

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

April 7, 1994
9:45 a.m.

Wofford College
Spartanburg, South Carolina

MEMBERS PRESENT

Dr. D. Glenburn Askins, Jr., Chairman
Ms. Elaine Freeman
Mr. Robert C. Gallagher
Mr. R. Austin Gilbert
Mr. Kenneth E. Goad
Ms. Reba Anne Kinon
Mr. Ray D. Lathan
Dr. Raymond C. Ramage
Mr. Edwin E. Tolbert, Sr.

MEMBERS ABSENT

Mr. Fred L. Day
Mr. Marvin C. Jones
Mr. Henry D. McMaster
Mr. Edward T. McMullen, Jr.
Mr. Lewis Phillips
Mr. Joseph J. Turner, Jr.
Ms. Mildred R. Williams

STAFF

Ms. Sandra E. Carr
Ms. Renea H. Eshleman
Mr. Charles D. FitzSimons
Mr. Ivan F. Guinn
Ms. Margaret L.B. Hicks
Mr. Douglas Holleman
Dr. R. Lynn Kelley
Mr. Alan S. Krech
Ms. Lynn W. Metcalf
Dr. Gail L. Morrison
Dr. Robert K. Poch
Mr. Fred R. Sheheen
Mr. John E. Smalls
Dr. John C. Sutusky
Ms. Janet T. Williams

GUESTS

Mr. Arthur M. Bjontegard
Ms. Pat Calkins
Mr. David Fleming
Mr. Sandy Gilliam
Dr. J. Charles Jennett
Ms. Jennifer Jones-Gaddy
Dr. Harry Matthews
Dr. George M. Reeves
Ms. Lindy Smith
Dr. William Tindell
Mr. William J. Whitener

MEMBERS OF THE PRESS

Ms. Linda Conley
Mr. Mark Mowrey
Mr. Bill Robinson
Mr. Dan Robinson

For the record, notification of the meeting was made to the media as required by the Freedom of Information Act.

Dr. Lesesne welcomed the Commission to Wofford College and provided a slide presentation about the College.

Dr. Askins thanked Dr. Lesesne for Wofford's warm reception of the Commission.

1. Approval of Minutes of Meeting of March 3, 1994

It was moved (Gallager), seconded (Kinon), and voted that the minutes of March 3, 1994, be approved.

2. Special Presentations

No report

3. Committee Reports

3.01 Report of Executive Committee

- a. Cleveland Institute of Electronics, Inc., Cleveland, OH;
Renewal of License

Mr. Gallager reported that the Commission's licensing staff has reviewed the materials submitted by the institution and has determined that the institution meets all requirements for licensure.

The Committee recommended that the license of the Cleveland Institute of Electronics, Inc., be renewed for five years, subject to annual reporting as requested by the Commission.

It was moved (Gallager), seconded (Kinon), and voted that the recommendation of the Committee be approved.

3.02 Joint Reports of Committees on Academic Affairs and Business and Finance

- a. Consideration of Interest Rate for Teacher Loan Program from the Student Loan Corporation

In the absence of Ms. Williams, Dr. Morrison explained the request of the Student Loan Corporation. She stated that the amended TLP regulations stipulate that the Commission has the authority to approve interest rates.

The Student Loan Corporation has requested that loans for first-time borrowers be 12 percent (the same rate approved by the Commission under the Governor's Teaching Scholarship Loan Program). For students who have already borrowed money under the existing TLP under federal regulations, there would be a variable rate similar to that used in the federal

programs. As these continuing students complete their education, eventually all borrowers will fall under the 12 percent rate.

Dr. Morrison noted that the interest rates are of no consequence if the student teaches after graduation, since the loan is then cancelled over a five-year period. She noted, however, that fewer than 50 percent of these students have entered the teaching force and that the 12 percent rate is intended as a deterrent for those students not intending to teach.

The Committees recommended that the Commission set the following interest rates on loans to be made to borrowers beginning with the 1994-95 academic year:

- (a) **Renewal Borrowers:** A renewal borrower is one who, on June 30, 1994, has an outstanding balance on a TLP loan. Loans to renewal borrowers will bear interest at a variable rate which shall be determined on June 1 of each year and shall apply to the twelve-month period beginning July 1 and ending on June 30. The interest rate shall be determined by adding 3.1 percent to the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1. This interest rate may not exceed the rate currently charged to the borrower on loans previously received under this program.
- (b) **First-time Borrowers:** A first-time borrower is one who has no outstanding balance on any TLP loan as of July 1, 1994. Loans to first-time borrowers will bear interest at a rate of 12 percent per annum.

It was moved (Lathan) and seconded (Ramage) that the recommendation of the Committees be approved.

