

September 2, 2008

The Honorable Marshall C. Sanford, Governor
State of South Carolina

Re: FY 2009-10 Budget Request (CHE Agency Requests)

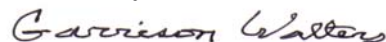
Dear Governor Sanford:

In keeping with the Governor's Executive Budget Request, we have enclosed the **FY 2009-10 budget requests for the Commission on Higher Education**. The requested funding has been considered in light of the state's needs in higher education and the Commission's role and responsibility in ensuring an efficient and effective higher education system in South Carolina. Our requests will enable the Commission to improve its work relative to ensuring the state is increasing its statewide capacity in higher education and building necessary human capital to be competitive in the knowledge-based economy.

As required, the Commission also submits budget requests each year on behalf of public colleges and universities. Those requests have been transmitted in a separate document.

The requests herein are contingent on Commission approval on September 4. Any necessary revisions to this submission will be transmitted following the meeting. Please phone me, Gary Glenn at 737-2155, or Julie Carullo at 737-2292 with any questions you may have.

Sincerely,



Garrison Walters

Enclosure

cc: Layton McCurdy, Chair, and Members of the SC Commission on Higher Education
Gary Glenn, Director of Finance, Facilities & MIS
Julie Carullo, Director Governmental Affairs
Jeff Richards, Director of Internal Operations

FISCAL YEAR 2009-10 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name:

Section 6 / H03 / Commission on Higher Education

B. Statewide Mission:

The Commission on Higher Education (CHE) serves as South Carolina’s coordinating board for the state’s 33 public post-secondary institutions. The Commission has a dual role, acting both as an advocate for higher education as well as an oversight entity on behalf of the General Assembly. The Commission promotes quality and efficiency in the state system of higher education with the goal of fostering economic growth and human development. The Commission’s values include: the importance of quality higher education; accessibility of higher education to the citizens of the state; accountability of the institutions to their students, the General Assembly, and the state’s taxpayers; excellence on the part of CHE’s staff in performing its functions; and excellence on the part of the institutions in providing educational opportunities.

C. Summary Description of Strategic or Long-Term Goals:

The Commission’s strategic goals are enumerated in the 2007-08 Agency Accountability Report. These are:

(1) to ensure efficient and effective delivery of services, (2) to ensure quality and diversity of academic programs and educational services in South Carolina, (3) to ensure access to and quality of educational opportunities among underrepresented groups in higher education in SC, (4) to expand postsecondary educational opportunities for South Carolinians, (5) to present the needs and develop support for appropriate funding of public colleges and universities and to address strategic issues in public and private higher education as they are identified, and (6) to make South Carolina a global leader by fostering higher education’s role in economic growth and human development.

In developing the FY 2009-10 budget plan, the Commission is dedicated to addressing priorities to ensure the agency is able to fulfill its mission and role and to carry out its goals. CHE is requesting \$130,000 to ensure effective service delivery through improved agency technology with the goal of making higher education data resources more readily available to our higher education partners and to state government. As the Commission prepares to implement the Action Plan resulting from the work of the Higher Education Study Committee, we are requesting \$89,533 to support one FTE (salary and projected fringe benefits) to assist in implementing this vitally important plan as higher education plays a pivotal role in moving South Carolina into the knowledge-based economy.

D. Agency Recurring Base Appropriation:

State	\$121,213,323
Federal	\$6,104,990
Other	\$10,225,792

E. Efficiency Measures:

CHE strives to achieve greater efficiency, effectiveness, and customer service in fulfilling its legislated role and mission. Funding reductions coupled with increasing administrative responsibilities have presented challenges for CHE in fully fulfilling its mission. Staff has taken on increasingly disproportional workloads. CHE continues to look very critically at how functions are performed, and every process is reviewed for potential efficiencies. As examples of on-going efforts to ensure needs are met, we continued to work to improve data delivery services and continued to focus on our role in accountability by completing audits of scholarship programs and taking on increased workload arising from initiatives such as the Education and Economic Development Act (EEDA) and 2007 legislated changes to the scholarship programs. CHE cannot continue to absorb additional responsibilities or improve performance, particularly in those areas identified as mission priority needs, without access to increased funding resources.

F. Number of Proviso Changes:

CHE is not requesting any proviso changes for FY 2009-10 at this time.

