

12/4/03 ATT I

**FOUNDATIONS FOR THE FUTURE: HIGHER EDUCATION IN
SOUTH CAROLINA**

**A Report to the South Carolina Commission on Higher
Education**

Prepared by
the
National Center for Higher Education Management Systems
and the
Center for Public Trusteeship and Governance
of the
Association of Governing Boards of Universities and Colleges

December 4, 2003

TABLE OF CONTENTS

Introduction	Page 1
Some General Observations and Findings	Page 2
Summary and Findings of Data Analysis	Page 4
A Public Agenda for Higher Education	Page 6
Findings of the Policy Audit	Page 7
Conclusions and Recommendations	Page 22
Appendix A	
Appendix B	
Appendix C	

Introduction

Project Origins

1. In 2002-2003, South Carolina engaged in one of the most publicized and bitter debates about governance of higher education in the country. The case for change was cast in two ways:
 - A. The need to strengthen the state's economy by improving the competitive position of the state's research universities and removing these institutions from the constraints of state regulation (including but not limited to the Commission on Higher Education and the policies such as performance funding for which it was responsible).
 - B. The need for a Board of Regents: an entity that had the power and authority to bring order and presumably greater efficiency to a system driven more by institutional aspirations and regional politics than by the needs of the state.
2. But the core of the debate—at least as reported in the state and national media—focused on governance and control: the pros and cons of the attempt by the research universities to “break away” from the control of the state bureaucracy, the need for stronger or weaker state control of the institutions, and the impact of that change on the funding of the other higher education sectors and the future of the Commission on Higher Education. From the perspective of outside observers, little attention in the debate focused on fundamental questions about how the proposed changes would affect the future of South Carolina: the quality of life of its population and the state's competitive position in the world economy.
3. Experiences in other states reveal that debates about structure and control devoid of serious debate about broad underlying state goals inevitably degenerate into negative, self-defeating battles about turf and politics. Rather than enhance the quality and accountability of the state's higher education system, these struggles divert the state's colleges and universities from core missions and tarnish the state's reputation in the eyes of existing and future students and business leaders in the state and around the nation.
4. For South Carolina, the consequences of such a governance battle are especially unfortunate. The state is at a critical turning point. Several prominent individuals, leadership groups, and political leaders have called for wide-ranging reforms to position South Carolina to compete in the rapidly changing global knowledge economy. All these proposals place education reform—from early childhood education through higher education—at the heart of long-term strategies to uplift the state's economy and quality of life.

Project Process

1. A project in two phases
 - A. The National Center for Higher Education Management Systems (NCHEMS) and the Association of Governing Boards of Universities and Colleges (AGB) were engaged by the Commission on Higher Education to conduct a study in two inter-related phases.
 - B. Although funded by CHE, the consultants were assured a high degree of independence with the intent that their findings would be for broad public consumption.
 - C. Phase One consists of identifying a "Public Agenda" for higher education.
 1. The major strategic priorities confronting the future of South Carolina in terms of:
 - a. Population
 - b. Economy
 - c. Quality of Life
 2. And then determining the link between higher education and these strategic priorities.
 - D. Phase Two consists of a "Policy Audit" including an analysis of state statutes, regulations and policies to ascertain:
 1. What state policies support or are barriers to the capacity of higher education to contribute to the state's strategic priorities, particularly those policies in:
 - a. Leadership/Governance
 - b. Finance (students and institutions)
 - c. Regulation.
2. The project's two phases required several meetings with key state leaders throughout the summer and fall (See Appendix C).
 - A. Focus groups at 14 institutions and with six community groups involving over 200 South Carolinians.
 - B. Meetings with CHE leaders and staff and other state officials.

Some General Observations and Findings

State policy culture

1. Historic legacy and culture reinforced by an economy that employed large proportions of the population in low-skill, low-wage jobs.
2. Several different “states” within South Carolina with significantly different demographics, economies, and cultures.
3. A strong legislature state in which the General Assembly plays a central role in fiscal policy, the appointment of trustees and other policy areas directly affecting higher education.
4. A tradition of strong, independent institutional governance, exemplified by the “life” trustees at Clemson and the strong links between the General Assembly and appointees on all major boards.
5. A tradition of strong business/private sector leadership in improving education. Historically, much of that leadership has concentrated in no more than 30 or so prominent private-sector representatives, but as the economy diversifies and small and medium-sized businesses replace large corporations as the principal employers, the state’s business leadership is becoming more diversified (and potentially fragmented).
6. A culture of independence—willingness to have South Carolina stand apart from other states on matters of state priority and principle.

Current policy context for education

1. A decision on the lawsuit on school finance can be expected in mid-2004 and, if decided in favor of the plaintiffs, would have a profound impact on education policy and finance in South Carolina.
2. 2004 is the 50th anniversary of Brown vs. Board of Education, a U.S. Supreme Court decision that was strongly influenced by earlier court decisions in South Carolina.
3. Major education reform initiatives either implemented in the past decade or currently under consideration include:
 - A. Education Accountability Act that increases standards and expectations for student and school success.
 - B. First Steps for more concerted efforts in early childhood education.
 - C. Report of the Pathways to Prosperity Task Force and pending legislation, the Education and Economic Development Act, to tie education reform more closely to the state economy.
 - D. Palmetto Institute/Department of Commerce economic development/research initiatives that recognize the critical link between education and the state’s future.

- E. Performance Funding (Act 359), which has had a controversial and profound impact on colleges and universities and brought national attention to the South Carolina.
- F. A diverse set of public and private colleges and universities growing in regional and national acclaim, but with fewer and fewer external incentives to engage on issues for the public good or to share in leading a statewide public agenda.
- 4. Culture of separate sectors and institutions without a framework, or agenda, or incentives for collaboration; for example, discussions about Pathways to Prosperity have had little connection to higher education.
- 5. Major new initiative by the Department of Commerce, Chamber of Commerce, and others to assess the current South Carolina economy and redefine it around a set of select "clusters:" automotives, chemicals, textiles, tourism, and rural regions with recognized and essential responsibilities for postsecondary higher education in each.
- 6. Agenda of the 2003 legislative session as developed and advocated by the Palmetto Institute and research universities has several positive features, but it ignores the contributions that all public institutions and several private institutions make to the quality of life in South Carolina.
- 7. Severe economic constraints for higher education:
 - A. The state fiscal crisis is leading to dramatic shifts of the costs of higher education to students and parents and available student aid programs are not designed to off-set these increases for students from the state's low-income families.
 - B. A state budget shortfall of 6.3% is projected over the next eight years, assuming that the state maintains the current level of public services and the current tax structure. (Source: National Center for Public Policy and Higher Education, *Policy Alert*, "State Shortfalls Projected Throughout the Decade," based on projections prepared by the Rockefeller Institute of Government.)
 - C. In FY 2004, General Fund appropriations (state funding from general tax revenue) for higher education totaled \$662 million, a reduction of about 3.7% from the previous year. Public higher education institutions in South Carolina responded to the funding cuts during FY 2003 and 2004 by raising tuition. From 2002-03 to 2003-04, average tuition and fees for resident undergraduate students at public colleges and universities in the state increased by about 18%.
 - D. South Carolinians are paying a higher portion of their incomes to attend college or send their children and the percentage of freshman requiring student loans to attend college has grown substantially above the national average for students in the technical colleges and four-year institutions.
 - E. From FY 1993 to FY 2002, state appropriations per student increased 2% (after adjusting for inflation). From FY 1993, state appropriations per student were \$6,347, and the state ranked ninth overall. For FY 2002, the state appropriation per student was \$6,489, and the state ranked 19th overall.
 - F. The court's decision on school finance could have a major impact on state funding for higher education, potentially restricting state dollars even further.

