

**SENATE FINANCE COMMITTEE
HIGHER EDUCATION SUBCOMMITTEE
PROVISO RECOMMENDATIONS FOR FY 2017-18**

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 Executive Budget Office to ensure that these state agencies have effective monitoring procedures in place.
WMC: AMEND proviso to update calendar year reference from “2016” to “2017.”
HOU: ADOPT proviso as amended.
SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

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, ~~2016~~ 2017, 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 first 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.

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, ~~2016~~ 2017. 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, ~~2016~~ 2017.

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 2016-17 Lottery Funding) Directs expenditure of lottery funds for Fiscal Year 2016-17.
WMC: DELETE proviso.
HOU: ADOPT deletion of proviso.
SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

3.3. (LEA: FY 2016-17 Lottery Funding) ~~There is appropriated from the Education Lottery Account for the following education purposes and programs and funds for these programs and 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.~~

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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.

Certified net lottery proceeds and investment earnings for Fiscal Year 2016-17 are appropriated as follows:

- (1) ~~Commission on Higher Education LIFE Scholarships as provided in Chapter 149, Title 59.....~~ \$ 199,754,741;
- (2) ~~Commission on Higher Education HOPE Scholarships as provided in Section 59-150-370~~ \$ 9,552,955;
- (3) ~~Commission on Higher Education Palmetto Fellows Scholarships as provided in Section 59-104-20~~ \$ 49,274,030;
- (4) ~~Commission on Higher Education and State Board for Technical and Comprehensive Education Tuition Assistance.....~~ \$ 51,100,000;
- (5) ~~Commission on Higher Education Need Based Grants~~ \$ 17,537,078;
- (6) ~~Higher Education Tuition Grants Commission Tuition Grants ...~~ \$ 8,330,008; and
- (7) ~~Department of Education K-12 Technology Initiative.....~~ \$ 23,822,432.

Fiscal Year 2015-16 surplus net lottery proceeds and investment earnings certified for Fiscal Year 2016-17 are appropriated as follows:

- (1) ~~Department of Education School Bus Lease/Purchase~~ \$ 6,500,000;
- (2) ~~Commission on Higher Education Technology Public Four Year Institutions, Two Year Institutions, and State Technical Colleges~~ \$ 2,242,212;
- (3) ~~State Board for Technical and Comprehensive Education Critical Training Equipment.....~~ \$ 2,000,000;
- (4) ~~Department of Education Instructional Material.....~~ \$ 18,000,000;
- (5) ~~Department of Education College and Career Readiness~~ \$ 3,000,000;
- (6) ~~Department of Education Efficiency Study~~ \$ 3,100,000;
- (7) ~~Department of Education Dynamic Report Card System~~ \$ 1,695,000;
- (8) ~~Department of Education Reading Partners~~ \$ 400,000;
- (9) ~~Department of Education Mobile Device Access and Management~~ \$ 3,000,000;
- (10) ~~Commission on Higher Education Need Based Grants~~ \$ 1;
- (11) ~~Department of Education K12 Technology Initiative~~ \$ 5,466,544; and
- (12) ~~Higher Education Tuition Grants Commission SREB Program and Assessments~~ \$ 313,456.

For Fiscal Year 2016-17, net lottery proceeds and investment earnings above the Fiscal Year 2015-16 certified surplus are appropriated pro-rata as follows:

- (1) ~~State Board for Technical and Comprehensive Education Workforce Scholarships/Grants.....~~ \$ 5,000,000;
- (2) ~~Commission on Higher Education Higher Education Excellence Enhancement Program~~ \$ 567,475;
- (3) ~~Department of Education School Bus Lease/Purchase~~ \$ 2,100,000;
- (4) ~~Department of Education Mobile Device Access and Management~~ \$ 1;
- (5) ~~Department of Education Efficiency Study~~ \$ 1;
- (6) ~~State Board for Technical and Comprehensive Education Critical Training Equipment.....~~ \$ 912,307;

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- ~~(7) Commission on Higher Education – Technology Public Four-Year Institutions, Two-Year Institutions, and State Technical Colleges \$ 5,000,000;~~
- ~~(8) University of South Carolina – Columbia – Maintenance – Critical Care and Replacement – 1 to 1 Match \$ 1;~~
- ~~(9) Clemson University – Maintenance – Critical Care and Replacement 1 to 1 Match \$ 1; and~~
- ~~(10) Medical University of South Carolina – Maintenance – Critical Care and Replacement – 1 to 1 Match \$ 1.~~

