



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0408 Introduced on February 14, 2017
Author: Goldfinch
Subject: Boards of Trustees
Requestor: Senate Education
RFA Analyst(s): Walling
Impact Date: April 12, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$109,000 to \$117,000	\$0
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

Two institutions of higher education indicate this bill will require additional expenditures for committee meetings. Collectively, the two institutions expect additional meeting expenditures of \$9,000 to \$17,000 a year, depending upon whether committee meetings must be held outside current meeting schedules. In addition, the University of South Carolina indicates an additional FTE would be needed at an annual cost of \$93,000 in salary and fringe benefits and \$7,000 in operating costs for a total of \$100,000. The Technical College System and the remaining institutions responding to requests for information indicated the bill would not have an expenditure impact for them. Two institutions did not respond. This bill is not expected to impact expenditures of the General Fund or Federal Funds.

Explanation of Fiscal Impact

Introduced on February 14, 2017

State Expenditure

This bill requires an audit committee and a governance committee for each board of trustees (board) for a state-supported college or university. Each board member must rotate between the two committees for the duration of his or her appointed term. Responsibilities of the governance committee include recommending to the General Assembly needs of the board composition to encourage diversified and qualified membership and providing legislative committees with information about a board member's attendance, demeanor, involvement, and professionalism upon the board member's reappointment eligibility. Responsibilities of the audit committee include providing the board and the General Assembly with a report of the institution's annual financial statements that includes a current and prior year comparison of the detailed budgets and

actual sources and uses of funding to-date of each budgetary unit. This reporting responsibility expands the current Government Accounting Standards Board (GASB) requirement. GASB only requires budgetary reporting of government organizations that have a legally adopted budget. The public institutions of higher education have their audited financial activities presented as a component unit within part of the state's Comprehensive Annual Financial Report (CAFR) that includes an unaudited budget versus actual schedule of the General Fund and all other sources of funds. However, the public institutions of higher education's audited financial reports in this section do not include any budget versus actual statement or schedule for individual institutions. Therefore, this bill requires the presentation of the budget versus actual activities which the institutions are not currently providing for the CAFR.

The Public Institutions of Higher Education. The Commission on Higher Education surveyed the state-supported institutions regarding the impact of this bill. This bill requires detailed budgetary reporting that is not currently required by GASB. The amount of additional expenditures reported by the institutions depend on the extent that an institution is already providing the information required by the bill. The University of South Carolina (USC) indicates this bill will increase recurring expenditures by an amount between \$104,000 and \$112,000 and require one new position. USC has a current engagement with an external partner to create and perfect the format of a unit budgetary report that has been requested by their board of trustees and expect the final report to have cost more than \$200,000. This report is expected to satisfy the budgetary reporting requirements of the bill. However, USC did not intend to prepare the report for more than a one-time use; therefore, USC indicates the institution needs an additional accountant to comply with the recurring annual reporting requirements of the bill. USC estimates \$93,000 will be needed for the salary and fringe for this accountant position and \$7,000 for operating expenses. USC also expects additional expenditures of \$4,000 for staff time and technology charges or \$12,000 for per diem costs if another day is needed for committee meetings required by the bill. Similarly, Winthrop University indicates this bill would require four additional board meeting days and expects the cost for the meals and accommodations for these days to be \$5,000. The Medical University of South Carolina, the Citadel, Coastal Carolina University, the College of Charleston, Francis Marion University, Lander University, and the South Carolina Technical System indicate this bill will not increase expenditures. Clemson University and South Carolina State University have not responded. In total, for the institutions responding, this bill is expected to increase Other Funds expenditures by an amount between \$109,000 and \$117,000 and will require one new position. This bill is not expected to impact expenditures of the General Fund or Federal Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director