Summary and Findings of Data Analysis

The process of developing a Public Agenda for higher education begins with an examination of several sources of national and state data. Such analysis helps to identify the critical state issues requiring the sustained attention and capacity of the state's colleges and universities. Analysis and comparisons on South Carolina demographics, educational achievement levels, economy, and quality of life follow and show major problems that need to be addressed.

The following challenges facing South Carolina emerged from the analysis and were confirmed by feedback from focus groups. (See Appendix A for detailed slides).

1. Low education attainment
 - A. Significant deficits in education levels necessary to live and work in the 21st century:
 - B. Inadequate preparation for postsecondary education—the comparatively small percentage of those who enter college do so with inadequate preparation for college
 - C. Low high school completion – more than half of the state's 9th graders do not graduate high school within four years, the lowest high school completion rate in the country
 - D. High percentages of young adults fail to complete high school or receive a GED
 - E. High percentages of young adults age 18-24 lack a high school diploma or GED
 - F. As a consequence, compared to other states, South Carolina's colleges and universities serve only small percentage of the state's population and only a fraction obtain the knowledge and skills necessary to live and work in the 21st century.
2. Effects of low education attainment
 - A. Strong relationship between low education levels and quality of life indicators:
 - 1) Income
 - 2) Health
 - 3) Environment for young children
 - 4) Crime.
3. Significant disparities in education attainment and performance
 - A. Race
 - B. Gender
 - C. Urban/Rural
 - D. Income.
4. Lag in shift from low-skill "Old Economy" to high skill "New Economy"
 - A. No growth in per capita income related to U. S. over past decade and to neighboring states
 - B. Significant decline in manufacturing; slow growth in "New Economy"

- C. Low demand for educated workforce
 - D. Inability to attract and retain a highly educated and skilled workforce
 - E. The state is suffering from the loss of low-skill, low wage manufacturing jobs and struggling to make the transition to the New Economy. In a “chicken-and egg” dilemma, a large percentage of the state’s population lacks the knowledge and skills to be employed in high skill, high wage jobs, and the lack these jobs is making it difficult for the state to retain and attract a highly educated population.
 - 1) One positive fact is that the state has a core workforce with technical skills developed through a strong technical college system. The proportion of the state’s population with an associate degree is higher than other states.
 - 2) Nevertheless, the state ranks:
 - a. 5th in percentage of adults without a high school education 44th in percentage of the population with a bachelors degree or higher—the condition most highly related to the state’s per capita income.
5. Low level of research competitiveness (especially related to changing economy). Despite recent gains and new initiatives, South Carolina still ranks low nationally and in relation to other states in the South on:
- 1) Total research dollars
 - 2) Total research dollars per capita
 - 3) Research dollars from the federal government.

A Public Agenda for Higher Education

The challenges identified in the data analysis and in interviews and focus groups around the state strongly suggest that there is a need for much stronger alignment of existing higher education capacity with the state's major challenges. Several successful programs exist at South Carolina's institutions, but collectively, they have a limited reach. Specific strategies to broaden their reach or to ensure their replication are needed. And new initiatives and programs at colleges and universities will need to be devised, particularly those that are collaborative between institutions and with other state agencies and organizations.

1. The Public Agenda should align the capacity of South Carolina colleges and universities, especially for:
 - A. Preparation for higher education and alignment of higher education with P-12 (Pre-K through high school) reform
 - B. Adult education
 - C. Workforce needs at certificate and associate degree levels related to changing economy
 - D. Degree production in critical fields (baccalaureate and graduate/professional)
 - E. Competitive research and development related to the changing economy.
2. To be successful, the Public Agenda must:
 - A. Be long-term, transcending terms of office, political divisions, and institutional loyalties
 - B. Engage all South Carolina colleges and universities – public and private and two-year and four-year
 - C. Build on current statewide efforts for education reform and on current higher education initiatives directed at the Public Agenda (such as GEAR-UP and the endowed chairs program)
 - D. Encourage a collaborative approach to addressing problems to avoid divisive battles about turf and politics
 - E. Have easily understood benchmarks to gauge progress.

Findings of the Policy Audit

Using the policy context and the Public Agenda just outlined, the policy audit phase of the project was conducted to identify policies that help or impede accomplishment of the agenda. The audit found considerable barriers to pursuit of the Public Agenda. These are listed below, with detailed, specific points immediately following. References to the Public Agenda permeate this section.

Summary of policy barriers

1. A statewide coordinating agency, the Commission on Higher Education (CHE), that has little capacity or credibility with the state's policy leaders and higher education community in providing statewide leadership that links higher education to the future of South Carolina.
2. Increasingly dysfunctional policy mechanisms for the financing and accountability of higher education.
3. Insufficient capacity of the Commission to frame major issues and lead the state to constructive problem resolution.
4. Lack of leadership and action on issues of system efficiency and flexibility.

Commission on Higher Education

1. In conversations across South Carolina, there emerged a broad consensus on the need for a state-level entity to provide strategic leadership for the higher education system linking it to the major issues facing the state and carrying out essential coordinating functions. Few, however, felt that the Commission on Higher Education (CHE) had either the capacity or credibility with the state's policy leaders and higher education community to fulfill these responsibilities.

Commission authority

- A. The state statutes that shape CHE's authority, functions, and responsibilities are an accumulation of 36 years of state mandates since the Commission was first established by Act 194 of 1967. Each major change, including the reorganization under Act 137 in 1995-96, added to CHE's authority.
- B. The CHE's current status is not largely of its own doing. Contributing factors include:
 - 1) Implementation of legislative mandates (e.g., performance funding) in the mid- to late 1990s.
 - 2) Fulfillment of traditional, but increasingly outdated functions and responsibilities of a statewide coordinating agency.
 - a. Top-down regulation and mandates characteristic of reforms of the mid-

to-late 1980s through early 1990s.

