



South Carolina Commission on Higher Education

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CHE
10/2/2008
Agenda Item 7.02H

Dr. Garrison Walters, Executive Director

October 2, 2008

MEMORANDUM

To: Dr. Layton R. McCurdy, Chairman, and Members, Commission on Higher Education

From: Dr. Bettie Rose Horne, Chair, and Members, *BOH/amy* Committee on Academic Affairs and Licensing

Consideration of Operating Budget for Centers of Economic Excellence, FY 2008-2009

Background

Attached please find the operating budget approved by the S.C. Centers of Economic Excellence (CoEE) Review Board, at its June 9, 2008, quarterly meeting. The Review Board is charged with overseeing the CoEE 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 CoEE program was funded with \$30 million from the South Carolina Education Lottery for fiscal year 2007-08. The CoEE program had an additional \$6 million in potential award funds, resulting from the withdrawal of two Clemson Centers in 2007-2008. Thus, the full amount the CoEE Review Board was eligible to award in 2007-2008 was \$36 million. On June 9, 2008, the Review Board awarded \$25 million dollars for the creation of the following seven Centers of Economic Excellence:

| 2007-2008 CoEE Awards | Chairs to Clemson | Chairs to MUSC | Chairs to USC | Total \$ |
|--|-------------------|----------------|---------------|---------------------|
| Optoelectronics | 1 | | | \$2,000,000 |
| Cyber-Institute | 1 | | | \$2,000,000 |
| Advanced Tissue Biofabrication | 1 | 1 | 1 | \$5,000,000 |
| Cancer Stem Cell | | 2 | | \$5,000,000 |
| Renal Disease Biomarker | | 2 | | \$5,000,000 |
| Nanoenvironmental Research & Risk Assessment | | | 1 | \$3,000,000 |
| Nuclear Science and Energy | | | 1 | \$3,000,000 |
| | | | | |
| TOTAL | 3 | 5 | 3 | \$25,000,000 |

In addition, two 2007-2008 CoEE proposals required resubmission to the CoEE Review Board and await determination of award by the Review Board at the September 8, 2008, quarterly meeting. At its discretion, the Review Board may award additional 2007-2008 funds at this meeting up to \$10 million.

| Potential 2007-2008 CoEE Awards | Chairs to Clemson | Chairs to MUSC | Chairs to USC | Total \$ |
|---------------------------------|-------------------|----------------|---------------|----------|
| Cancer Disparities | | | TBD | \$3.6M* |
| Medication Safety and Efficacy | | | TBD | \$2M* |

*Approved by CoEE Review Board on 9/8/2008

To date, the Review Board has awarded \$169 million for the creation of 41 Centers of Economic Excellence and 70 specialized endowed professorships.

As regards the CoEE Program annual operating budget, the 2008-2009 proposed budget contains \$417,602 in increases from the 2007-2008 approved budget. These increases include a one-time, \$400,000 contract fee with The Washington Advisory Group for the *2003-2008 CoEE Program Comprehensive Evaluation* (mandated by the CoEE Program *Guidelines*). This \$400,000 cost will not recur in 2009-2010. Other total cost increases for the 2008-2009 proposed budget are \$17,602. This includes \$13,030 for the program marketing agency, \$4,068 for increased rent costs and \$4,768 for employer contributions. The program auditor contract *decreases* by \$20,050 for 2008-2009.

Recommendation

The Committee on Academic Affairs and Licensing commends favorably to the Commission approval of the budget approved by the Centers of Economic Excellence Review Board for FY 2008-09.



CENTERS OF ECONOMIC EXCELLENCE PROPOSED OPERATING BUDGET: FY 2008-2009

| Object of Expenditure | FY 2007 - 2008 Approved | FY 2008 - 2009 Proposed | Increase/ [Decrease] |
|---------------------------------------|----------------------------|----------------------------|-------------------------|
| Personal Services | 124,982 | 126,504 | 1,522 |
| Contractual Services | | | |
| Auditor | 40,000 | 19,950 | [20,050] |
| Consultants | 79,620 | 79,620 | - |
| Marketing | 144,560 | 157,590 | 13,030 |
| Other Contractual Services | 4,446 | 6,070 | 1,624 |
| Telephone | 2,212 | 3,619 | 1,407 |
| Subtotal Contractual Services: | 270,838 | 266,849 | [3,989] |
| Supplies | 4,371 | 15,000 | 10,629 |
| Fixed Costs | | | |
| Dues/Memberships | 936 | 1,141 | 205 |
| Equipment Leases | 824 | 824 | - |
| Facilities Rental | 551 | 551 | - |
| Liability Insurance | 5,340 | 5,539 | 199 |
| Office Rent | 7,717 | 11,785 | 4,068 |
| Subtotal Fixed Costs: | 15,368 | 19,840 | 4,472 |
| Staff Travel | 2,800 | 3,000 | 200- |
| Equipment | 2,000 | 2,000 | - |
| Employer Contributions | 28,704 | 33,472 | 4,768 |
| SUBTOTAL OPERATING: | 449,063 | 466,665 | 17,602 |
| External Six-Year Evaluation: | | 400,000 | 400,000 |
| GRAND TOTAL: | 449,063 | 866,665 | 417,602 |