

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
October 5, 1995
10:30 a.m.

MEMBERS PRESENT

Mr. J. Randolph Ayers
Dr. Colgate W. Darden, III
Mr. Fred C. Fore
Mr. R. Austin Gilbert, Jr.
Mr. Kenneth E. Goad
Ms. Reba Anne Kinon
Mr. Ray D. Lathan
Dr. W. David Maxwell
Mr. Willard A. Metcalf
Dr. Raymond C. Ramage
Mr. Bill H. Stern
Mr. Edwin E. Tolbert, Sr.
Ms. Debbie N. Whittle
Ms. Mildred R. Williams

MEMBERS ABSENT

Mr. Fred L. Day
Mr. Lewis Phillips

STAFF

Ms. Mary Broadwater
Ms. Camille Brown
Mr. Michael L. Brown
Mr. Charlie FitzSimons
Mr. Ivan F. Guinn
Ms. Maggie Hicks
Mr. Douglas I. Holleman
Mr. Alan S. Krech
Dr. Robert K. Poch
Mr. Fred R. Sheheen
Mr. John E. Smalls
Ms. Yolanda Solone
Ms. Janet K. Stewart
Ms. Karen Woodfaulk

GUESTS

Mr. Charles A. Brooks
Dr. Katherine Y. Coleman
Ms. Susan DeWitt
Dr. Nancy C. Dunlap
Mr. John L. Finan
Mr. David Fleming
Mr. N. Casey Frederick
Mr. Robert C. Gallagher
Mr. Sandy Gilliam
Mr. Alan M. Godfrey
Mr. Wade A. Green
Mr. Jim Hanna
Mr. and Mrs. Gary Hogue
Dr. James L. Hudgins
Ms. Karen Hudgins
Dr. J. Charles Jennett
Dr. John Lenti
Mr. Manning N. Lomax
Ms. Dina Long
Col. Calvin G. Lyons
Dr. Harry G. Matthews
Mr. J. P. McKee
Mr. Henry D. McMaster
Mr. Edward T. McMullen, Jr.
Mr. Bob Mellon
Dr. James C. Moeser
Dr. Julie Neururer
Mr. John C. Newton
Mr. William T. Putnam
Mr. Gary A. Ransdell
Mr. Tim Rogers
Mr. Charles Shawver
Mr. W. E. Troublefield, Jr.
Dr. Jim Vincent
Ms. Alyssa Waldron
Dr. Neyle Wilson
Mrs. Helen Wooton
Ms. Marian Wooton

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

In the absence of Mr. Day, Mr. Gilbert, Vice Chairman, presided.

1. Approval of Minutes of Meeting of September 7, 1995

It was moved (Williams), seconded (Kinon), and voted that the minutes of the meeting of September 7, 1995 be approved as amended. Dr. Maxwell requested that in 3.05.a. his vote be recorded in the negative.

2. Special Presentations

- A. Mr. Gilbert presented plaques to Mr. Bob Gallagher, Mr. Henry McMaster, and Mr. Edward McMullen on behalf of the Commission and staff for their service as members of the Commission on Higher Education.
- B. Mr. Sheheen stated that the Commission elected to create a living memorial in the honor of Donald Crolley and his contributions to higher education in South Carolina and to the welfare of this State. Members of the Commission and others contributed to a scholarship fund to further the advancement of the education of deserving students in South Carolina. Two students were selected as the Donald Crolley Scholarship recipients. Mr. Sheheen presented scholarships to Ms. Marian Wooton and Ms. Alyssa Waldron. Mr. Crolley's daughter and her husband, Mr. and Mrs. Gary Hogue, thanked Mr. Sheheen and the Commission.

3. Committee Reports

3.04 Report of the Committee on Business and Finance

Mr. Lathan, chairman of the Business and Finance Committee, reported on the following matters:

A. Consideration of Modification of Utilities Component of the Facilities Step

A provision was included in the 1995 legislative action that authorized state agencies to carry forward and retain savings realized from energy conservation measures which have been certified by the State Energy Office. The Facilities Step of the appropriation formula currently provides funding for utilities based on historical expenditures with inflationary increases.

The Committee recommended that the utilities component of the facilities step be modified such that savings realized from energy conservation, as certified by the

State Energy Office, will be added to the previous year's energy expenditures for purposes of calculating formula needs.

The savings will be included in formula calculations as an adjustment for the lesser of:

- the projected life of the savings measure, or
- the simple payback period of the savings measure plus five years.

The maximum adjustment period would be 10 years after implementation of the savings measure.

