

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1333 Main Street, Suite 200
Columbia, SC 29201

Minutes of the Meeting

October 2, 2003

10:30 a.m.

Commission Members Present

Mr. Dalton Floyd, Chairman
Ms. Rosemary Byerly
Mr. Larry Durham
Dr. John Griffith
Mr. James Konduros
Mr. Miles Loadholt
Ms. DeLoris Oliver
Gen. Tom Olsen
Mr. Daniel Ravenel

Commission Members Absent

Ms. Sue Cole
Dr. John Griffith
Dr. Vermelle Johnson
Dr. Roger Stevenson

Staff Present

Mr. Michael Brown
Ms. Camille Brown
Ms. Lorinda Copeland
Ms. Renea Eshleman
Dr. Conrad Festa
Mr. Charlie FitzSimons
Ms. Betsy Gunter
Ms. Yolanda Hudson
Ms. Lynn Metcalf
Dr. Gail Morrison
Ms. Jan Stewart
Ms. Julie Wahl

Ms. Shayne Watts
Dr. Karen Woodfaulk

Guests

Mr. John Campbell
Dr. Ronnie Chrestman
Mr. Tom Covar
Ms. Suzie Edwards
Dr. Skip Godow
Mr. Stan Godshall
Dr. Gary Hansen
Dr. Tom Higerd
Col. Curt Holland
Dr. Boaden Hosch
Ms. Star Kepner
Dr. Carol Lancaster
Ms. Lena Lee
Denise Ludlow
Scott Ludlow
Ms. Amanda Maghsoud
Mr. Gary McCombs
Dr. Ann McNutt
Dr. Phyllis Myers
Col. Spike Metts
Mr. Charlie Parker
Mr. Joe Pearman
Rep. Harry Stille
Dr. Johathon Trail
Mr. John True
Ms. Catherine Watt

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

The Commission on Higher Education met on October 2, 2003, at 10:30 a.m. in the conference room at Commission on Higher Education offices.

I. Introductions

Chairman Floyd called the meeting to order and asked Dr. Michael Raley to introduce guests attending the meeting.

2. Approval of Minutes

Chairman Floyd then asked for a motion to approve the minutes as submitted. Ms. Byerly pointed out that there was an error in the time the meeting began and with that time change to 9:30, the **motion** (Ravenel) was made, **seconded** (Oliver) and, without discussion, unanimously **carried**.

Chairman's Report

- ◆ Update on Consultants' work on the higher education study: The consultants met with the Advisory Committee on June 12 and then held meetings with various state leaders July 9 & 10 and August 11 & 12. They had also met in Columbia with the Secretary of Commerce, technical college presidents, Palmetto Institute, Darla Moore, Jim Fields, and President of the University of South Carolina and met in Aiken with USC Aiken chancellor and a group of business community representatives. They met at Lander, Clemson, Furman and various community groups in that area. Then with Florence community groups, Francis Marion; and at SC State and Orangeburg community groups. On October 15 and 17 they will continue meeting with various focus groups, primarily in Columbia and Charleston. On November 12, they will make a presentation at the trustee conference, providing the trustees the opportunity for discussion. The brochures for the Trustee Conference have been mailed. The Conference is November 12 from 10 until approximately 1:30. There is a Commission meeting on November 13, followed by the Governor's Professors of the Year luncheon. Please reserve November 12 and 13 for these events.
- ◆ The Safety Conference will be held in March 10-12 at Coastal Carolina University. Please make plans to attend.

3. Committee Reports**3.01 Report of the Executive Committee**
(No Report)**-Mr. Dalton B. Floyd****3.02 Report of the Committee on Academic Affairs and Licensing**
(No Report)**-Dr. Vermelle Johnson****3.03 Report of the Committee on Student Services**
(No Report)**- Ms. Sue Cole****3.04 Report of Committee on Finance and Facilities****- Ms. Rosemary Byerly****A. Consideration of Policy on Financial Impact of Data Corrections**

Ms. Byerly began her report by thanking the Committee for their work and naming members of that committee: Dr. Forbes, Mr. Ravenel, Gen. Olsen, Mr. Durham, Mr. Konduros and Mr. Gilbert, a total of seven (including the Chair, Ms. Byerly).

