



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0314 Introduced on January 10, 2023
Author: Talley
Subject: Higher Education Permanent Improvement Projects
Requestor: Senate Education
RFA Analyst(s): Tipton
Impact Date: February 15, 2023

Fiscal Impact Summary

This bill establishes the process by which state research institutions and other institutions of higher learning (IHL) must approve permanent improvement projects. The institution's governing board may approve, without further review by the Joint Bond Review Committee (JBRC), permanent improvement projects of up to \$5,000,000 for research universities and up to \$2,500,000 for other specified non-research IHLs.

This bill will result in an undetermined cost savings for the Commission on Higher Education (CHE) due to a potential reduction in total staff workload for permanent improvement project review and approval for state IHLs. Because the number and value of projects in a given year are unknown, potential cost savings cannot be quantified by the agency.

This bill will result in an undetermined cost savings for state IHLs as it removes steps of the permanent improvement project approval process for projects less than \$5,000,000 for research universities and less than \$2,500,000 for other specified institutions. Because the number and value of projects in a given year are unknown, potential cost savings cannot be quantified.

This bill will have no impact for the JBRC within the House of Representatives and Senate, the State Fiscal Accountability Authority (SFAA), or the Department of Administration's (Admin) Executive Budget Office (EBO) as a result of the change in the approval process of permanent improvement projects for state IHLs. The change is not expected to significantly impact workload, and no cost savings for the agencies are anticipated.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill establishes the approval process for permanent improvement projects for research universities and other specified IHLs. The governing board of a state IHL may vote, in a public session, to approve a permanent improvement project without further review by the JBRC or CHE of up to \$5,000,000 for research universities and up to \$2,500,000 for other specified IHLs. The bill requires institutions to provide a report of projects approved by the governing board to the Chairman of CHE, the JBRC, and SFAA by November 15th of the current fiscal year. Under

this bill, permanent improvement projects in excess of \$5,000,000 for research universities and \$2,500,000 for other specified IHLs that make use of lease-purchase agreements, state institution bond funds, state infrastructure bond funds, capital improvement bond funds, capital reserve funds, state general-appropriated funds, or student tuition and fee funds must be submitted to CHE and the JBRC for review and SFAA for approval after full architecture and engineering design work is completed but prior to a construction contract. Upon approval, the projects must be submitted to the EBO for publication. The Chairman of the JBRC may request to review and comment on any permanent improvement project that costs more than \$5,000,000 for research universities and \$2,500,000 for other specified IHLs.

In addition, the governing board of each IHL is required to provide a report of all projects falling below the thresholds established by the bill to the Governor, the Senate Finance Committee, and the House of Representatives Ways and Means Committee by September 30th of each year.

Commission on Higher Education. CHE, along with the JBRC, must review and approve permanent improvement projects that exceed the thresholds established by the bill for each class of IHL. In addition, CHE will receive submissions of reports on projects under the thresholds established by the bill. CHE indicates that this may reduce total staff workload for permanent improvement project review and approval. However, as the number and value of projects in a given year are unknown, potential cost savings are undetermined.

State Institutions of Higher Learning. Based on a survey of the IHLs, many responding institutions indicate that the bill will provide meaningful administrative relief. However, the institutions are unable to quantify potential savings resulting from a streamlined project approval process or costs related to reporting and other operations. Therefore, the fiscal impact of this bill on state IHLs is undetermined.

House of Representatives and Senate – Joint Bond Review Committee. JBRC, along with CHE, must review and approve permanent improvement projects that exceed the thresholds established by the bill for each class of IHL. In addition, the JBRC will receive submissions of reports on projects under the thresholds established by the bill. The House of Representatives and the Senate indicate that the change is not expected to significantly impact workload, and no cost savings are anticipated. Therefore, this bill will have no fiscal impact on the JBRC.

State Fiscal Accountability Authority. SFAA is required to approve permanent improvement projects in excess of the thresholds established by the bill upon the review of CHE and the JBRC, after full architecture and engineering design work is completed but prior to the execution of a construction contract. In addition, SFAA will receive submissions of reports on projects under the thresholds established by the bill. The agency indicates that the change is not expected to significantly impact workload, and no cost savings are anticipated. Therefore, this bill will have no expenditure impact on SFAA.

Department of Administration – Executive Budget Office. Upon SFAA approval of projects above the thresholds set by the bill for each class of IHLs, the projects must be submitted to EBO for publication. Admin indicates that the change is not expected to significantly impact

workload, and no cost savings are anticipated. Therefore, this bill will have no expenditure impact on Admin.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



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