COMMITTEE REPORT

March 7, 2013

**H. 3518**

Introduced by Reps. Owens, Taylor, Daning, Simrill, Ballentine, Allison, Atwater, Bannister, Barfield, Bedingfield, Clyburn, Hixon, Limehouse, D.C. Moss, Norman, Pope, G.R. Smith and Wells

S. Printed 3/7/13--H.

Read the first time February 7, 2013.

**THE COMMITTEE ON EDUCATION AND PUBLIC WORKS**

To whom was referred a Joint Resolution (H. 3518) to provide that until June 30, 2016, the Commission on Higher Education and the presidents of public colleges and universities shall take certain actions to support the efforts, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

PHILLIP D. OWENS for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

Minimal (Some additional costs expected but can be absorbed)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

$0 (No additional expenditures or savings are expected)

**EXPLANATION OF IMPACT:**

The Commission on Higher Education (CHE) indicates the increased costs associated with advancing the considerations outlined in the resolution, and developing and production of a report by December of 2013 could be absorbed into CHE and institutional budgets.

*Approved By:*

Brenda Hart

Office of State Budget

**A** **JOINT RESOLUTION**

TO PROVIDE THAT UNTIL JUNE 30, 2016, THE COMMISSION ON HIGHER EDUCATION AND THE PRESIDENTS OF PUBLIC COLLEGES AND UNIVERSITIES SHALL TAKE CERTAIN ACTIONS TO SUPPORT THE EFFORTS OF THE GENERAL ASSEMBLY TO ESTABLISH ACCOUNTABILITY‑BASED FUNDING FOR PUBLIC COLLEGES AND UNIVERSITIES.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. The General Assembly finds that:

(1) in recognition of the cultural, educational, and economic value of the public colleges and universities of this State, the General Assembly makes significant annual investments in these institutions;

(2) the people of South Carolina are supportive of these investments, provided that these institutions demonstrate that this commitment is resulting in tangible benefits for the State;

(3) public colleges and universities may best demonstrate their responsible stewardship of these funds through their performance, as measured against objective benchmarks;

(4) accountability‑based funding is a policy tool intended to align the State’s investment with the State’s priorities to support and encourage institutional and system reforms that ultimately foster greater student success;

(5) a new method of allocating funds is required to ensure that public colleges and universities receive financial support from the State based upon the quality and effectiveness of the services they provide to South Carolina’s students; and

(6) if public colleges and universities are to receive state appropriations based upon their performance, then institutions that demonstrate responsible fiscal stewardship and effective management should be granted greater autonomy to conduct their affairs.

SECTION 2. (A) Beginning in the 2015‑2016 fiscal year, the General Assembly intends to distribute its annual appropriations to public colleges and universities based upon an accountability‑based model that contains the following major features:

(1) organization of the public colleges and universities of this State and the selection of peer institutions and benchmarks, based upon the Carnegie Classification of Institutions of Higher Education;

(2) evaluation criteria organized into categories that include, but are not limited to:

(a) completion;

(b) affordability and access;

(c) educational quality;

(d) economic development and institutional mission; and

(e) other categories as may be necessary;

(3) a five year transition to a new funding model that may preserve certain elements of the existing process in a streamlined and improved form; and

(4) a financial and regulatory incentive structure that promotes the objectives identified in this joint resolution by rewarding institutions for achieving their missions and State goals.

(B) The Commission on Higher Education shall support the efforts of the General Assembly to establish accountability‑based funding by submitting a report to the Governor, the Chairman of the House Education and Public Works Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee, and the Chairman of the Senate Finance Committee no later than December 31, 2013, which:

(1) identifies specific indicators associated with each of the categories identified above, which would be appropriate for incorporation into a new funding model, based upon the findings of the General Assembly in SECTION 1. For each indicator, the commission must identify prospective public or nonprofit sources of data that could be used to support the annual evaluation process;

(2) identifies any aspects of the existing funding mechanism that merit retention in the new model, with suggested changes to current indicators or procedures that should be adopted;

(3) uses the research and findings of the Higher Education Task Force as provided in Proviso 5A.28 of the 2007‑2008 Appropriations Act and Proviso 6.27 of the 2008‑2009 Appropriations Act directing the task force to develop and recommend a Statewide Higher Education Strategic Plan and prioritizes the use of existing data sources and reporting mechanisms to the greatest practical extent;

(4) suggests any appropriate revisions to the critical success factors and performance indicators established by Section 59‑103‑30, in light of the legislative findings in SECTION 1 and the evaluation criteria in (A)(2) of this section;

(5) proposes degrees and measures of autonomy to be granted to institutions upon attainment of specific goals or thresholds; and

(6) inventories all state mandated and other reporting requirements imposed on institutions of higher education in South Carolina and recommends the elimination of any conflicting, redundant, or other excessive requirements, to reduce institutional compliance burdens.

(C) The presidents of the senior public colleges and universities shall convene by sector at least monthly between the effective date of this resolution and the date on which the report required by subsection (B) is submitted, to participate in the development of the commission’s report. They may also reconvene at their own initiative at any time prior to the expiration date of this joint resolution, to discuss and further advance efforts to establish accountability‑based funding.

SECTION 3. Colleges under the jurisdiction of the State Board for Technical and Comprehensive Education as provided for in Section 59‑53‑20 are exempt from the provisions of this resolution.

SECTION 4. This joint resolution takes effect upon approval by the Governor and expires on June 30, 2016.

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