

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
June 1, 1989
10:00 a.m. - 1:00 p.m.

MEMBERS PRESENT

Mr. William J. Whitener, Chairman
Dr. D. Glenburn Askins, Jr.
Mr. George L. Brightharp
Mr. Walter E. Brooker
Mr. Tom Moore Craig
Mr. Robert C. Gallagher
Mr. Kenneth E. Goad
Mr. Roger E. Henderson
Mr. Marvin C. Jones
Mrs. Reba Ann Kinon
Mr. Howard G. Love
Mr. Lewis Phillips
Dr. Raymond C. Ramage
Mr. Edwin E. Tolbert, Sr.
Mrs. Mildred R. Williams

MEMBERS ABSENT

Mr. Palmer Freeman, Sr.
Mr. Vernon McGuire
Mr. Joseph J. Turner, Jr.

STAFF

Dr. Jeffrey Bartkovich
Mr. Michael L. Brown
Ms. Sandra E. Carr
Dr. Robert A. Day
Dr. Jeanette A. Deas
Ms. Lynn Harrelson
Mr. Milton Kimpson
Dr. Frank E. Kinard
Mr. Alan S. Krech
Ms. Lynn W. Metcalf
Dr. Gail M. Morrison
Dr. James A. Paschal
Mr. Robert K. Poch
Ms. Sarah Reynolds
Mr. Fred R. Sheheen
Mr. John E. Smalls
Dr. Leonard P. Sternbach
Ms. Janet Stewart
Dr. John C. Sutusky
Ms. Gaylon Syrett
Ms. Judi R. Tillman
Dr. Aileen C. Trainer
Ms. Julia E. Wells

GUESTS

Dr. Ann Baker
Dr. Ronald G. Eaglin
Dr. Susan Forman
Mr. Stan Godshall
Maj. Gen. James A. Grimsley
Dr. H. McLean Holderfield
Dr. James B. Holderman
Dr. Sally Horner
Dr. Larry Jackson
Dr. Vermelle Johnson
Dr. David Larson
Dr. Max M. Lennon
Dr. Harry Lightsey
Dr. Albert M. Lyles
Col. Calvin G. Lyons
Mr. M. Hurst Marshall
Dr. David Maxwell
Dr. Carolyn McIver
Dr. Marcus Newberry
Dr. Blanche Premo-Hopkins
Mr. William Putnam
Dr. David Rinker
Dr. Olin Sansbury
Mr. Robert Scott
Dr. Albert E. Smith
Dr. Arthur K. Smith
Dr. Michael Smith
Dr. Thomas C. Stanton
Mr. Bob White
Dr. Edwin F. Wilde

MEMBERS OF THE PRESS

Mr. Herb Frazier
Ms. Jenny Munro
Mr. Davis Rowell

I. Approval of Minutes of Meeting of May 4, 1989

It was moved (Love), seconded (Jones), and voted that the minutes of the meeting of May 4, 1989, be adopted as written.

II. Consideration of Program of Commission and Staff

Mr. Sheheen reported that the tentative 1989-90 work plans have been prepared for information and are a comprehensive analysis of the plans for the coming year. He stated that the work plans will be filed with the Budget and Control Board.

III. Report of Committee on Business and Finance

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

A. Consideration of Appropriation Formula for 1990-91

1) Student/Faculty Ratios

Mr. Jones stated that the Commission adopted a recommendation that the student/faculty ratios used in the appropriation formula be reviewed, and that standard ratios be established for use in the formula. The Committee on Business and Finance recommends that the ratios used in the current 1989-90 formula be continued in the 1990-91 formula, and that the study of student/faculty ratios be continued in order to develop standards for possible implementation in the 1991-92 formula.

It was moved (Jones), seconded (Love), and voted that the recommendation of the Committee be adopted.

2) Adjusting Formula Salaries by SREB Pay Increase

Mr. Jones stated that the Committee on Business and Finance recommends that, beginning with the 1990-91 formula, the average salaries be adjusted each year, including the peer survey year, by the average percent salary increase for the SREB. This recommendation would bring the formula salaries closer to the SREB average and would tend to moderate the large increase generated every other year by the peer salary survey.

It was moved (Jones), seconded (Love), and voted that the recommendation of the Committee be adopted.