Chairman Floyd interrupted at this point to recognize Dr. Harry Stille, who joined the meeting.

Ms. Byerly continued, stating that the issues brought before the Commission had been thoroughly discussed and debated at the committee level. All recommendations were unanimously approved.

The first is related to data corrections. This is a policy that needs to be in place, even though there has been no immediate need for it thus far. The recommendation is **Attachment I**.

On behalf of the Committee on Finance and Facilities, the **motion** (Byerly) was made, **seconded** (Ravenel) and, after some discussion, the motion was **voted** on and carried to approve the recommendation as fully stated in Attachment I.

During the discussion, Chairman Floyd explained that adoption of this policy is in response to the Legislative Audit Council report. The Commission has, since the beginning of performance funding, checked the accuracy of the data reported, but the Legislative Audit Council suggested a policy such as this be put in place so everyone uses the same procedure.

B. Consideration of Budget Requests for FY 2004-2005

1. Higher Education Operating Funds Request

The Committee recommended that the Higher Education Operating funds Request amount be an increase of \$50 million, or a minimum of the projected overall percentage increase in state revenues, to be incorporated into "Plan 2005." All factors considered as well as the incorporation into Plan 2005 are outlined in **Attachment II**.

2. CHE Budget Request

On behalf of the Committee on Finance and Facilities, a **motion** (Byerly) was made, **seconded** (Ravenel) and (after discussion and clarification) **carried** to accept the recommendation for the Higher Education Operating Funds Request (**Attachment II**).

Mr. FitzSimons reviewed the *Summary of Commission on Higher Education Budget Request* as found in Attachment II and briefly explained each item, aided by Dr. Morrison's clarification of the contract with the Southern Regional Education Board. Full background and explanations are found in Attachment II.

C. Consideration of Below-the-Line Items Request

Below-the-Line items are referred to as such because funding requests for these projects are in addition to the operating funds request. Mr. FitzSimons once again explained the projects described in **Attachment III**.

On behalf of the Committee on Finance and Facilities, a **motion** (Byerly) was made, **seconded** (Oliver) and **carried** to approve the recommendation for full funding of the 34 requests presented in Attachment III with the caveats that: 1) the "Lowcountry Graduate Center," proposed by the College of Charleston, be funded contingent upon the Center submitting a comprehensive operating plan, including bylaws and a detailed budget, for review and approved by the Commission, and 2) the "Center for Optical Materials Science and Engineering Technologies (COSMET)" proposed by Clemson University, be funded contingent upon the Center successfully completing the new program approval review process and approval by the Commission.

D. Consideration of MRR Recommendations for Current Year

The Committee had a full presentation on the MRR for the benefit of the new Commission/Committee members. The background and full explanation of the proposed changes are found in **Attachment IV**.

Recommendations: The Committee on Finance and Facilities recommends the following:

With respect to Student/Faculty Ratios used in the Instruction step, no changes should be made to the existing student/faculty ratios until such time as there is a reasonable likelihood that there will be an increase in state appropriations for institutional operating funds. The Committee further recommends that additional research be conducted on the topic of modifications to the existing ratios or the development of an alternative methodology. In the event that increases in appropriations for operating funds do materialize for the 2004-2005 fiscal year, the 2nd year's phase-in will be implemented prior to allocation of those funds.

With respect to the cost factors used in the Library and Student Services steps, the Committee recommends that the previous year's MRR values be increased by the Higher Education Price Index (HEPI).

On behalf of the Committee on Finance and Facilities, a **motion** (Byerly) was made, **seconded** (Durham) and **carried** to approve the recommendation of the Committee as stated above.

