

The Allocation Plan for FY 2001-2002

At its meeting on February 1, the Commission adopted five of the six recommendations (with fiscal impact) which were proposed by MGT of America, the consulting firm that conducted a validation study of the Mission Resources Requirement (MRR). The CHE staff and the Funding Advisory Committee had previously adopted the five recommendations. Also, as part of Act 359, the Commission must adopt a plan that allocates all funds by performance.

In order to comply with a legislative proviso, the funding plan must be approved by March 1. The CHE staff has finalized the MRR for FY 2002. Attachment 1 displays the FY 2002 MRR compared with the FY 2001 state appropriation and the percent funded for each institution. The percentage funded ranges from 48% to 80% with an overall percentage of 63%. (see Attachment 1)

As previously stated, all funds, including new and existing state appropriations must be subject to performance. There has been extensive discussion on the need for funding parity among institutions; it appears to be the general consensus that funding parity cannot be considered without new state appropriation from the General Assembly. Given the fiscal problem confronting the state at this time, it appears very unlikely that higher education will receive any new funding for E&G operations this fiscal year. Therefore, the allocation plan proposed by the staff does not reflect any new dollars; thereby, nothing is allocated for parity. The existing state appropriations are subject to performance.

Although new state appropriations are not anticipated this year, the allocation plan makes provisions for allocating new state appropriations by performance scores in the event that the General Assembly does appropriate higher education new funds this year.

As part of the FY 2001 allocation plan currently in place, \$1.8 million was set aside for performance improvement. Each institution that scored less than an "exceeds standard" was eligible to apply for use of those funds on a non-recurring basis. Therefore, that \$1.8 million will also be available for FY 2002. The CHE staff allocation plan for FY 2002 allocates the \$1.8 by performance and will remain within sectors.

The details of the plan for the fiscal year beginning July 1, 2001 are as follows.

1. The Plan subjects all funds to the performance indicators.
2. The Plan uses the scores and rating system as determined by the Planning and Assessment (Performance Funding) Committee. The Committee's scores will be applied to both the current and previous year's appropriation.
3. In the event of a reduction in current year's appropriations, each institution will receive its pro rata share of the reduction, as defined by the legislature. (If the appropriation reduction is 10%, then each institution will be reduced by 10%, unless the General Assembly dictates exemptions or exceptions.)
4. The appropriations will be allocated as follows:

Previous year's Appropriation

- *In order to receive the previous year's appropriation, institutions must score an achieves or higher on their performance rating.*
- *An institution scoring less than "achieves" will be subject to the disincentives included in the current allocation plan.*
 - *Three percentage of its appropriation will be deducted for a "does not achieve" and five percentages for "substantially does not achieve"*
 - *The disincentive funds will be added to the current year's appropriation for distribution to the institutions.*

Current Year's Appropriation

- *Current year's appropriation is defined as the "new dollars" appropriated by the legislature;*
- *Plus the disincentives from institutions that scored less than "achieve."*

Funding Advisory Committee

The Funding Advisory Committee (FAC) at its meeting on February 20 recommended that the \$1.8 million which is carry forward from FY 2001 be allocated by performance and remain within the sectors. Also, the FAC recommended that "new dollars" be allocated by performance and unearned funds be used for parity. But the unearned funds will remain within sectors until each institution in the sector achieves parity.

Staff Recommendation: (Attachment 2 is a spreadsheet reflecting the allocation plan.)
The staff recommends the following allocation plan for FY 2002.

1. All funds will be subject to the performance indicators.
2. The scores and rating system for the indicators will be determined by the Planning and Assessment (Performance Funding) Committee with approval by the Commission. The scores will be applied to both the current and previous year's appropriation.
3. In the event of a reduction in current year's appropriations, each institution will receive its pro rata share of the percentage reduction, unless the General Assembly dictates exemptions or exceptions.
4. Funding for parity will not be implemented this year and delayed until such time as the General Assembly allocates "new dollars" for operations.

S.C. Commission on Higher Education
The 2001-2002 Allocation Plan (Percent Funding)

Attachment 1

	FY 2001-2002 MRR	Total	%
INSTITUTION	Calculation	Appropriation	Funding
	(1)	(2)	(3)
<u>Research Sector</u>			
Clemson Univ.	\$179,772,197	\$110,036,052	61.21%
U.S.C. - Columbia	274,421,048	191,177,655	69.67%
Medical Univ. of S. C.	<u>154,824,327</u>	<u>105,346,058</u>	68.04%
Subtotal	609,017,572	406,559,765	
<u>Teaching University Sector</u>			
The Citadel	21,424,403	17,153,904	80.07%
Coastal Carolina Univ.	25,262,241	14,620,627	57.88%
College of Charleston	54,755,704	33,426,477	61.05%
Francis Marion Univ.	23,229,436	16,336,020	70.32%
Lander Univ.	17,322,225	11,257,219	64.99%
S. C. State Univ.	34,506,679	25,311,516	73.35%
U.S.C. - Aiken	20,477,928	12,205,044	59.60%
U.S.C. - Spartanburg	23,406,135	13,734,942	58.68%
Winthrop Univ.	<u>40,586,070</u>	<u>25,404,503</u>	62.59%
Subtotal	260,970,821	169,450,252	
<u>Regional Campuses Sector</u>			
U.S.C. - Beaufort	5,025,311	2,423,371	48.22%
U.S.C. - Lancaster	5,460,939	3,034,611	55.57%
U.S.C. - Salkehatchie	4,733,912	2,554,308	53.96%
U.S.C. - Sumter	6,674,460	4,849,945	72.66%
U.S.C. - Union	<u>1,844,605</u>	<u>1,177,762</u>	63.85%
Subtotal	23,739,227	14,039,997	
<u>Technical Colleges Sector</u>			
Subtotal	310,956,081	170,903,700	54.96%
AHEC	28,159,466	18,394,116	65.32%
Total	\$1,232,843,167	\$779,347,830	63.22%
Performance Improvement		<u>\$1,858,584</u>	
Grand Total		<u>\$781,206,414</u>	63.37%

