

**PROVISO SUBCOMMITTEE
HIGHER EDUCATION AND TECHNICAL SCHOOLS
RECOMMENDATIONS FOR FY 2016-17
TO THE HOUSE WAYS AND MEANS COMMITTEE**

SECTION 3 - H660 - LOTTERY EXPENDITURE ACCOUNT

- 3.1 AMEND** (Audit) Directs each state agency that receives lottery funds to develop and implement procedures to monitor lottery expenditures to ensure that lottery funds are expended in accordance with applicable state laws, rules, and regulations. Directs the State Auditor to ensure that these state agencies have effective monitoring procedures in place.
PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to update calendar year references to “2016” and “2017.”

3.1. (LEA: Audit) Each state agency receiving lottery funds shall develop and implement procedures to monitor the expenditures of lottery funds in order to ensure that lottery funds are expended in accordance with applicable state laws, rules, and regulations.

For institutions of higher learning, adopted procedures to monitor expenditures of lottery funds shall be reported to the Commission on Higher Education and the Executive Budget Office by October 1, ~~2015~~ 2016, and these expenditures are subject to annual verification and audit by the Commission on Higher Education on a rotational schedule not to exceed three years. The annual verification and audit shall be funded from the funds appropriated to or authorized for the Commission on Higher Education and the commission shall not assess a fee or charge institutions of higher learning for performing this function. In addition, the Commission on Higher Education shall provide a report to the Executive Budget Office, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee by October 1 each year summarizing, by institution, how lottery funds were expended in the prior fiscal year, issues and concerns as well as institution responses to those issues and concerns discovered as a result of the commission’s verification and/or audit activity during the prior fiscal year, if any. In addition, by January 15, ~~2016~~ 2017, the commission shall provide the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee a detailed estimate of the cost for the commission to establish a statewide state scholarship and grant tracking system for students.

For the Department of Education, adopted procedures to monitor expenditures of lottery funds that are allocated to the South Carolina school districts and other recipient institutions according to law and Department of Education guidelines shall be reported to the Executive Budget Office by October 1, ~~2015~~ 2016. In addition, the Department of Education shall provide a report to the Executive Budget Office, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee on the amount of lottery funds the department distributed to each entity in the prior fiscal year.

All other state agencies must submit their adopted procedures to monitor expenditures of lottery funds to the Executive Budget Office by October 1, ~~2015~~ 2016.

The Executive Budget Office shall ensure that state agencies receiving lottery funds have procedures in place to monitor expenditures of lottery funds and that the monitoring procedures are operating effectively.

- 3.3 DELETE** (FY 2015-16 Lottery Funding) Directs expenditure of lottery funds for Fiscal Year 2015-16.
PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso.

3.3. (LEA: FY 2015-16 Lottery Funding) ~~There is appropriated from the Education Lottery Account for the following education purposes and programs and funds for these programs and~~

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~~purposes shall be transferred by the Executive Budget Office as directed below. These appropriations must be used to supplement and not supplant existing funds for education.~~

~~The Executive Budget Office is directed to prepare the subsequent Lottery Expenditure Account detail budget to reflect the appropriations of the Education Lottery Account as provided in this section.~~

~~All Education Lottery Account revenue shall be carried forward from the prior fiscal year into the current fiscal year including any interest earnings, which shall be used to support the appropriations contained below.~~

~~For Fiscal Year 2015-16 certified net lottery proceeds and investment earnings and any other proceeds identified by this provision are appropriated as follows:~~

- ~~(1) Commission on Higher Education and State Board for Technical and Comprehensive Education Tuition Assistance..... \$ 47,400,000;~~
- ~~(2) Commission on Higher Education LIFE Scholarships as provided in Chapter 149, Title 59..... \$171,896,844;~~
- ~~(3) Commission on Higher Education HOPE Scholarships as provided in Section 59-150-370..... \$ 8,565,373;~~
- ~~(4) Commission on Higher Education Palmetto Fellows Scholarships as provided in Section 59-104-20..... \$ 38,691,990;~~
- ~~(5) Commission on Higher Education Need Based Grants..... \$ 13,000,000;~~
- ~~(6) Department of Education K-12 Technology Initiative..... \$ 18,870,793;~~
- ~~(7) South Carolina State University..... \$ 2,500,000;~~
- ~~(8) Commission on Higher Education Need Based Grants..... \$ 2,600,000; and~~
- ~~(9) Department of Education New Bus Purchases..... \$ 2,400,000.~~

