

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
April 2, 1992
10:30 a.m.

MEMBERS PRESENT

Mr. William J. Whitener, Chairman
Dr. D. Glenburn Askins, Jr.
Mr. Fred L. Day
Ms. Elaine Freeman
Mr. Robert C. Gallagher
Ms. Reba Anne Kinon
Mr. Henry D. McMaster
Mr. Edward T. McMullen, Jr.
Mr. Lewis Phillips
Mr. Edwin E. Tolbert, Sr.
Ms. Mildred R. Williams

MEMBERS ABSENT

Mr. Kenneth E. Goad
Mr. Roger E. Henderson
Mr. Marvin C. Jones
Dr. Raymond C. Ramage
Mr. Joseph J. Turner, Jr.

STAFF

Mr. Todd E. Barnette
Mr. Fred W. Boynton
Ms. Sandra E. Carr
Dr. Jeanette A. Deas
Ms. Renea H. Eshleman
Mr. Charles D. FitzSimons
Mr. Ivan F. Guinn
Mr. John J. Krause
Dr. Harry G. Matthews
Dr. Gail M. Morrison
Mr. Joseph V. Pendergrass
Ms. LaDonna Perry
Dr. Robert K. Poch
Dr. Mike Raley
Mr. Fred R. Sheheen
Ms. Ann Shelton
Mr. John E. Smalls
Ms. Janet K. Stewart
Ms. Edna Strange
Dr. John C. Sutusky
Ms. Gaylon Syrett
Ms. Julia E. Wells
Ms. Carol Ann Williams

GUESTS

Col. Robert H. Barton
Dr. David A. Bell
Ms. Ann Belton
Ms. Margaret Black
Dr. Paul L. Blowers
Ms. Molly Buffet-Floyd
Mr. Marvin Carmichael
Ms. Kathy Coleman
Dr. James E. Cook
Mr. Bob Crompton
Ms. Katherine B. Fanning
Mr. Roosevelt Gilliam
Mr. Don Griggs
Ms. Ellen Hayden
Mr. Buddy Hill
Mr. Brent Jeffcoat
Dr. Albert M. Lyles
Mr. Jeff Martin
Mr. Nelson Mullins
Mr. Harry Nolan
Dr. Jerry Reel
Dr. George M. Reeves
Mr. Wayne Rush
Mr. Bob Selman
Mr. Charles Shawver
Ms. Paula Slater
Dr. Carolyn McIver Smith
Mr. Jack Sprott
Ms. Rawles Terrell
Mr. Jack Wilson
Dr. Beverly J. Young

MEMBERS OF THE PRESS

Ms. Amy Beckham
Mr. Bryant Heyward
Ms. Marshann Mishoe
Mr. Bill Robinson

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

I. Approval of Minutes of Meeting of March 5, 1992

It was moved (Freeman), seconded (Gallager), and voted that the minutes of the meeting of March 5, 1992 be approved as written.

II. Informational Report on Types of College Savings Programs

Representative Herbert Kirsh was unable to be present at the April 2 Commission meeting, but he provided a written statement outlining his concerns regarding House Bill 3364, which he sponsored. He noted that House Bill 3364 would provide a system for the middle income family to assist in planning and saving for college.

Mr. Harry Nolan, a concerned citizen from Charleston, stated that for some years he has tried to set up a prepaid college tuition plan in South Carolina, patterned after the Florida Prepaid College Tuition Program. In this proposed plan, parents or relatives could invest money in the range of \$5,000 to \$10,000 in a special state-run fund that would be invested so that by the time the child enters college, the fund would pay the child's tuition to a state institution.

A bill to establish such a program was passed by the S. C. House of Representatives in March and will be considered soon in the Senate. The House passed an amendment that eliminates any financial liability to the state if the prepaid tuition program does not meet the total cost of college attendance at maturity.

