



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	S. 0376	Amended by Senate Education on February 24, 2021
<b>Author:</b>	Talley	
<b>Subject:</b>	State Institutions of Higher Education Efficiency Act	
<b>Requestor:</b>	Senate Education	
<b>RFA Analyst(s):</b>	Coomer	
<b>Impact Date:</b>	September 1, 2021	

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### **Fiscal Impact Summary**

This bill establishes the process by which research universities and other institutions of higher learning must approve permanent improvement projects. This bill may reduce the expenditures of research and four-year institutions of higher learning because it removes certain steps of the permanent improvement project approval process and increases the authority of an institution's board of trustees to approve permanent improvement projects. However, the amount of the potential reduction in expenditures is undetermined. Additionally, the bill may reduce expenditures of the Commission on Higher Education (CHE) due to a reduction in staff time spent reviewing proposals, but the amount of reduction in expenditures cannot be quantified. Further, the bill will have no expenditure impact on the Department of Administration (DOA), since the requirements of the bill can be accomplished within existing appropriations.

### **Explanation of Fiscal Impact**

#### **Amended by Senate Education on February 24, 2021**

##### **State Expenditure**

This bill establishes the process by which research universities and other institutions of higher learning must approve permanent improvement projects. The board of trustees may approve, without further review by the Joint Bond Review Committee (JBRC), permanent improvement projects up to \$5,000,000 for research universities and up to \$2,500,000 for other institutions of higher learning. Projects below these amounts that exceed \$1,000,000 will still be subject to JBRC staff review and referral to JBRC if deemed necessary. Currently, the board of trustees must review and approve permanent improvement projects before they are submitted for external review. This portion of the bill will have no expenditure impact on the board of trustees of an institution of higher education. However, while the threshold for project approval is raised, the board of trustees is required to provide an annual report of all projects falling below this threshold to the Governor, the Senate Finance Committee, and the House of Representatives Ways and Means Committee.

This bill requires research universities and other four-year institutions of higher learning to submit their permanent improvement project requests directly to JBRC for review after full architecture and engineering design work is complete. Currently, institutions must submit these requests to CHE for recommendations before the request may be reviewed by JBRC. The current

process also requires approval of the project by the State Fiscal Accountability Authority (SFAA) before an architectural and engineering contract may be awarded. In addition, as a result of this bill, JBRC review will no longer be required for projects of any value that do not 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. CHE may experience a reduction in staff time spent reviewing project proposals. However, the potential reduction in expenditures cannot be quantified.

This bill further requires permanent improvement projects to be submitted to the Executive Budget Office, which is under DOA, for publication upon approval. DOA indicates that the requirements of the bill can be accomplished within existing appropriations. Therefore, the bill will have no expenditure impact on the agency.

CHE surveyed the higher education institutions concerning this bill and provided a summary of their responses. While many responding institutions indicate that the bill will provide meaningful administrative relief, most are unable to quantify potential savings resulting from a streamlined project approval process or costs related to reporting and other operations. Generally, most institutions estimate the fiscal impact of this bill will be minimal. However, the College of Charleston estimates that the reduced administrative burden may lead to a \$100,000 to \$150,000 expenditure reduction annually by saving the equivalent of 2.0 FTEs. Furthermore, the College of Charleston estimates potential savings related to a reduction in the amount of time necessary to approve and implement projects. Since most of the institutions of higher education are unable to quantify the potential expenditure reduction, the expenditure impact of this bill on state institutions of higher learning is undetermined.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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