G. Signature/Agency Contacts/Telephone Numbers:



Garrison Walters
Executive Director

Contacts: Gary Glenn (803) 737-2155, gglenn@che.sc.gov
Julie Carullo (803) 737-2292, jcarullo@che.sc.gov

IIA. OPERATING BUDGET PRIORITIES

Agency Section/Code/Name: Section 6 / H03 / Commission on Higher Education

SUMMARY OF OPERATING BUDGET PRIORITIES FOR FY 2009-2010

OPERATING BUDGET PRIORITIES					FUNDING					FTEs			
Priority No.	Goal No.	Title	Activity Name	Activity No.	Non-Recurring State	Recurring State	Federal	Other	Total	State	Federal	Other	Total
1	1	Agency Technology	Administration	279		130,000			130,000				0.00
2	ALL	Action Plan Implementation	Administration	279		89,533			89,533				0.00
3									0				0.00
4									0				0.00
5									0				0.00
For additional rows, place cursor in this gray box and press "Ctrl" + "b". (You need to start in this gray box for each row needed or the formulas will not copy properly.)													
TOTAL OF ALL OPERATING BUDGET PRIORITIES					0	219,533	0	0	219,533	0.00	0.00	0.00	0.00

IIB. CAPITAL BUDGET PRIORITIES

Agency Section/Code/Name: Section 6 / H03 / Commission on Higher Education

SUMMARY OF CAPITAL BUDGET PRIORITIES FOR FY 2009-2010

CAPITAL BUDGET PRIORITIES					Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.	Project No.*	Project Name	Activity Name	Activity No.				
1		None - See Public Colleges and Universities						0
2								0
3								0
4								0
5								0
For additional rows, place cursor in this gray box and press "Ctrl" + "c". (You need to start in this gray box for each row needed or the formulas will not copy properly.)								
TOTAL OF ALL CAPITAL BUDGET PRIORITIES					0	0	0	0

*if applicable

III. DETAILED JUSTIFICATION FOR FY 2009-10 OPERATING BUDGET PRIORITIES

A. **Agency Section/Code/Name:**
Section 6 / H03 / Commission on Higher Education

B. **Priority No.:** 1 of 2

C.

- (1) **Title:**
Agency Technology
- (2) **Summary Description:**
CHE is seeking \$130,000 in recurring funds for needed technology enhancements. In FY 2007-08, CHE requested increased funds for technology initiatives totaling \$130,000 in recurring funding. CHE was appropriated non-recurring funding which was not continued in FY 2008-09. Continuing to find ways to become more efficient and effective is in large part contingent on the quality of our technology systems. CHE must therefore seek support for this ongoing need through this request for recurring funds in FY 2009-10.
- (3) **Strategic Goal/Action Plan (if applicable):**
The programs under this priority address the Commission’s goals to ensure effective and efficient delivery of services and to ensure quality and diversity of academic programs and educational services in South Carolina.

D. **Budget Program Number and Name:**
I - Administration

E. **Agency Activity Number and Name:**
279 - Administration

F. **Detailed Justification for Funding:**

- (1) **Justification for Funding Increase:**
One of CHE’s mission critical functions is the maintenance and support of a centralized statewide higher education data system necessary for state policy research, state and federal data requirements, and other data sharing needs of institutions and the public. These data are also critical for statewide planning for higher education. In FY 2007-08, CHE requested recurring technology funding and received one-time funds totaling \$130,000. This funding was not continued in FY 2008-09. In order to keep pace with changing technology and ensure continued quality data delivery, CHE needs these funds to be continued in the upcoming year and in future years to address on-going technology needs. The requested funds will enable CHE to purchase necessary software and hardware, support continued maintenance costs, and allow for planned system improvements to enhance and improve data accessibility.

(2)

FY 2009-10 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Number of FTEs*		0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0
Program/Case Services	\$0	\$0	\$0	\$0	\$ 0
Pass-Through Funds	\$0	\$0	\$0	\$0	\$ 0
Other Operating Expenses	\$0	\$130,000	\$0	\$0	\$130,000
Total	\$ 0	\$130,000	\$ 0	\$ 0	\$130,000

* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.

- (3) **Base Appropriation:**
State \$6,238,496

Federal \$0
 Other \$997,557

- (4) **Is this priority associated with a Capital Budget Priority?** No
If yes, state Capital Budget Priority Number and Project Name: .

G. Detailed Justification for FTEs

- (1) **Justification for New FTEs**

(a) **Justification:**

(b) **Future Impact on Operating Expenses or Facility Requirements:**

- (2) **Position Details:**

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

- (3) **FTEs in Program Area per FY 2008-09 Appropriation Act:**

State 22.70
 Federal 0.00
 Other 0.00

Agency-wide Vacant FTEs as of July 31, 2008: 12.0 of 34.0
 % Vacant 35.30%

H. Other Comments:

III. DETAILED JUSTIFICATION FOR FY 2009-10 OPERATING BUDGET PRIORITIES

A. **Agency Section/Code/Name:**
Section 6 / H03 / Commission on Higher Education

B. **Priority No.:** 2 of 2

C.