For Fiscal Year 2016-17, funds certified from unclaimed prizes are appropriated as follows:

- ~~(1) Department of Education – School Bus Lease/Purchase \$ 3,500,000;~~
- ~~(2) State Board for Technical and Comprehensive Education – Workforce Scholarships/Grants \$ 1;~~
- ~~(3) South Carolina State University \$ 2,500,000;~~
- ~~(4) Commission on Higher Education – Higher Education Excellence Enhancement Program \$ 5,504,999;~~
- ~~(5) Commission on Higher Education – National Guard Tuition Repayment Program as provided in Section 59-111-75 \$ 4,545,000;~~
- ~~(6) Department of Alcohol and Other Drug Abuse Services – Gambling Addiction Services \$ 50,000;~~
- ~~(7) School for the Deaf and the Blind – Technology \$ 200,000; and~~
- ~~(8) State Library – Aid to County Libraries \$ 1,700,000.~~

If the lottery revenue received from certified unclaimed prizes for Fiscal Year 2016-17 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) Commission on Higher Education – PASCAL Program \$ 1,412,514;~~
- ~~(2) Department of Education – School Bus Lease/Purchase \$ 1,000,000;~~
- ~~(3) State Board for Technical and Comprehensive Education – Manufacturing, Healthcare, and STEM Education and Training \$ 15,000,000;~~
- ~~(4) Commission on Higher Education – Higher Education Excellence Enhancement Program \$ 2,631,137; and~~
- ~~(5) Commission on Higher Education – Need Based Grants \$ 3,000,000.~~

Fiscal Year 2016-17 funds appropriated to the Commission on Higher Education and the State Board for Technical and Comprehensive 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 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 2016-17 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

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ensure that all LIFE, HOPE, and Palmetto Fellows Scholarships for Fiscal Year 2016-17 are fully funded.

If the lottery revenue received for Fiscal Year 2016-17 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.

Of the funds appropriated to the Commission on Higher Education for institutions of higher learning entitled "Technology Public Four Year Institutions, Two Year Institutions, and State Technical Colleges," the commission shall allocate the realized funds on a proportional basis as follows:

(1) The Citadel	\$ 307,628;
(2) University of Charleston.....	\$ 643,395;
(3) Coastal Carolina University.....	\$ 573,411;
(4) Francis Marion University.....	\$ 293,497;
(5) Lander University	\$ 301,439;
(6) South Carolina State University	\$ 276,399;
(7) USC Aiken Campus	\$ 269,987;
(8) USC Upstate.....	\$ 366,549;
(9) USC Beaufort Campus	\$ 200,669;
(10) USC Lancaster Campus.....	\$ 75,440;
(11) USC Salkehatchie Campus.....	\$ 75,440;
(12) USC Sumter Campus.....	\$ 75,440;
(13) USC Union Campus	\$ 75,440;
(14) Winthrop University	\$ 388,130; and
(15) State Technical Colleges and State Board for Technical and Comprehensive Education.....	\$ 3,319,348.

In accordance with Section 59-150-356 of the 1976 Code, each institution shall use the amount appropriated only for technology repair and related technology maintenance and/or upgrades that are 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.

Of the funds appropriated above to the State Board for Technical and Comprehensive Education for "Critical Training Equipment," the State Board shall allocate the realized funds on a proportional basis as follows:

(1) Aiken Technical College	\$ 157,732;
(2) Central Carolina Technical College.....	\$ 165,234;
(3) Denmark Technical College	\$ 83,432;
(4) Florence Darlington Technical College.....	\$ 172,296;
(5) Greenville Technical College	\$ 269,810;
(6) Horry Georgetown Technical College.....	\$ 213,535;

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(7) Midlands Technical College	\$ 221,557;
(8) Northeastern Technical College	\$ 128,984;
(9) Orangeburg Calhoun Technical College	\$ 161,357;
(10) Piedmont Technical College	\$ 198,705;
(11) Spartanburg Community College	\$ 171,418;
(12) Technical College of the Lowcountry	\$ 144,362;
(13) Tri-County Technical College	\$ 199,914;
(14) Trident Technical College	\$ 325,470;
(15) Williamsburg Technical College	\$ 124,150; and
(16) York Technical College	\$ 174,351.

