

October 6, 2005

MEMORANDUM

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

From: Dr. Vermelle J. Johnson, Chair, and Members, Committee on Academic Affairs and Licensing

**Consideration of Annual Budget for
Research Centers of Economic Excellence /Endowed Chairs Professorship
Program, FY 2005-06**

Background

At its June 29, 2005, meeting, the Review Board for the South Carolina Research Centers of Economic Excellence approved a budget for the 2005-06 Fiscal Year.

The total budget (see **Attachment I**) is \$448,466 and includes \$69,000 for technical review and on-site review of Endowed Chair research proposals, \$60,000 for an independent fiscal and program audit as required by legislation, \$100,619 for salaries (representing a percentage of CHE staff time devoted to administering the program), and \$150,000 for public relations activities.

Auditing costs and anticipated expenditures related to public relations activities were new budget items last year, though actual costs were less than anticipated. This year's budget has been adjusted accordingly.

New in this year's budget is the addition of a Review Board-approved employee position. During the past fiscal year (2004-05) the amount of time that CHE staff have dedicated to management and administration of the Research Centers of Economic Excellence (RCEE) program has grown considerably. Two CHE staff – Gail Morrison and Donald Tetreault – provide the majority of support

to the program, though at least five other CHE staff members provide ancillary support in the form of technology assistance (website updating), financial management (processing of draw-down requests, daily operations), policy analysis (when the General Assembly is in session), and administrative support (mailouts, communications, record keeping, etc.). Eighty percent of this full-time mid-level position would be dedicated to management and administrative issues related to the Endowed Chairs program.

Increases in time and staffing requirements for administration of the Endowed Chairs program over the past fiscal year are due to two factors: maturing of the program (now entering its fourth year), and the emergence of new administrative and management requirements associated with the Research University Infrastructure provisions of the Life Sciences Act. As a result of these two factors, we anticipate several program-related activities to emerge in the next year: 1) contracting with a firm to conduct a program and fiscal audit; 2) the development, implementation, and monitoring of a marketing plan; 3) solicitation and oversight of detailed reports from the universities documenting program progress and economic impact; 4) additional record keeping and program monitoring as the number of Board-approved programs grows beyond the current number of 17; and 5) articulating the concerns and responsibilities of the Budget and Control Board, the Joint Bond Review Committee, the Commission on Higher Education, and the RCEE Review Board to ensure compliance in meeting the requirements of the Life Sciences Act.

Over the last two years the Review Board has approved funding for 21 research proposals from USC, MUSC, and Clemson University and their partner institutions, totaling \$92 million in state lottery funds (see **Attachment II**).

Responsibility and authority for approving the Review Board's annual budget is found in Section 2-75-70 of the 2002 Research Centers of Economic Excellence Act (Session 114, Chapter 75), which notes that:

Staff and support for the operations of the board and the panels must be provided by the Commission on Higher Education. The Commission on Higher Education shall approve all necessary funds for the prudent operation of the board, including per diem, subsistence, and mileage expenses of board members as provided by law for members of state boards, committees, and commissions, and for the costs and expenses of the panel members.

Recommendation

The Committee on Academic Affairs and Licensing recommends that the Commission approve the proposed budget for FY 2005-06.