3) Peer Groups for Faculty Salaries in Two-Year Institutions

Mr. Jones stated that the Committee on Business recommends that the policy of using the SREB average for all disciplines be adopted permanently for the following reasons:

a) Discipline related faculty salaries from two-year institutions are extremely difficult to obtain. The data, when available, are often not in a form which can be used. Also, the SREB does not collect data by discipline.

b) The SREB average is taken over a much larger sample representing every SREB state and 300 to 400 institutions.

c) From data received from SREB states, it appears that, as a general rule, salaries at two-year institutions do not tend to vary much by discipline. Also, staff contacts with other states indicate that two-year institutions in the SREB place little emphasis on disciplines in determining salary levels. Experience and longevity on the job are reported to be the key factors. This is also true in South Carolina.

It was moved (Jones), seconded (Tolbert), and voted that the recommendation of the Committee be adopted.

4) Revenue Step Methodology Change

Mr. Jones stated that there are two major inconsistencies between the formula and actual practice. First, the revenue step applies the same rate to formula costs generated by undergraduates as it applies to costs generated by graduate students. Second, in calculating the out-of-state percent in the revenue step headcounts are used. However, since in fact part-time students pay less in tuition and fees than full-time students, it would be preferable to use FTE's when calculating the percent of out-of-state students.

He noted that the methodology proposed here would begin by separating total E & G costs into the following categories:

- 1) the costs generated by in-state undergraduate students,
- 2) the costs generated by out-of-state undergraduate students, and
- 3) the costs generated by graduate students.

Two categories for in-state first professional students and for out-of-state first professional students would also be added.

When determining the out-of-state ratios used to calculate the costs generated by out-of-state undergraduates, it is proposed that FTE's be approximated by using the formula, $FTE = \text{full-time} + 1/3 \text{ part-time}$. Mr. Jones stated that this proposal would replace the current revenue step of the formula and also the doctoral adjustment step.

The Committee on Business and Finance recommends that this change in revenue step methodology be adopted. The Committee further recommends that it be implemented over a two-year period, beginning with the 1990-91 formula.

It was moved (Jones), seconded (Brightharp) that the recommendation of the Committee be adopted.

Mr. Gallagher stated that this is a major change as far as allocation is concerned. He is concerned that the proposed change could take from the undergraduate programs to put into the graduate programs. Mr. Gallagher stated that he felt that the Commission should defer implementing this change in the formula until the staff study on graduate tuition and fees is complete.

Mr. Tolbert stated that he wanted to make four points in favor of the proposed changes:

1. The structure of the formula is such that it generates cost per student on an FTE basis with credit hours as a foundation. The proposed change would make this more consistent.
2. The cost of graduate education is in many ways comparable to medical school because of the smaller teacher student ratio, library cost, etc.
3. Research is essential to the economic development of the state.
4. An adjustment was made last year in favor of undergraduate programs which hurt institutions with major graduate programs. This proposal would made adjustments where necessary.

It was moved (Gallager), seconded (Craig), and voted that the substitute motion that the Commission defer action on this recommendation until the aforementioned staff study is complete be adopted as the main motion.

- B. Mr. Jones stated that the Education Improvement Act (1984) authorized the establishment of the Teacher Loan Program, to be administered by the South Carolina Student Loan Corporation. A provision of the EIA is that "Appropriations for loans and administrative costs incurred by the Corporation are to be provided in annual amounts, recommended by the Commission on Higher Education, to the State Treasurer for use by the Corporation." The Commission stipulated that the annual operating costs to be incurred by the Corporation in operating this program be approved annually by the Commission.

The Committee recommends that the proposed operating expenditures of \$156,700 by the S. C. Student Loan Corporation for administration of the Teacher Loan Program for FY 1989-90 be approved.

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

IV. Report of Executive Committee - Consideration of Categorical Allocation of Funds in The Cutting Edge for FY 1989-90

Dr. Askins stated that both the House and Senate versions of the appropriations bills for FY 1989-90 contain a total of \$5 million for the Cutting Edge program. The following are the recommendations of the Executive Committee for "Cutting Edge" funds for FY 1989-90:

- A. The Palmetto Fellowships require the allocation of \$200,000 to support these Fellowships for FY 1989-90, which is the amount we recommend.
- B. For FY 1989-90, we recommend allocation to Upward Mobility-SBTCE Calendars program of up to \$400,000, subject again to the prior submission to the satisfaction of the CHE staff of a proposed plan of work and of expenditures for the year.
- C. We recommend that the Undergraduate Instruction Grants program be allocated \$300,000 for FY 1989-90.
- D. We recommend allocation of \$15,000 for Professor of the Year in FY 1989-90.