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. Poverty will be defined as determined for the poverty add-on weight in Proviso 1.3 of this Act.

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, 2017, each school district that receives funding through the K-12 Technology Initiative during Fiscal Year 2016-17 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.

Funds appropriated to the Department of Education for Reading Partners shall be allocated to Reading Partners and must be used to increase the number of reading interventions for students in low performing schools in grades K-5. The Office of Early Learning and Literacy shall specify planning criteria to be submitted by Reading Partners no later than July 15, 2016. Planning criteria shall include, but is not limited to, pre and post assessment data, parental and family literacy engagement, summer learning support and building school level capacity for

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~~intervention. The department shall report to the Governor, the Chairman of the Senate Finance Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee and the Chairman of the House Education Committee by June 15, 2017 on the impact of the program.~~

~~Funds appropriated to the Department of Education for Mobile Device Access and Management shall be disbursed to school districts to procure high speed mobile internet service for students that lack such internet service at home and are participating in a course of study that requires such access, as demonstrated by the school district. Districts requesting funding shall make application to the South Carolina K-12 Technology Committee in a form approved by the committee and the Department of Education detailing, at a minimum, the proposed uses of such mobile internet service, the number of students eligible for the service, the process used to determine student eligibility, and the process by which the devices will be secured and use-restricted to prevent breach or misuse. The Committee may approve requests in whole or in part as funds are available.~~

~~The Department of Administration, Division of Technology may disapprove applications if the district's mobile device management plans are insufficient to properly secure mobile internet devices issued to students. The Division of Technology may offer mobile device management services to applicant districts in lieu of a district specific plan.~~

~~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, payments of debt, and for any other purpose deemed necessary by the interim board.~~

~~The funds appropriated to State Board for Technical and Comprehensive Education for Workforce Scholarships and Grants shall be used to provide grants for tuition, fees, transportation, or textbook expenses to South Carolina residents enrolled in a career education program that meets all eligibility guidelines promulgated by the State Board for Technical and Comprehensive Education in consultation with the Department of Education. Grants may be awarded from the fund in an amount not exceeding ten thousand dollars or the total cost of attendance, whichever is less, for students to attend the program of their choice at a South Carolina technical school or professional certification program. By March fifteenth of the academic year provided, the State Board for Technical and Comprehensive Education shall provide a report to the Chairman of House Ways and Means Committee and the Chairman of the Senate Finance Committee containing a list of programs, amount of funding spent per program, number of students that received grants, and the grant amount per student.~~

~~On or before December 31, 2016, the Department of Education, in cooperation with the Commission on Higher Education, shall provide a report to the Governor, the Chairman of the Senate Education Committee, the Chairman of the House Education and Public Works Committee, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee regarding the costs and opportunities of the change to the State's Uniform Grading Policy from a 7-point scale to a 10-point scale. The report shall include, but not necessarily be limited to, the projected impact, if any, that the change may have on the State's merit based scholarship programs, recommendations on how to fund the projected impact, if any, to the State's merit based scholarship programs, and suggested alternatives to mitigate the projected impact, if any, to the State's merit based scholarship programs. Alternatives, if any, may include potential changes to the State's merit based scholarship criteria including GPA or testing requirements.~~

~~Any lottery revenue in excess of the total amount of money appropriated by this proviso shall be held for appropriation by the General Assembly in the future to offset scholarship needs as a result of population growth and changes to the state's grading scale by the Department of Education.~~

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SECTION 11 - H030 - COMMISSION ON HIGHER EDUCATION

11.15 **AMEND** (Abatements) Requires higher education institutions report to CHE by November 1st on the total number of out-of-state undergraduate students that received abatement of rates during the prior fiscal year and requires the report include certain student related information and the calculation method used to determine the amount of abatement awarded as well as the number of students that received education fee waivers.

WMC: AMEND proviso to direct CHE to compile the information received from the institutions into a comprehensive report and submit such report to the Chairmen of the Senate Finance and House Ways and Means Committees by January 5th each year.

