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Agenda Item 8.02.I

September 30, 2009

**MEMORANDUM**

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

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

**Consideration of Operating Budget  
for the S.C. Centers of Economic Excellence Program,  
Fiscal Year 2009-2010**

**Background**

Attached please find the operating budget approved by the S.C. Centers of Economic Excellence (CoEE) Review Board, at its June 8, 2009, 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 2008-09, the CoEE Review Board had \$21.4 million for 2008-09 awards. This \$21.4 million was composed of \$7.4 million in 2007-08 carry-forward funding, \$2 million from the withdrawal of a previous award, and \$12 million from program interest for future CoEE awards. On June 8, 2009, the CoEE Review Board awarded \$11 million dollars for the creation of the following three Centers of Economic Excellence:

<b>2008-2009 CoEE Awards</b>	<b>Chairs to Clemson</b>	<b>Chairs to MUSC</b>	<b>Chairs to USC</b>	<b>Total \$</b>
Tissue Systems Characterization	1			\$3,000,000
Nuclear Science Strategies			1	\$3,000,000
Lipidomics, Pathobiology and Therapy		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 \$183.6 million for the creation of 45 Centers of Economic Excellence and 79 specialized endowed professorships.

As regards the CoEE Program annual operating budget, the 2009-2010 proposed budget contains \$316,528 in *decreases* from the 2008-2009 approved budget. These decreases are the result of a one-time, \$400,000 contract fee with the Washington Advisory Group (WAG) for the *2003-2008 CoEE Program Comprehensive Evaluation* (mandated by the CoEE Program *Guidelines*) which was conducted and published during the 2008-2009 fiscal year. Individual budget line increases for the 2009-2010 proposed budget include: \$40,531 for personal services (personnel costs); \$15,000 for a Council of Chairs conference (a formal WAG recommendation); \$10,000 in program advertising; \$1,821 in increased rent costs; and \$11,815 for increased employer contributions. Also, the program auditor contract increases by \$925 during 2009-2010, and the program marketing agency contract increases by \$3,000 during 2009-2010.

This annual operating budget was approved by the CoEE Review Board at its June 8, 2009, 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 2009-10.



**S.C. CENTERS OF ECONOMIC EXCELLENCE: PROPOSED OPERATING BUDGET FY 2010**

<b>Object of Expenditure</b>	<b>FY 2008 - 2009 Approved</b>	<b>FY 2009 - 2010 Proposed</b>	<b>Increase/ [Decrease]</b>
<b>Personal Services</b>	126,504	167,035	40,531
<b>Contractual Services</b>			
Auditor Contract	19,950	20,875	925
Consultants	79,620	80,000	380
Marketing Contract	157,590	160,590	3,000
Advertising		10,000	10,000
Other Contractual Services	6,070	6,070	-
Council of Chairs Conference		15,000	15,000
Telephone	3,619	3,619	-
Institutional Adm Asst Funds	300,000	300,000	-
<b>Subtotal Contractual Services:</b>	566,849	596,154	29,305
<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	11,785	13,606	1,821
<b>Subtotal Fixed Costs:</b>	19,840	21,661	1,821
<b>Staff Travel</b>	3,000	3,000	-
<b>Equipment</b>	2,000	2,000	-
<b>Employer Contributions</b>	33,472	45,287	11,815
<b>External Six-Year Evaluation:</b>	400,000	-	[400,000]
<b>SUBTOTAL OPERATING:</b>	1,166,665	850,137	[316,528]