- E. For FY 1989-90, we recommend that \$750,000 be again allocated for the Endowed Professorships program, to provide an additional one such professorship at each eligible institution. This would complete the original plan for a minimum of two each at the nine public senior colleges, but leave a balance of four at Clemson, three at MUSC, and seven at USC-Columbia to be funded in the future.
- F. We recommend an allocation of \$100,000 for SBTCE Library Automation for FY 1989-90, subject to the prior submission to the satisfaction of the CHE staff of a proposed plan of work and of expenditures for the year.
- G. For FY 1989-90, the Commission was able to allocate \$3.55 million for the Research Investment Fund. Because of built-in growth in some activities (e.g., Palmetto Fellowships) and inclusion of others for the first time (e.g., SBTCE Library Automation), the amount we recommend for FY 1989-90 is \$3.26 million, about 8% less than was allocated in FY 1988-89.
- H. We recommend the allocation for CHE Administration of \$170,000 for FY 1989-90, a direct administrative cost of 3%.

It was moved (Askins), seconded (Jones), and voted that the recommendations of the Committee be adopted.

V. Report on Committee on Facilities

- A. Request for Interim Approval - Medical University of South Carolina, Vince Moseley Center Acquisition

Mr. Brightharp stated that the MUSC is requesting authorization to increase the purchase price and change the source of funding for a previously approved project to purchase the Vince Moseley Center. MUSC is proposing to increase the purchase price by \$45,000 to \$770,000. Further, a source of funds change is proposed from the Health Sciences Foundation to Excess Debt Service funds.

The Committee recommends approval of the requested change of funding source (Excess Debt Service) with the purchase price not to exceed \$770,000. It was moved (Brightharp), seconded (Kinson), and voted that the recommendation of the Committee be adopted.

- B. Consideration of 1989-90 Annual Permanent Improvement Plan Projects (in excess of \$250,000)

1. Clemson University

- a. Mr. Brightharp reported that Clemson University is proposing to initiate Phase 2 of its long range plans to create a central spine on the campus consisting of the immediate areas between Sikes Hall and the Thurmond and Performing Arts Center to the south. The estimated cost of the project is \$1.2 million consisting of the following: \$300,000 in private donations; \$300,000 in maintenance, repair, and renovation funds; and \$600,000 in parking revenues.

The Committee recommends this project be approved. It was moved (Brightharp), seconded (Love), and voted that the recommendation of the Committee be adopted.

b. Clemson University is requesting authorization to modify elevator systems in 22 buildings containing 28 elevators. This work is necessary to bring these elevators into compliance with standards of the State Department of Labor. The estimated project cost is \$500,000. Sources of funding include: \$130,000 appropriated State; \$130,000 maintenance, repair, and renovation; and \$240,000 housing.

The Committee recommends approval. It was moved (Brightharp), seconded (Kinson), and voted that the recommendation of the Committee be adopted.

c. Clemson University is requesting authorization to construct a 15,000 gross square foot metal framed, one-story, brick veneer building to house the University Printing Services and the distribution activities of the campus post office. The estimated project cost is \$1,100,000 consisting of the following: \$70,000 A & E; \$900,000 construction and site work; \$50,000 equipment; and \$80,000 contingencies. The University Printing Services and Postal Operations are auxiliary enterprises.

The Committee recommends approval. It was moved (Brightharp), seconded (Ramage), and voted that the recommendation of the Committee be adopted.

2. Francis Marion College, Study Hall

a. Francis Marion College proposes to construct a study hall of approximately 4,000 gross square feet. Justification for the facility is the College's desire to accommodate the wishes of residential students for study space, individual and small group, away from their on-campus housing, especially after the library closes for the evening. The site selected for the proposed building is between the Physical Plant Offices and Rogers Library. The total estimated project cost is \$400,000 with the sources of funds as follows: \$100,000 appropriated state; \$225,000 renovation reserve; and \$75,000 investment income.

The Committee is unconvinced of the need to construct additional space for study areas to provide access to such space after 11:00 p.m. Assuming the need for such space is real, solutions should focus on existing campus space. We conclude that construction of a 4,000 square foot building to alleviate a problem for two to three years is unwarranted. In the Committee's judgment, there is insufficient justification for this additional space to be constructed, maintained, and staffed by the State. The Committee recommends this request be disapproved. It was moved (Brightharp), seconded (Love), and voted that the recommendation of the Committee be adopted.