- b. Tendency to assume responsibilities of institutional governing boards as these boards defer increasingly to coordinating agencies on critical policy decisions.
- 3) Changing expectations nationally about the role of a statewide coordinating agency including:
 - a. Increasing expectations for statewide leadership linking higher education to initiatives on the state's future economy and quality of life.
 - b. Increased emphasis on deregulation and use of incentives as opposed to regulatory mandates as the modes for the state to "steer" the higher education system to respond to public priorities.
- 4) Changing expectations regarding the backgrounds, stature, qualifications, and influence of persons appointed to the Commission.
- C. Compared to similar higher education agencies in other states, the CHE has significant formal authority, but formal authority differs greatly from the capacity and credibility of an agency to exercise this authority. For example, the CHE has authority to:
 - 1) Develop and present a consolidated budget request for all public higher education to the Governor and General Assembly.
 - 2) Develop the policies and criteria for allocation of state appropriations to institutions (e.g., performance funding and related policies).
 - 3) Approve institutional missions.
 - 4) Review and approve new programs.
 - 5) Review academic programs.
 - 6) Establish policies on important issues such as transferability of credit, remedial education, and minimum requirements for college entrance requirements
 - 7) "Reduce, expand, or consolidate any institution of higher learning including those which do not meet the standards of achievement in regard to the performance indicators for quality academic success enumerated in Section 59-103-30, and beginning July 1, 1999, close any institution that does not meet the standards of achievement in regard to the performance indicators for quality academic success enumerated in Section 59-103-30" (Section 59-103-45 (5)).
 - 8) Conduct statewide planning for higher education.
 - 9) Maintain statewide data collection on higher education.

Academic Affairs

- D. The Commission has played a critical role in establishing and implementing

academic policies that establish the basic framework for ensuring quality in the public interest and advancing constructive relationships among institutions and between higher education and secondary education.

- 1) Many of the policies address issues that continue to concern policymakers and that are important to the capacity of South Carolina to address the Public Agenda. Examples include:
 - a. Mission differentiation
 - b. Expectations for secondary preparation for college-level work
 - c. Alignment of high education and secondary education standards and assessments
 - d. Transfer and articulation
 - e. Division of responsibility for remedial and development education
 - f. Concerns about unnecessary duplication and lack of coordination among high-cost professional and graduate programs
 - g. Concerns about proliferation of off-campus sites.
- 2) It is important that South Carolina have a state-level, system-wide capacity to address these and other issues (e.g., dual credit offerings in secondary schools) concerning quality assurance in the public interest.
- 3) This capacity is an essential complement to the responsibility of each governing board to ensure the quality of the institution as a whole as well as all existing or proposed academic programs.
- 4) The experience of other states is that institutional leaders can take advantage of external requirements in areas such as program review and approval, and articulation and transfer to prompt *internal* institutional change—provided the policies are carefully drawn and thoughtfully implemented. In campus focus groups, institutional leaders emphasized that many of these policies *are* important; the issue is how they are designed and implemented.

Strategic Planning

- E. The CHE approved a strategic plan for public higher education in January 2002. The plan was developed and refined through a series of meetings of the Planning Advisory Council, and with input from all areas of higher education, including the Council of Presidents. The Commission established a task force to oversee the strategic plan's implementation.
 - 1) A Vision Statement and proposed strategic initiatives address many of the issues identified above in the Public Agenda:
 - a. Vision: South Carolina's system of public and private higher education will address the needs of the state by:
 - (1) Creating a well-educated citizenry;
 - (2) Raising the standard of living of South Carolinians;
 - (3) Improving the quality of life;
 - (4) Meeting changing work force needs;
 - (5) Creating economic development opportunities;
 - (6) Positioning the state to be competitive in a global economy; and
 - (7) Fashioning a new generation of public sector and private sector leaders.

- b. Strategic Goals
 - (1) Expand educational opportunities for South Carolina citizens;
 - (2) Invest in research for economic development and a better quality of life;
 - (3) Increase cooperation and collaboration for efficiency and quality.
- 2) Although the Strategic Plan clearly addresses several of the important challenges facing South Carolina, the plan appears to have had essentially no impact on significant policy choices or, more broadly, on shaping the public debate about the connection of higher education to the future of South Carolina. There is no evidence that the Strategic Plan has had a significant impact on:
 - a. Budget priorities, especially Commission actions on Performance Funding and "Below the Line" budget recommendations;
 - b. The Commission's priorities in terms of the focus of the Commission's agendas and utilization of staff resources;
 - c. Policy deliberations at the level of the Governor and General Assembly.
- 3) The Commission, the Council of Presidents, and others engaged in developing the Strategic Plan and the subsequent implementation (the initiative, "Higher Education for Higher Purposes") should be commended for an important effort. The reasons for lack of impact appear to have been largely beyond the CHE's control, including:
 - a. The Commission's lack of credibility among the state's policy and business leaders and institutions to lead a statewide strategic agenda;
 - b. The dominating effect of Performance Funding on the CHE's priorities, culture, and its relationships with institutions
 - c. Steps by some of the institutions to pursue their own agendas outside the implementation effort, resulting in high levels of distrust among institutions and between the CHE and the institutions.

Leading statewide collaboration

- F. The Commission has also attempted playing an important role in leading and facilitating statewide collaboration on issues such as library services, teacher education, and nursing.
 - 1) From a comparative perspective, however, South Carolina is far behind other states in the level of collaboration in such areas as developing a statewide "virtual library," collaboration among institutions in academic program development and delivery, and regional collaboration among sectors (e.g., regional coordination between high schools, technical colleges, and teaching universities serving the same population areas).
 - 2) The comparatively low level of collaboration is clearly as much the fault of institutional governing boards and presidents as of the CHE. Nevertheless,

there is clearly not enough trust among the key parties and too few incentives in the financing policies to make collaboration work. The result is a system characterized more by individual institutional initiatives, competition and turf battles, rather than collaboration in the interest of serving students and the public interest.

Information systems

G. The Commission stresses the importance of maintaining its extensive information system, the Commission on Higher Education Management Information System (CHEMIS) and other CHE data resources. All agree that this is an extremely valuable resource.