~~Fiscal Year 2015-16 funds appropriated to the Commission on Higher Education for Tuition Assistance must be distributed to the technical colleges and two-year institutions as provided in Section 59-150-360. Annually the State Board for Technical and Comprehensive Education and the Commission on Higher Education shall develop the Tuition Assistance distribution of funds.~~

~~The funds appropriated above for South Carolina State University shall be utilized by the Interim Board of Trustees for administrative functions of the interim board and for any other purpose deemed necessary by the interim board.~~

~~The provisions of Section 2-75-30 of the 1976 Code regarding the aggregate amount of funding provided for the Centers of Excellence Matching Endowment are suspended for the current fiscal year.~~

~~The Commission on Higher Education is authorized to temporarily transfer funds between appropriated line items in order to ensure the timely receipt of scholarships and tuition assistance. It is the goal of the General Assembly to fund the Tuition Assistance program at such a level to support at least \$996 per student per term for full-time students.~~

~~Fiscal Year 2015-16 net lottery proceeds and investment earnings in excess of the certified net lottery proceeds and investment earnings for this period are appropriated and must be used to ensure that all LIFE, HOPE, and Palmetto Fellows Scholarships for Fiscal Year 2015-16 are fully funded.~~

~~If the lottery revenue received for Fiscal Year 2015-16 is less than the amounts appropriated, the projects and programs receiving appropriations for any such year shall have their appropriations reduced on a pro-rata basis, except that a reduction must not be applied to the funding of LIFE, HOPE, and Palmetto Fellows Scholarships.~~

~~The Commission on Higher Education is authorized to use up to \$345,000 of the funds appropriated in this provision for LIFE, HOPE, and Palmetto Fellows scholarships to provide the necessary level of program support for the scholarship award process and to provide for a Scholarship Compliance Auditor.~~

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The Higher Education Tuition Grants Commission is authorized to use up to \$70,000 of the funds appropriated in this provision for Tuition Grants to provide the necessary level of program support for the grants award process.

Funds appropriated to the Department of Education for the K-12 Technology Initiative shall be distributed to the public school districts of the state, the special schools of the state and the South Carolina Public Charter School District, per pupil, based on the previous year's one hundred thirty-five day average daily membership, according to the below calculations: (1) For a school district with a poverty index of less than 75: \$35 per ADM; (2) For a school district with a poverty index of at least 75 but no more than 85: \$50 per ADM; or (3) For a school district with a poverty index of greater than 85 or a special school with no defined poverty index: \$70 per ADM.

The Department of Education may adjust the per ADM rates for each of the three classes defined above in order to conform to actual levels of student attendance and available appropriations, provided that the per ADM rate for each class is adjusted by the same percentage.

Funds distributed to a school district through the K-12 Technology Initiative may only be used for the following purposes: (1) To improve external connections to schools, with a goal of reaching at least 100 kilobits per second, per student in each school by 2017; (2) To improve internal connections within schools, with a goal of reaching at least 1 megabit per second, per student in each school by 2017; or (3) To develop or expand one to one computing initiatives.

A school district that has achieved each of the above goals may submit a plan to the K-12 Technology Initiative Committee for permission to expend its allocation on other technology-related uses; such permission shall not be unreasonably withheld and the K-12 Technology Committee must permit districts to appeal any process should a district not receive approval and must provide technical assistance to districts in developing plans should the district request such.

Funds appropriated for the K-12 Technology Initiative may not be used to supplant existing school district expenditures on technology. By June 30, 2016, each school district that receives funding through the K-12 Technology Initiative during Fiscal Year 2015-16 must provide the K-12 Technology Initiative Committee with an itemized report on the amounts and uses of these funds, using a form developed by the Education Oversight Committee. In this report, a school district must provide information on its efforts to obtain reimbursements through the "E-Rate" Schools and Libraries Program administered by the Universal Service Administrative Company. Within its available resources, the K-12 Technology Initiative Committee shall support school districts' efforts to obtain these reimbursements.

For Fiscal Year 2015-16, funds certified from unclaimed prizes are appropriated as follows:

- (1) Higher Education Tuition Grants Commission Tuition Grants \$ 6,660,000;
- (2) Commission on Higher Education National Guard Tuition
Repayment Program as provided in Section 59-111-75 \$ 4,545,000;
- (3) Department of Alcohol and Other Drug Abuse Services - Gambling
Addiction Services \$ 50,000;
- (4) School for the Deaf and the Blind Technology \$ 200,000;
- (5) Commission on Higher Education Higher Education Excellence
Enhancement Program \$ 2,950,000; and
- (6) Department of Education School Buses \$ 595,000.