3. USC-Columbia

a. USC-Columbia is requesting authorization to upgrade existing seawater facilities of the Baruch Institute both on the USC-Columbia campus and at the Field Laboratory at the Hobcaw Barony. The Columbia portion of the project is designed to enable the University to expand its program in marine biology, particularly in the areas of marine genetics and molecular biology that require advanced facilities for the culture of experimental organisms. A culture facility will be developed consisting of two units: one for microalgae and the other marine animals. Additionally, a large seawater system will be installed capable of meeting the demands of both units. This portion of the project cost is estimated at \$565,584 consisting of \$386,560 in federal funds and \$179,024 in University cost share (State funds).

The total project cost is estimated at \$1,065,584 consisting of the following: \$15,000 renovation of 630 square feet; \$259,000 construction of 6,040 square feet; and \$791,584 equipment and supplies. This total project is wholly dependent upon receipt of a National Sciences Foundation Grant. The University has requested \$636,560 in federal funds and proposes to match that with approximately \$429,000 in University (State) funds. If the grant does not materialize, the University does not plan to proceed with the work.

The Committee recommends approval provided federal funds are granted as indicated. It was moved (Brightharp), seconded (Tolbert), and voted that the recommendation of the Committee be adopted.

b. USC-Columbia is requesting authorization to replace cooling towers at its East Energy facility. The estimated project cost is \$600,000. The source of funding is excess debt service.

The Committee recommends approval. It was moved (Brightharp), seconded (Kinson), and voted that the recommendation of the Committee be adopted.

c. USC-Columbia is requesting authorization for a project to sandblast and paint the underside of the steel structure of the William-Brice Stadium as well as the preparation and painting of the east side light tower. The estimated cost of the project is \$900,000. The source of funding is Athletic Revenue Bond Anticipation Notes. The high cost of this project is due primarily to the vast square footage involved and additional labor and risk involved in painting the light tower.

The Committee recommends approval at an estimated project cost of \$900,000 from Athletic Revenue Bond Anticipation Notes. It was moved (Brightharp), seconded (Tolbert), and voted that the recommendation of the Committee be adopted.

VI. Report of the Commissioner

Mr. Sheheen reported on the outcome of the General Assembly's deliberations on the division of money for supercomputer technology in South Carolina. The Conference Committee has agreed on the following action. There is \$4 million - \$2 million each for USC-Columbia and Clemson and \$3 million for equipment for the other institutions of higher learning in the State. The proviso which was included in the House version of the bill was adopted plus the following language: No institution of higher education may spend or commit funds for the purchase and operation of additional supercomputer facilities unless designated by the Task Force on Supercomputers as an appropriate institution for additional supercomputer facilities. Only designated supercomputer facilities will be eligible to apply for unique acquisition and operating funds for supercomputer activity in any year.

Mr. Sheheen stated that the reporting date of the Task Force on Supercomputers has been changed to August 1.

Mr. Sheheen stated that upon the final coming together of the appropriations request, a question for the Commission to handle evolves out of the deliberations of the General Assembly. In the budget deliberations in the fall, the Commission removed from the formula all funding for

leases and placed that in a separate section and requested the General Assembly to fund that in the amount of approximately \$4.3 million which included the \$860,000 for the Koger Center. The General Assembly did not fund the separate lease item. In addition, there is \$3 million available to the institutions of higher learning except for Clemson and USC-Columbia for equipment. Clemson and USC-Columbia have the \$2 million each appropriated for upgrading computer capacities. The expenditure of which is subject to the proviso in the paragraph above. Mr. Sheheen noted that all institutions will be funded at 93.48%. He stated that the Budget Division of the State Government has requested us to provide them a distribution figure.

It was moved (Gallager), seconded (Ramage), and voted to suspend the rules to consider the allocation of formula funding based on the current pending version of the appropriations bill in the General Assembly.

It was moved (Phillips), seconded (Ramage), and voted that the recommendation of the staff be adopted. Mr. Love abstained from voting.

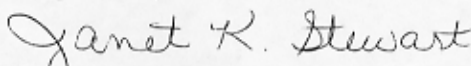
Mr. Sheheen introduced Ms. Lynn Harrelson who is an intern on our staff for the summer.

Mr. Whitener read a letter from President Grimsley expressing appreciation for the resolution from the Commission.

After a brief recess, the Commission met with the Council of College Presidents. The purposes of the joint meeting are included in Exhibit A.

The meeting was adjourned at 1:00 p.m.

Respectfully submitted,



Janet K. Stewart
Recording Secretary