Agency Name:	Commission On Higher Education		
Agency Code:	H030	Section:	11

Fiscal Year FY 2021-2022

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS *(FORM B1)*	For FY 2021-2022, my agency is (mark "X"):	
		Requesting General Fund Appropriations.
		Requesting Federal/Other Authorization.
	X	Not requesting any changes.

NON-RECURRING REQUESTS *(FORM B2)*	For FY 2021-2022, my agency is (mark "X"):	
	X	Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
		Not requesting any changes.

CAPITAL REQUESTS *(FORM C)*	For FY 2021-2022, my agency is (mark "X"):	
		Requesting funding for Capital Projects.
	X	Not requesting any changes.

PROVISOS *(FORM D)*	For FY 2021-2022, my agency is (mark "X"):	
		Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
	X	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	Name	*Phone*	*Email*
PRIMARY CONTACT:	Bunnie Lempesis Ward	(803) 351-3978	bward@che.sc.gov
SECONDARY CONTACT:	Georges Tippens	(803) 727-5936	gtippens@che.sc.gov

I have reviewed and approved the enclosed FY 2021-2022 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	*Board or Commission Chair*
SIGN/DATE:	9/24/2020	9/24/2020
TYPE/PRINT NAME:	Dr. Rusty Monhollon	R. Wes Hayes

This form must be signed by the agency head – not a delegate.

Agency Name:	Commission On Higher Education
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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B2 - Non-Recurring	Need-Based Grants	0	0	0	8,000,000	8,000,000	0.00	0.00	0.00	0.00	0.00
2	B2 - Non-Recurring	Statewide Electronic Library - PASCAL	0	0	0	1,500,000	1,500,000	0.00	0.00	0.00	0.00	0.00
TOTALS			0	0	0	9,500,000	9,500,000	0.00	0.00	0.00	0.00	0.00

Agency Name:	Commission On Higher Education		
Agency Code:	H030	Section:	11

FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	1

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Need-Based Grants

Provide a brief, descriptive title for this request.

AMOUNT	$8,000,000

What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

FACTORS ASSOCIATED WITH THE REQUEST	**Mark "X" for all that apply:**
	☐ Change in cost of providing current services to existing program audience
	☐ Change in case load/enrollment under existing program guidelines
	☐ Non-mandated change in eligibility/enrollment for existing program
	☐ Non-mandated program change in service levels or areas
	☐ Proposed establishment of a new program or initiative
	☐ Loss of federal or other external financial support for existing program
	☐ Exhaustion of fund balances previously used to support program
	☐ IT Technology/Security related
	☐ Consulted DTO during development
	X Request for Non-Recurring Appropriations
	☐ Request for Federal/Other Authorization to spend existing funding
	☐ Related to a Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	**Mark "X" for primary applicable Statewide Enterprise Strategic Objective:**
	X Education, Training, and Human Development
	☐ Healthy and Safe Families
	☐ Maintaining Safety, Integrity, and Security
	☐ Public Infrastructure and Economic Development
	☐ Government and Citizens

ACCOUNTABILITY OF FUNDS	This request supports the CHE's goal of improving affordability in the state's higher education programs and services for students and families and its specific strategy "Assist families with planning for higher education costs." The COVID19 pandemic and its impact on families' employment status and their ability to support financially their students as they seek postsecondary education further necessitates the request for additional need-based grant funds. These funds would be awarded to the neediest instate students to lower the substantial budget students and their families face when paying for their education. The CHE will evaluate the use of the funds through its traditional oversight and transparency role. It will report annually disbursements to the schools and collect and report data on the number of instate students who received need-based grants at the institutions. The CHE will also examine the impact of the additional funding on other measures, such as completion rates.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

South Carolina resident undergraduate students attending public or independent higher education institutions that have a demonstrable need based on available family contributions for their education calculated from the Free Application for Federal Student Aid (FAFSA).

The CHE will allocate the funds to the public institutions and to the Tuition Grants Commission, for independent institutions, using its current methodology, which is based on in-state undergraduate headcount enrollment and federal Pell grant recipients. For academic year 2019-20, public and independent institutions received these shares based on the formula:

RECIPIENTS OF FUNDS	Clemson: 8%
	USC Columbia: 12%
	MUSC: <1%
	The Citadel: 1%
	Coastal Carolina: 6%
	College of Charleston: 5%
	Francis Marion: 4%
	Lander: 3%
	SC State: 3%
	USC Aiken: 2%
	USC Beaufort: 2%
	USC Upstate: 6%
	Winthrop: 6%
	USC Lancaster: 1%
	USC Salkehatchie: <1%
	USC Sumter: <1%
	USC Union: <1%
	Aiken TC: 1%
	Central Carolina TC: 1%
	Denmark TC: <1%
	Florence-Darlington TC: 1%
	Greenville TC: 3%
	Horry-Georgetown TC: 2%
	Midlands TC: 3%
	Northeastern TC: <1%
	Orangeburg-Calhoun: 1%
	Piedmont TC: 1%
	Spartanburg CC: 1%
	TC of the Lowcountry: 1%
	Tri-County TC: 2%
	Trident TC: 3%
	Williamsburg TC: <1%
	York TC: 1%
	Independent Institutions: 17%