If the lottery revenue received from certified unclaimed prizes for Fiscal Year 2015-16 is less than the amounts appropriated, the projects and programs receiving appropriations for any such year shall have their appropriations reduced on a pro rata basis.

Any unclaimed prize funds available in excess of the Board of Economic Advisors estimate shall be appropriated as follows:

- (1) Department of Education School Buses \$ 6,000,000; and
- (2) Department of Education Instructional Materials \$ 6,000,000.

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For Fiscal Year 2015-16, net lottery proceeds and investment earnings realized in the prior fiscal year above the amount needed to fund the appropriations in this provision are appropriated as follows in priority order:

- ~~(1) Department of Education K-12 Technology Initiative..... \$ 10,418,183;~~
- ~~(2) Department of Education School Buses..... \$ 4,300,000;~~
- ~~(3) Commission on Higher Education and State Board for Technical
and Comprehensive Education Tuition Assistance..... \$ 3,700,000;~~
- ~~(4) Higher Education Tuition Grants Commission Tuition Grants \$ 1,598,764;~~
- ~~(5) Commission on Higher Education Higher Education Excellence
Enhancement Program..... \$ 1,028,053;~~
- ~~(6) Commission on Higher Education Technology Public Four Year
Institutions, Two Year Institutions, and State Technical Colleges.. \$ 5,000,000; and~~
- ~~(7) State Board for Technical and Comprehensive Education –
Workforce Scholarships and Grants \$ 5,000,000.~~

Of the funds appropriated to institutions of higher learning entitled “Technology Public Four Year Institutions, Two Year Institutions, and State Technical Colleges,” each institution shall use the amount appropriated only for technology repair and related technology maintenance that is necessary to support an institution's educational purpose.

Prior to the utilization of these funds, institutions must certify to the Commission on Higher Education, in a manner it prescribes, the extent to which they have met this requirement.

Not later than one hundred twenty days after the close of the fiscal year, the Commission on Higher Education shall report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee regarding the utilization of this provision.

Funds not expended in the prior fiscal year may be carried forward into the current fiscal year and utilized for the same purpose, subject to certification from the Commission on Higher Education they continue to meet the requirement of this provision.

For Fiscal Year 2015-16, if net lottery proceeds and investment earnings realized in the prior fiscal year are above both the amount needed to fund the appropriations in this provision as well as the amount needed to fully fund the priority order above, the following items are appropriated on a pro-rata basis:

- ~~(1) Department of Education School Buses..... \$ 4,000,000;~~
- ~~(2) State Library Aid to County Libraries \$ 1,700,000;~~
- ~~(3) Commission on Higher Education Technology Public Four Year
Universities, Two Year Institutions, and State Technical Colleges \$ 2,500,000;~~
- ~~(4) Commission on Higher Education Non Profit, Bachelors Level
Institution of Higher Learning, Established in 1894, is a Member
of TRACS, with Sixty Percent or More Low Income Students
–Maintenance and Improvement in Classroom, Library,
Laboratory, or Other Institutional Facilities..... \$ 50,000;~~
- ~~(5) Commission on Higher Education Higher Education Excellence
Enhancement Program..... \$ 658,084;~~
- ~~(6) Commission on Higher Education PASCAL Program \$ 1,500,000;~~
- ~~(7) Commission on Higher Education Non Profit, Four Year
Comprehensive Institution of Higher Learning, First Established
as a College in 1908, is SACS Accredited, with Forty Percent
or More Minority Enrollment Support for Memorial
Professorships for the Purpose of Helping the College
Recruit and Retain Faculty Members Whose Research,
Teaching and Service Uniquely Contribute to the~~

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~~Mission of the College..... \$ 50,000; and
(8) Commission on Higher Education – Maintenance Critical Care and
Replacement 1 to 1 Match..... \$ 3,000,000.~~

~~Of the funds appropriated in subitem (8) above for the Commission on Higher Education – Maintenance Critical Care and Replacement 1 to 1 Match, each public four year university, two-year branch campus and state technical college shall use the amount appropriated only for critical repair and related maintenance and/or other critical equipment and systems repair and maintenance that are necessary for the safe and efficient operation of an institution’s physical plant in its support of the institution’s educational purpose.~~

~~Funds must not be used for new construction and may only be utilized by an institution to the extent the funds are matched by the institution for necessary repair and maintenance projects generally.~~

