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CAAL
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Agenda Item 5

September 1, 2011

MEMORANDUM

To: Dr. Bettie Rose Horne, Chair, Committee on Academic Affairs and Licensing, and Members

From: Dr. T. Michael Raley, Director of Academic Affairs and Licensing

Consideration of Operating Budget for the SmartState Program, Fiscal Year 2011-2012

Background

Attached please find the proposed fiscal year 2011-2012 operating budget approved by the SmartState Review Board at its June 6, 2011, quarterly meeting. As required by statute, the operating budget must be submitted to the Commission for approval. The SmartState Review Board is charged with overseeing the SmartState Program and with annually providing the Commission on Higher Education "a schedule by which applications for funding are received and awarded on a competitive basis" (S.C. 2-75-10). The Commission must also approve the program's annual operating budget: "all necessary funds for the prudent operation of the board..." (S.C. 2-75-70).

The SmartState Review Board issued no awards during fiscal year 2010-2011. An RFP was issued for SmartState Commerce Awards in the amount of $6 million, but the Review Board deferred awards until fiscal year 2011-2012. To date, the SmartState Review Board has awarded $197.6 million for the creation of 49 Centers of Economic Excellence and 87 specialized endowed professorships.

The proposed 2011-2012 SmartState operating budget is $3,978 less than the 2010-2011 approved budget level of $853,262. Some individual budget lines were reorganized to accommodate the new state accounting system (SCEIS). Overall individual budget line decreases include $10,000 for Council of Chair activities, $3,619 for Telephone (which was assimilated into the "Other Contractual Services Line"), $3,539 for Liability Insurance, and $2,000 for Equipment (which was assimilated into the "Supplies/Equipment" line). The only overall individual budget line increase is $10,000 for "Staff Travel and Conferences" (for regional and national promotion of the program).

Recommendation

The staff recommends that the Committee on Academic Affairs and Licensing commend favorably to the Commission the annual operating budget as approved by the SmartState Review Board for FY 2011-12.

SmartState™
SC Centers of Economic Excellence

S.C. Centers of Economic Excellence: Proposed Operating Budget FY 2012

Object of Expenditure (SCEIS code in parentheses)	FY 2010 – 2011 Approved	FY 2011 - 2012 Proposed	Increase/ [Decrease]
Personal Services (501)	**178,304**	**178,304**	**—**
Contractual Services (502)			
Auditor Contract	25,000	26,250	1,250
Consultants	5,000	5,000	—
Marketing Contract	160,590	[est.] 160,590	—
Advertising / Publishing	10,000	10,000	—
Other Contractual Services	6,070	10,000	3,930
Council of Chairs Activities	73,251	63,251	(10,000)
Phone (moved to "Other Contractual Services" above)	3,619	—	(3,619)
Institutional Admin Asst Funds (moved to separate line below)	300,000	—	(300,000)
Subtotal Contractual Services	**583,530**	**275,091**	**(308,439)**
Supplies / Equipment (503)	**15,000**	**15,000**	**—**
Fixed Costs (504)			
Dues/Memberships	1,141	1,141	—
Equipment Leases	824	824	—
Facilities Rental	551	551	—
Liability Insurance	5,539	2,000	(3,539)
Office Rent	13,447	13,447	—
Subtotal Fixed Costs:	**21,502**	**17,963**	**(3,539)**
Staff Travel & Conferences (505)	**3,000**	**13,000**	**10,000**
Equipment (Moved to 503 Above)	**2,000**	**—**	**(2,000)**
Employer Contributions (513)	**49,926**	**49,926**	**—**
Inst. Admin. Asst. Funds (517)	**—**	**300,000**	**300,000**
SUBTOTAL OPERATING:	**853,262**	**849,284**	**(3,978)**