- 1) In part because of the demands of Performance Funding (Act 359 of 1996) and Institutional Effectiveness (Act 629 of 1988 and Act 255 of 1992), CHE developed one of the most comprehensive and technically sound information systems of any comparable agency in the nation. The staff was recognized, especially outside South Carolina, as highly competent in handling higher education data issues. In the course of this study, NCHEMS and AGB have been able to gain access to data about higher education in South Carolina that would not have been available in many other states.
- 2) As with other dimensions of the Commission's work, CHEMIS has been strongly shaped by the data requirements of Performance Funding. As discussed in the review of finance policy, the indicators used for Performance Funding focus largely on *institutional performance* and (with only a few exceptions) not on issues associated with a Public Agenda: connections with K-12, movement of students through the education pipeline, and links between higher education and the state's economy and quality of life.
- 3) Perhaps the greatest value of CHEMIS and related CHE databases is for analysis of issues that cut across institutions and sectors and that allows for comparisons of South Carolina with other states. Because of the demands of Performance Funding and limited staff resources, CHEMIS is not being used as extensively as it could be for policy analysis on critical issues facing South Carolina. For example, the student unit record data system is an invaluable resource for examining the flow of students between and among institutions (e.g., transfer and articulation) and the extent to which students from different counties are being served.
- 4) Maintaining CHEMIS should not be seen as an end in itself. It must have a clear sense of purpose and potential uses. From the consultants' perspective, CHEMIS (perhaps enhanced to place more emphasis on Public Agenda issues as opposed to institutional management issues) is an essential tool for public accountability and monitoring the responsiveness of the higher education system to public priorities.

Financing policy and accountability

2. Increasingly dysfunctional policy mechanisms for the financing and accountability of higher education.

- A. The policy audit focused primarily on governance and governance-related areas. Nevertheless, finance and accountability are core CHE functions and many of the underlying issues concern how South Carolina's system of higher education is financed – from both the student and institutional perspectives. Therefore, it was necessary to undertake a broad review of financing policies, drawing as much as possible on previous studies and CHE reports, including:
- 1) The MGT report on the Mission Resource Requirements (MRR) Guidelines;
 - 2) The Legislative Audit Council report, *Review of the Higher Education Performance Funding Process*, June 2001 and the Commission's response;
 - 3) The latest Performance Funding Workbook and the Mission Resource Requirements (MRR) Guidelines;
- B. Performance Funding had a profound impact on the Commission's mission, functions, and priorities.
- 1) Whatever questions the CHE may have had about the feasibility of Performance Funding, CHE had no choice but to implement the law. The CHE gained respect within South Carolina and throughout the nation for the professional manner in which it approached the challenge of implementing Performance Funding.
 - 2) While some aspects of Performance Funding proved impractical to implement, the mandates had important collateral positive effects in terms of:
 - a. Engaging the higher education community in challenging dialogues about how to define and measure key dimensions of institutional performance—even in cases where it proved impractical to develop an indicator for performance funding;
 - b. Building the CHE's technical expertise in data gathering and analysis. That CHE was awarded one of the largest grants in the history of the U. S. Department of Education's Fund for Improvement of Postsecondary Education to examine Performance Funding was a tribute to the staff's expertise;
 - c. Enhancing the CHE's data system.
 - 3) Nevertheless, the overall funding policy, including both Performance Funding and the underlying MRR is seriously flawed:
 - a. Although the law required the CHE to allocate all funds based on performance beginning in FY 1999-2000, only a small percentage of funding has been affected by performance scores and in the current state fiscal environment, no funding is being allocated for performance
 - b. As documented by the Legislative Audit Council report, extreme fluctuations in funding could result if the letter of the law requiring funding allocations based solely on performance is followed.
 - c. Performance Funding was implemented at a point at which disagreements

remained about the parity of base institutional funding stemming from decisions by the CHE in FY 91-92 to “hold-harmless” funding of certain institutions despite enrollment loss or stabilization. From the perspective of some institutions, not all institutions began Performance Funding from “a level playing field.” While the CHE recommended and the General Assembly subsequently appropriated funds to partially address these concerns, disagreements about “parity” remain.

- d. The CHE made a thorough and conscientious effort to implement the legislative mandate and has taken deliberate steps to simplify and stabilize the Performance Funding process. Nevertheless, problems with the state law remain, as reflected in the findings of the Legislative Audit Council that the legislatively mandated performance measures “...do not provide a comprehensive assessment of institutional quality.” The Audit Council reported other concerns, such as “problems in measurement, the narrow focus of indicators, and the use of some indicators that may be inappropriate for some institutions.”
 - e. Performance Funding so dominated the CHE’s agenda that it essentially crowded out attention to other responsibilities. Performance Funding had the profound effect of reinforcing the CHE’s role as a technical, regulatory agency – not a state entity focused on strategic issues facing higher education and South Carolina.
- 4) With Performance Funding, the CHE developed a new formula, the Mission Resource Requirements (MRR), to determine institutional needs as part of a Resource Allocation Plan. This formula is similar to the formula used previously by the CHE. Despite the validation of this methodology by MGT, the MRR:
- a. Generates an expectation of an obligation for state funding that is totally beyond current and foreseeable possibilities.
 - b. Is increasingly complex and based on cost-drivers (e.g., faculty salaries and cost changes at peer institutions) that depend on data that are either unavailable or require extensive staff effort to obtain.
 - c. Focuses the CHE on issues that are primarily institutional (e.g., faculty/student ratios) rather than statewide issues facing higher education and South Carolina.
 - d. Provides no policy framework for the relative shares of institutional funding to be borne by the state or by students – as demonstrated by the widely varying patterns among and within sectors.
- 5) Tuition and required fees for resident undergraduates are above the national average for all three sectors, but this is especially true for the teaching universities and technical colleges, the institutions that serve a significant proportion of the state’s middle- to low-income students. Tuition and fee increases outpaced most of the states in the nation. The percentage increase

for the technical colleges was first in the nation between 2002 and 2003 (see Figure 1, Appendix B).

- a. Students and families are assuming a larger and larger share of the cost of financing the state's public institutions—and the pattern varies significantly among institutions and sectors (see Figures 2-4, Appendix B).
 - b. The incentives encourage many public institutions to accept out-of-state students as a major source of revenue (see Figure 5, Appendix B).
 - c. While state funding for student aid has increased significantly, especially with lottery funding,
 - (1) Funding is increasingly based on merit and consequently is:
 - (a) Going to many middle and upper-income students who would have entered higher education without state financial assistance;
 - (b) Not meeting the needs of the large number of qualified low-income students.
 - (2) Uncertainties about the future of lottery funding create a high degree of uncertainty for both students and institutions about the future affordability of higher education in South Carolina (see Figure 6-11, Appendix B).
- 6) The CHE is responsible for carrying out two overlapping legislative mandates for accountability.
- a. When Performance Funding was enacted an earlier legislative mandate for Institutional Effectiveness remained in effect. While the CHE staff sought to minimize the overlap between the two requirements, the duplication results in unnecessary data gathering and administrative burden for both the institutions and the CHE.
 - b. From the consultant's perspective, a principal concern is that the legislatively mandated performance measures concentrate primarily on internal institutional issues and do not address, or provide incentive to address, a set of strategic issues facing higher education and South Carolina, (i.e., a Public Agenda).

