



**SOUTH CAROLINA
REVENUE AND FISCAL AFFAIRS OFFICE**

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November 12, 2015

Ms. Lillian E. Hayes
Research Analyst
Education and Public Works Committee
525 Blatt Building
Columbia, SC 29201

Dear Ms. Hayes:

This letter is in response to your request for the fiscal impact of House Bill 3249. This bill devolves all the powers currently held by the State Commission on Higher Education (CHE) and the State Board for Technical and Comprehensive Education (SBTCE) onto the proposed South Carolina College and University Board of Regents known as the State Board of Regents.

House Bill 3249 proposes that the State Board of Regents shall govern the thirty-three constituent institutions, and assume the duties, powers, and responsibilities of CHE and SBTCE. These responsibilities include supervision, control, management, and governance of all institution affairs, to include setting institutions' tuition, required fees, and enrollment levels. The State Board of Regents will develop, prepare, and present to the Governor and General Assembly each institution's budget, and determine the institution's academic programs and types of degrees awarded. This bill repeals CHE and SBTCE, effective July 1, 2016.

CHE and SBTCE estimate the proposed State Board of Regents, to fulfill the new responsibilities defined in the bill and continue to provide the current level of services, will need to have at least the same appropriations and filled FTE positions that were funded for the two agencies in FY 2007-08. Together, both agencies currently have 96.3 filled FTE positions. CHE and SBTCE cannot determine exactly how many FTEs are needed to fulfill the duties detailed in the bill, but feel at a minimum, the proposed State Board of Regents will require additional appropriations to fill 20.4 vacant FTE positions to restore positions lost since FY 2007-08. The amount of additional appropriations needed to fund these vacant positions and cover any expenditures associated with other personal service and operating expenses amounts to \$4,135,413 in FY 2016-17.

Additionally, CHE and SBTCE estimate the State Board of Regents will need eleven new positions to effectively assume their additional responsibilities and duties. These additional personnel include two IT support and security positions, two legal services positions, and two finance positions. The other five personnel include one each in human resources, academic support, auditing, facilities support, and scholarship administration. The amount needed to cover the salaries and fringe of the new full time employees is an estimated \$851,200 in FY 2016-17. The agencies also expect the proposed State Board of Regents will incur a one-time cost of \$220,000 to cover the cost of IT and new equipment needed for the eleven new positions.

CHE and SBTCE anticipate the state will receive a cost savings from the reduced number of board members on the Board of Regents compared to the number of CHE and SBTCE board members. CHE's board currently has fifteen members and SBTCE's board has thirteen members. The new State Board of Regents will have fifteen members, resulting in thirteen fewer board members receiving subsistence, mileage, and per diem. The agencies estimate this to be a cost savings of \$2,500 per board member which totals \$32,500 in yearly cost savings. CHE and SBTCE also recognize that cost savings may occur over time related to streamlining administration resulting from combining the two agencies. However, at least initially, these savings cannot be accurately predicted and are not accounted for in this fiscal impact.

In order to determine the validity of these additional expenditures associated with implementing the bill, RFA staff compared staffing levels of similar boards in the border states of North Carolina and Georgia. North Carolina's thirty-two member Board of Governors oversee seventeen campuses and is supported by a staff of roughly 200 positions. These positions cover the system offices and standing committees needed to carry out the Board of Governors' policies. Similarly, Georgia's nineteen member Board of Regents has over 480 staff to fulfill its authority over the thirty institutions it oversees.

This fiscal impact's proposed staffing level of 127.7 FTE positions results in approximately four FTE positions per institution. To compare, North Carolina's Board of Governors requires approximately eleven FTE positions per institution, while Georgia's Board of Regents requires approximately sixteen FTE positions per institution. The estimated staffing level of four FTE positions per institution for the proposed Board of Regents is one-half to one-fourth the FTE per institution staffing levels in North Carolina and Georgia, respectively. The lower FTE per institution for the proposed Board of Regents may indicate additional staff and appropriations are needed in the future.

Considering the estimated additional expenditures and cost savings, we expect the net General Fund expenditure impact for first year costs related to implementing H. 3249 total \$5,174,113 in FY 2016-17, of which \$4,954,113 is recurring in FY 2017-18 and each

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year thereafter. No impact is expected to Federal Funds or Other Funds. We also do not anticipate any revenue impact from this legislation

If we may be of further assistance, please advise.

Sincerely,



Frank A. Rainwater
Executive Director

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