

Policy on Financial Impact of Data Corrections

Background

The Legislative Audit Council (LAC) in its review of the higher education performance funding process found that the Commission had implemented a data verification process that provided improved control over information used to evaluate performance. However, the LAC noted that the process could be strengthened if CHE had a policy to correct misallocation of funds that may occur due to data errors. As a result the LAC recommended the following:

In collaboration with institutional representatives, CHE staff and the State Board for Technical and Comprehensive Education should implement policies and procedures for the redistribution of funds based on data verification scoring changes.

Due to action of the Commission, this recommendation was under the consideration of the Planning and Assessment Committee, but had not yet been approved. The Committee on Finance & Facilities has continued work on this issue, and as a result, a revised policy is being recommended. Attachment 1 provides additional information related to the suggested policy.

Recommendation

The Committee on Finance & Facilities recommends that the following policy to address the financial impact of data corrections be approved.

Policy on Financial Impact of Data Corrections

This policy addresses data discrepancies, identified and verified through the Commission on Higher Education's data verification process or through other means or processes that result in a misallocation of state appropriations. Note that the policy does not apply to scholarships because scholarship funds are subject to a separate policy.

Upon review of data either as a part of the Commission's data verification process or through other means or processes, it will be determined whether any discrepancies in the information reviewed impacted an institution's performance funding score and/or subsequent appropriation. Any resulting over-funding that is more than or equal to one-quarter of one percent of the corresponding year institution's appropriation for the respective program or purpose will result in an adjustment in the subsequent year's appropriation by the entire amount of the over funding. Any resulting under-funding that is more than or equal to one-half of one percent of the corresponding year institution's appropriation for the respective program or purpose will result in an adjustment in the subsequent year's appropriation by the entire amount of the under-funding. Funding adjustments will be made for no further back than an institution's prior audit. Historical and current data will be corrected as indicated by the data review.

An affected institution will be afforded the opportunity to appeal its case regarding data and the effect on upcoming appropriation changes to the Commission through the Finance & Facilities Committee prior to action by the full Commission.

SCHEDULE OF MATERIALITY FOR FINANCIAL IMPACT OF DATA CORRECTIONS

Institutions	Operating Fund Appropriations 2003-2004	1/4%	1/2%	1%
The Citadel	\$13,060,379	\$32,651	\$65,302	\$130,604
Clemson University	84,689,777	\$211,724	\$423,449	\$846,898
Coastal Carolina Univ.	11,327,050	\$28,318	\$56,635	\$113,271
College of Charleston	25,810,415	\$64,526	\$129,052	\$258,104
Francis Marion Univ.	12,692,445	\$31,731	\$63,462	\$126,924
Lander University	8,593,173	\$21,483	\$42,966	\$85,932
S C State University	19,523,230	\$48,808	\$97,616	\$195,232
USC - Columbia	147,661,747	\$369,154	\$738,309	\$1,476,617
USC - Aiken	9,444,015	\$23,610	\$47,220	\$94,440
USC - Spartanburg	10,642,405	\$26,606	\$53,212	\$106,424
USC - Beaufort	1,815,868	\$4,540	\$9,079	\$18,159
USC - Lancaster	2,333,227	\$5,833	\$11,666	\$23,332
USC - Salkehatchie	1,946,481	\$4,866	\$9,732	\$19,465
USC - Sumter	3,747,817	\$9,370	\$18,739	\$37,478
USC - Union	914,325	\$2,286	\$4,572	\$9,143
Winthrop	19,736,734	\$49,342	\$98,684	\$197,367
Medical Univ. of SC	81,450,549	\$203,626	\$407,253	\$814,505
A.H.E.C.	13,645,353	\$34,113	\$68,227	\$136,454
State Board for Technical & Comprehensive Education	<u>130,115,263</u>	<u>\$325,288</u>	<u>\$650,576</u>	<u>\$1,301,153</u>
Total	<u>\$599,150,253</u>	<u>\$1,497,876</u>	<u>\$2,995,751</u>	<u>\$5,991,503</u>

Note: The above schedule is presented for information purposes to illustrate the relevant amounts referred to in the policy discussed on the previous page. The last column (1%) is provided solely as additional information for comparative purposes.