Framing major issues and leading the state to constructive problem resolution

3. This review raises serious questions about the capacity of the Commission to frame major issues and lead the state in long-term strategies to address these issues. Most of these issues concern relationships:
- Between and among institutions and sectors;
 - Between higher education and the state's economy and quality of life;
 - Between higher education and pre-K through secondary education.

The following are examples of these issues:

- A. Education Pipeline: South Carolina must significantly increase the percentage of younger citizens who complete secondary education and are prepared for postsecondary education and/or employment in a knowledge-based economy. The percentage of those entering and completing postsecondary education must increase at every level.
1. As emphasized earlier in this report, South Carolina has made significant progress on education reform over the past decade.
 2. The challenges in improving preparation for postsecondary education and/or employment in a knowledge-based economy have been well documented in other studies such as the Governor's Workforce Education Task Force, *Pathways to Prosperity*, and the Southern Education Foundation report, *Miles to Go South Carolina*.
 3. In the course of the policy audit and focus groups, the consultants heard numerous excellent examples regarding initiatives by individual universities, both public and independent, to engage in improving pre-K through secondary education, including initiatives related to curriculum, teacher preparation, early intervention and support services, among many others.
 4. South Carolina colleges and universities are extensively involved in delivering dual credit courses to high school students.
 5. The Commission on Higher Education was, and continues to be, involved in specific initiatives to improve postsecondary preparation and participation. Major examples include:
 - a. Initiatives to strengthen teacher preparation as an outcome of the program review process, and collaboration with the Department of Education to achieve NCATE accreditation for all teacher education programs;
 - b. Strengthened policies on college preparation courses;
 - c. Efforts to address concerns about the quality of dual credit courses (i.e., questions about whether some of these courses are at a level appropriate for college-level credit);
 - d. Advocacy for increased need-based student financial aid.
 6. GEAR-UP (Gaining Early Awareness and Readiness of Undergraduate Programs) is the most significant and far-reaching involvement of the CHE, in partnership with the Department of Education, and the South Carolina Chamber of Commerce, to improve preparation and participation. Examples of initiatives and partnerships include:
 - a. High Performance Partnerships operated through the South Carolina Chamber of Commerce, supporting 120 partnerships throughout the state;
 - b. Saturday Academic/Summer Institutes to build strong middle and secondary school/college partnerships that enhance the academic skills of "at-risk" students. Nine academies (five at teaching universities, three at technical colleges, and one at a private college) are in place;

- c. The CHE's Higher Education Awareness Program (HEAP) and the SC Middle School Early Awareness Program concentrate on early awareness for qualifying 6th and 7th grade students;
 - d. The AIM COLLEGE program addresses issues of high school and college success and financial aid opportunities for students in grades 9-12;
 - e. Students from the South Carolina Governor's School for Science and Mathematics is engaged through TEAM GEAR-UP in support of Saturday Academic and Summer Institute Programs;
 - f. The South Carolina Department of Education is a major collaborator with GEAR-UP through mentoring programs, family and community outreach, faith community connections, testing, school counseling, etc.
7. Despite these positive examples, the results of the policy audit and feedback from focus groups underscore that South Carolina's statewide leadership needs to address the major deficits in high school completion and preparation for and participation in postsecondary education. The CHE has not placed the development of a seamless "P (pre-K) through 16" system at the top of its priorities. A basic question remains as to whether the CHE has the credibility and standing to lead such an initiative in collaboration with the Superintendent of Education and the State's business and civic communities. A number of serious issues remain largely unaddressed:
- a. There appears to be no statewide conversation about alignment of standards, curriculum, and assessment between higher education and secondary education;
 - b. Serious questions should be raised about incentives and disincentives imbedded in the criteria for eligibility for merit-based scholarships linked to high school performance and SAT/ACT scores;
 - c. As legislation advances to implement the recommendations of the *Pathways to Prosperity* recommendations, questions remain regarding alignment of the proposed changes and standards and expectations for preparation for college;
 - d. Despite the many positive dimensions of GEAR-UP, the reality is that this initiative depends heavily on continued federal support. South Carolina must make a fundamental commitment to sustain these and other initiatives as a long-term *state* obligation, in partnership with the state's business and civic communities.
- B. Affordability: South Carolina should seriously examine student financial aid policy in relation to student financing generally, including tuition policy and state appropriations.
- 1. There is no venue for recognizing and dealing with the interrelationship between appropriations, tuition policy, and student aid policy from the perspective of the students, the state interest, and colleges and universities.
 - 2. There is a misalignment of most aid programs and the Public Agenda (i.e.,

- providing aid to those who would go anyway and could pay while not aiding those in greatest financial need).
3. The CHE role is primarily administrative and not one of policy leadership or one for the consideration of policy implications of the aforementioned.
- C. Research competitiveness: Despite recent progress, South Carolina still has a long way to go to be competitive nationally and with other southern states.
1. Some positive developments give reason for optimism
 - a. Collaborative research initiatives and possible program consolidation among research universities;
 - b. Centers for Economic Excellence program (endowed chairs);
 - c. Increased research activity.
 2. Yet CHE was unable to engender the support of research university leadership on key issues (e.g., endowed chairs proposal review process), unable to dissuade leaders on the breakaway bill, and is minimally active with state economic development and business leaders on developing a clear research agenda tied to the future of the state.
- D. Expanding the availability of technical and community college services in every region: South Carolina has a highly effective system of technical colleges that can play and even stronger role in the future of the state.
1. Such an expanded role should not diminish but enhance the technical colleges' mission in providing outstanding technical preparation for South Carolina's workforce.
 2. The colleges have a well-deserved reputation for their quality and responsiveness in preparing students for the South Carolina workforce and in responding to employer needs. Their performance is reflected in the strong standing of South Carolina in comparison with other states in proportion of certificates and associate degrees awarded in technical fields.
 3. Despite the strengths of the technical college system, the focus on the "technical mission" and ambiguities regarding their relationship to other institutions (especially the two-year branches of the University of South Carolina and the teaching universities) have limited the extent to which these institutions have developed to offer the full range of services commonly associated with comprehensive technical and community colleges.
 4. In the rapidly changing economy, the breadth of education required of a "technical" workforce is increasing dramatically. Most technical level positions in South Carolina will require far higher levels of general education "competence" (quantitative literacy, problem-solving, communications skills, team leadership, etc.) than in the past. These changes are already requiring the technical colleges to redesign their curricula and to be more deeply engaged in assisting employers in retraining their existing workforce.
 5. The challenge for South Carolina is to ensure that the range of *services*

associated with community and technical colleges are available in every region of the state. The availability of such services will be critical to the capacity of the state to increase high school completion, postsecondary education participation, and develop an increasingly technically competent workforce.