HOU: ADOPT proviso as amended.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

11.15. (CHE: Abatements) By November first of each year, state supported institutions of higher learning must submit to the Commission on Higher Education the total number of out-of-state undergraduate students during the prior fiscal year that received abatement of rates pursuant to Section 59-112-70 of the 1976 Code as well as the total dollar amount of the abatements received. The report must include the geo-origin of the student, class of the student, comprehensive listing of all financial awards received by the student, number of semesters the student has received the abated rate, as well as the athletic status of the student. The report must also include the calculation method used to determine the abatement amount awarded to students as well as the number of students that received educational fee waivers pursuant to Section 59-101-620. The Commission on Higher Education is directed to compile the information received from the state-supported institutions of higher learning into a comprehensive report and submit such report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee by January 5th each year.

11.17 **AMEND NEW PROVISO** (Longitudinal Data Reports) **WMC:** ADD new proviso to direct CHE to provide quarterly reports to the Chairmen of the Senate Finance and House Ways and Means Committees on tuition and fees longitudinal data.

HOU: ADOPT new proviso.

SFC SUBCOMMITTEE RECOMMENDATION: AMEND new proviso to delete the quarterly reporting requirement on tuition and fees longitudinal data and instead direct CHE provide a report by December 1st on tuition and required fee trends submitted to them by the state's public colleges and universities. Require the "baseline" for the report be the most recent fall semester compared to the previous five fall semesters. Direct the commission to provide comparable data and trends for SREB states for the same time period and also calculate in the report the level of recurring base state operating funds each college and university received as measured on an in-state student basis as well as the average of such funding provided in each SREB state.

11.17. (CHE: Longitudinal Data Reports) ~~The~~ By December first each year, the Commission on Higher Education is directed to provide ~~quarterly reports~~ a report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee on tuition and ~~fees longitudinal data collected by~~ required fee trends submitted to the commission ~~from~~ by the state's public colleges and universities. The baseline of the report must be the most recent fall semester compared to the previous five fall semesters. The commission shall also provide comparable data and trends for and among SREB states for the same period of time. In addition, for the same time periods noted above, the commission shall also calculate in the report the level of recurring base state operating funding received by each

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college and university as measured on an in-state student basis as well as the average of such funding provided in each SREB state.

- 11.18 DELETE NEW PROVISO** (Suspend Governor's Professor of the Year Award) **WMC:** ADD new proviso to suspend the Governor's Professor of the Year Award for FY 2017-18.
HOU: ADOPT new proviso.
SFC SUBCOMMITTEE RECOMMENDATION: DELETE new proviso.

~~*11.18. (CHE: Suspend Governor's Professor of the Year Award) The requirements of Section 59-104-220 of the 1976 Code pertaining to the Governor's Professor of the Year Award shall be suspended for Fiscal Year 2017-18.*~~

- 11.19 ADD** (Council of Presidents) **WMC:** ADD new proviso to require the Council of Presidents to convene meetings at least four times a years to investigate and report to CHE on academic planning, business and financial coordination, and library utilization and coordination a mandated by the code.
HOU: ADOPT new proviso.
SFC SUBCOMMITTEE RECOMMENDATION: ADOPT new proviso.

11.19. (CHE: Council of Presidents) The Council of Presidents of state institutions of higher learning, as established in Section 59-103-40 of the 1976 Code, shall convene meetings at least four times a year for the purpose of investigating, studying, and reporting to the Commission on Higher Education on such subjects as academic planning, business and financial coordination, and library utilization and coordination as mandated by Section 59-103-40.

- 11.20 ADD** (Deans' Committee on Medical Education) **WMC:** ADD new proviso to require the Deans' Committee on Medical Education to convene at least quarterly to ensure and coordinate the development and implementation of a strategic plan for medical education research and related clinical services as mandated by the code.
HOU: ADOPT new proviso.
SFC SUBCOMMITTEE RECOMMENDATION: ADOPT new proviso.

11.20. (CHE: Deans' Committee on Medical Education) The Deans' Committee on Medical Education, as established in Section 59-101-190 of the 1976 Code, shall convene meetings at least quarterly each year for the purpose of ensuring and coordinating the development and implementation of a strategic plan for effective and efficient medical education, research, and related clinical services programs to best meet the needs of the State of South Carolina as mandated by Section 59-101-190. In addition, all other directives contained within Section 59-101-190 shall be performed.