~~Matching funds exclude supplemental, capital reserve, lottery, or non-recurring state funds appropriated to an institution either in the current fiscal year or from a prior fiscal year for repair and maintenance or deferred maintenance projects.~~

~~Prior to the distribution of these funds, institutions must certify to the Commission on Higher Education, in a manner it prescribes, the extent to which they have met this requirement, including the sources of funds utilized to meet this requirement.~~

~~Upon certification, the funds shall be distributed to institutions based on the distribution methodology described below provided that the distribution does not exceed an institution’s pro rata share or the amount matched by the institution if less than that share. The distribution methodology to be used by the commission shall be based on each institution’s or agency’s proportion of general fund appropriation in Part IA of Act 286 of 2014 as compared to the total general fund appropriation in that Act for all public four year universities, two year branch campuses and state technical colleges. Distribution of the share allocated to the state technical colleges is to be made by a formula to be developed by the State Board for Technical and Comprehensive Education in consultation with the colleges Chief Business Officers for approval by the State Board’s Presidents Council.~~

~~Not later than one hundred twenty days after the close of the fiscal year, the Commission on Higher Education shall report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee regarding the utilization of this provision.~~

~~Funds not expended in the prior fiscal year may be carried forward into the current fiscal year and utilized for the same purpose, subject to the matching requirement.~~

3.5 DELETE (Transfer for Veteran Differential Reimbursement Fund) Directs CHE to transfer \$3,000,000 of National Guard Tuition Repayment Program funds that were carried forward from the prior fiscal to the State Treasurer for the Out-of-State Veteran Tuition Differential Reimbursement Fund.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso. *Funds have been transferred.* Requested by Commission on Higher Education.

~~**3.5.** (LEA: Transfer for Veteran Differential Reimbursement Fund) The Commission on Higher Education is directed to transfer \$3,000,000 of unexpended National Guard Tuition Repayment Program funds carried forward from the prior fiscal year to the Office of State Treasurer for the College and University Out of State Veteran Tuition Differential Reimbursement Fund.~~

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SECTION 11 - H030 - COMMISSION ON HIGHER EDUCATION

11.17 DELETE (Transferability) Directs CHE's Council of Presidents or its designees, in consultation with the State Board for Tec and Comp Ed, or its designees, to make recommendations by May 2, 2016, to the Chairmen of the Senate Education and House Education and Public Works Committees on policy options concerning the development of a smoother transition for students with Associate Degrees from public 2-year institutions who wish to transfer to public research institutions and 4-year institutions.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso.

~~11.17. (CHE: Transferability) No later than May 2, 2016, the Commission on Higher Education's Council of Presidents, or the council's designees, in consultation with the State Board for Technical and Comprehensive Education, or its designees, shall make a recommendation(s) to the Chairman of the Senate Education Committee and the Chairman of the House Education and Public Works Committee concerning policy options for the state to consider with regards to the development of a more seamless transition for students with Associate Degrees from public two-year institutions of higher learning wishing to transfer to public research institutions and four-year colleges and universities. Recommendations must consider both the costs and opportunities of the option(s) presented including, but not limited to, impacts on institutional core requirements and accreditation standards. Nothing herein shall be construed as superseding any agreements, memorandums of understanding, or letters of intent that are in effect in the current fiscal year between or on behalf of one or more public institutions of higher learning in this state with another public institution or institutions of higher learning in this state regarding the transferability of students between institutions as described herein.~~

11.18 DELETE (Technical College Study) Directs CHE to examine whether a program that allows a student who graduated from a South Carolina high school or who attained the equivalency of a high school diploma to attend a state technical college without paying tuition and fees for a specified time is viable. Directs certain parameters for CHE to identify and consider; requires CHE propose program criteria; and directs that a report be submitted to the General Assembly by January 31, 2016 summarizing the findings and permits recommendations to be included in the report.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso. *Report has been completed and submitted.* Requested by Commission on Higher Education.