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

B. Consideration of Student/Faculty Ratio Recommendations

The Committee recommended that current formula student/faculty ratios be modified based on a scaled approach, and further, that this formula change be implemented for the 1997-98 formula rather than the current year (1996-97). The one year delay prior to implementation will provide the Commission staff and the institutions the opportunity to ensure that the data and the calculation methodologies are appropriate to yield meaningful ratios for use in the formula.

Additionally, it was recommended that 1) the staff calculate the appropriation formula and allocations using the new ratios to demonstrate the possible affect on institutions, and 2) the College and University Business Officers Advisory Committee, in consultation with the Advisory Committee on Academic Programs be requested to submit any alternative student/faculty ratio plan that might be more desirable prior to Friday, June 14, 1996.

For the purpose of discussion, it was moved (Lathan) and seconded (Stern) that the recommendations be approved. Mr. Gallagher stated that although he agreed with the basic concept to move student/faculty ratios to a realistic level, he, and the majority of the institutions, felt that because of the low level of funding, the time is not right. Mr. Smalls stated that within the next 30 days the staff would have finished calculating the actual numbers for the institutions. He noted that the institutions' base allocation would not be impacted. Only three percent of the \$5.95 million would be impacted by the student/faculty ratio change.

Mr. Metcalf stated that he would like to have more time to study this subject. It was moved (Metcalf), seconded (Goad), and voted to table the motion and delay a decision for 60 days until the December CHE meeting.

C. Consideration of Research Investment Fund and Matching Funds Pool Request

The Committee recommended that the Commission, jointly with the colleges and universities, submit a request for Supplemental Appropriations to the 1996 session of the General Assembly for \$5 million for use both as a Research Investment Fund and Matching Funds Pool. The Matching Funds Pool of \$2 million would be distributed among the two and four year public institutions of higher education based on objective criteria to be developed by the Commission, in consultation with the Council of College and University Presidents. The Research Investment Fund of \$3 million would be allocated as follows: 90% to the research universities and 10% to the four year colleges and universities. The individual amount to each institution would be based on each institution's FY 1995 proportion of research expenditure to the total FY 1995 research expenditure for each of the two sectors.

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

D. Consideration of Technology Improvement Funds Request

The Committee recommended that the Commission, jointly with the colleges and universities, submit a request for \$5 million for Supplemental Appropriations to the 1996 session of the General Assembly. The \$5 million will be used for the development and implementation of an improved technology infrastructure.

The improved technology infrastructure is as follows:

- 1) \$2 million to bring south Carolina's library resources onto the information superhighway by linking all 33 academic libraries.
- 2) \$2.67 million to provide the basic hardware and software on all 33 college campuses which would be required to support local dial-in access to the system.
- 3) \$330,000 to purchase software for the electronic transmission of student transcripts, financial aid applications, admissions applications and enrollment certifications.

It was moved (Lathan), seconded (Williams), and voted that the recommendation be approved.

E. Approval of Institutions Unique Cost (Step 12)

The colleges' and universities' Unique Cost (Step 12) requests and Committee recommendations were presented to the Commission. It was moved (Lathan) and seconded, (Williams) to adopt the 30 continuing Step 12 items approved by the Committee.

Dr. Maxwell expressed concern about the definition of unique cost and distributed a paper containing his recommendation for defining unique costs. Mr. Stern noted that at the Business and Finance Committee meeting, it was agreed that some of the items did not fall under the strict guidelines that have been set for unique costs, but the Committee believes that it is in their discretion to approve or disapprove these items. The Committee would be willing to consider reviewing the definition of unique costs.

It was voted that the motion to adopt the 30 continuing Step 12 items be approved, with Dr. Maxwell voting in the negative.

It was moved (Lathan), seconded (Goad), and voted that the Committee's recommendation for the remaining ten Step 12 items be approved. (FY 1996-97 Step 12 Requests and Business and Finance Recommendations are included as Attachment A.)

Mr. Gilbert stated that Dr. Maxwell's recommendation for requests of unique cost allocations would be referred to the Executive Committee of the Commission to report back to the full Commission no later than the December meeting.

3.05 Committee on Facilities

Ms. Kinon, chairman of the Committee on Facilities, reported on the following matters:

A. Trident Technical College - Wetterau Warehouse/Office Building Renovations

Trident is seeking authorization to increase the budgets, revise the scope, and change the source of funds for two previously approved projects. The College plans to increase the approved \$1.8 million by \$800,000. The net change includes a decrease by \$200,000 in local funds and increase of \$1 million in Federal funds.

The Committee recommended approval as proposed, provided that the State Board for Technical and Comprehensive Education ratifies its approval of the project at its next meeting.