- (1) **Title:**
Action Plan Implementation
- (2) **Summary Description:**
The legislatively appointed Higher Education Study Committee has been working since last fall to develop recommendations for a statewide action plan. The Committee has identified four primary goals including: 1) increasing education levels, 2) increasing research and innovation, 3) improving training and educational services, and 4) improving efficiency and effectiveness. The Committee has agreed that the Action Plan will be focused on a six-year period beginning next July. Implementation of the plan will require stewardship beyond the current resources of the Commission.
- (3) **Strategic Goal/Action Plan (if applicable):**
ALL

D. **Budget Program Number and Name:**
I. Administration

E. **Agency Activity Number and Name:**
279 - Administration

F. **Detailed Justification for Funding:**

- (1) **Justification for Funding Increase:**
The Action Plan for Higher Education will require a renewed sense of focus and collaboration on the part of all of our higher education partners to include the public and private colleges and universities, the Department of Education, the legislature, the business community, and the citizens of South Carolina as we collectively prepare South Carolina for the knowledge-based economy. Providing support for what we expect to be this most comprehensive and important call to action will require a full-time commitment of human resources beyond the current capacity of the Commission for not only do we have to continue the work of today, we must significantly increase our efforts to focus on South Carolina's future.

(2)

FY 2009-10 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Number of FTEs*		0.00	0.00	0.00	0.00
Personal Service	\$0	\$64,464	\$0	\$0	\$64,464
Employer Contributions	\$0	\$25,069	\$0	\$0	\$25,069
Program/Case Services	\$0	\$0	\$0	\$0	\$ 0
Pass-Through Funds	\$0	\$0	\$0	\$0	\$ 0
Other Operating Expenses	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$89,533	\$ 0	\$ 0	\$89,533

* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.

- (3) **Base Appropriation:**
State \$6,238,496
Federal \$0
Other \$997,557

- (4) **Is this priority associated with a Capital Budget Priority?** No
If yes, state Capital Budget Priority Number and Project Name: .

G. Detailed Justification for FTEs

- (1) **Justification for New FTEs**

(a) **Justification:**

(b) **Future Impact on Operating Expenses or Facility Requirements:**

- (2) **Position Details:**

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

- (3) **FTEs in Program Area per FY 2008-09 Appropriation Act:**

State 22.70

Federal 0.00

Other 0.00

Agency-wide Vacant FTEs as of July 31, 2008: 12.0 of 34.0

% Vacant 35.3%

H. Other Comments:

IV. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. **Agency Section/Code/Name:**
Section 6 / H03 / Commission on Higher Education
- B. **Priority No. See Public Colleges and Universities of _____**
- C. **Strategic Goal/Action Plan (if applicable):**
- D. **Project Name and Number (if applicable):**
- E. **Agency Activity Number and Name:**
- F. **Description of Priority:**
- G. **Detailed Justification for Funding**

(1) **Justification for Funding Priority:**

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$0	\$0	\$0	\$ 0

** If additional annual operating costs from any source of funding are anticipated upon project completion, please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. **Justification for First Year Additional Future Annual Operating Costs:**

(1) **Will additional annual operating costs be absorbed into your existing budget?**

If not, will additional state funds be needed in the future?

If state funds will not be needed in the future, explain the source(s) that will be used.

(2) **First Fiscal Year Additional Annual Operating Costs Are Anticipated:**

Will this fiscal year require a partial or full year’s operating funds?

If a partial year’s funds are required, what portion of the year does it cover?

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. **Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year’s operating funds, do not complete this section.)**

(1) **Will additional annual operating costs be absorbed into your existing budget?**

If not, will additional state funds be needed in the future?

If state funds will not be needed in the future, explain the source(s) that will be used.