~~11.18. (CHE: Technical College Study) (A) The Commission on Higher Education shall examine the viability of a program that allows a student who graduated from a high school in this state or who attained the state educational equivalency of a high school diploma to attend a state technical college without paying tuition and fees at the institution for a specified period. When conducting the examination, the commission shall identify and consider:~~

- ~~(1) The anticipated number of students who will participate in the program;~~
- ~~(2) The anticipated annual cost of the program and federal, state and other sources of funding that could be used to pay the costs of the program;~~
- ~~(3) Current capacity available at state technical colleges to enroll additional students;~~
- ~~(4) The ability of the program to increase the state's pool of skilled workers and meet projected workforce demands;~~
- ~~(5) The impact of the program to increase educational attainment in the state;~~

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~~(6) The regions of the state the program would likely significantly increase educational attainment and workforce readiness;~~

~~(7) Potential eligibility criteria for students participating in the program; and~~

~~(8) The possibility of requiring students to first use financial aid available to the students, including federal funding provided to low income students for the purpose of paying for post-secondary education.~~

~~(B) The commission shall propose criteria for the program.~~

~~(C) The commission shall submit a report that summarizes the findings to the General Assembly no later than January 31, 2016. The report may include recommendations for legislation.~~

- 11.19 DELETE** (College and University Out of State Veteran Tuition Differential Reimbursement Fund) Directs the State Treasurer to establish a separate and distinct College and University Out of State Veteran Tuition Differential Reimbursement Fund from funds appropriated or authorized to CHE for that purpose and directs that those monies be deposited into the fund and that accrued interest remain in the fund. Directs that the purpose of the fund is to reimburse higher education institutions for revenue lost as a result of the provisions of Section 59-112-50(C) [TUITION RATES FOR MILITARY PERSONNEL AND THEIR DEPENDENTS]. Provides guidelines for the reimbursement process.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso.

~~**11.19.** (CHE: College and University Out of State Veteran Tuition Differential Reimbursement Fund) Of the funds appropriated to and/or authorized for the Commission on Higher Education for the Out of State Veteran Tuition Reimbursement, the Office of State Treasurer is directed to establish a fund, separate and distinct from the general fund and all other funds, entitled the College and University Out of State Veteran Tuition Differential Reimbursement Fund. Any funds appropriated and/or authorized in the current fiscal year for this purpose must be deposited into the fund and interest accrued by the fund must remain in the fund.~~

~~The purpose of the fund is to reimburse public institutions of higher learning, as defined in Section 59-103-5 of the 1976 Code, for revenue loss resulting from the provisions of Section 59-112-50(C). By March 1, 2016, a public institution of higher learning seeking a reimbursement from this fund must submit an application to the Commission on Higher Education to receive a reimbursement from the fund. The total reimbursement to a public institution may not exceed the difference between the amounts the institution would have charged but for Section 59-112-50(C), and the amounts the institution actually charged. The Commission on Higher Education may require any proof it determines necessary to verify the veracity of the application.~~

~~By June 15, 2016, the Commission on Higher Education must distribute the funds to those institutions that have applied pursuant to this provision. In the event that the total requested and verified reimbursements exceed the amount in the fund, the distribution to each public institution shall be reduced pro rata based on the institution's amount of verified reimbursements compared to the total amount of verified reimbursements of all institutions.~~

SECTION 14 - H120 - CLEMSON UNIVERSITY - EDUCATIONAL & GENERAL

- 14.1 DELETE** (Electrical Infrastructure) Directs Clemson to enter into negotiations with an appropriate entity or electric cooperative to determine the feasibility to purchase and operate the main campus electrical infrastructure and associated infrastructure maintenance, and to report the

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results of the negotiations to the Chairmen of the Senate Finance and House Ways and Means Committees by December 1, 2015.

PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso. *After extensive analysis and negotiations with Duke Energy it was determined the it would be cost prohibitive to enter into a contractual agreement with Duke Energy under the current regulatory framework.*

~~14.1. (CU: Electrical Infrastructure) Clemson University is directed to enter into negotiations with an appropriate entity or an electric cooperative to determine the feasibility for the purchase and operation of the main campus electrical infrastructure and maintenance associated with said infrastructure. A report shall be submitted to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee by December 1, 2015 on the results of the negotiations.~~

SECTION 15 - H150 - UNIVERSITY OF CHARLESTON

15.scr **ADD** (Science Center Renovation) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to authorize the University of Charleston to use funds appropriated in FY 2005-06 for the School of Science and Mathematics' Grice Marine Biology Laboratory for the renovation of the Rita L. Hollings Science Center. *\$4,000,000 was appropriated for the project, but the project did not occur.* Fiscal Impact: Redirects \$4,000,000 that has sat unused for 10 years.

15.scr. (UoC: Science Center Renovation) In the current fiscal year, the University of Charleston may use funds appropriated in Fiscal Year 2005-06 for the School of Science and Mathematics' Grice Marine Biology Laboratory, for the School of Science and Mathematics' renovation of the Rita L. Hollings Science Center.