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

The CHE requests $8 million in one-time funds from the Lottery Expenditure Account. Last year, the CHE requested $32 million to be funded over a four-year period, but due to the fiscal environment, the CHE is reducing its request for only one year. Due to the economic downturn and high unemployment rate, it is imperative that the neediest students receive adequate support to enter and stay in college. Similar to the state-funded scholarship programs, needs-based grants passthrough to students. As a result, the CHE believes South Carolina citizens attending either public or independent institutions should receive these funds.

For FY 2019-20, the general assembly appropriated $32 million for need-based funds:

JUSTIFICATION OF REQUEST	• Existing General Fund Education Endowment Funding (50% of $24,000,000) - $12,000,000 • Existing Lottery Net Proceeds - $20,000,000 The CHE surveyed all public institutions and the South Carolina Independent Colleges & Universities (SCICU) to determine the unmet need of its students. The CHE requested data on the amount need-based students could have received for FY 2018-19 in awards up to the statutory cap, which is $2,500 for public institution students and $3,732 for independent institutions. The CHE used a conservative methodology; only inquiring about the amount students would have been eligible to receive, based on their expected family contributions, up to the statutory cap if an institution had available need-based grant funding to disburse. The results were staggering. According to data supplied by the institutions, the 33 public colleges and universities had a combined unmet need of $59.8 million and the independent institutions had an unmet need of $5.9 million in FY 2018-19. This $8 million request will not meet this great need for students. However, it will provide additional relief and increase the need-based grants funding by 25% over what is already appropriated. If this request is unmet, much, if not all, of the shortfall will be made up by the student and his or her family taking on debt to pay for the student's education. The CHE supports a greater recurring appropriation for needs-based grants. However, it believes utilizing available non-recurring funds from the Lottery Expenditure Account may be an acceptable alternative until additional recurring funding is made available.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Commission On Higher Education		
Agency Code:	H030	Section:	11

FORM B2 – NON-RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
	Provide the Agency Priority Ranking from the Executive Summary.
TITLE	Statewide Electronic Library - PASCAL
	Provide a brief, descriptive title for this request.
AMOUNT	$1,500,000
	What is the net change in requested appropriations for FY 2021-2022? This amount should correspond to the total for all funding sources on the Executive Summary.

	Mark "X" for all that apply:	
FACTORS ASSOCIATED WITH THE REQUEST		Change in cost of providing current services to existing program audience
		Change in case load/enrollment under existing program guidelines
		Non-mandated change in eligibility/enrollment for existing program
		Non-mandated program change in service levels or areas
		Proposed establishment of a new program or initiative
		Loss of federal or other external financial support for existing program
	X	Exhaustion of fund balances previously used to support program
		IT Technology/Security related
		Consulted DTO during development
	X	Request for Non-Recurring Appropriations
		Request for Federal/Other Authorization to spend existing funding
		Related to a Recurring request – If so, Priority #

	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	X	Education, Training, and Human Development
		Healthy and Safe Families
		Maintaining Safety, Integrity, and Security
		Public Infrastructure and Economic Development
		Government and Citizens

ACCOUNTABILITY OF FUNDS	CHE serves as the fiscal agent for PASCAL through a Memorandum of Understanding that is executed each fiscal year. This request is forwarded at the request of PASCAL. This request supports multiple CHE strategies, including: 2.3 – "Advance cost-savings opportunities to obtain a postsecondary credential"; and 3.2 – "Partner with institutions and other entities to develop and promote innovations in academic programming."
	What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?
RECIPIENTS OF FUNDS	The state's nearly 285,000 higher education students, as well as faculty and staff at 56 public and independent institutions of higher education benefit from the use of these funds for the joint subscription to educational content in electronic formats and procurement of library technology services. This is of particular importance to the 80% of South Carolina students who attend one of the 50 schools whose library budgets constitute less than 40% of total academic library expenditures within the state. For these students, PASCAL resources constitute most -- if not nearly all-- of the academic resources available to them for their academic course of study. Content is licensed annually or on a multi-year basis from academic publishers. Technology procurement is based on competitive state processes in order to efficiently support access to information required by member libraries. The use of funds provides universal access via a statewide-enterprise level approach to academic library services. Library services

support affordability of higher education and student retention.