S.C. Commission on Higher Education

Attachment 2

The 2001-2002 Allocation Plan (All funds remain in Sector)

INSTITUTION	Allocated by MRR			Performance Funding		Excess in Step 7, if any, is spread proportionally to remaining inst. with meets and above	Total Appropriation	%		
	FY 2001-2002 MRR Calculation	Institution's Percent of MRR	FY 2000-2001 Appropriation Minus FY 2000-2001 Perf. Improv.	Step 2	Scores*				Step 3	If dollars in Step 5 are not sufficient to fund Step 6, then Pro-rate Over/Under
Research Sector										
Clemson Univ.	\$179,772,197	14.58%	\$110,035,052	\$271,017	A	77%	\$208,683	\$62,334	\$110,307,069	61.36%
U.S.C. - Columbia	274,421,048	22.26%	191,177,655	413,706	A	77%	318,554	95,152	191,591,361	69.82%
Medical Univ. of S. C.	154,824,327	12.56%	105,346,058	233,407	A	77%	179,723	53,684	105,579,465	68.19%
Subtotal	609,017,572	49.40%	406,559,765	918,130			706,960	211,170	407,477,895	
Teaching University Sector										
The Citadel	21,424,403	1.74%	17,153,904	32,299	A	77%	24,870	5,634	17,184,407	80.21%
Coastal Carolina Univ.	25,262,241	2.05%	14,620,627	38,084	A	77%	29,325	6,643	14,656,595	58.02%
College of Charleston	54,755,704	4.44%	33,426,477	82,547	A	77%	63,562	14,398	33,504,437	61.19%
Francis Marion Univ.	23,229,436	1.88%	16,336,020	35,020	A	77%	26,965	6,108	16,369,093	70.47%
Lander Univ.	17,322,225	1.41%	11,257,219	26,114	A	77%	20,108	4,555	11,281,882	65.13%
S. C. State Univ.	34,506,679	2.80%	25,311,516	52,021	A	77%	40,056	9,074	25,360,646	73.49%
U.S.C. - Aiken	20,477,928	1.66%	12,205,044	30,872	E	91%	28,093	6,364	12,239,501	59.77%
U.S.C. - Spartanburg	23,406,135	1.90%	13,734,942	35,286	E	91%	32,110	7,274	13,774,326	58.85%
Winthrop Univ.	40,586,070	3.29%	25,404,503	61,186	E	91%	55,679	12,612	25,472,795	62.76%
Subtotal	260,970,821	21.17%	169,450,252	393,429			320,768	72,661	169,843,681	
Regional Campuses Sector										
U.S.C. - Beaufort	5,025,311	0.41%	2,423,371	7,576	A	77%	5,833	1,374	2,430,579	48.37%
U.S.C. - Lancaster	5,460,939	0.44%	3,034,611	8,233	A	77%	6,339	1,493	3,042,443	55.71%
U.S.C. - Salkehatchie	4,733,912	0.38%	2,554,308	7,137	A	77%	5,495	1,294	2,561,098	54.10%
U.S.C. - Sumter	6,674,460	0.54%	4,849,945	10,062	E	91%	9,157	2,157	4,861,258	72.83%
U.S.C. - Union	1,844,605	0.15%	1,177,762	2,781	A	77%	2,141	504	1,180,408	63.99%
Subtotal	23,739,227	1.93%	14,039,997	35,788			28,966	28,965	14,075,785	
Technical Colleges Sector										
Subtotal	310,956,081	25.22%	170,903,700	468,785			397,048	71,737	171,372,485	55.11%
AHEC	28,159,466	2.28%	18,394,116	42,452	A	77%	32,688	9,764	18,436,568	65.47%
Total	\$1,232,843,167	100.00%	\$779,347,830	\$1,858,584			\$1,486,430	\$372,154	\$781,206,414	63.37%

S.C. Commission on Higher Education
The 2001-2002 Allocation Plan
For Technical Colleges - "ATTACHMENT"

Performance Funding														
INSTITUTION	Allocated by MRR				Scores*	Performance Funding		Institution's Pro-rated Percent	Excess in Step 7, if any, is spread proportionally to remaining inst. with meets and above	Total Appropriation	%	Funding		
	FY 2000-2001 MRR Calculation	Institution's Percent of MRR	1.A	1.B		Step 2	Step 3						Over/Under	
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