SECTION 19 - H240 - SOUTH CAROLINA STATE UNIVERSITY

19.1 **AMEND** (Loan Funds) Provides for any loan funds not disbursed pursuant to proviso 19.2 to be carried forward. Directs the State Treasurer, upon EBO certification to disburse up to \$8,500,000 to the university pursuant to this provision and directs that the loan funds consists of the carry forward funds and the \$4,000,000 approved for FY 15-16 by the JBRC. Allows undisbursed funds to be carried forward. Provides for conditions which must be met for disbursement of funds. Directs that if the conditions are not met, scheduled installment payments must be suspended until EBO certifies the university has taken corrective actions.

PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to update fiscal year references. Change the amount the State Treasurer is to disburse in FY 2016-17 from "\$8,500,000" to "\$2,000,000;" Change "\$4,000,000" to "\$2,000,000." Amend what EBO must certify in order to compel disbursements by deleting reference to the initial quarterly scheduled installment of disbursements and "for each remaining quarterly installment." Authorize the State Auditor to review and audit the University's financial structure and activities to ensure that there are sufficient financial and internal controls in place and direct that findings and recommendations be submitted by 12/30/16. Provide for loan funds disbursed pursuant to Proviso 19.2 of Act 286 of 2014 to be forgiven if certain benchmarks are met and require CHE certify by November 1st that the university has met and maintained the required benchmarks. Direct the State Fiscal Accountability Authority to establish a consolidated repayment schedule if the benchmarks are not met.

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19.1. (SCSU: Loan Funds) (A) Pursuant to Proviso 19.2, Part IB, of Act 286 of 2014, South Carolina State University was approved for a loan to be disbursed through a series of scheduled installments. Any funds not disbursed to the university pursuant to the schedule during Fiscal Year ~~2014-15~~ 2015-16 shall be carried forward to Fiscal Year ~~2015-16~~ 2016-17. In Fiscal Year ~~2015-16~~ 2016-17, the State Treasurer, upon certification of the Executive Budget Office, shall disburse up to ~~\$8,500,000~~ \$2,000,000 to the university pursuant to the provisions contained in this proviso. The loan amount consists of (1) funds carried forward pursuant to this proviso and (2) the ~~\$4,000,000~~ \$2,000,000 approved for Fiscal Year ~~2015-16~~ 2016-17 by the Joint Bond Review Committee pursuant to Paragraph 19.2, Part IB, of Act 286 of 2014. Any funds approved pursuant Paragraph 19.2, Part IB, of Act 286 of 2014 that remain undisbursed at the end of Fiscal Year ~~2015-16~~ 2016-17 shall be carried forward. The loan must be at an interest rate established by the State Treasurer pursuant to Section 11-9-250 of the 1976 Code.

(B) To compel disbursements *in Fiscal Year 2016-17*, the Executive Budget Office must certify that:

(1) ~~for the initial scheduled quarterly installment, the Board of Trustees of the university, based on reasonable enrollment and other realistic budgetary assumptions, has adopted a balanced budget, whereby operating expenditures do not exceed operating revenue and that the university is not projected by the Executive Budget Office, based upon a cash flow analysis, to fall out of balance for the quarter; and~~

(2) ~~for each remaining quarterly installment the Executive Budget Office, certifies that the university's budget for the fiscal year in which the loan is made remains in balance based on a cash flow analysis at the time of the installment payment and that the university is not projected, by the Executive Budget Office, based on a cash flow analysis, to fall out of balance during the quarter.~~

(C) If the provisions contained in item (B) are not met, then installment payments scheduled but not yet made must be suspended until the Executive Budget Office certifies that the university has taken necessary corrective action to meet the provisions of this proviso.

(D) The State Auditor shall review and audit, if necessary, the financial structure and activities of the university to ensure sufficient financial and internal controls are in place to protect the financial integrity of the university. A report of findings and recommendations shall be submitted to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Executive Budget Office, by December 30, 2016.

(E) The loan funds disbursed to South Carolina State University pursuant to Proviso 19.2, Part IB, of Act 286 of 2014, including any associated interest, shall be forgiven as follows: \$6,000,000 in Fiscal Year 2016-17; and \$4,000,000 and \$2,000,000 respectively, over subsequent fiscal years provided the University has met the following benchmarks:

(1) For Fiscal Year 2016-17 the university must have attained accreditation status from the Southern Association of Colleges and Schools; and

(2) For each subsequent fiscal year the university must maintain such accreditation status; maintain a balanced budget as certified by the Executive Budget Office; and achieve a one percent growth in full-time student enrollment above the prior fiscal year enrollment and in the subsequent fiscal year achieve a two percent growth above the prior fiscal year enrollment.