JUSTIFICATION OF REQUEST	Since 2004, the state has supported students dependent on academic library resources through PASCAL, using several funding methodologies. Since 2010, the state has placed funding for PASCAL in the excess unclaimed lottery proviso schedules. Cumulatively, the fund lines in the provisos have totaled $14,912,412 and actual proceeds received have been $10,670,480. This very much appreciated support for the program has allowed the libraries at the state's higher education institutions to build a robust statewide virtual library far exceeding what could be accomplished individually. This virtual library consists of hundreds of thousands of ebooks and journals, as well as scores of databases and other digital resources. It provides statewide access to 12 million print volumes through a rapid delivery service. It has also provided for a common 21st century library management infrastructure maximizing capabilities and potential for collaboration across the state. Overall the PASCAL program has been highly cost-effective, with a cumulative cost-avoidance of over $150 million since 2004. In FY 2021-22 PASCAL will need to renew multi-year ebook subscription package licenses ($700,000). This program accounts for a collection of over 300,000 unique academic ebooks, making PASCAL's virtual collection the 6th largest library in the state. Given that 80% of students attend an institution with smaller – and older-- collections, these ebooks are central to their educational experience. The ebook program has been sustained using lottery funding over the years. For FY 2021-22, PASCAL also plans to shift focus from collections to mitigating the likely impact of Covid-19 on institutional budgets, which will require $700,000 for system vendor software-as-a-service payments. The remaining funds ($100,000) will be used to provide support for access and affordability programs, including initiatives designed to leverage library resources in order to reduce textbook costs for students. The state's consistent annual support for academic libraries through lottery proviso funding has been essential in allowing South Carolina to construct a highly effective information framework for students in higher education. Continued support is important for maintaining ongoing universal student access to these resources. Recently, the CHE has requested on behalf of PASCAL recurring general funds rather that non-recurring Lottery funds. However, given the uncertainty surrounding COVID-19 and its impacts on the state, for FY 2021-22, we are requesting that PASCAL remain a priority on the list of projects funded through certified excess unclaimed lottery proceeds at $1.5 million.

Agency Name:	Commission On Higher Education		
Agency Code:	H030	Section:	11

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan

AMOUNT	$1,065,460

What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	Approximately two FTEs

How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	All programs of the agency, with the exception of federal programs, would be affected by a 3% reduction of General Funds. This would include the divisions of Administration, Academic Affairs, Student Services, Fiscal Affairs, and Information Technology. The CHE would apply the 3% reduction across the board, which would affect flow-through funds to other entities, including scholarship programs, and funds for CHE's operations. In anticipation of possible budget reductions, the CHE is currently holding two vacant FTE positions open, suspending travel, and reduced its office space. The reduction in office space is projected to realize $73,000 in cost savings during the first full year of occupancy compared to the agency's previous lease.

What programs or activities are supported by the General Funds identified?

SUMMARY	As noted above, the majority of general funds appropriated to the CHE are pass-through funds to other entities, or in the case of the educational endowment, scholarships. The CHE would apply the 3% cut equally to these programs, which would equate to $939,096 of the $1,065,460 provided by the Executive Budget Office. The General Funds reduced for agency operations are primarily personnel related and would directly reduce the amount of staff available to carry out the mission of CHE as outlined in the Accountability Report. General funds that support CHE operations total $4,212,141. A 3% reduction would require cost-reductions of $126,364. The Administration, Academic Affairs, Student Services, Fiscal Affairs, and Information Technology divisions would all be impacted by the reduction of approximately two FTEs. This reduction of FTEs would be achieved through not filling positions as they become vacant due to retirements or other reasons.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS	As noted above, the agency reduced its footprint, which is projected to realize approximately $73,000 in cost savings the first year. This reduction was possible by allowing more staff the opportunity to work from home and decreasing the percentage of office space dedicated to only one employee. In addition, the agency has curtailed travel and increased the use of technology to facilitate meetings and is holding open two-recently vacated positions. These latter measures are expected to meet the remaining $53,000 budget gap if there were a 3% reduction in general funds to the agency's operations.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than $50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Agency Name:	Commission On Higher Education		
Agency Code:	H030	Section:	11

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Rolling out Safe and Secure Online Portals
	Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Over $60,000 on a recurring basis
	What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	**Mark "X" for all that apply:**
	☐ Repeal or revision of regulations.
	☐ Reduction of agency fees or fines to businesses or citizens.
	X Greater efficiency in agency services or reduction in compliance burden.
	☐ Other

METHOD OF CALCULATION	Annual salary and benefits for one FTE. Anticipated efficiency gains equate to workload of one FTE.
	Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	Not applicable.
	Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	Not applicable.
	Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	With many staff working from home, CHE plans on rolling out multiple safe and secure online portals for receipt of documents, including applications for scholarship programs and Southern Regional Education Board (SREB) reciprocity agreements with saved carryforward funds. The safe and secure online portals will not only reduce the burden on citizens because they would no longer need to mail in paper applications, but it will also significantly reduce the time staff spend manually inputting data into spreadsheets and databases. The efficiencies gained will then translate to staff being able to spend time on other initiatives, including implementing the agency's public agenda.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?