

FULL FUNDING OF E&G EMPLOYEE PAY RAISES

At the Finance Officers Retreat Meeting in July, the institutional Finance Officers requested the Commission's support of the institutions in their efforts to convince the General Assembly to fully fund mandated pay increases for E&G employees.

Each year, since 1975, the Appropriation Act has contained the following proviso:

"Proviso 63C.10. (BCB/DBA:OHR - Compensation Increase - Appropriated Funds Ratio)
Appropriated funds may be used for compensation increases for classified and unclassified employees and agency heads only in the same ratio that the employee's base salary is paid from appropriated sources."

Further, in Proviso 63C.12. (BCB/DBA: OHR) - Employee Pay) it states that ". . . 8. Agencies shall absorb compensation increases from funds appropriated to them in Part 1A of this Act."

What this means is that when the Legislature adopts a pay increase for all state employees, it only appropriates enough funds to cover the pay raise on the amount of salaries that are paid from state appropriated funds. For example, if an employee's base salary is paid from both state appropriations and student fees, in order for an institution to provide the required pay increase, it must add additional funds from student fees. This requirement can force an institution to raise tuition and fees to fund the additional amounts needed for the pay increases.

The Commission has supported the effort to obtain full funding for state-mandated employee pay increases in the past. Therefore, the staff recommends that the Committee adopt the attached resolution supporting full funding of all state-mandated pay increases for Educational and General Employees.

STATE MANDATED PAY RAISES RESOLUTION

Whereas, annually the South Carolina General Assembly mandates pay increases and related fringe benefits for all state employees, to include employees paid from state funds, tuition and fees, auxiliary services, federal funds and other funds; and

Whereas, the state appropriates funds to pay mandated pay increases to employees paid only from state funds thereby leaving the institutions to pass this mandated pay increase on to the appropriate entities for the employees paid from tuition and fees, auxiliary services, federal funds, and other funds; and

Whereas, the Commission on Higher Education and the colleges and universities agree that the cost for state mandated pay increases should be passed on to the appropriate entities for employees paid from auxiliary services funds, federal funds and other funds; and

Whereas, the mandated pay increases for state employees paid from student fees amount to \$7-10 million annually, depending on the percentage increase, causing institutions to raise tuition and fees annually to cover the cost of the pay raises;

Be it therefore resolved that the Commission on Higher Education and the colleges and universities, strongly urge the General Assembly to fund the mandated pay increases and related fringe benefits for all educational and general employees, which consist of all, and only, those employees paid from state funds and employees paid from tuition and fees.

September 2, 1999

Date



R. Austin Gilbert, Jr., Chair
S. C. Commission on Higher Education