



# South Carolina Commission on Higher Education

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Agenda Item 8.02.C  
10/8/10

October 8, 2010

## MEMORANDUM

**To:** Mr. Ken Wingate, Chair, and Members, Commission on Higher Education

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

### **Consideration of Operating Budget for the S.C. Centers of Economic Excellence Program, Fiscal Year 2010-2011**

#### Background

Attached please find the operating budget approved by the S.C. Centers of Economic Excellence (CoEE) Review Board, at its June 7, 2010, quarterly meeting. The CoEE 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).

Despite receiving no appropriations during fiscal year 2009-10, the CoEE Review Board had issued an RFP for \$12 million for 2009-10 awards. This \$12 million derived from accrued program interest, which the CoEE Review Board is authorized by statute to use for future CoEE awards (S.C. 2-75-30(A)). On June 7, 2010, the CoEE Review Board awarded \$11 million for the creation of the following three Centers of Economic Excellence:

<b>2009-2010 CoEE Awards</b>	<b>Chairs to Clemson</b>	<b>Chairs to MUSC</b>	<b>Chairs to USC</b>	<b>Total \$</b>
Sustainable Development	1			\$4,000,000
Data Analysis			1	\$2,000,000
Inflammation and Fibrosis Research		2		\$5,000,000
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>\$11,000,000</b>

To date, the CoEE Review Board has awarded \$197.6 million for the creation of 49 Centers of Economic Excellence and 87 specialized endowed professorships.

As regards the CoEE Program annual operating budget, the 2010-2011 proposed budget holds at the 2009-2010 approved budget level of \$850,137. Individual budget line decreases include \$75,000 for consultant services (technical reviewer and onsite reviewer contracts) and \$159 for office rent. Individual budget line increases include \$58,251 for operation and activities of the CoEE Council of Chairs (a recommendation stemming from the Washington Advisory Group external review), \$11,269 for personal services (personnel costs), and \$4,639 for employer contributions (personnel costs). Also, the program auditor contract increases by \$1,000 during 2010-2011, an increase which was approved previously by the Office of the State Auditor. This annual operating budget was approved by the CoEE Review Board at its June 7, 2010, meeting. As required by statute, the operating budget must be submitted to the Commission for approval.

### **Recommendation**

The Committee on Academic Affairs and Licensing commends favorably to the Commission the annual operating budget as approved by the Centers of Economic Excellence Review Board for FY 2010-11.



**S.C. CENTERS OF ECONOMIC EXCELLENCE: PROPOSED OPERATING BUDGET FY 2011**

<b>Object of Expenditure</b>	<b>FY 2009 – 2010 Approved</b>	<b>FY 2010 - 2011 Proposed</b>	<b>Increase/ [Decrease]</b>
<b>Personal Services</b>	167,035	178,304	11,269
<b>Contractual Services</b>			
Auditor Contract	20,875	21,875	1,000
Consultants	80,000	5,000	[75,000]
Marketing Contract	160,590	160,590	—
Advertising / Publishing	10,000	10,000	—
Other Contractual Services	6,070	6,070	—
Council of Chairs Activities	15,000	73,251	58,251
Telephone	3,619	3,619	—
Institutional Adm Asst Funds	300,000	300,000	—
<b>Subtotal Contractual Services:</b>	596,154	580,405	15,749
<b>Supplies</b>	15,000	15,000	—
<b>Fixed Costs</b>			
Dues/Memberships	1,141	1,141	—
Equipment Leases	824	824	—
Facilities Rental	551	551	—
Liability Insurance	5,539	5,539	—
Office Rent	13,606	13,447	[159]
<b>Subtotal Fixed Costs:</b>	21,661	21,502	[159]
<b>Staff Travel</b>	3,000	3,000	—
<b>Equipment</b>	2,000	2,000	—
<b>Employer Contributions</b>	45,287	49,926	4,639
<b>External Six-Year Evaluation:</b>	—	—	—
<b>SUBTOTAL OPERATING:</b>	850,137	850,137	—