- a. Figure 1 displays the range of services in relationship to clients commonly associated with community and technical college services. The letter grades represent an assessment of where South Carolina stands in the provision of each of the services.

Figure 1. Assessment of Availability of Community and Technical College Services in South Carolina Compared to Best Practice in U.S.

Primary Client Groups	Services						
	Remedial and development al education and adult education	General education	Transfer preparation	Career preparation	Customized training, rapid-response workforce development	Community service (non-credit courses and other services to the community)	Brokering and serving as a delivery site for other providers
In-school youth (secondary education)	C	C	C	B	N/A	N/A	N/A
Recent high school graduates	B	C	C	A		X	C
Adults	D	C	C	A	A	X	C
Employers	N/A	C	N/A	A	A	X	C

Note: A=Best B=Average C=Below Average and D for Poor N/A=Not Applicable

Source: Aims McGuinness and Dennis Jones, "Narrowing the Gap in Education Attainment in the States," Education Commission of the States, October 2003

- b. As illustrated in Figure 1, South Carolina can be rated best in the United States in several respects, but in the assessment, it lags behind other states in the availability of services critical to getting more students prepared for and through the system and for prepared the "new technicians" for a 21st century workforce: strong *general* education links with secondary education, and general education linked to technical competence, transfer preparation for recent high school graduates and adults, and remedial and development education (including adult basic education) for adults. Feedback from the focus groups suggests that the technical colleges vary significantly in the strength of their responsibilities in these areas.
- c. The relationship between the technical colleges and the universities (both teaching and research) in providing community and technical college services (as outlined in Figure 1) is a critical and sensitive

point. These are issues that the technical colleges cannot resolve alone; they require the leadership and attention of an entity like the CHE. From the policy audit and focus groups, the consultants' sense is that the CHE should be playing a far more proactive role in resolving these dilemmas:

- i. Some of the teaching universities are currently providing general education and transfer preparation at the lower-division level to the populations also served by technical colleges. The teaching universities are questioning the duplication of these services by the technical colleges. From the technical college perspective, providing these courses is essential for the quality of technical programs. Also, given the low levels of postsecondary participation, the emphasis should be on *increasing* rather than limiting the availability of these services.
 - ii. Despite mandates related to transfer and articulation, questions remain about the transferability of credit of general education courses (e.g., English 101) from the technical colleges to universities.
 - iii. The experience of other states is that the roles of institutions (e.g., technical colleges and teaching universities) need to be worked out region by region: in some cases, the division of responsibility will be clear; in others, the responsibilities will be shared in a carefully negotiated agreement. The key is that the agreements should be guided by a goal of *increasing* quality services to a region, *not* by the need to protect institutional turf.
- H. Expanding the postsecondary role in adult education and literacy: South Carolina must not only stem the flood of young people leaving high school before graduation but also "recover" the thousands who have left the system and now are unemployed or underemployed.
1. The costs to the state in terms of health, crime, lost productivity, and tax resources are extraordinary.
 - a. The stakes for higher education are high: unless a significant proportion of the young adults without a high school diploma eventually obtain a GED and prepare for some postsecondary training, the state's colleges will continue to serve only a fraction of the state's population.
 - b. Despite this crisis, the sense from the focus groups is that the discussion in South Carolina is more about resolving conflicts among providers than about mounting a campaign to solve the problems.
 2. As emphasized in meetings with the Office of Adult and Community Education in the South Carolina Department of Education, the depth of the problem is well recognized by the hundreds of dedicated adult educators in the public schools, nonprofit organizations, churches, and technical colleges throughout South Carolina. The consultants strongly agree with those who

emphasize that solutions must both support the existing providers as well as greatly expand the available services through new providers.

3. While the adult educators linked to secondary education should continue to play an essential role in the system, the role of postsecondary education, and especially the technical colleges, should be greatly expanded. Young people who did not succeed in school generally do not want to return to the place they associate with failure. For this reason, postsecondary institutions are increasingly important venues for adult education and literacy services throughout the nation. A positive move in this direction in South Carolina is the recent Memorandum of Agreement (MOA) to promote a collaborative relationship between the South Carolina State Department of Education (SDE) and the South Carolina Technical College System (SCTCS) to address the educational and training needs of the state's adult population.
4. Feedback from focus groups suggests that employers in South Carolina are sending mixed messages about the importance of young people staying in school and getting a high school diploma, or of employed adults returning to get a GED. Expectations of employers and colleges and universities are among the most powerful forces for encouraging high school completion.
5. What is needed is a comprehensive, sustained campaign to raise the literacy of adults in South Carolina—a campaign engaging every school, college, business, church and civic organization in the state. An entity such as the Commission on Higher Education should be leading, in collaboration with the Department of Education, in making adult education and literacy one of the highest priorities in the state. A conclusion from the policy audit is that the CHE has not exerted this leadership.

System efficiency and flexibility

4. Beyond the substantive issues related to the Public Agenda, the Commission has been unable to place on the agenda and resolve long-standing concerns about the overall efficiency of the state's higher education system. The following are examples of such issues identified in the policy audit and focus groups:
 - 1) Addressing long-standing "irritants:" South Carolina has several unresolved issues and conflicts, as most states do, that vex one or more of the major stakeholders. The CHE has been criticized, often times unfairly, from all quarters – political, educational, the business community – for not being decisive on these issues and conflicts. Examples include:
 - a. Overlap, duplication, and the lack of coordination between teaching universities, technical colleges and 2-year branches;
 - b. Mission creep (e.g., the aspirations of two-year campuses and technical colleges to offer baccalaureate programs).
 - 2) The experience of other states is that the failure of a state higher education agency to confront these issues inevitably leads to direct legislative action without the agency's involvement. This only further erodes the state agency's credibility. This is clearly the pattern developing in South Carolina.