Dr. Deas stated that the staff has compiled a report on prepaid tuition programs which focuses upon the experiences of other states. The study cites several problems with prepaid tuition programs, particularly plans in Florida and Michigan.

After further discussion, it was moved (McMullen), seconded (Gallager), and voted that H.3364 be commended favorably to the Legislature to establish a prepaid tuition program in South Carolina, provided that the General Assembly recognize that this program does not in form, scope, or substance alleviate the vital importance of establishing a need-based program of state aid for low-income students seeking postsecondary education in the public sector.

III. Report of Committee on Facilities

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

A. Continuing Education and Conferencing Center, Clemson University

Clemson University is seeking approval to commence development of a proposed continuing education and conference center on the University campus. In addition to a continuing education and conference building, the plan calls for a 100-room hotel with

amenities including a pool, tennis courts and exercise room, and an 18-hole championship golf course.

The University represents this as a public-private partnership with the Keenan Company of Columbia and the Beach Company of Charleston. The continuing education and conference facility is to be funded with State capital improvement bonds totaling \$5 million, authorized in the 1986 Capital Bond Act. The hotel and golf course would be funded through a bond issue of \$10.5 million with repayment from center generated revenues. The Clemson University Foundation will contribute an additional \$1.5 million toward the hotel and golf portions of the project. The hotel is estimated to cost \$8.4 million and the golf course \$3.6 million.

The hotel and golf course will not generate formula funds. The formula will generate an estimated \$88,000 for maintenance and operations of the continuing education and conferencing building.

The Committee recommended approval of this project provided:

1. That the University obtain a legal opinion stating that this arrangement in its totality is in accord with all applicable State laws. This opinion must be made to the satisfaction of the Budget and Control Board's legal counsel.
2. That all legal documents pertaining to this project reflect the pledging only of revenues generated by the hotel and golf course operations in satisfying the financial corporation's debt obligations.
3. That a methodology be established to insure that the State receive a fair rate of return on its investment in the continuing education and conferencing building. These funds are to be used for the benefit of the University's education and general activities.
4. Further, that all revenues and expenses of the continuing education and conferencing center building, the hotel, and the golf course be accounted for and reported to the Commission on an annual basis.
5. That a satisfactory resolution of these items 1, 2, and 3 above be presented to the staff when finalized.

It was moved (Kinon) and seconded (Tolbert) that the Committee's recommendations be put before the Commission for discussion.

Ms. Williams stated that the project places risk with the Clemson University Continuing Education and Conferencing Center Finance Corporation instead of the developer, and it seems that the University is largely creating this entity to insulate the University should the project experience financial difficulty. She asked why community businesses are not taking more responsibility.

Mr. Gallager stated the concern that there should be absolute assurance that no contributions would come from State appropriated funds or student fees in event the

University has to cover any of the Finance Corporation's deficits.

It was moved (Gallager), seconded (McMaster), and voted, with Mr. Tolbert voting in the negative, that the following substitute motion be approved:

The Commission refer the Clemson Continuing Education and Conference Center project back to the Committee on Facilities for further consideration, in consultation with the staff and Clemson University, with specific consideration to the following:

1. The financial arrangements, with particular attention to preserving the state from liability and examination of assets and financial strength of any potential guarantor (Clemson University Foundation, etc.).
2. The positive educational impact on the undergraduate and graduate programs on the campus of Clemson.
3. Compatibility with the mission of Clemson University.
4. More comprehensive development of the joint venture concept, as originally proposed.
5. An inquiry into similar projects, and their financial viability at other higher education institutions in the country.

The Facilities Committee will report back not later than the June meeting of the Commission.

B. Barracks Renewal, The Citadel

The Citadel is requesting approval to increase the budget of this previously approved project by \$500,000, from \$665,000 to \$1,165,000. The previous authorization allowed the college to proceed with architectural and engineering work through schematic design. The requested increase will fund preparation of completed construction plans and drawings.

