

Ad. XL

CHE
10/6/2005
Agenda Item 4.02E



Dr. Conrad D. Festa
Executive Director

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 *JVJ/gmv*

**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.

FY 2004-05 Board-Approved Budget

Expenditures
as of 6/29/2005

Difference

Proposed FY
2005-06

Personal Services				
Salaries	\$37,355	\$48,426	(\$11,071)	\$100,619
Per Diem	\$1,750	\$35	\$1,715	\$500
Subtotal Personal Services	<u>\$39,105</u>	<u>\$48,461</u>	<u>(\$9,356)</u>	<u>\$101,119</u>
Contractual Services				
Consultants			\$500	\$34,000
On-Site Panelists Honoraria	\$34,000	\$33,500	\$6,060	\$12,000
On-Site Panelists Travel	\$15,000	\$8,940	\$12,000	\$35,000
Electronic Reviewers Honoraria	\$41,000	\$29,000	\$60,000	\$60,000
Independent Auditors	\$60,000	\$0		
Marketing			\$148,548	\$150,000
Public Relations/Conferences	\$183,000	\$34,452	\$10,000	\$10,000
Website Development/Maint.	\$10,000	\$0		
Operations				\$536
Office Maintenance (AS/400)				\$206
Copier Lease				\$733
Telephone/Internet Access				\$8
Recycling				\$15
Catering (coffee)				\$1,057
Credit Card purchases				\$179
Temp Employees				\$29
Statewide Audit				\$2,763
Subtotal Operations	<u>\$3,000</u>	<u>\$706</u>	<u>\$2,294</u>	<u>\$2,763</u>
Subtotal Contractual Services	<u>\$346,000</u>	<u>\$106,598</u>	<u>\$239,402</u>	<u>\$303,763</u>
Supplies				\$325
Postage				\$9
Publications				\$142
PC Software				\$65
Stationery				\$354
Office Supplies				\$895
Subtotal Supplies	<u>\$2,000</u>	<u>\$714</u>	<u>\$1,286</u>	
Fixed Costs				\$0
Facility Rental				\$3,666
Liability Insurance				\$5,961
Office Rent				\$18
Fidelity Bond				\$174
Mall Machine Lease				\$27
Subscriptions				\$424
Dues/Memberships				\$10,270
Subtotal Fixed Costs	<u>\$4,142</u>	<u>\$4,319</u>	<u>(\$177)</u>	
Employee Travel	<u>\$3,500</u>	<u>\$1,105</u>	<u>\$2,395</u>	<u>\$2,000</u>
Equipment	<u>\$0</u>	<u>\$2,067</u>	<u>(\$2,067)</u>	<u>\$2,000</u>
Grants				\$0
Research Project Development	\$40,000	\$33,459	\$6,541	\$0
Subtotal Grants	<u>\$40,000</u>	<u>\$33,459</u>	<u>\$6,541</u>	<u>\$0</u>
Fringe Benefits	<u>\$6,872</u>	<u>\$11,312</u>	<u>(\$4,440)</u>	<u>\$28,419</u>
Other				
Grand Total:	<u>\$441,619</u>	<u>\$208,035</u>	<u>\$233,584</u>	<u>\$448,466</u>

South Carolina Research Centers of Economic Excellence Summary of Funded Proposals

Institution(s)	Funding Year/Status				Proposal	Proposal Amount
2002-03						
Clemson	2002-03	2003-04		Automotive Research	\$5 Million	
Clemson	2002-03			Automotive Manufacturing	\$5 Million	
Clemson				Automotive Design & Development	\$5 Million	
USC	2002-03			Nanestructures	\$4 Million	
MUSC	2002-03			Marine Genomics	\$4 Million	
MUSC	2002-03			Proteomics	\$4 Million	
MUSC	2002-03			Neuroscience	\$3 Million	
MUSC/USC	2002-03			Brain Imaging	\$6 Million	
MUSC/Clemson/USC	2002-03	2003-04		Regenerative Medicine	\$6 Million	
				Total 2003-04 Funding Allocated in 2002-03	\$30 Million	
				Total 2003-04 Funding Allocated in 2002-03	\$11 Million	
2003-04						
Clemson	2003-04	2004-05		Photonic Materials	\$5 Million	
Clemson	2003-04			Restoration	\$3 Million	
Clemson	2003-04			Vehicle Electronic Systems	\$3 Million	
USC	2003-04			Polymer Nanocomposites	\$3.5 Million	
USC	2003-04 (\$2.5 M)	2004-05 (\$2.5 M)		Hydrogen Fuel Cell Economy	\$5 Million	
USC	2003-04			Hydrogen Fuel Cell Economy	\$5 Million	
MUSC and USC	2003-04			Translational Cancer Therapeutics	\$6 Million	
USC and Coastal Carolina				Travel & Tourism Technology	\$2 Million	
MUSC and USC				Drug Discovery in Cancer	\$5 Million	
				Total 2003-04	\$19 Million	
				Total 2004-05 Funding Allocated in 2003-04	\$12.5 Million	
2004-05						
Clemson	2004-05	2005-06		Electron Imaging	\$5 Million	
Clemson				Supply Chain, Optimization & Logistics	\$2 Million	
USC	2004-05			Fuel Cells/Hydrogen Economy	\$3 Million	
MUSC	2004-05			Gastrointestinal Cancer Diagnostics	\$5 Million	
MUSC/USC	2004-05			Vision Science	\$4.5 Million	
				Total 2004-05	\$17.5 Million	
				Total 2005-06 Funding Allocated in 2004-05	\$2 Million	
				Total Slice Program Inception	\$92 Million	