

SOUTH CAROLINA'S LOTTERY MUST SUPPORT STUDENTS AND THE TECHNICAL COLLEGE SYSTEM:

A lottery scholarship without any consideration of how to address funding for operating costs and especially on top of budget reductions could be catastrophic for the Technical College System. An influx of students from lottery-funded tuition assistance under these conditions will negatively impact the state's technical colleges' ability to deliver high-caliber college instruction and technical training.

1. Based on FY 99 In-state Credit Program Enrollment and Fees, \$50,986,353 in funding will be required for the technical colleges to provide tuition free access for all students taking 6 or more credit hours.
2. Based on the history of other states, enrollment is likely to increase by 15% or more. Many of these new students may be less prepared for college-level instruction than the current student population and may require costly support services. A 15% increase in student enrollment will require an additional \$11,298,375 in tuition funds and \$30,137,870 in operating funds.
3. Student fee income currently represents approximately 26% of the resources applied to educating technical college students. It is unknown how tuition free access will allow the remaining 74% of resource requirements to be met. This, coupled with the disparity in funding levels with the other higher education sectors, will present a true operating dilemma to the technical colleges.
4. Technical College operating costs for providing faculty, facilities, equipment and technology infrastructure, supplies, and services for new students cannot be effectively covered from the nominal funds received through fees from additional students.
5. If lottery scholarships to technical college students are not awarded in addition to Pell Grants, over 45% of Tech students will not receive scholarships from the lottery.
6. Enrollment growth may come during a decline in state revenue for higher ed.
7. Lottery funds for scholarships that are paid directly to students will not become "new additional funding" for the technical colleges. In fact, lottery funds paid in scholarships directly to students will strain the Technical College System's operations and will have no impact on increasing operating funds needed by the colleges to support students.



SUMMARY:

THE SOUTH CAROLINA TECHNICAL COLLEGE SYSTEM AND THE LOTTERY

Since 1961, the South Carolina Technical College System has been a vital partner in South Carolina's economic development success. The System is a key provider of the workers that filled many of the 46,400 jobs that were created in South Carolina during 1999. In fact, last year the sixteen technical colleges enrolled 46% of all public undergraduate students.

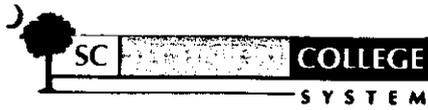
During a time when the state's unemployment rate has fallen to all-time lows, the number one concern of business and industry is securing a qualified workforce. Today, nearly 85% of all jobs created in the state can be accessed through a technical college. If South Carolina is to meet the workforce needs of business and industry, the Technical College System has a number of critical needs that a well designed, state-run lottery plan could address. They include:

- **Technology and state-of-the-art equipment funds for workforce training;**
- **Capital improvement funds for new construction and renovation of existing facilities.**

Additionally, incentive funds for enhancing excellence should be considered as an integral part of any funding solution.

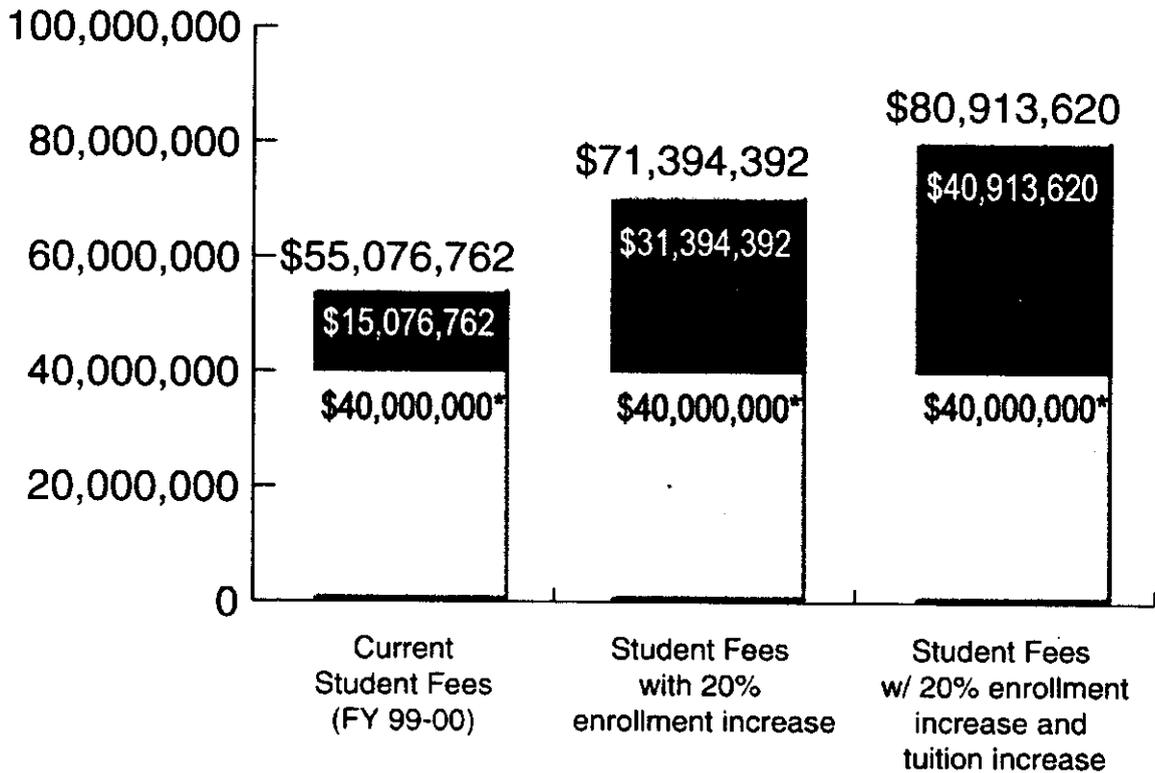
Should the legislature determine that lottery funds would be used to fund tuition for technical college students, the System believes that a lottery plan should address the following principles:

