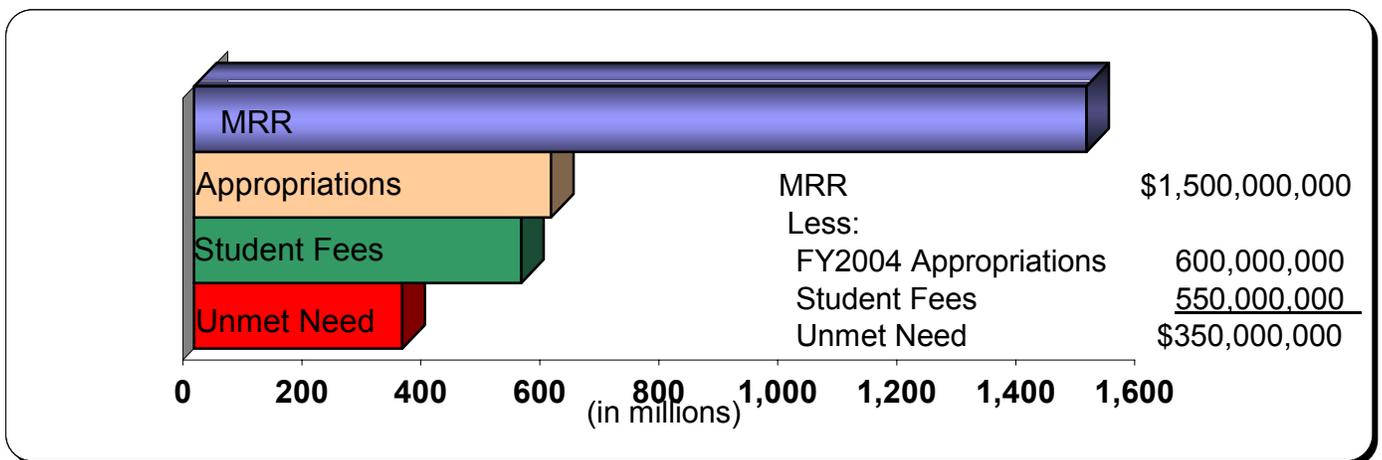


**Higher Education Operating Fund Budget Request for Fiscal Year 2004-05**

**Background**

Each year, the S. C. Commission on Higher Education presents a budget request to the Governor and the General Assembly on behalf of the state’s 33 public institutions of higher education. This budget request is a request for the operating funds of the institutions. Requests for specific items (commonly referred to as below-the-line items) and capital items are not included in this request but are submitted separately. Therefore, discussions within this text will be limited to the request for operating funds.

Illustrated below are the total needs of the colleges and universities, the amount funded from appropriations and student fees, and the unmet need. Since 1997, the Commission has used a Mission Resource Requirement (MRR) to determine those needs. Also to be considered in the development of a budget request is the budgetary outlook of the state. At this time, the state is facing severe budgetary constraints. Thus, any requested increase should be modest.



**Recommendation**

Based on the consideration of all of the above factors, the Committee on Finance & Facilities recommends, that the budget request amount be an increase of \$50 million, or a minimum of the projected overall percentage increase in state revenues. This request would be incorporated into “Plan 2005” as outlined below.

**Plan 2005** is on behalf of the entire public higher education community and constitutes its approved funding request to be presented to the General Assembly in January 2004. The \$50 million request is over and above the current FY 2004 state appropriations, after application of last year’s budget reductions of \$68 million. The establishment and the maintenance of world-class status institutions in South Carolina will continue to enhance new and existing economic development and exemplary research efforts as well as nurture and promote South Carolina’s most essential resource, an educated and well-informed citizenry.

Also, **Plan 2005** will continue the effort established in 1996 under Act 359. With seven years of performance funding implementation and experience, South Carolina continues to set the standard for performance funding in this country. These funds are absolutely essential to reward high-achieving institutions and to sustain improvements achieved by other institutions.