



October 8, 2013

Harris Pastides  
President

The Honorable Nikki R. Haley  
Governor of South Carolina  
Office of the Governor  
Post Office Box 12267  
Columbia, South Carolina 29211

Dear Governor Haley:

We are providing the attached budget proposal for the 2015 fiscal year. As recovery from the recession continues, it is time to make a new compact with the state of South Carolina that includes a formula for fairly funding a public baccalaureate education. I believe we are in agreement that a college degree should not be considered a luxury for South Carolinians but rather a necessity for our state's economy. Consequently, we need to work together to invest in higher education at levels that make common sense.

Today, 46,000 future leaders, critical thinkers and problem solvers are enrolled across our USC system. Nothing is more important to the well-being of South Carolina than producing well-educated citizens. Indeed, by creating opportunities for our students to succeed, we are investing in South Carolina's future.

It is abundantly clear that the state's flagship university has become a destination point for top performing high school seniors. As our application rates steadily increase, we are able to serve larger numbers of qualified South Carolinians. In fact, applications and enrollment are at an all-time high. This year more than 23,000 students applied to the Columbia campus, and of those, 5,034 were enrolled. Last year 349 freshmen enrolled in the nation's No. 1 Honors College; this year our scholars increased to 411 with an average SAT score of 1431 and an average high school GPA of 4.61. Last year 537 freshmen were named Capstone Scholars, this year we have 760.

I introduced the following four statements during my recent State of the University address. They represent our university's identity today and stem from our values, our accomplishments and our aspirations. They also reflect the outstanding work of our faculty and staff and the spirit and optimism of our student body.

**The University of South Carolina is a globally recognized, high-impact research university.**

Carolina's national and global rankings are exceptional in several significant areas, none more relevant than our Columbia campus designation as the state's only Carnegie top-tier research university. This ranking places USC in the same category as Ivy League schools and other top private and public universities.

Today, members of the University of South Carolina's faculty continue to attract global recognition. While there are too many honors to address here, please note that a significant number of faculty was named fellows of the prestigious American Association for the Advancement of Science bringing the number of AAAS fellows up to 23. This important achievement is surely a source of pride to the entire state.

**The University of South Carolina is recognized for a superior student experience.**

Our Carolina Leadership Initiative is specifically designed to develop programs that will create future leaders for the Palmetto State. For the first time, undergraduates have the opportunity to leave Carolina with a new distinction on their transcripts, "Graduation with Leadership." This distinction reflects stringent requirements our students must complete in one of four targeted pathways of leadership: community service, global learning, professional and civic engagement or research.

Ultimately, the desired result of an exceptional liberal arts, sciences and humanities education is a student who graduates with an intellectual curiosity, who thinks critically, can analyze a problem and is able to suggest solutions. These are all attributes that employers tell us they want and find in USC graduates.

A superior student experience also requires a superior faculty. As our Faculty Replenishment Initiative moves forward, 127 outstanding new professors came on board this year joining the 120 new faculty members appointed last year.

**The University of South Carolina is committed to developing new models for college education that provide greater access and affordability.**

**On Your Time Graduation**, successfully piloted this past summer, provides great flexibility by opening up a third full semester with non-recurring support of \$2.5 million from the State for FY2014. Students were extremely receptive and many classes were filled to capacity; approximately 11,000 seats were filled. This year we are asking CHE to support the use of lottery scholarships for credits that USC students take in the summer.

South Carolina's public online baccalaureate completion initiative, **Palmetto College**, officially launched at the Statehouse on April 18, 2013. This program is funded by a \$5

million recurring commitment from the State. It allows place-bound and rural students to complete their baccalaureate degrees with the quality of USC online. This is a great idea at the right time.

The successful **Gamecock Gateway** is a partnership with Midlands Technical College that brings 168 selected students to live on our campus while preparing them for direct transfer to USC as sophomores.

Ensuring access, the **Gamecock Guarantee** covers the cost of undergraduate tuition and technology fees for 455 first-generation college students from low-income families in South Carolina.

**The University of South Carolina is a vital part of South Carolina's economic and overall well-being.**

Our future and the state's future are married to each other. We make a \$4.1 billion impact on the state—30 times more than what we receive in direct appropriation. We plan to have an even greater statewide impact in the future. Recently, I consolidated all of our economic outreach efforts under the banner of the Office of Economic Engagement. Other responsibilities of this Office also include faculty technology and commercialization. And, with aviation companies moving to the state, USC is positioning itself to provide the research and development partnership they need through the McNair Center for Aerospace Innovation and Research.

**Funding.** I ask that state government work with us, and all public universities, to reform how higher education is funded and commit to a permanent fair funding strategy. This will help us make higher education accessible and affordable and it will stem the troubling trend of fewer South Carolinians attending college.

We can look to other states that have recently adopted new funding models—including Tennessee, Indiana and Colorado. While none of these models may be right for us, we can certainly come up with a model that puts the brakes on tuition increases by providing fair funding through a variety of performance based metrics. It would send a strong signal to the nation that South Carolina, does, in fact, value higher education for its citizens.

Any new funding model will require new money or it will not work. We know that the economy remains difficult, however, over the last two years, state government has budgeted almost \$1 billion dollars in new recurring monies. Higher education received only a small fraction, 2.7 percent of those dollars. New monies must be appropriated for higher education in South Carolina, or the businesses that consider locating in our state will select other locations where education is a higher priority and better value.

I am asking that state government join us in agreeing to a three year moratorium on tuition increases in exchange for increased recurring state funds equal to the amount of an annual tuition increase of three percent. I also ask the state to recognize that unfunded mandates relating to mandatory state employee pay raises; mandatory increases in employer health insurance coverage and contributions, including the implementation of the Affordable Care Act; and state authorized increases in energy costs have been and will continue to be unfairly borne by our students and their families.

In addition, I am willing to take the lead and call for a moratorium on new earmarked requests for specific university projects. However, we cannot do this unilaterally without stable and recurring funding.

We also request statutory authorization allowing lottery funded scholarships be utilized by USC students during the full summer semester now known as "On Your Time" graduation. Along with this authorization, it is apparent that a one-time appropriation of lottery dollars is necessary to bridge any cash flow issues associated with this transition.

I will continue to work closely with you and your staff to provide greater access, flexibility and affordability for all South Carolinians seeking a higher education. Working together, there are no limits to what South Carolinians can achieve.

Sincerely,



Harris Pastides

c: Dr. Michael Amridis, Vice President for Academic Affairs and Provost  
Mr. Harry Bell, University Budget Director  
Mr. Les Boles, Director, Office of State Budget, Budget and Control Board  
Ms. Leslie Brunelli, Associate Vice President for Business and Finance  
Dr. Susan Elkins, Chancellor, USC Palmetto College  
Dr. Dennis Pruitt, Vice President for Student Affairs  
Dr. Richard Sutton, Executive Director, SC Commission on Higher Education  
Mr. Edward Walton, Chief Financial Officer