



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0262	Introduced on January 19, 2017
Author:	Setzler	
Subject:	Textbook Policy	
Requestor:	Senate Education	
RFA Analyst(s):	Walling	
Impact Date:	March 14, 2017	- Updated to include expenditure impact

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$109,895	\$64,745
Other and Federal	\$805,900	\$474,800
Full-Time Equivalent Position(s)	8.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will not impact the Commission on Higher Education's General Fund, Federal Funds, or Other Funds expenditures. Based on the commission's survey, six of the ten responding public institutions of higher education indicate this bill will increase recurring expenditures by \$519,545 and non-recurring expenditures by \$396,250 for a total of \$915,795 and require 8 new FTEs in FY 2017-18. Recurring expenditures would be \$539,545 in FY 2018-19 and each year thereafter. The other four responding institutions and the Technical College System reported this bill will not impact or only minimally impact the General Fund, Federal Funds, or Other Funds and can be absorbed within existing appropriations.

The Revenue and Fiscal Affairs Office used the public institution of higher education appropriated amounts for FY 2016-17 to determine that the institutions receive approximately 12 percent of their budget from the General Fund. The remaining 88 percent of the institution's budget is supported by Federal Funds and Other Funds. Based on the estimated average, RFA estimates this bill will increase General Fund expenditures by a recurring amount of \$62,345 and non-recurring amount of \$47,550 for a total amount of \$109,895 in FY 2017-18. Furthermore, this bill will increase Federal Funds and Other Funds expenditures by a recurring amount of \$457,200 and non-recurring amount of \$348,700 for a total impact of \$805,900 in FY 2017-18. This bill will increase General Fund expenditures by \$64,745 and Federal Funds and Other Funds expenditures by \$474,800 in FY 2018-19 and each year thereafter.

Explanation of Fiscal Impact

Introduced on January 19, 2017

Updated to Include Expenditure Impact

State Expenditure

This bill establishes the Public Higher Education Textbook Policy to provide minimum guidelines for the Commission on Higher Education (CHE) and the public institutions of higher education to follow regarding textbook policy in order to comply with the Higher Education Opportunity Act of 2008 (HEOA).

The bill directs CHE to establish guidelines concerning procedures for the adoption of textbooks valued at \$50 or more by public institutions of higher education. The guidelines must be made available prior to January 1, 2019, and must require institutions to establish textbook adoption deadlines, textbook adoption processes, policies for timely textbook adoption, and strong encouragement of departments to adopt the same course materials for all sections of each course. CHE must make available on its website all annual assessment reports published on public institutions of higher education websites. These are required reports regarding the success of textbook cost containment practices implemented by the institutions in accordance with this bill.

Prior to January 1, 2019, the chief academic officer of each public institution of higher education is responsible for implementing and administering policies and procedures required to establish guidelines for minimum textbook adoption periods, provide best practices for textbook adoptions to faculty, and provide students with practical advice for textbook purchases, including ways to save money, during orientation or within thirty days prior to the start of the fall semester. The institutions must develop procedures to assess the success of the established practices, publish an annual assessment report on its website, and submit the report to CHE.

The Commission on Higher Education. CHE indicates this bill will have a minimal impact on its operations and can be absorbed within existing appropriations. This bill will not impact the General Fund, Federal Funds, or Other Funds for CHE.

The commission also surveyed the four-year public institutions of higher education and the South Carolina Technical Education System. Six of the institutions indicated this bill will increase non-recurring expenditures by \$396,250 and recurring expenditures by \$519,545 for a total of \$915,795 and require 8 new FTEs in FY 2017-18. This bill will increase expenditures by an amount of \$539,545 in FY 2018-19 and each year thereafter. The response of each institution follows:

- The University of South Carolina (USC) system indicates this bill will increase recurring expenditures by \$288,670 and non-recurring expenditures by \$48,000 for a total amount of \$336,670 in FY 2017-18 and \$288,670 in FY 2018-19 and each year thereafter for all campuses. The recurring amount consists of \$52,000 for the salary and fringe of one new information technology (IT) position, and \$236,670 for the salary and fringe of 4 new staff positions responsible for the additional duties of textbook guidelines and development required by the bill. Non-recurring expenditures of \$48,000 will be used to develop IT upgrades for the bookstore.

- Clemson University (CU) indicates this bill will increase recurring expenditures by \$110,000 and non-recurring expenditures by \$200,000 for a total amount of \$310,000 in FY 2017-18 and \$130,000 in FY 2018-19 and each year thereafter. FY 2017-18 non-recurring expenditures of \$200,000 is for IT development costs. Of the recurring amount, \$110,000 is for the salary and fringe of a textbook coordinator position. The remaining \$20,000 of recurring expenditures is for IT maintenance beginning in FY 2018-19.
- The Medical University of South Carolina (MUSC) indicates this bill will increase recurring expenditures by \$45,000 and non-recurring expenditures by \$15,000 for a total amount of \$60,000 in FY 2017-18 and \$45,000 in FY 2018-19 and each year thereafter. The recurring amount of \$45,000 is for the salary and fringe of a new administrative assistant in the Provost's office and the non-recurring amount of \$15,000 is for other operations related to central administration of the program.
- The College of Charleston (CoC) indicates this bill will increase recurring expenditures by \$39,375 and non-recurring expenditures by \$131,250 for a total amount of \$170,625 in FY 2017-18 and \$39,375 in FY 2018-19 and each year thereafter. The non-recurring amount of \$131,250 is for guidelines development (\$18,750), information development (\$45,000), and survey and assessment development (\$67,500). The recurring amount of \$39,375 is for periodic guideline review (\$1,875), survey and assessment requirements (\$7,500), and regulatory compliance (\$30,000).
- Francis Marion University (FMU) indicates this bill will increase recurring expenditures by \$26,500 and non-recurring expenditures by \$2,000 for a total amount of \$28,500 in FY 2017-18 and \$26,500 in FY 2018-19 and each year thereafter. The non-recurring amount of \$2,000 is for equipment and the recurring amount of \$26,500 is for the salary and fringe of a new administrative assistant to the Provost (\$25,000) and supplies (\$1,500).
- Winthrop University indicates this bill will increase expenditures by an undetermined amount. While unable to provide an estimate of the total amount for the additional expenditures, the institution indicated a recurring expenditure of \$10,000 would be needed for the additional salary and fringe paid to the existing textbook coordinator.
- The Citadel, Coastal Carolina University, Lander University, South Carolina State University, and the South Carolina Technical College System all report this bill will have no or minimal impact to the General Fund, Federal Fund, or Other Funds. The Citadel and Coastal Carolina University reported the software used by its institution's bookstore provides most of the bill's requirements and any incremental changes to the software could be absorbed within existing appropriations. Lander University indicated a minimal impact to the institution that could be absorbed within the auxiliary operations of the bookstore. South Carolina State University and the South Carolina Technical Systems report this bill will have no or minimal expenditures.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A

Introduced on January 19, 2017**State Expenditure**

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The Commission on Higher Education. The expenditure impact of this bill is pending, contingent upon responses from CHE and the public institutions of higher education.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director