- 11.21 DELETE NEW PROVISO** (Capital Project Vetting) **WMC:** ADD new proviso to direct CHE to only evaluate true, new capital projects and instruct institutions of higher learning to submit auxiliary, maintenance or renovation projects directly to JBRC.
HOU: ADOPT new proviso.
SFC SUBCOMMITTEE RECOMMENDATION: DELETE new proviso.

~~*11.21. (CHE: Capital Project Vetting) The Commission on Higher Education is directed to only evaluate true, new capital projects for institutions of higher learning. Institutions shall submit auxiliary, maintenance, or renovation projects directly to the Joint Bond Review Committee and shall not submit such projects to the Commission on Higher Education for vetting.*~~

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11.ssr **ADD** (SmartState Review Board Study) **SFC SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to suspend Sections 2-75-40, 2-75-50 and 2-75-60 [SC RESEARCH CENTERS OF ECONOMIC EXCELLENCE: APPLICATIONS FOR AWARDS OF ENDOWMENT; APPLICATION REQUIREMENTS; PARTNERING TO DEVELOP PROPOSALS TO ADVANCE ECONOMIC COMPETITIVENESS; REVIEW BY PANEL OF EXPERTS; SITE VISITS] as of August 2, 2017, for the remainder of the fiscal year. Direct the Research Centers of Excellence Review Board to submit written recommendations by December 31, 2017, for a plan to sunset the SmartState Board and transition its responsibilities.

11.ssr. (SmartState Review Board Study) Whereas, in 2002, the General Assembly created the Research Centers of Excellence or "SmartState" program for the purpose of expanding the state's knowledge base through the creation of private-public partnerships that lead to high skilled, high wage jobs in South Carolina, and whereas, the state's investment in these partnerships of almost \$200,000,000 since the program was launched has met the amount envisioned by the original enabling legislation and has created approximately \$2,400,000,000 in total economic impact statewide, and whereas 51 SmartState Centers of Excellence are in operation, and 66 Endowed Chairs and their dedicated teams continue to work each year on research projects for the betterment of our state, nation and world, and whereas, as of July 31, 2016, 100 percent of the program's required 1 to 1 match has been pledged, and a full 100 percent of that match has been received, the General Assembly finds that it is time to celebrate the successes of the SmartState program while streamlining the orderly and thoughtful accountability and oversight of active awards such that the 51 SmartState Centers continue to thrive and attract new investments in South Carolina. As such, effective August 2, 2017, Sections 2-75-40, 2-75-50, and 2-75-60 of the South Carolina Code of Laws are suspended for the remainder of the fiscal year. On or before December 31, 2017, the Research Centers of Excellence Review Board shall submit to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Governor, written recommendations regarding a plan to sunset the SmartState Board and how best to transition some of its responsibilities to an appropriate entity of state government for any continuing administrative program management, including a minimum budget necessary for administration, as well as for oversight and/or accountability responsibilities related to awards made on or before August 1, 2017, that may remain after the SmartState Board sunsets.

SECTION 15 - H150 - UNIVERSITY OF CHARLESTON

15.1 **DELETE** (Science Center Renovation) Authorizes 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.

WMC: DELETE proviso.

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~**15.1.** (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.~~

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SECTION 20 - H450 - UNIVERSITY OF SOUTH CAROLINA

20.4 DELETE (Palmetto College - Operating) Directs USC to allocate \$373,010 to the USC campuses at Lancaster, Salkehatchie, Sumter, and Union to reduce the per-student funding disparity that exists between the 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.

WMC: DELETE proviso. *The funds have been permanently transferred to the four campuses and will now be reflected in their respective base budgets.* Requested by University of South Carolina.

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~20.4. (USC: Palmetto College - Operating) The University of South Carolina is directed to allocate \$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 Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.~~

SECTION 23 - H510 - MEDICAL UNIVERSITY OF SOUTH CAROLINA

23.2 DELETE (Telemedicine) Directs the MUSC Hospital Authority to continue to develop the Telemedicine network. Directs the S.C. Telehealth Alliance to submit a proposal to the authority to determine which hospitals are best suited for a Telemedicine partnership. Directs the authority to provide bi-annual reports on the distributions of funds to the chairmen of the Senate Finance and House Ways and Means Committees.