(3) South Carolina State University must provide a report on a quarterly basis to the House Ways and Means Higher Education and Technical Schools Subcommittee and the Senate Finance Higher Education Subcommittee that includes, but is not limited to, the status of their fiscal affairs and enrollment growth.

The Commission on Higher Education, by November 1st, shall certify to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the

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Executive Budget Office that the university has met and maintained the required benchmarks each fiscal year.

In the event the university does not meet the benchmarks for loan forgiveness, the State Fiscal Accountability Authority shall establish a consolidated repayment schedule for the loans authorized by Act 286 of 2014 for an amortization period not longer than twenty-five years.

- 19.up** **ADD** (University President) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to state the intent of the General Assembly for the S.C. State University Interim Board of Trustees to conduct a national search to hire a permanent president by December 31, 2016 and require the interim board to submit progress reports on the status of the search to the Chairmen of the Senate Finance and House Ways and Means Committees on August 2, October 1, and December 1, 2016. Direct that if the interim board fails to meet the hiring deadline, they must provide an explanation to the chairmen by January 2, 2017 as to why they are non-compliant.

19.up. (SCSU: University President) It is the intent of the General Assembly that the South Carolina State University Interim Board of Trustees conduct a national search to hire a permanent President for the university by December 31, 2016. The Interim Board of Trustees shall submit progress reports on the status of the search process for a new president to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee on August 2, 2016, on October 1, 2016, and on December 1, 2016. In the event the Interim Board of Trustees fails to meet the deadline for hiring a new president, an explanation as to the reason for the non-compliance must be provided to the chairmen by January 2, 2017.

SECTION 20 - H450 - UNIVERSITY OF SOUTH CAROLINA

- 20.2** **DELETE** (School Improvement Council) Stipulates that \$100,000 of the funds appropriated to the USC Columbia Campus be used for the School Improvement Council.
PROVISO SUBCOMMITTEE RECOMMENDATION: DELETE proviso.

~~20.2. (USC: School Improvement Council) Of the funds appropriated to the University of South Carolina Columbia Campus, \$100,000 shall be used for the School Improvement Council.~~

- 20.4** **AMEND** (Palmetto College - Operating) Directs USC to allocate \$373,010 additional, recurring state appropriations to the USC campuses at Lancaster, Salkehatchie, Sumter, and Union to reduce the per-student funding disparity that exists between each of these campuses. Directs USC to determine the appropriate enrollment measure to guide the distribution of these funds and to report the allocation to CHE and the Chairmen of the Senate Finance and House Ways and Means Committees.

PROVISO SUBCOMMITTEE RECOMMENDATION: AMEND proviso to delete “additional, recurring state appropriations totaling.”

20.4. (USC: Palmetto College - Operating) The University of South Carolina is directed to allocate ~~additional, recurring state appropriations totaling~~ \$373,010 to the USC campuses at Lancaster, Salkehatchie, Sumter and Union in order to reduce the per-student funding disparity that exists between each of these campuses. The university shall determine the appropriate enrollment measure to guide the distribution of these additional, recurring state appropriations. The allocation of state funds shall be reported to the Commission on Higher Education, the

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Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.

SECTION 117 - X900 - GENERAL PROVISIONS

117.97 AMEND (USC Greenville Medical School) States the intent of the General Assembly to not appropriate general funds for the new medical school at USC Greenville during FY 2014-15 and limits the amount and type of funds that may be transferred from USC to the new medical school. **PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to update fiscal year reference to 2016-17.

117.97. (GP: USC Greenville Medical School) It is the intent of the General Assembly that during Fiscal Year ~~2014-15~~ *2016-17*, no general funds shall be appropriated for the new medical school at the University of South Carolina in Greenville. In addition, no state funds may be transferred from state earmarked or restricted funds held by the University of South Carolina to the medical school except for grants, contributions, contractual payments, and tuition and required fees for students attending the new medical school at the University of South Carolina in Greenville that are specifically designated for the medical school at the University of South Carolina in Greenville.