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

B. College of Charleston - Bishop England High School Property Acquisition

The College of Charleston is seeking approval to proceed with the acquisition of this previously approved project. The Commission, at its December 1994 meeting approved the purchase of the Bishop England High School Campus for \$10,030,000 provided that a) the environmental survey received final acceptance by the Division of General Services; b) this approval be viewed as absolutely without impact on any subsequent Capital Improvement Bond competitions; and c) once a financing means is identified, it be submitted to the Commission for final review and approval.

The Division of General Services has found acceptable the environmental survey and the College has identified the sources of funds; therefore, the Committee recommended approval as proposed.

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

C. Horry-Georgetown Technical College Library and Support Services Building

Horry-Georgetown Technical College is seeking authorization to construct a library and support services building at its Conway campus with an estimated total project budget of \$11,245,421. The design phase is estimated to be \$661,500 funded with a special county allocation.

The Committee recommended approval of the project as proposed by the College for the design phase since local funds are involved, provided that a) the State Board for Technical and Comprehensive Education ratifies its approval of the project at its next meeting; b) the institution give consideration to all possible fund sources for construction of the project; c) the institution understands that approval of the design phase does not constitute priority ranking from the State Board for Technical and Comprehensive Education regarding Capital Bond financing of the project and d) the institution understands that approval of the design phase does not constitute priority ranking from the Commission regarding Capital Bond financing of the project.

It was moved (Kinon) and seconded (Williams) that the recommendation be approved.

Mr. Stern expressed concern about approving A & E expenses without an approved funding source in place.

It was voted that the recommendation of the Committee be disapproved. Mr. Lathan moved that the project be revisited after the policy on A & E projects is made clear. In view of further discussion, Mr. Lathan withdrew his motion.

In turn, it was moved (Lathan), seconded (Maxwell) and voted that the motion be reconsidered.

It was moved (Kinon), seconded (Goad), and voted that the recommendation of the Committee be approved with the condition that the Commission policy on A & E be clarified.

Mr. Sheheen stated that the staff will do the necessary research to have a recommended policy on A & E to the Facilities Committee in time for consideration by the Commission at the November meeting.

D. Clemson University - Central Energy Facility

Clemson University is seeking authorization to rehabilitate its central energy facility at an estimated total project cost of \$23.5 million.

The Committee recommended approval of this project so that Clemson University may begin working towards obtaining the requested special State appropriations. The recommendation is made provided that 1) the Commission specifically endorses the proposed funding sources for the \$3.5 million and \$4 million to come from the 1994-95 Excess Supplemental Appropriations and 1996-97 State Appropriations, respectively; and 2) the project will be reviewed on an annual basis with respect to funding sources, in light of possible other sources to include:

- a) In the event of a Capital Bond Bill, the University will submit the remaining balance of this project as its first priority item to be funded through the Bill;
- b) If the University considers any future tuition (as statutorily defined) increases for the purposes of funding Tuition Bonds, this project will be the first priority for funding from that source of funds; and
- c) If no other sources are available, then the Commission will support State Appropriations as the appropriate source of funds.

It was moved (Kinon), and seconded (Fore) that the recommendation be approved.

Mr. Sheheen commented that the law states when a Capital Improvement Bond Bill is anticipated, the Commission will solicit requests for projects from the institutions. The Commission will approve or disapprove those projects and place the approved projects in rank priority order to go to the Joint Bond Review Committee. Even though there will probably not be a Bond Bill this year, the Executive Committee of the Council of College and University Presidents requested that a proposal be prepared by the Commission for the full Council to approve so that the review process would be triggered in order for the Commission to rank projects. This would give the institutions an opportunity to apply for whatever capital funds are appropriated to higher education out of other sources than the Capital Improvement Bond Bill in the 1996 session of the General Assembly.

Mr. Tolbert stated that if the ability of the formula to absorb nonrecurring money is reached, then he would be in favor of appropriating nonrecurring money to Clemson for this project. If the amount of money the formula can absorb in nonrecurring funds is not reached, then he would not be in favor of appropriating this money to Clemson.

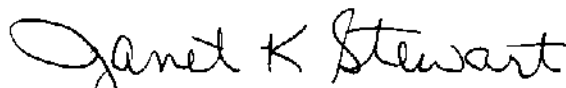
Mr. Stern made a substitute motion, seconded by Ms. Williams to delay the Clemson action and to direct the staff to institute the review process to solicit capital projects from all institutions, place them in priority order, and present them to the Commission on Higher Education for action. The substitute motion failed.

After further discussion, it was voted that the recommendation of the Committee be approved.

It was moved (Stern), seconded (Williams) and voted to direct the staff to begin the review process for capital projects in order to render advice and assistance to the General Assembly, if it should be needed, on higher education capital projects funded from any sources prior to December meeting.

There being no further business, the meeting was adjourned at 2:10 p. m.

Respectfully submitted,



Janet K. Stewart
Recording Secretary