

Commission on Higher Education

Business Advisory Council

January 7, 1999

Report to the Commission

Revised January 11, 1999

Commission on Higher Education Business Advisory Council

Report to the Commission

I Introduction

On behalf of the South Carolina business community, thank you for the opportunity to work with the Commission on Higher Education through the newly established Business Advisory Council. Business and the Commission share common values regarding the importance of higher education. The economy and success of South Carolina will be determined by our progress in educating our citizens. True excellence in education across the board, for all of our people, must be achieved if we are to compete and thrive in the new knowledge economy. Business wants to work with the Commission, the Governor, higher education institutions, and the General Assembly to improve the educational system in our state because, in so doing, we will not only improve the business environment, we will improve the quality of life for all our citizens.

South Carolina must embrace change. Our system of higher education must change. Our focus must sharpen. Our quality must improve. Our productivity must rise. We must expect more from our colleges and universities and from ourselves.

Our nation, indeed the world, is rapidly moving toward a knowledge-based economy in which every segment of society is affected. In this new economy competition is global. Low-skilled jobs move to third world countries with low standards of living and limited educational opportunities. South Carolina will no longer be competitive based on low wages, low taxes, and favorable regulation alone. Our real future success lies in our ability to develop the full potential of our people. We cannot focus on job preservation. We must create new jobs. Talent, educated talent, is the magnet that will attract new business and new jobs.

To prosper in the knowledge-based economy of the next century, South Carolina must have a world-class higher education system. Our whole system must improve and that improvement will require change. That change, in turn, will require broad and deep public support. Business wants to help as higher education changes to meet the needs of the changing environment. Our business community stands ready to provide the support that is required to create nationally recognized science and technology programs and outstanding arts and humanities programs in South Carolina. We will help in developing public support, developing new focused funding mechanisms, and we will help in supporting the difficult decisions which must be made. What follows are our suggestions for a start on the road of continuous change and improvement. We must travel this road together as a community to achieve new opportunities for the people of our state. We believe a three-tiered higher education system will best serve South Carolina in the future.

1. **Research Universities** which are equivalent to the best in the nation, e.g. Virginia and the University of North Carolina at Chapel Hill.
2. **Four-year institutions** focusing on areas which best serve the state; institutions which strive to be centers of excellence rather than "all things to all people."
3. **Two-year/technical colleges** which, combined, can best meet local and community needs, provide basic skills, foster economic development, and serve transfer students.

The business community stands ready to join the CHE, the higher education institutions, the Governor, and the General Assembly in a positive, collaborative effort aimed at developing a vision for higher education in South Carolina—a vision that will provide the strategic direction, and public support, required for our state to compete in the global economy of the new millennium.

II Strategy and Funding

We must view higher education in South Carolina as a single system with each institution having specific roles and missions and each level of institution (research universities, four-year colleges and two-year colleges) having specific objectives, funding levels, and performance measurement. We need an overall higher education strategy that includes performance funding to ensure implementation of a single system approach in South Carolina.

Funding for higher education must be adequate. Operation funding has historically been too low. We need an objective study of funding by an independent but knowledgeable party (possibly the Southern Regional Education Board).

We must work to improve higher educational opportunities for all our citizens. We should increase the state scholarship program to ensure access for high potential students. Further, we must improve the quality of our students pursuing education degrees. We should consider enhanced scholarships for teacher shortage areas such as mathematics and science education.

Recommendations:

The Commission on Higher Education should:

- A. Work with the business community and educators to develop a strategic plan for higher education in South Carolina, (including governance).
- B. Pursue an objective study of funding by an independent but knowledgeable party, and also should pursue legislation to expand and strengthen the matching state funding program.

- C. Work to increase the state scholarship program to insure access for high potential students and consider enhancing scholarships for areas of teacher shortages.

III Quality, Focus and Efficiency

We must improve the quality, focus and efficiency of all higher education institutions. To the extent possible, programs should be aligned and market-driven to meet identified state needs and enhance the quality of life in South Carolina. Redundant programs across and within institutions should be eliminated. To ensure this outcome, the Commission's existing academic program review procedures should be strengthened and statewide productivity reviews of specific categories of programs should be undertaken periodically. This review should be done annually for categories of programs selected by CHE.

National accreditation of programs, where available, should be a goal except in those rare cases where the costs are prohibitive.

New programs should be implemented and fully funded in areas where there is a shortage of graduates and where such programs are within the role and mission of the institution.

Components of the higher education system should work together towards providing a cohesive and consistent post-secondary education experience. The Commission should develop standards for system-wide cooperation to encourage this type of approach.

Education must be more integrated from grades K through 16. We should look to teacher education to serve as the primary means for bringing about this integration. The Commission is involved in several teacher recruitment programs, but the pool of available teachers in the state is still in need of improvement. Colleges of Education should raise standards and provide both teacher training and outreach. Teacher internships and expanded business cooperation should be encouraged.