WMC: DELETE proviso. *Deleted language has been moved to new proviso 117.135.*

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~23.2. (MUSC: Telemedicine) From the funds appropriated to the Medical University of South Carolina for the MUSC Hospital Authority, the Authority is directed to continue the development of South Carolina Statewide Telemedicine network. The South Carolina Telehealth Alliance shall submit a proposal to the MUSC Hospital Authority to determine which hospitals are best suited for a Telemedicine partnership. The MUSC Hospital Authority shall provide bi-annual reports to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee detailing the distribution of funds.~~

23.pes ADD (Procurement Efficiency Study) **SFC SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to direct MUSC, MUHA and SFAA Procurement Services to work together to study and make recommendations regarding opportunities to create efficiencies by combining similar operations. Direct that findings and recommendations be submitted to the Chairmen of the Senate Finance and House Ways and Means Committees by October 1, 2017.

23.pes. (MUSC: Procurement Efficiency Study) The Medical University of South Carolina (MUSC), the Medical University Hospital Authority (MUHA), and Procurement Services of the State Fiscal Accountability Authority are directed to work together to study and make recommendations regarding the opportunity, if any, to create efficiencies, cost savings, and/or

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economies of scale by combining some or all of any similar operations and/or procurements of the MUSC and MUHA. Findings and recommendations must be submitted to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee by October 1, 2017.

SECTION 25 - H590 - STATE BOARD FOR TECHNICAL & COMPREHENSIVE EDUCATION

25.7 DELETE (Study of Employment of Entry-Level CDL Drivers by State and Local Agencies) Directs the State Board for Tec and Comp Ed to establish a 12 member study committee to identify the best way to facilitate and incentivize state and local government fleet operations in the hiring of entry-level Commercial Drivers' License holders and to develop recommendations for the General Assembly's consideration. Directs that findings and recommendations be submitted to the General Assembly by October 31, 2016.

WMC: DELETE proviso. *Agency states is no longer necessary as the report required will be completed and submitted to the General Assembly on or before October 31, 2016.* Requested by State Board for Technical and Comprehensive Education.

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~**25.7.** (TEC: Study of Employment of Entry-Level CDL Drivers by State and Local Agencies) From the funds appropriated to and/or authorized for the State Board for Technical and Comprehensive Education, the board shall establish a study committee to identify how best to facilitate and incentivize state and local government fleet operations in the hiring of entry level Commercial Drivers' License holders. The study committee shall develop recommendations for the General Assembly to consider which include, but are not limited to, coordination and cooperation with the Department of Education and the State Technical College system; minimal and/or targeted agency entry level employment level objectives; state sponsored incentives; limitations on liability; state sponsored insurance coverage underwriting for some initial period of employment; payroll tax exemptions or incentives; and other state sponsored support.~~

~~The study committee shall be comprised of twelve members as follows:~~

~~(1) two members appointed by the Governor, one of whom is an employee of the South Carolina Insurance Reserve Fund and one of whom is an employee of the Department of Administration;~~

~~(2) two members appointed by the Chairman of the House Education and Public Works Committee, one of whom is a member of the committee and one of whom is an employee of the Department of Education;~~

~~(3) two members appointed by the Chairman of the Senate Transportation Committee, one of whom is a member of the committee and one of whom is an employee of the Technical College System;~~

~~(4) one member appointed by the Secretary of Transportation;~~

~~(5) one member appointed by the South Carolina Municipal Association;~~

~~(6) one member appointed by the South Carolina Association of Counties;~~

~~(7) one member appointed by the South Carolina Trucking Association;~~

~~(8) one member appointed by the Motor Coach Association of South Carolina; and~~

~~(9) one member appointed by the Carolina Association of General Contractors.~~

~~Members of the study committee shall possess experience and expertise in human resources, safety, risk, fleet management, or other areas consistent with this objective. Staff support shall be provided by the State Board for Technical and Comprehensive Education, with assistance from the staffs of the Senate Transportation Committee and the House Education and Public~~

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~~Works Committee, upon request. Findings and recommendations shall be submitted to the General Assembly by October 31, 2016.~~

- 25.8 CONFORM TO FUNDING** (Workforce Pathways Funding Distribution) Directs the State Board to distribute Workforce Pathways Program funds as follows: \$740,000 to Tri-County Technical College and \$602,000 to Central Carolina Technical College for those schools to maintain operations of their existing Workforce Pathways programs and directs that any remaining funds be set-aside in a separate account until the State Board develops a distribution formula. Specifies that certain criteria that must be included in the formula and directs that the State Board report the distribution formula and required criteria to the Chairmen of the Senate Finance and House Ways and Means Committees by August 31, 2016.
WMC: AMEND proviso to update calendar year reference from “2016” to “2017.”
HOU: ADOPT proviso as amended.
SFC SUBCOMMITTEE RECOMMENDATION: CONFORM to funding recommendation.

