Consideration of Policy for Allocation of Lottery-Funded Technology Funds to Two-year Sector, Fiscal year 2003-2004 (per proviso 5A.28)

Background

The General Assembly of South Carolina authorized (see below), in the 2003 legislative session, the distribution of $6,000,000 to the twenty public, two-year institutions of South Carolina (i.e., four two-year regional campuses of the University of South Carolina and sixteen two-year technical colleges). An identical amount of funds was allotted to the public four-year teaching universities by the General Assembly. The two-year institutions are to receive their portion as part of a flow-through process.

5A.28. (CHE: Lottery Technology Funds) Of the funds appropriated from the Education Lottery for technology, one-half must be used for a University Technology Program and awarded to public four-year universities, excluding the University of South Carolina-Columbia, Clemson University, and the Medical University of South Carolina. Funds must be awarded to these institutions according to the following formula: thirty-five percent of available dollars must be allocated equally among eligible institutions, with the remaining sixty-five percent to be prorated among the eligible institutions based on total FTE enrollment in the immediately previous year. The remaining one-half of these funds appropriated for technology shall be Technology Program funds to be used for technology upgrades across the public two-year institutions and the technical college system for the support and development of technology. Notwithstanding any other provision of law, prior approval or involvement of the Commission on Higher Education beyond allocation of funds as described herein is not required.

In the technology arena, the challenge inherent in identifying any distribution methodology involves balancing the number of users, or institutional size, with basic technology investments in infrastructure that must be made regardless of institutional size. Based on this belief we have developed a distribution process that will be best meet the technology needs with available dollars.

Proposed Methodology

The Finance and Facilities Committee recommends that there be a guaranteed minimum allocation floor determined by the staff in consultation with the Funding Advisory Committee on an annual basis. A guaranteed floor assumes that any institution, regardless of size, has to purchase and upgrade a certain amount of technology (software and hardware) and provide technology training simply to qualify as a modern institution, regardless of how many students are enrolled in the institution. The initial step is to spread the available dollars to the institutions based on the prior years fall term percent of FTE enrollment. Institutions that result in an amount equal to or less than the floor amount will be assigned the floor amount. The total available dollars less the dollars assigned to the institutions receiving the floor amount will than be spread over the remaining institutions based on the prior years fall term FTE enrollment.

The Finance and Facilities Committee recommends using FTE enrollment as opposed to headcount enrollment to be consistent with the allocation methodology used for the four-year

institutions technology grant funds. A variance analysis of the allocation results between using FTE enrollment and headcount enrollment was performed and the variances were determined to be immaterial.

The institutions shall maintain documentation to support the propriety of the technology grant expenditures. These expenditures are subject to Commission on Higher Education audits.

The institutions shall submit to the Commission on Higher Education, by September 15 of the following fiscal year, information describing the type and amount of expenditures of the grant technology funds for the previous fiscal year.

Refer to the attached schedule for detail of the proposed 2003-2004 allocation of technology grant funds.

Recommendation

The Finance and Facilities Committee recommends the following policy for distribution of lottery proceeds designated for two-year institutions.

Policy

Any lottery technology funds designated by the General Assembly for two-year institutions shall be allocated based on the prior year's fall FTE enrollment, with a minimum amount to be provided to each institution. The minimum amount will be determined on an annual basis by the staff of the Commission on Higher Education, in consultation with the Funding Advisory Committee.

Due to the schedule for distribution of lottery proceeds, these funds will be distributed in late October 2003 (90%) and in the final quarter of the fiscal year (10%).

Proposed 2 Year Technology Grant Allocation Methodology 2003-2004

	Fall 2002 FTE	FTE %	Allocation (Floor 125,000)	%	90% Available Oct. 30	10% Available 4th Qtr.
Two-Year Regional Campuses						
USC - Lancaster	623	1.3%	125,000	2.1%	112,500	12,500
USC - Salkehatchie	442	0.9%	125,000	2.1%	112,500	12,500
USC - Sumter	761	1.6%	125,000	2.1%	112,500	12,500
USC - Union	194	0.4%	125,000	2.1%	112,500	12,500
Subtotal USC-Regional	2,020	4.2%	500,000	8.3%	450,000	50,000
Technical Colleges						
Aiken	1,585	3.3%	186,370	3.1%	167,733	18,637
Central Carolina	1,890	4.0%	222,233	3.7%	200,010	22,223
Denmark	1,233	2.6%	144,981	2.4%	130,483	14,498
Florence - Darlington	2,683	5.6%	315,477	5.3%	283,929	31,548
Greenville	7,058	14.8%	829,905	13.8%	746,915	82,991
Horry - Georgetown	2,930	6.2%	344,520	5.7%	310,068	34,452
Midlands	6,527	13.7%	767,468	12.8%	690,722	76,747
Northeastern (formerly Ches-Marlb)	672	1.4%	125,000	2.1%	112,500	12,500
Orangeburg - Calhoun	1,627	3.4%	191,309	3.2%	172,178	19,131
Piedmont	3,094	6.5%	363,804	6.1%	327,423	36,380
Spartanburg	2,613	5.5%	307,246	5.1%	276,521	30,725
T C of the Lowcountry	1,017	2.1%	125,000	2.0%	112,500	12,500
Tri - County	2,766	5.8%	325,236	5.4%	292,713	32,524
Trident	7,054	14.8%	829,434	13.8%	746,491	82,943
Williamsburg	321	0.7%	125,000	2.1%	112,500	12,500
York	2,526	5.3%	297,016	5.0%	267,315	29,702
Subtotal Technical	45,596	95.8%	5,500,000	91.7%	4,950,000	550,000
Total FTE/Total Allocation	$ 47,616	100.0%	$ 6,000,000	100.0%	5,400,000	600,000