- **Provide LIFE Scholarships to both full time and part time technical college students, which will recognize and reward these students' initiative and achievement.**
- **Allocate a fair and equitable share of the needs-based funding for technical college students.**
- **Provide a tuition benefit for full and part time technical college credit students that maximizes state lottery funds through a 'sliding scale' technical college lottery scholarship for SC residents who also qualify for Pell grants or other public financial aid.**
- **Ensure the financial stability of the technical colleges through additional operational funding in the lottery allocation to accommodate the expected 20% increase in enrollment.**



TECHNICAL COLLEGE SYSTEM LOTTERY IMPACT

The figures at the top of each column indicate the amount required to fund tuition for those technical college students who would qualify for free tuition under S-177.



*Funding Available under S-177 for Technical College Tuition

Technical College System

[drp-LGmPln 2] 02/21/2001
Sheet 13

Base for Lottery Lump Sum
(Original source FBP 2-21-01)

1	2	3	4	5	6	7
99-00 Curriculum Fees	Colleges' Reported FY 2000* Out of State Tuition	FY 2000 Curriculum Fees Less Out of State	Actual FY 2000 Subject to Lottery Fees @ 90.04% System Average % = or >6 credits	108.02% Estimated FY 2001 Increase FY 2000 by 99 to 00 chg	Projection Based on 20% Enrollment Increase	Projection Based on 20% Enrollment Increase & Fee Increase
College					20%	13.33%
					Fee Revenue Required for Increase in Enrollment	Fee Revenue Required for Increase in Fees Based on \$850 Maximum
Aiken	58,024	2,336,538	2,103,819	2,272,599	2,727,119	3,090,734
Central Carolina	0	1,802,176	1,622,679	1,752,860	2,103,432	2,383,888
Northeastern	7,547	918,611	827,117	893,473	1,072,168	1,215,123
Denmark	24,840	1,031,693	928,936	1,003,461	1,204,153	1,364,706
Florence-Darl.	14,867	4,659,587	4,195,492	4,532,078	5,438,493	6,163,624
Greenville	632,480	10,594,727	9,539,492	10,304,803	12,365,764	14,014,528
Horry-George.	532,999	3,248,009	2,924,507	3,159,128	3,790,953	4,296,412
Midlands	691,778	9,783,674	8,809,220	9,515,945	11,419,134	12,941,681
Orangeburg	24,881	1,994,894	1,796,203	1,940,304	2,328,365	2,638,813
Piedmont	44,438	3,769,524	3,394,079	3,666,371	4,399,646	4,986,264
Spartanburg	61,920	3,487,359	3,140,018	3,391,928	4,070,313	4,613,020
TCL	42,281	1,425,197	1,283,247	1,386,197	1,663,436	1,885,227
Tri-County	217,473	3,232,697	2,910,720	3,144,235	3,773,081	4,276,158
Trident	732,827	9,161,631	8,249,133	8,910,924	10,693,109	12,118,853
Williamsburg	0	479,703	431,925	466,576	559,891	634,543
York	18,627	3,243,196	2,920,174	3,154,446	3,785,336	4,290,046
TOTAL	3,104,982	61,169,216	55,076,762	59,495,326	71,394,392	80,913,620

* Based on CBO File 2, March 2000