25.8. (TEC: Workforce Pathways Funding Distribution) Of the funds appropriated to the State Board for Technical and Comprehensive Education for the Workforce Pathways Program, the State Board must first distribute \$740,000 to Tri-County Technical College and \$602,000 to Central Carolina Technical College in order for each school to maintain operations of the existing Workforce Pathways programs established pursuant to Act 286 of 2014.

Any remaining funds shall be set aside in a separate and distinct account until a formula for distribution is developed by the State Board. The formula shall specify criteria for the Workforce Pathways program that each technical school must adhere to in order to receive their respective share of the set aside funding. At a minimum, each Workforce Pathways program must expand current best practices in technical career pathways for youth and unemployed or underemployed adults leading to immediate employment in high skill, high demand jobs with emphasis in STEM fields. The program shall utilize all credit and non-credit delivery systems within the technical college, include cohort training options for adults, provide dual credit for youth via college courses taught by college faculty, provide opportunities for prior learning credit for adults, include structured work-based learning or other apprenticeship training approaches, and result in industry-recognized work certifications as well as stackable postsecondary credentials. Workforce Pathways programs shall establish or build on existing collaborative design and coordination efforts with area school districts and career centers and with area employers. All technical colleges receiving funding through the Workforce Pathways must provide comprehensive evaluation and reporting mechanisms that include long-range tracking of individual and economic impacts as well as return-on-investment analyses.

The State Board shall report the formula for distribution and required criteria to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee by August 31, ~~2016~~ 2017.

SECTION 117 - X900 - GENERAL PROVISIONS

- 117.72 AMEND** (Printed Report Requirements) Directs that for Fiscal Year 2016-17, certain state agencies and higher education institutions shall not be required to submit printed reports and shall only submit the reports electronically and waives the submission of certain reports. Authorizes DOT to combine their Annual Report and Mass Transit Report into their Annual Accountability Report.
WMC: AMEND proviso to update fiscal year references to “2017-18.”
HOU: ADOPT proviso as amended.
SFC SUBCOMMITTEE RECOMMENDATION: ADOPT proviso as amended.

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117.72. (GP: Printed Report Requirements) (A) For Fiscal Year ~~2016-17~~ 2017-18, state supported institutions of higher learning shall not be required to submit printed reports mandated by Sections 2-47-40, 2-47-50, and 59-103-110 of the 1976 Code, and shall instead only submit the documents electronically.

Submission of the plans or reports required by Sections 59-101-350, 59-103-30, 59-103-45(4), and 59-103-160(D) shall be waived for the current fiscal year, except institutions of higher learning must continue to report student pass rates on professional examinations, and data elements otherwise required for the Commission on Higher Education Management Information System. The commission, in consultation with institutions, shall take further action to reduce data reporting burdens as possible.

(B) For Fiscal Year ~~2016-17~~ 2017-18, the Department of Agriculture shall not be required to submit printed reports mandated by Section 46-49-10 of the 1976 Code. The department shall provide these reports electronically and shall use any monetary savings for K5-12 agricultural education programs.

(C) For Fiscal Year ~~2016-17~~ 2017-18, the Department of Health and Human Services shall not be required to provide printed copies of the Medicaid Annual Report required pursuant to Section 44-6-80 of the 1976 Code and shall instead only submit the documents electronically.

(D) For Fiscal Year ~~2016-17~~ 2017-18, the Department of Transportation shall not be required to submit printed reports or publications mandated by Sections 1-11-58, 2-47-55, and 58-17-1450 of the 1976 Code.

The Department of Transportation may combine their Annual Report and Mass Transit Report into their Annual Accountability Report.

117.125 DELETE (Endowed Chairs Funding) Directs CHE to transfer the Endowed Chairs Program funds set aside for “Commerce Awards” to the Department of Commerce’s Applied Research Centers by August 1, 2016.

WMC: DELETE proviso. *Funds were transferred in FY 2016-17.* Requested by Department of Commerce.

