

CONSIDERATION OF OPERATING BUDGET FOR THE SMARTSTATE PROGRAM
FISCAL YEAR (FY) 2014-15

Background

Attached is the SmartState Program's proposed FY 2014-15 operating budget. The SmartState Review Board voted at its meeting on May 22, 2014, to commend the proposed operating budget favorably to the Commission for its approval. The Commission's Committee on Finance and Facilities considered the budget proposal at its meeting on June 5, 2014.

The proposed FY 2014-15 operating budget has been reduced from the FY 2013-14 approved budget plan from \$767,997 to \$640,204. It is similar to the current year's budget plan and is within the limitations of the current FY 2013-14 and anticipated FY 2014-15 spending authorization of \$885,284 in the state's Appropriations Act.

The reduction in the proposed operating budget is due largely to reduced cost relating to program staffing which is decreased by \$99,468 and \$30,699 for personnel wage and contributions decreases, respectively. Other changes include: a shift in \$8,000 from contractual services to publishing; a shift of \$6,000 from Council of Chairs (scholarships) to the Council of Chairs Activities, and the elimination of \$551 for facilities rental which was a one-time expenditure and is no longer applicable. Programmatic increases include \$1,200 for the external audit contract; and \$1,185 for office rent.

As required by statute, the operating budget must be submitted to the Commission for approval. The SmartState Review Board is charged with overseeing the SmartState Program and with annually providing the Commission on Higher Education "a schedule by which applications for funding is received and awarded on a competitive basis" (S.C. 2-75-10). The Commission must approve the program's annual operating budget: "all necessary funds for the prudent operation of the board..." (S.C. 2-75-70).

To date, the SmartState Review Board has awarded \$197.6 million for the creation of 51 Centers of Economic Excellence and 88 specialized endowed professorships.

Recommendation

The Commission's Committee on Finance and Facilities commends favorably to the Commission approval of the proposed FY 2014-15 annual operating budget for the SmartState Program.



S.C. CENTERS OF ECONOMIC EXCELLENCE: PROPOSED OPERATING BUDGET*
FY 2014-15

Object of Expenditure (SCEIS code in parentheses)	FY 2013 –14 Approved	FY 2014 - 15 Proposed	Increase/ [Decrease]
Personal Services (501)	\$185,823	\$86,355	[\$99,468]
Contractual Services (502)			
Auditor Contract	28,800	30,000	1,200
Consultants	10,000	10,000	—
Website Maintenance	7,200	7,200	—
Publishing	10,000	18,000	8,000
Other Contractual Services	76,400	68,400	[8,000]
Council of Chairs Activities	50,000	56,000	6,000
Council of Chairs (Scholarships)	6,000	—	[6,000]
Subtotal Contractual Services	\$188,400	\$189,600	\$1,200
Supplies / Equipment (503)	\$10,000	\$10,000	\$10,000
Fixed Costs (504)			
Dues/Memberships	1,800	1,800	—
Equipment Leases	824	824	—
Facilities Rental	551	—	[551]
Liability Insurance	2,000	2,000	—
Office Rent	12,533	13,718	1185
Subtotal Fixed Costs:	\$17,708	\$18,342	\$634
Staff Travel & Conferences (505)	\$10,000	\$10,000	—
Employer Contributions (513)	\$56,066	\$25,907	[\$30,699]
Inst. Admin. Asst. Funds (517)	\$300,000	\$300,000	—
SUBTOTAL OPERATING:	\$767,997	\$640,204	[\$127,793]

Note: The FY 2014-15 SmartState Program Operating Budget has been prepared and will be carried out so as to comply with the requirements of a proviso that has been included in the annual Appropriations Act since FY 2012-13 which states: "The Commission on Higher Education is prohibited from expending any source of funds on the marketing of the SmartState Program." The proviso, #11.2 in FY 2014-15, is expected to be continued in the upcoming FY 2014-15 Appropriations Act presently under consideration.

***Proposed budget as approved by the SmartState Review Board on May 22, 2014, for recommendation to the Commission.**