant program

CHE seeks continuation of \$600,000 in non-recurring funds that were provided in FY 2006-07 as state matching funds for SC's federal GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) grant. This grant program is in the 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.

\$400,000 increase to Access & Equity Program to increase underrepresented populations in health care

As we face workforce shortages in health care, particularly nursing, we need to strategically address 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 healthcare workforce by increasing the number of underrepresented minority males in nursing/healthcare. In concert with the funding request, CHE requests that the corresponding CHE Part 1B budget proviso be amended accordingly.

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

CHE seeks funds to cover increased costs of 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).

Proviso Requests for FY 2007-08:

The following Part 1B budget proviso changes are requested for FY 2007-08.

1) AMEND FY 2006-07 Part 1B Proviso 5A.4 (CHE: Access and Equity)

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.

Summary of Existing: The existing proviso directs the distribution of funds provided for the State's Access and Equity program. The proviso designates that specific portions of the appropriation for Access & Equity be provided to public Historically Black Colleges and Universities (HBCU) with the balance distributed among the state's public institutions as part of the Access and Equity program.

Explanation of Amendment to Existing Proviso: The amendment to the proviso earmarks any additional funding for Access & Equity for a statewide initiative to increase underrepresented populations, particularly minority and males in nursing and healthcare fields.

2) AMEND FY 2006-07 Part 1B Proviso 5A.29 (CHE: Out of State Eligibility)

5A.22 (CHE: Out Of State Eligibility) ~~For Fiscal Year 2006-2007,~~ During the current fiscal year, students who are South Carolina residents and enrolled in out-of-state high schools ~~shall~~ may be eligible to receive the Palmetto Fellows, Life, and Hope scholarships ~~—Eligibility shall be calculated utilizing criteria for in-state students.~~ For the purposes of meeting the rank criteria, the South Carolina Uniform Grading Scale conversion is the responsibility of the student's high school, subject to subsequent verification by the Commission on Higher Education. 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.

Summary of Existing Proviso: This proviso was included in the budget act for the first time in FY 2006-07. The proviso requires that SC resident students who have attended high schools out-of-state be eligible for the Palmetto Fellows, LIFE and HOPE scholarship programs using criteria calculated for in-state students and that students are responsible for any resulting fees for the conversion of grades or class rank to the S.C. Uniform Grading Scale. Eligibility in regulation for South Carolina's merit programs requires that student grade point ratio and rank in class be calculated based on the State's Uniform Grading Scale (UGS). The proviso therefore requires this conversion for South Carolina resident students who have attended out-of-state high schools to have their grade point averages and rank converted to the UGS.

Explanation of Amendment to Existing Proviso: CHE is recommending that the proviso be amended because the agency has found implementation of the provision as a requirement rather than an option for students who do not have their grades and rank on the Uniform Grading Scale to be problematic. Recalculating the rank for students from out-of-state high schools has proven to be more difficult than anticipated. The process requires getting transcript information on ALL high school diploma students in a class, converting each GPA to the UGS and then determining rank for the student. Additionally, as might be expected, there are privacy concerns regarding the records for all students from an out-of-state high school that must be sent to CHE in order to determine the rank. Based on implementation of the proviso to date, CHE finds that a better solution to this issue is to amend the requirement that was imposed by 5A.29 in FY 2006-07 and enable the rank conversion to become optional provided the student's high school would

perform the calculation subject to verification by CHE. The grade point conversions could still be accomplished as provided for in regulation for each of these programs.

3) NEW FY 2007-08 Part 1B Proviso – CHE: Teaching Scholarship Grants

NEW (CHE: Teaching Scholarship Grants) Teaching Scholarship Grant funds may also be used to award grants to candidates seeking to add certification as, or pursuing graduate degrees for, librarians, media specialists, guidance counselors, principals, and superintendents.

Summary of New Proviso: In FY 2007-08, CHE is seeking restoration of funding for the Education Lottery Teaching Scholarship Grants Program (§59-150-380 of the S.C. Code of Laws, as amended.) The purpose of the Teaching Scholarship Grants Program is to support classroom teachers in their efforts to improve their content knowledge by completing coursework and degree programs. The program was established in the Lottery Act of 2001 and funded at \$2 million each year in lottery funds in FY 2001-02, FY 2002-03, and FY 2004-05. Because funding for the S.C. Teaching Scholarship Grants Program ended in 2005 and carry forward authority expired in FY 2006-07, the program was closed effective June 20, 2006. CHE is seeking \$1.5 million for FY 2007-08 to restore the program. In the event that the Teaching Scholarship Grants Program is restored in FY 2007-08, CHE is requesting the new proviso above to expand program eligibility to other school personnel seeking graduate courses or programs, such as librarians, counselors or principals, who are also in increasingly short supply.