Chairman Floyd questioned whether or not we were not doing what MGT (study) recommended – and if not, why not. Mr. FitzSimons explained that MGT's recommendations were partially implemented and the remaining ones are undergoing further study. This particular recommendation has been evaluated by the Finance Advisory Committee as to whether or not it should be implemented. Basically, representatives from the four-year institutions have one opinion and two-year institutions have another. So far there seem to be no middle ground – establishing some middle ground acceptable to both is the issue being explored at this time. It is not about *dismissing* the recommendation of MGT but rather finding an ultimate resolution that works for all.

During this discussion, Scott Ludlow, who is on the Task Force appointed to study this issue, stated that they were asked to study whether other states with student/faculty ratios and how they resolved similar problems. They found that other states have moved away from this methodology.

**E. Consideration of Performance Funding Recommendations for Current Year
(FY 2003-04 to impact FY 2004-05)**

Ms. Byerly explained that Performance Funding is now included in the duties of the Finance and Facilities Committee. The Funding Advisory Committee has met with Staff and discussed performance funding recommendations and whether or not they should be changed and if so, how they might be changed. The recommendation from the Committee is that the performance funding system basically remain as it is with the exception of one indicator (9B). **Attachment V** contains full background and explanation of the present system and the recommendation that “. . . *Indicator 9B be deferred from scoring in the current year.*” This was the **motion** made by Ms. Byerly, **seconded** by Gen. Olsen and, with no further discussion, **carried**.

F. Consideration of Capital Project Scores for Year 2 of Approved Comprehensive Permanent Improvement Plan

Attachment VI contains the background, method of calculation and CHE-approved criteria for scoring institutional capital requests, as well as the scores themselves.

On behalf of the Committee on Finance and Facilities, the **motion** (Byerly) was made, **seconded** (Ravenel) and **carried** to approve the recommendation of the staff to approve these scores and approve full funding of the requests that appear in Attachment VI.

Additional Information:

- 1) *Information from the Technical College of the Lowcountry Regarding a Specific Site for the New River (Okatie) Campus* and is offered at this time as information only and can be reviewed in its entirety in **Attachment VII**.
- 2) The Commission on Higher Education staff has the authority invested by the Commission to approve capital projects up to an amount of \$500,000 with a list of staff approvals presented to CHE on a monthly basis what has been done with respect to capital project approval. **Attachment VIII** lists those approvals for the months of July, August and September.

3. Report of the Executive Director

- ♦ There has been a request from the Governor to submit budget plans for adjusting our budget downward 3%, 5% and 7% and provide for the Governor what the consequences would be if we did reduce our budgets by those amounts. Staff has been working on a response. Reductions at 5% and possibly at 3% would result in reduction of funds that can be used for programs or reduction in staff. The difficulty arises in that if staff is reduced, we lose the administrative ability to process the programs and how to address that becomes a problem. Therefore, reduction in force and/or programs will have to be explored.
- ♦ Visits and conversations with various presidents and key legislators have gone well. Certain concerns have arisen almost unanimously – one of those being concerns about performance funding.

- ♦ There is a slight possibility that a debt limit might be raised by ½ %. This would not be possible without a considerable amount of pressure by the institutions. If all the presidents could get together and speak with one voice about this issue, it might result in action by the Legislature to increase the debt limit. That would provide additional money for research projects.
- ♦ Discussions with the institutions will continue and it would be beneficial for members of the Commission to promote an understanding of the work of the Commission in their individual areas.
- ♦ Chairman Floyd offered the aid of the CHE staff if any of the Commissioners would like help with letters or communications to newspapers, etc. in their local areas.

5. Other Business

Dr. Forbes opened for discussion the funding of maintenance of buildings on the campuses and indicated that perhaps the institutions should maintain their building repairs from their normal appropriations each year rather than the present approach (deferred maintenance). He expressed the opinion that the institutions should take care of their building from their normal appropriations.

There being no other business, the meeting was adjourned at 11:50 a.m.

Respectfully submitted,

Betsy Gunter

Recording Secretary

Attachments I-VIII

*Attachments are not included in this mailing, but will be filed with the permanent record of these minutes and are available for review upon request.