



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.

Bill Number: S. 0131 Introduced on January 10, 2023
Author: Hembree
Subject: USC Board of Trustees
Requestor: Senate Education
RFA Analyst(s): Tipton
Impact Date: March 13, 2023

Fiscal Impact Summary

This bill revises the composition of the University of South Carolina (USC) Board of Trustees and establishes the appointment process, term structures, a term limit for the Chairman of the Board, and the election process by the General Assembly.

This bill will increase one-time expenses for USC by approximately \$254,000 to \$294,000 in FY 2023-24 for training and orientation of the new board members, and will reduce expenses by \$16,000 in each year thereafter as a result of the reduction of total board members from twenty-one to sixteen. USC also expressed concern about the possible impact of this bill to the institution's credit rating, citing board stability as an important factor in the rating process. However, the direct effect of the revised composition of the board on USC's credit rating is currently unknown. USC indicated that the expenses expected in FY 2023-24 will require additional General Fund appropriations.

This bill will have no impact on the House of Representatives, the Senate, or the Governor's Office as requirements of these entities will take place under normal operations.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill revises the composition of the USC Board of Trustees. Currently, the board is comprised of the Governor or his designee, the State Superintendent of Education, and the President of the Greater USC Alumni Association, all of whom serve ex officio; and seventeen voting members including one member from each of the sixteen judicial circuits elected by the General Assembly, and one at-large member appointed by the Governor, for a total of twenty-one total members. This bill revises the composition of the board to the following sixteen members:

- The Governor of the State, serving as a nonvoting ex officio member,
- The President of the Greater USC Alumni Association, serving as a nonvoting ex officio member,
- The President of the student body of USC's Columbia campus, serving as a nonvoting ex officio member,

- Two at-large members appointed by the Governor,
- Seven members, one from each of the seven congressional districts to be elected by the General Assembly, provided that each congressional district member must reside in a different county than any other at-large member of the Board, and
- Four at-large members elected by the General Assembly.

The terms of current elected and appointed trustees will expire under this bill on June 30, 2023. The bill implements staggered term structures of the new trustees beginning on July 1, 2023, by establishing that trustees elected from odd-numbered congressional districts and two of the trustees elected at-large are elected for initial terms of two years and thereafter are elected to terms of four years. Trustees elected from even-numbered congressional districts and two of the trustees elected at-large are elected for terms of four years, including the initial appointment. The bill states that the chairman of the board will serve for two years and may serve no more than two terms. General Assembly elections of trustees under this bill will take place every two years following the initial election. The board may also make recommendations to the General Assembly and Governor on the professional background needs of new members.

University of South Carolina. This bill revises the composition of the USC Board of Trustees. USC indicated that training and orientation requirements for the new board members will result in a one-time expense of between \$270,000 and \$310,000 in FY 2023-24. USC also expressed concern about the possible impact of this bill to the institution's credit rating, citing board stability as an important factor in the rating process. According to USC, an interest rate increase of 1 percent on the institution's current debt load would cost approximately \$7,500,000. However, the direct effect of the revised composition of the board on USC's credit rating is currently unknown. Further, this bill's reduction of the board from twenty-one to sixteen members will result in annual expenditure savings for USC of approximately \$16,000 based upon a reduction in per diem, mileage, and other board-related expenses. Therefore, this bill will increase expenses for USC by approximately \$254,000 to \$294,000 in FY 2023-24 and will reduce expenses by \$16,000 in each year thereafter. USC indicated that the expenses expected in FY 2023-24 will require additional General Fund appropriations.

House of Representatives and the Senate. This bill requires the election of board members by the General Assembly. The House of Representatives and the Senate indicated that this is current practice and changes made by the bill to the election process will take place under normal operations. Therefore, this bill will have no impact on the House of Representatives or the Senate.

Governor's Office. This bill maintains current law in keeping the Governor as an ex officio member of the board, and requires two at-large appointments of the Governor. We anticipate that this will take place under normal operations and will have no impact.

State Revenue

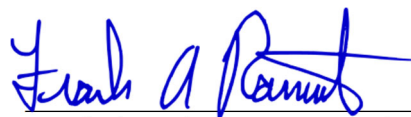
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director