- E. Recognizing and supporting differentiated missions: South Carolina needs to support such distinct missions:
1. Significant differences exist among the "teaching universities" in the socio-economic status and geographic origin of the students they serve.
 2. Differences exist among institutions in their emphasis on liberal arts compared to professional programs
 3. There is a danger of mission drift away from serving South Carolina exists – driven by indirect incentives in financing policy.
 4. The CHE may not have the credibility to advocate for or devise a financing policy to provide incentives for each of the teaching universities to be engaged in addressing South Carolina's needs in ways that are consistent with each university's mission.
- F. The need for significant deregulation of public institutions: South Carolina needs its public institutions to be as innovative, entrepreneurial, and nimble as possible for purposes of forging new partnerships with industry, collaborating with one another, and responding to the educational marketplace.
1. Several regulations imposed by the legislature and Budget & Control Board, some administratively through CHE, others through state agencies, impede institutional flexibility and efficiency.
 2. Relief is sought on regulations that significantly affect colleges and universities in several areas including telecommunications, procurement, facilities, auditing, personnel, and surplus property. Many of these are outside the purview of CHE and require legislative solutions but have yet to be acted upon.
 3. As indicated above, there is a need to reconcile duplicate and time consuming accountability reporting required in Acts 255, 629, and 359 regarding institutional effectiveness and accountability.
 4. The CHE supported most of the deregulation initiatives from the December 2001 report of the Task Force for Regulatory Relief and many of those within the university breakaway legislation. Nevertheless, until recently CHE has not been at the forefront in advocating relief.

Conclusions and Recommendations

The period following the reconstitution of the Commission on Higher Education in 1995-96 focused on implementing a funding and accountability system that got national attention. What may have been seen as a transitional period of restored confidence and credibility for CHE soon gave way to discontent until outright struggles re-emerged over the future direction of statewide governance and coordination. There are strong feelings that many of the higher education reforms of the mid-1990s that may have served South Carolina well initially have run their course – their purposes no longer central to the future of the state. But at the same time, there is an even greater realization that South Carolina colleges and universities are critical to the state's future. This is seen especially in the work of the state's leading business groups and in the presentations of the Steering Committee for the South Carolina Competitiveness Initiative. South Carolina's colleges and universities are mentioned prominently throughout the steering committee's presentations as a needed player in all five economic clusters. Recent presentations cite many positive examples of university-business partnerships and linkages with the technical college system.

It was stated earlier that there is a broad consensus on the need for a state-level entity to provide strategic leadership for South Carolina's higher education system – to carry-out needed functions and regulations to be sure – to have the authority to say “no” on certain decisions. But it is most important for this entity to link the capacity of all South Carolina colleges and universities to the state's future, to a Public Agenda that has been sitting there and known by leadership and most clearly identified by wide achievement gaps.

What could such an entity look like and what could South Carolinians reasonably expect from it?

Criteria to guide policy alternatives

1. In addressing the issue of governance alternatives for South Carolina, two basic questions were considered:
 - What are the major challenges facing South Carolina—the Public Agenda?
 - What is the best practice in the United States in organizing to ensure that these challenges are addressed?
2. In light of the challenges facing South Carolina, the following questions about possible governance alternatives were considered. Does the alternative:
 - A. Focus on a long-term strategic goal of developing the education attainment, human resources and intellectual capital of South Carolina to levels necessary to raise the state's per capita income to the national average or above by the year 2024?

- B. Provide mechanisms for sustaining step-by-step, year-by-year measurable progress toward the long-term goal despite changes in political leadership and the ups and downs of economic cycles?
- C. Provide incentives for both public and private sector leaders (e.g., the Chamber of Commerce, business leaders, foundation and individual donors) and resources to be used to achieve state priorities?
- D. Provide for strong, effective statewide strategic leadership balanced by decentralized responsibility and accountability for effective institutional governance by boards of trustees and presidents?
- E. Use market mechanisms (financing policy and incentives) more than state regulations and mandates as the principal policy tools for stimulating response to state priorities?
- F. Ensure differentiated missions of the public institutions of higher education and avoid inappropriate “one-size-fits all” application of policies?
- G. Provide for reasonable political balance among the different higher education sectors to ensure that the public purposes served by each sector are recognized and appropriately supported?
- H. Provide both the formal powers and membership to ensure
 - 1. Credibility and power to shape and gain consensus around a long-term strategic agenda;
 - 2. Sustained attention to that agenda;
 - 3. Strategic decision-making with the engagement and support of the Governor and General Assembly, the state’s business and civic leaders, trustees and presidents of the institutions, and the general public?
- I. Focus state-level accountability primarily on the progress toward the future of South Carolina—its economic prosperity and quality of life, not on institutions *per se*, and hold institutional leaders (trustees and presidents) accountable for institutional performance consistent with state/public priorities?

Alternative Structure for Governance and Leadership

As a consequence of data gathering, extensive interviews, and focus groups, the consultants propose the following alternative structure. For this new proposed entity to be sustainable over a long period of time, it must have a strong buy-in from the business and political community.

- 1. A Public Corporation
 - A. Create a new state-level public corporation with a primary mission of linking higher education to a sustained, long-term Public Agenda of raising South Carolina’s education attainment, human resources, and intellectual capital to a

level necessary to increase the state's per capita income to the national average or above by the year 2024.

1. Repeal the statutes authorizing the Commission on Higher Education and transfer essential core functions to the new entity.
 2. Organize the entity as a joint public-private entity rather than a state agency in order to engage the full-range of South Carolina's leadership as well as both public and private resources.
 3. Give the entity a name that more clearly reflects its mission, such as "State Board for Higher Education and Economic Competitiveness."
- B. Design the new entity to have the capacity and credibility to:
1. Shape and gain consensus around a Public Agenda;
 2. Sustain attention to the Public Agenda across changes in political leadership and economic cycles;
 3. Gain the confidence and support of the Governor, General Assembly, and the state's higher education, business, and civic leaders.
 4. Lead strategic initiatives to link higher education with strategies to address major challenges such as:
 - a. Increasing the percentages of South Carolinians who move through the education pipeline from early childhood through secondary education and then to postsecondary education;
 - b. Improving adult education and literacy;
 - c. Ensuring affordability;
 - d. Expanding the availability of technical and community college services in all regions;
 - e. Increasing degree production in fields critical to South Carolina's future economy and quality of life;
 - f. Enhancing the distinctive missions and the contributions to South Carolina of each of the state's colleges and universities.
 5. Make strategic decisions necessary to improve the overall efficiency and responsiveness of the state's higher education system.
 6. Focus the entity's authority on a limited number of critical policy tools:
 - a. Shaping and carrying out a new financing policy (as summarized below);
 - b. Overseeing/managing a portfolio of strategic investment funds (five to seven) that are public and private generated and linked to the Public Agenda. These investment funds would support solutions that seek collaborative and efficient ways to address the agenda.
2. Ensure public accountability by emphasizing step-by-step measurable progress toward long-term goals of the Public Agenda, including holding institutions accountable for performance in relation to mission and public priorities. This would entail consolidating and simplifying current indicators (including institutional effectiveness reporting) to measure progress around these key questions:
- A. Are more South Carolinians ready for postsecondary education?
 - B. Are more enrolling?

