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Legislative Update for CHE (June 2, 2005)

Budget:

Last week, the House and Senate finished work on the budget for FY05-06 with its consideration of the Governor's vetoes. The Governor had vetoed approximately \$30 million in higher education funding. The House and Senate overrode all of the Governor's vetoes of higher education funding.

Overall, for higher education institutions, there is \$28.9 million increase in funding, including non-recurring items funded again for FY06 and any other increases or decreases. The majority of the funding (\$25.0 million) is in non-recurring funds.

Increased, new or non-recurring Higher Education projects were funded through CHE with non-recurring funds totaling \$4.1 million. Of this amount, only \$100,000 for the African American Loan Program was an additional amount over last year. There was also an increase of \$1 million in recurring funds for projects. Of note, the virtual library for higher education was funded with \$2 million in non-recurring funds; the Statewide Public Engagement Initiative (Service Learning Pilot) was funded with \$65,000 in EIA funds; and CHE was authorized to use up to \$260,000 for scholarship support.

Funding for scholarship programs rose by \$20.4 million over FY05 levels. The following table shows the total FY06 funds (lottery and general funds) and the increase over FY05 for merit scholarship programs.

	<u>FY06 Funding Total</u>	<u>Increase over FY05</u>
Palmetto Fellows	\$26,381,991	+ \$3,205,279
LIFE	\$134,929,425	+ \$12,554,681
HOPE	\$6,673,826	+ \$490,809
Lottery Tuition Assistance	\$43,000,000	+3,250,000
Need Based	\$23,246,093	+807,666
TOTAL	\$234,231,335	+ \$20,308,435

Legislation Related to Higher Education:

Several pieces of legislation have passed this week that relate directly to higher education and await the Governor's signature. Most notably, legislation that passed included: H.3906 regarding changes to scholarship programs; H.3673 regarding regulatory relief items (most were also included in the Life Sciences Act of 2004 that were later struck down); H.3741 setting up a loan repayment program for certain physicians; and H.3794 establishing the Research Innovation Centers and amending provisions regarding the SC Research Authority. Also of note, a bill that would allow a name change for technical colleges and a bill that would require institutions to discontinue the use of a student's social security number as a primary identification number are stalled in the Senate. Bills related to USC Sumter's status as a 4-year institution, Trident Technical College's 4-year culinary arts degree remain in Committee along with other bills related to scholarship programs, free tuition for certain residents, higher education governance, and establishing a law and engineering school at SC State.

In terms of other legislation being considered, seat belt and criminal domestic violence legislation have been passed and differences have been resolved in conference committee regarding mini-bottle and retirement system legislation.

The table that follows on the next two pages briefly summarizes legislation pertaining to higher education that has become law or has passed the General Assembly and is pending the Governor's action.

Higher Education Legislation that has been passed in the 2005 Session		
Bill #	Status	Summary
R.102 H.3155	Signed by Governor 5/27/2005	Education and Economic Development Act. This bill provides for changes to high school curriculum related to the implementation of a career clusters model of study. It is designed to provide career paths for students. An overarching council is formed to oversee the legislation's implementation. The council includes among its members, the Executive Directors of CHE and SBTCE, and as appointed by the chair of CHE, a president or provost of a research institution, a president or provost of a four-year college, and a president of a technical college. Higher education will work with the Department of Education to consider transfer and articulation issues. The CHE's Advisory Committee on Academic Programs with added membership for this purpose will lead this effort. The implementation for the first year is being funded with \$6 million from the Department of Education's budget.
H.3906	Enrolled for Ratification 6/1/05	<p>This bill contains provisions regarding scholarship programs and the Higher Education Excellence Enhancement Program including:</p> <ol style="list-style-type: none"> 1) Codifies temporary provisos that have been in effect for Palmetto Fellows and Provides for alternative criteria for Palmetto Fellows awards - Students with 1400 SAT and 4.0 GPA are eligible without regard to class rank; Provides that the number of students included in the top 6% be the next whole number of students if the top 6% is not a whole number. These students would have to meet the 1200 SAT and 3.5 GPA requirements. 2) Defines eligible institutions for Palmetto Fellows awards and adds Bob Jones University as a qualified institution 3) Amends the definition of eligible institutions for participation in the Higher Education Excellence Enhancement Program to HBCU's public and private that are SACS accredited, non-profit and headquartered in SC and that have for four consecutive years 60% or more low income or economically disadvantaged students 4) Qualifies South University as an eligible institution for LIFE scholarships (This was a provision passed in the Life Sciences Act of 2004 that was later struck) 5) Amends LIFE scholarship eligibility requirements to include as eligible students who have completed three of the final four years of high school within this state (Life Sciences provision) and students whose parent or guardian served or is retired military provided certain conditions are also met. 6) Amends LIFE continuing eligibility requirements to provide that students must use in calculating the GPA for scholarship retention purposes to be inclusive of the student's grade point average at all public or independent institutions attended.
Act 48 R.54 H.3392	Signed by Governor	Lottery Tuition Assistance Program amended to provide that certain students do not have to complete the FAFSA in order to be eligible.

R.114 S.204	Ratified and awaits action by the Governor	Allows visual and hearing impaired or multi-handicapped students to receive Palmetto Fellows, HOPE or LTAP funds to attend an out-of-state institution that specializes in the student's impairment.
H.3741	Enrolled for Ratification 6/1/05	Establishes in the Division of Aging, a student loan repayment program for physicians who specialize in Geriatrics or Geropsychiatry and contract to practice in SC for at least 5 consecutive years.
H.3673	Enrolled for Ratification 6/1/05	Provides for "regulatory relief" for higher education institutions. Many of the provisions were included as part of the Life Sciences Act of 2004 that were later struck. In brief, provisions relate to : 1) providing for lump sum bonuses for employees from sources other than state funds 2) offering education fee waivers for no more than 4% of undergraduate student body 3) establishing research grant funded positions without regard to FTE provided funds from non-state sources 4) offering health insurance from non-state funds to graduate assistants 5) granting of the power of eminent domain to board of trustees of public higher education institutions 6) granting institutions the authority to negotiate for its annual audit 7) codifying the distribution formula for lottery technology funds 8) defining permanent improvement projects and establishing a \$500,000 threshold for approval consideration
H.3794	Enrolled for Ratification 6/1/05	Amends legislation for the SC Research Authority to establish "Research Innovation Centers" in order to enhance economic development and the capabilities of the research institutions and their collaboration with industry. Funding will come from SC Research Authority funds for the first several years.
S.320 R.45	Signed by the Governor and Effective 5/3/05	USC athletic facilities bonds – Amends provisions for USC related to authorization of bonds for athletic facilities. Raises debt limit from \$40 million to \$60 million.
A.44 R.48 S.483	Signed by the Governor and Effective 5/3/05	SC State University Academic and Facilities Bond Act – prescribes the manner in which and condition under which SC State may issue certain revenue bonds for the acquisition of academic and administrative buildings and to define certain terms.

Other Legislative Items:

The Session ends today, June 2, 2005. This session is the first year of the two-year continuing session. All legislation that has not passed will remain active for the upcoming year. The House and Senate adopted a resolution on Wednesday to return on June 14th and 15th to consider any Governor's vetoes of legislation or conference reports.

This week, the Senate Majority Caucus elected Senator Harvey Peeler as the Senate Majority. The position has been held by Senator Leatherman.

Speaker of the House David Wilkins has been appointed U.S. Ambassador to Canada and has resigned from his position in the House of Representatives. The House is expected to elect a new speaker today. Representatives Harrell and Harrison are running for the position.