Mr. Gallager noted that because of the higher interest rates, there will likely be more students defaulting on their loans.

Mr. Sheheen noted that the Student Loan Corporation's default rate is currently one of the lowest in the state. Ms. Jones-Gaddy stated that the Corporation has several methods of recouping money lost through loan default, including garnishing the student's wages, having the money taken out of the student's tax return, and filing a judgment against the student.

It was voted that the recommendation of the Committees be approved.

c. Consideration of Free Tuition for Members of the National Guard on a Space Available Basis

In the absence of Mr. Jones, Mr. Smalls presented the Committee's recommendations. He expressed the Committee's support of the National Guard's goal to provide its members with tuition-free college education but acknowledged the concerns of the institutions regarding the costs and mechanics of the program.

The Committees recommended that the Commission submit a resolution to the General Assembly lending support to the National Guard. They further recommended that the program be funded through direct state appropriation to the National Guard as opposed to space-availability at the institutions.

Mr. Smalls noted that the proposal would not go into effect until 1995-96 and so would have no fiscal impact this year.

It was moved (Gallager) and seconded (Ramage) that the recommendation of the Committees be approved.

Mr. Sheheen commented that the National Guard would find either its original methodology or that supported by the Committees acceptable and that the General Assembly awaits the opinion of the Commission regarding the proposal.

Mr. Lathan asked why 100 percent of the Guardsmen's education should be financed when so many other students in South Carolina are in greater need of financial assistance. He stated that he opposed subsidizing a group that does not need subsidy.

Ms. Kinon stated that the plan is vital to the Guard as a means of recruiting and retaining members.

Mr. Sheheen pointed out that all other financial support has been subtracted from the cost of the program, including Pell Grants and Montgomery G.I. benefits.

Mr. Gallager noted that the Commission had previously approved a need-based scholarship program which was subsequently not funded. He questioned whether it would be consistent to fund the National Guard program which is not even based on need.

Mr. Sheheen suggested an amendment be added that the program be need-based and that the staff draft the appropriate regulations.

Mr. Lathan moved that the recommendation be amended with the provision that the necessary need-based requirements be added to the resolution by the staff.

Mr. Gallager seconded the motion.

It was voted that the amendment be approved.

It was voted that the original recommendation as amended be approved.

3.03 Report of Committee on Access and Equity

There was no report of the Committee.

3.04 Report of Committee on Business and Finance

(See 3.02.)

3.05 Report of Committee on Facilities

There was no report of the Committee.

3.06 Report of Committee on Planning and Assessment

There was no report of the Committee.

4. Report of the Commissioner

a. Briefing on Responses to Business Advisory Council Report

Mr. Sheheen presented the Council's report, which contends that the current cost of complying with the Commission's reporting requirements is \$5.4 million and that restructuring the Commission would substantially reduce this cost.

The Commission's response to this report, however, indicates that the majority of the costs would still exist regardless of the structure of the coordinating board and that substantial inconsistencies exist in the cost estimates provided by the institutions.

Mr. Sheheen reported that the House would consider a joint resolution to study higher education during the following week and that the Higher Education Subcommittee of the Senate would hold a hearing on April 13.

Mr. Sheheen summarized a new restructuring proposal that would change the membership to six public members and four institutional representatives.

He noted that the Commission had already approved a recommendation that its membership remain unchanged and that fewer members might result in under-representation for regions of the State or for minorities and women.

Mr. Gallagher commented that six public members would not be sufficient, and that, in his opinion, no institutional representatives should be included.

Mr. Lathan suggested that the Commission forward a letter to the Senate to explain the Commission's position regarding the board's membership.

Mr. Gallagher suggested that the letter clarify that the Commission members' views do not stem from any desire to protect their own positions.

Mr. Sheheen and Mr. Smalls reported on the critical state of funding for higher education. Mr. Sheheen reported that if the Senate adopts the House version of the budget, it will mean a \$12 million decrease for higher education.

Mr. Lathan urged all Commission members to lobby legislators concerning the need to increase funding for higher education.

Dr. Askins asked Mr. Sheheen to have the staff supply Commission members with the names and phone numbers of the members of the Senate Finance Committee.

Mr. Tolbert commented that money will not solve the problem but that assessment and an allocation method that optimizes the state's scarce resources is called for. He advised an expansive study of higher education.

5. Other Business

Dr. Askins announced that he had accepted a position at the Medical University and that Mr. Gallagher would serve as acting chairman at the May meeting of the Commission.

There being no further business, the meeting was adjourned at 11:35 a.m.

Respectfully submitted,

Janet T. Williams

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Recording Secretary