An additional area of integration is in forecasting State needs. A forecast of future needs for hiring by public and private sector enterprises should be developed every two to three years. This information should be used by high school guidance counselors to advise students. The Commission on Higher Education should assist higher education institutions to develop plans to meet those needs.

Recommendations:

The Commission on Higher Education should:

- A. Strengthen the eight-year academic program review cycle to ensure that redundant programs across and within institutions that are under-enrolled, under-funded, and/or under-performing are eliminated.

- B. Institute a periodic statewide productivity review of specific categories of programs. There should be an annual review process to include categories of programs selected by CHE.
- C. Work to eliminate accreditable programs that do not have national accreditation or that are not in process of seeking national accreditation within three years with exceptions only for a small number of specialized programs where cost is prohibitive.
- D. Fund new programs fully where there is a shortage of graduates and where such programs are within the role and mission of the institution.
- E. Develop standards for system-wide cooperation such as the following examples:
 - 1. Develop a consistent distance education policy and standards and coordinate its implementation.
 - 2. Publish technology standards and have higher education join the Information Resource Council strategic plan.
 - 3. Develop a statewide electronic library card catalogue.
 - 4. Form a Council of Information Officers with representatives from each of the following: higher education institutions, SCETV, IRC, and the business community. This council would make recommendations to the Commission on Higher Education on policy and standards for distance learning and information technology for higher education.
- F. Work towards further integration of the State's elementary, secondary, and post-secondary education systems by:
 - 1. Encouraging Colleges of Education to raise standards and provide both teacher training and outreach. Teacher internships and expanded business cooperation should be encouraged.
 - 2. Developing an annual forecast of future needs for hiring by public and private sector enterprises. This information should be made available to all high school guidance counselors to advise students. The Commission on Higher Education should assist higher education institutions to develop plans to meet those employer needs.

IV Performance Funding

Performance funding can be used to help implement the above recommendations. It provides much-needed emphasis on quality and productivity in South Carolina higher education. We need to fully implement the current system of performance funding and then measure the level of its success.

The Commission should use performance funding to ensure adherence to and support of the strategic plan for higher education. The performance funding system should reward attainment of high performance. In benchmarking indicators, we should balance high performance and improvement, and reward attainment of high performance once it is

achieved. Specifically, performance funding should provide rewards for institutions that focus on the following areas: efficiency, alignment with State needs, and mission focus.

Recommendations:

The Commission on Higher Education should:

- A. Use performance funding to insure adherence to and support of the strategic plan for higher education.
- B. Implement a performance funding system that will reward attainment of high performance. In benchmarking indicators, the Commission should balance high performance and improvement and reward attainment of high performance once it is achieved.
- C. After full implementation of performance funding a review should determine if positive behavior change has occurred in the following areas as well as areas covered by all indicators:
 1. Efficiency (all institutions):
 - a. Core competency (education, research, and outreach)
 - b. Outsourcing of functions that cannot be performed cheaper internally (e.g. payroll, administrative computing, and grounds upkeep) with state agencies or the private sector.
 2. Alignment with state needs (all institutions):
 - a. Quantity – based on the annual survey, match state’s projected needs to program enrollment and use performance funding to motivate institutions to adapt to those changing needs.
 - b. Quality – almost all programs that can be accredited should be nationally accredited and research institutions should seek to be nationally recognized for excellence.
 3. Focus by type of institution: Determine major focus by sector and reward institutions that meet or exceed unique performance indicators for their sector.
 - a. Research universities: very high quality of faculty and teaching capabilities, student quality, research and state service.
 - b. Four-year colleges: faculty quality and teaching capabilities and state service.
 - c. Two-year institutions: responsiveness to local needs and effectiveness.
 4. Colleges of Education – These academic units should be specifically measured for the respective institutions.

V Recommendations for the General Assembly

Certain changes, which are beyond the purview of the Commission on Higher Education, warrant consideration by the General Assembly. The Business Advisory Committee believes the state would be best served by a single system of two-year institutions under the control of a single board. Some communities do not now benefit from the opportunities a technical college provides. Moving all two-year colleges under the TECH Board would help solve this problem.

An additional issue created by Act 359 of 1996 is that the Commission on Higher Education no longer has the authority to recommend elimination of programs that do not warrant continuation. Within this report, we have identified several instances in which a State oversight entity should have the ability to terminate programs. Therefore, we believe that the Commission should be empowered to eliminate programs that are no longer necessary.

We should also encourage more private giving by expanding and strengthening the state matching fund program.

Recommendations:

The General Assembly should:

- A. Move all two-year colleges under the TECH Board.
- B. Empower the CHE to eliminate programs that are no longer necessary (see III. A, B).
- C. Expand and strengthen the matching state funding program for private contributions.

VI Final Recommendation

We recommend that the Commission on Higher Education appoint a task force of representatives from the CHE Board, the Council of Presidents, Boards of Trustees, a representative of the Governor's Office, a representative from State TECH and the Business Advisory Council, to recommend how to best implement any portion of this report the Commission adopts.