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~**117.125.** (GP: Endowed Chairs Funding) The Endowed Chairs Program funds that have been set aside for “Commerce Awards” shall be transferred by the Commission on Higher Education to the Department of Commerce’s Applied Research Centers by August 1, 2016.~~

117.127 DELETE (South Carolina State University Debt Fund Balance) Directs SFAA Executive Director, by July 31, 2016, to transfer to SC State University any remaining fund balance, not to exceed \$145,000, related to the debt incurred by the university from the April 30, 2014 loan. Directs that the university can only spend these funds on one-time projects necessary to meet accreditation standards and/or on critical repair and related maintenance.

WMC: DELETE proviso. *Funds were returned to the South Carolina State University in FY 2016.* Requested by State Fiscal Accountability Authority.

HOU: ADOPT deletion of proviso.

SFC SUBCOMMITTEE RECOMMENDATION: ADOPT deletion of proviso.

~~**117.127.** (GP: South Carolina State University Debt Fund Balance) On or before July 31, 2016, the Executive Director of the State Fiscal Accountability Authority shall transfer to South Carolina State University any remaining fund balance related to the debt incurred by the university from the April 30, 2014 loan to the university by the Budget and Control Board, succeeded in interest by the State Fiscal Accountability Authority, not to exceed \$145,000. The~~

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university shall only expend these funds on one time projects necessary to meet accreditation standards and/or on critical repair and related maintenance projects that are necessary for the safe and efficient operation of the university's physical plant in its support of its educational purpose.

- 117.144 DELETE NEW PROVISO** (Pilot Workforce Development Centers of Excellence) **WMC:** ADD new proviso to direct the State Board for Technical and Comprehensive Education to establish Workforce Development Centers of Excellence as pilot programs to assist students in underserved communities with training, employment, and apprenticeship opportunities. Direct the centers to create a model to assist students in engaging in experiences and activities. Direct a center to enhance student engagement in the areas of Mechatronics and to establish curriculum development to provide students in bridge/transfer programs with course requirements needed to provide a seamless transition to a 4 year institution. Direct that curriculum must diversify Science, Technology, Engineering, Arts and Math modules to provide value-added academic preparation. Direct centers to provide students who successfully complete the curriculum with an industry-recognized certification. Direct that Centers of Excellence staff shall be employees of the State Board for Tech and Comp Ed.

HOU: ADOPT new proviso.

SFC SUBCOMMITTEE RECOMMENDATION: DELETE new proviso.

~~*117.144. (GP: Pilot Workforce Development Centers of Excellence) The State Board for Technical and Comprehensive Education shall establish Workforce Development Centers of Excellence as pilot programs to assist in training, employment, and apprenticeship opportunities for students in underserved communities. The centers shall create a model to assist students in engaging in experiences and activities. The Workforce Development Centers of Excellence shall enhance student engagement in the area of Mechatronics, which will provide students with training in electronics and mechanical engineering with a focus on sustainable energy resources and shall offer hands on training, mentors from industry representatives, and career placement assistance. The Workforce Development Centers of Excellence shall also enhance the effectiveness of a seamless transition for students and establish curriculum development in order to provide students in bridge/transfer programs with the course requirements needed to transfer to a four year institution. Curriculum must diversify Science, Technology, Engineering, Arts, and Math modules by expanding to include other modules to provide value added academic preparation. The center, in cooperation with the Department of Employment and Workforce, shall also provide assistance through client placement, case management, and identification of industries for potential employment referrals. The Centers of Excellence shall provide students who successfully complete the curriculum with an industry recognized certification. Positions associated with the centers shall be employees of the State Board for Technical and Comprehensive Education.*~~

- 117.icr CONFORM TO FUNDING** (Higher Education Indirect Cost Recovery) **SFC SUBCOMMITTEE RECOMMENDATION:** CONFORM to funding recommendation / ADD new proviso to suspend requirements of Section 2-65-70 [SC FEDERAL AND OTHER FUNDS OVERSIGHT ACT: RECOVERY OF INDIRECT COSTS] for the current year for public colleges and universities include the CHE.

~~*117.icr. (GP: Higher Education Indirect Cost Recovery) For public colleges and universities, including the Commission on Higher Education and the Area Health Education Consortium, the requirements of Section 2-65-70 of the 1976 Code are suspended for the current year.*~~