(2) **First Full Fiscal Year Additional Annual Operating Costs Are Anticipated:**

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. **Other Comments:**

**VI. ADDENDUM
ASSESSMENT OF ACTIVITIES**

Agency Section/Code/Name: Section 6 / H03 / Commission on Higher Education

PRIORITY SUMMARY

TOP 5% PRIORITIES									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1	Administration	279, 295, 298, 307	2,556,188			360,303	1,141,102	4,057,593	33.00
2	Scholarship & Grant Programs	280, 285, 286, 287, 297, 301, 304, and 306	106,824,852				2,427,575	109,252,427	
3	Collaborative Education and Support Programs	281, 282, 283, 284, and 307	3,060,804	1,112,229				4,173,033	
4	Programs to Stimulate Research Competitiveness	302 and 303	2,776,604					2,776,604	
5	Collaborative K-12 Programs	291, 292, 294 and 1690	1,683,000			1,113,639	6,592,115	9,388,754	
6	Higher Education Awareness Programs	288 and 299	819,590			4,631,048		5,450,638	1.00
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
TOTAL HIGHEST:			117,721,038	1,112,229	0	6,104,990	10,160,792	135,099,049	34.00

BOTTOM PRIORITIES: 5% PLUS BUDGET REQUESTS DOLLAR AMOUNT									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1	Youth Leadership Conference	293	48,904					48,904	
2	Arts Program	290	10,274					10,274	
3	Professor of the Year	296	14,525					14,525	
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
TOTAL LOWEST:			73,703	0	0	0	0	73,703	0.00

**VI. ADDENDUM
ASSESSMENT OF ACTIVITIES**

Agency Section/Code/Name: Section 6 / H03 / Commission on Higher Education

DETAILS FOR LOWEST PRIORITIES

Activity Name: Youth Leadership Program					Activity #: 293	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses	48,904					48,904
TOTAL LOWEST:	48,904	0	0	0	0	48,904

Reasoning for Lowest Priority Status:

Youth Leadership Conference: This item is a flow-through program to the Palmetto Project. This funding helps support a public-private partnership known as Youth Unity in SC. Project goals are to encourage efforts of high school and middle school students in addressing campus violence, bullying, student conflict, and school alienation. Many of our colleges contribute both their facilities and expertise to project activities. While this program may be important in assisting students in developing as leaders, given the pressing needs of higher education at this time and given that the small amount of state funding may be able to be replaced through private means, the project has been selected as a lower priority item. The lower priority status is not intended to suggest that this project is not worthy of continued state support, merely that CHE is complying with the instructions. New dollars being requested total \$219,533. Balancing these new funds with those identified above would require a proportional assessment of the remaining balance to activities 289, 1545, 1546, 1547, 1797, and 1798.

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

Unless alternative funding is found, this program would have to be terminated.

Activity Name: Arts Program					Activity #: 290	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses	10,274					10,274
TOTAL LOWEST:	10,274	0	0	0	0	10,274

Reasoning for Lowest Priority Status:

SREB School of the Arts Program – This program aids talented SC high school students who are interested in pursuing a conservatory-based high school arts education. Three to seven South Carolinians participate annually. The available state dollars for this program are used to provide reduced tuition for South Carolinians who attend the NC School of the Arts located in Winston-Salem, NC. This school is different in nature from the Greenville School of Arts as it focuses on conservatory based training of future professionals. While the program is of benefit to several high school students pursuing careers in the arts, it has been selected as a lower priority item given pressing needs for higher education at this time. The lower priority status is not intended to suggest that this project is not worthy of continued state support, merely that CHE is complying with the instructions. New dollars being requested total \$219,533. Balancing these new funds with those identified above would require a proportional assessment of the remaining balance to activities 289, 1545, 1546, 1547, 1797, and 1798.

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

Unless alternative funding is found, this program would have to be terminated.

**VI. ADDENDUM
ASSESSMENT OF ACTIVITIES**

Agency Section/Code/Name: Section 6 / H03 / Commission on Higher Education

Activity Name: Professor of the Year					Activity #: 296	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses	14,525					14,525
TOTAL LOWEST:	14,525	0	0	0	0	14,525

Reasoning for Lowest Priority Status:

Professor of the Year – This legislated program (§59-104-220) provides a forum to recognize and reward the state’s talented higher education faculty. The application, review and award process enables the state to identify and showcase methods of talented faculty which in turn provides best practice examples. While this program is important in its purpose, given the current pressing needs for higher education and the small size of this program, it has been selected among the lower priority activities for the agency. The lower priority status is not intended to suggest that this project is not worthy of continued state support, merely that CHE is complying with the instructions. New dollars being requested total \$219,533. Balancing these new funds with those identified above would require a proportional assessment of the remaining balance to activities 289, 1545, 1546, 1547, 1797, and 1798.

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

Unless alternative funding is found, this program would have to be terminated.

For additional Low Priority Details, place cursor in this yellow box and press "Ctrl" + "p". (You must start in this yellow box; otherwise, the programmed formatting will be altered.)