The Citadel Board of Visitors authorized the administration to borrow up to \$500,000 from available funds contributed to the Mark Clark Fund for The Citadel Tomorrow and/or the President's Inaugural Campaign. These funds are to be repaid either from proceeds of bonds issued for the construction of the first barracks to be built or from the special \$75 barracks fee currently being assessed all cadets.

The Committee recommended approval as requested.

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

C. Reconsideration of Student Center/Classroom Building, Aiken Technical College

In response to concerns expressed at the March 5, 1992,

Commission meeting, the following changes have been made. Aiken County has agreed in writing to commit \$500,000 to the project. This reduces the amount to be financed by the College to \$2.5 million. As a result of the County's action, the local area policy board has reduced the scheduled August 1992 fee increase to finance this building from \$150 per year to \$120, the first increase at Aiken Technical College since 1985.

College officials have made the following commitment with respect to potential long term space needs of the library. Once the library has absorbed the scheduled space increase of 4,500 square feet, should that prove insufficient, the developmental education area will again be relocated into existing general purpose classroom space made available by virtue of the construction of the nine new classrooms on the second level of this proposed new facility. This reallocation of developmental education space from the library would bring the library into conformity with American Library Association guidelines.

Mr. Gallagher asked if the Commission should develop a policy for considering previously disapproved projects that come back to the Commission. Mr. Sheheen stated that when a project returns to the Commission with substantial changes made, it comes as a new project.

The Committee recommended that this project be approved as requested.

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

IV. Report of Committee on Planning and Assessment - Consideration of Report on Institutional Effectiveness

Dr. Askins, chairman of the Committee on Planning and Assessment, gave the following report:

The Summary Report on Institutional Effectiveness is the third annual assessment report on the colleges' and universities' academic and administrative operations. The central purpose of the ongoing statewide institutional effectiveness effort is not to compare institutions but to strengthen the quality of individual colleges and universities through a continuous cycle of improvement. If institutional assessment is to be meaningful, each college or university should examine its findings against its own goals and should generally attempt to examine trends over an appropriate time period. Most important, it should interpret data, using the results of assessment to improve when weaknesses are discovered.

The Committee recommended that the report be adopted by the Commission, and that copies of the final version be forwarded to the appropriate State officials, institutional representatives, the press, and interested members of the public.

It was moved (Askins), seconded (Day), and voted that the Committee's recommendation be approved.

V. Report of the Commissioner

A. Further Consideration of Nonpublic Proprietary School Law

Mr. Guinn stated that at the March 1992 Commission meeting, the Commission voted to forward the proposed Nonpublic Postsecondary Institution License Act to the House and Senate Education Committees.

The Commission staff was directed to investigate the exemption of Charleston Southern University from licensing and recommended that following be added to Section 50--30:

Institutions that: 1. are independent and/or church-related, 2. are two or four-year degree-granting, 3. have their primary emphasis on liberal arts, 4. are accredited by the Southern Association of Colleges and schools, 5. are nonprofit, and 6. have their primary place of business in South Carolina.

Nielsen Electronics Institute and Columbia Junior College requested that the Commission consider alternatives to exempt certain schools from bond requirements. The Commission staff recommended the following changes in Section 59--80: Before an institution is licensed under this Chapter, the Commission may require that a surety bond be provided by the institution in an amount in compliance with the regulations prescribed by the Commission...

It was moved (Gallager), seconded (Day), and voted that the staff recommendations be approved.

B. Status of Higher Education Legislation

Dr. Poch gave a brief overview of the status of higher education legislation and distributed an update for Commission members' legislative notebooks.

VI. Other Business

Mr. Sheheen stated that the State Higher Education Board Members regional conference is to be held on April 5-7, 1992, in Williamsburg, Virginia.

There being no further business, the meeting was adjourned at 1:45 p.m.

Respectfully submitted,

Janet K. Stewart

Janet K. Stewart
Recording Secretary