117.122 DELETE (Energy Efficiency Repair and Related Maintenance) Directs that funds appropriated and carried forward for the Higher Education Efficiency, Effectiveness, and Accountability Review by proviso 118.16 of the 2014-15 appropriation act be redirected to specific institutions for energy efficiency repair and related maintenance. Prohibits these funds from being used for new construction and requires they be matched by the institution. Requires institutions certify to CHE that they have met the match requirement and include the source of funds used for the match before they use the funds. Directs CHE provide a report on the use of this proviso. **PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

117.122. (GP: Energy Efficiency Repair and Related Maintenance) ~~The following funds appropriated by proviso 118.16 of Act 286 of 2014 for the Higher Education Efficiency, Effectiveness and Accountability Review and carried forward to be used for the same purpose shall be redirected for the purpose of energy efficiency repair and energy related maintenance as specified herein:~~

- ~~(1) H090 The Citadel \$ 81,290;~~
- ~~(2) H120 Clemson University \$ 596,066;~~
- ~~(3) H150 University of Charleston \$ 176,755;~~
- ~~(4) H170 Coastal Carolina University \$ 81,842;~~
- ~~(5) H180 Francis Marion University \$ 107,372;~~
- ~~(6) H210 Lander University \$ 55,958;~~
- ~~(7) H270 University of South Carolina Columbia Campus \$ 971,902;~~
- ~~(8) H290 University of South Carolina Aiken Campus \$ 58,922;~~
- ~~(9) H340 University of South Carolina Upstate Campus \$ 82,157;~~
- ~~(10) H360 University of South Carolina Beaufort Campus \$ 23,779;~~
- ~~(11) H470 Winthrop University \$ 81,917; and~~
- ~~(12) H510 Medical University of South Carolina \$ 352,825.~~

~~Each institution shall use the amount identified above only for energy efficiency repair and energy related maintenance that is necessary for the safe and efficient operation of the institution's~~

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~~physical plant. In the event any portion of the funds specified above have been transferred for the Higher Education Efficiency, Effectiveness and Accountability Review, institutions shall utilize remaining funds, if any, for the purposes described in this provision.~~

~~Funds must not be used for new construction and may only be utilized by an institution to the extent the funds are matched by the institution for necessary energy efficiency repair and energy related maintenance projects generally.~~

~~Matching funds exclude supplemental, capital reserve, lottery, or non-recurring state funds appropriated to an institution either in the current fiscal year or from a prior fiscal year for repair and maintenance or deferred maintenance projects.~~

~~Prior to the utilization of these funds, institutions must certify to the Commission on Higher Education, in a manner it prescribes, the extent to which they have met this requirement, including the sources of funds utilized to meet this requirement.~~

~~Not later than 120 days after the close of the fiscal year, the Commission on Higher Education shall report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee regarding the utilization of this provision.~~

117.124 DELETE (Capital Bond Study Committee) Establishes a Capital Bond Study Committee from funds appropriated to the Senate, House of Representatives and the Governor's Office. Directs the committee to study capital needs of higher education institutions, including the technical college system. Directs that findings and recommendations, including proposed legislation be submitted to JBRC by December 31, 2015, after which the committee will be dissolved. **PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~117.124. (GP: Capital Bond Study Committee) Notwithstanding any other provision of law, (A) from the funds appropriated to the Senate, the House of Representatives and the Governor's Office, there is established a Capital Bond Study Committee. The committee shall be composed of:~~

~~(1) three members of the Senate, one member appointed by the Chairman of the Senate Finance Committee, one member appointed by the Majority Leader and one member appointed by the Minority Leader;~~

~~(2) three members of the House of Representatives, one member appointed by the Chairman of the House Ways and Means Committee, one member appointed by the Majority Leader and one member appointed by the Minority Leader; and~~

~~(3) three members appointed by the Governor.~~

~~All appointments shall be made not later than July 15, 2015. The committee must be staffed by the staff of the Senate, the House of Representatives and the Governor's Office. Members of the committee shall receive mileage, subsistence and per diem at the rate provided by law. The committee may elect a chairperson and other appropriate officers from its membership. The committee shall begin meeting as soon as possible to accomplish the goals set forth in this paragraph.~~

~~(B) The committee shall study the capital needs of the state's higher education institutions, including the technical college system. The study shall include, but is not limited to:~~

~~(1) capital improvement plans of higher education institutions;~~

~~(2) long term capital bond needs;~~

~~(3) bond capacity and debt service;~~

~~(4) other related subjects that may serve to inform the General Assembly and the Governor as determined by the committee; and~~

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~~(5) the merits, necessity and projected costs of each of the capital improvement plans and projects it studies and prepare recommendations addressing the priority of the projects for future funding.~~

~~(C) The committee may solicit information from any person or entity it deems relevant to its study. The committee must make a report of its findings and recommendations, including proposed legislation, to the Joint Bond Review Committee by December 31, 2015, at which time the study committee shall be dissolved.~~

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