- C. Are we preparing South Carolinians of all ages for life and work?
 - D. Are South Carolina's citizens and economy benefiting?
 - E. Are South Carolina's colleges and universities being more efficient and productive-both individually and working in collaboration with each other?
3. Maintain essential core functions currently performance by the CHE, but redesign these functions to emphasize strategic direction, incentives and delegation to institutional governing boards whenever appropriate within the framework of statewide accountability:
 - A. Academic policy and quality assurance;
 - B. Information systems;
 - C. Ensuring coordinated delivery of student financial aid and other student support services;
 - D. Leading system-wide initiatives for coordinated delivery of services (e.g., library services) and improved efficiency.

Alternative Higher Education Finance System

1. Charge the new entity with responsibility to shape, in collaboration with the Governor, General Assembly, and institutions, a new financing policy for higher education in South Carolina.
 - A. Repeal Performance Funding but retain links between finance policy and performance and accountability related to the Public Agenda and institutional missions
 - B. The new finance policy should:
 1. Emphasize incentives for institutions (individually and in collaboration with each other) to address the state priorities as expressed in the Public Agenda.
 2. Create and sustain the capacity of the state institutions in a manner consistent with their missions, including:
 - a. Adequacy: Are revenues available—primarily from students and the state—sufficient to allow them to fulfill their missions at high levels of quality?
 - b. Equity: Are all institutions being treated fairly—not equally, but the same relative to their different needs? If there are too few resources to meet all requirements, is the shortfall spread fairly among all?
 - c. Stability of funding. Do the funding mechanisms yield results that are fairly predictable from year to year and that are free from large variations (especially on the downside)?
 3. Make higher education affordable for all South Carolina students in terms of the level of tuition and fees and the availability of student financial assistance. Is net price (price of attendance less student aid from all sources) reasonable relative to their personal or family income?
 4. Reflect a realistic assessment of the capacity of South Carolina to fund higher

- education in relationship to tax capacity and other state commitments.
5. Be fair and equitable, e.g., all parties in the equation (students, institutions and the state) must feel that they are being treated fairly and are getting (and giving) their fair share.
 6. Be transparent, e.g., the funding flows among the parties must be discernible so that decisions made by the different parties can be mutually reinforcing.
- C. One alternative financing policy consistent with these criteria is as follows. The alternative would address each of the four elements (A, B, C and D) in Figure 3.

Figure 3. Alternative financing policy

POLICY OBJECTIVES	POLICY FOCUS	
	Institutions	Students
Capacity Building	A. (1) Base Appropriation benchmarked to peers (using a simplified MRR or revenue per student), adjusted for equity and parity)	B. (1) Tuition and Mandatory Fees necessary for providing adequate institutional revenue and ensuring affordability in relationship to student/family income in South Carolina
	A. (2) Capital Financing development and maintenance of physical assets (facilities and equipment)	B. (2) Need-Based Student Financial
Capacity Utilization/ The Public Agenda	C. Strategic Investment Funds: Funding allocated on the basis of state priorities and institutional performance in relation to mission	D. Student Aid Allocated Based on Contribution to State Goals

- A. Replace the current funding formula with a “base-plus” funding system linked to mission and Public Agenda:
- 1) Determine base funding initially by the 2003-2004 institutional allocations
 - a. Make adjustments to base for:
 - (1) Inflation
 - (2) Significant changes in workload

- (3) Removing inequities based on comparison with benchmark (peer) institutions
 - b. Provide for capital development
 - (1) New capital investments
 - (2) Renewal of assets.
- B. Establish a new framework for the student contributions to core capacity:
 - 1) Establish statewide tuition policy that:
 - a. Sets reasonable shares of revenue for institutional base funding from students (net tuition and mandatory fees) by major sector or institutional mission taking into consideration the median family income in South Carolina.
 - b. Retains institutional authority to set specific tuition rates within a statewide policy framework.
 - 2) Increase funding for need-based student aid to maintain affordability for low income students, considering cost of attendance and family incomes.
- C. Establish Strategic Investment Funds to provide incentives for institutions to respond to state priorities expressed in the Public Agenda (see above for issues to be addressed in the Public Agenda).
 - 1) Design Strategic Investment Funds so that the new state entity has authority to:
 - a. Receive contributions from both state appropriations and non-state (e.g., private funding, federal grants, etc.)
 - b. Retain and reinvest interest earnings.
 - 2) Link the Endowed Chairs for Economic Excellence to a Strategic Investment Fund for Research Competitiveness.
- D. Develop a coherent set of financing incentives for students consistent with the Public Agenda:
 - 1) Expand GEAR-UP and other initiatives designed to provide incentives for more students to complete high school with necessary preparation for success in postsecondary education;
 - 2) Consolidate and simplify merit based aid programs (e.g., Palmetto Scholars, Hope and Life) and review consistency of the incentives provided by these programs with the Public Agenda.

In summary, a fundamental shift is recommended in the underlying assumptions regarding the state role in higher education in South Carolina—a shift toward the assumptions now emerging as best practice among the states and in other nations. This shift is illustrated below in Figure 2.

Figure 2. Changes in Underlying Assumptions about the State Role in Higher Education

A shift from:	To:
Rational planning for static institutional models	Strategic planning for dynamic market models
Focus on providers, primarily public institutions	Focus on clients, students/learners, employers, and governments
Service areas defined by geographic boundaries and monopolistic markets	Service areas defined by the needs of clients served by multiple providers
Tendency toward centralized control and regulation through tightly defined institutional missions, financial accountability, and retrospective reporting	More decentralized management using policy tools to stimulate desired response (e.g., incentives, performance funding, consumer information)
Policies and regulation to limit competition and unnecessary duplication	Policies to “enter the market on behalf of the public” and to channel competitive forces toward public purposes
Quality defined primarily in terms of resources (inputs such as faculty credentials or library resources) as established within higher education	Quality defined in terms of outcomes and performance as defined by multiple clients (students/learners, employers, government)
Policies and services developed and carried out primarily through public agencies and public institutions	Increased use of non-governmental organizations and mixed public/private providers to meet public/client needs (e.g., developing curricula and learning modules, providing student services, assessing competencies, providing quality assurance)

Recommended next steps in creating new entity

It is recommended that an interim design committee be created to lay the groundwork for the creation of the new entity focused on the Public Agenda. The goal of the design committee would not be to undertake another study but to devise an implementation strategy in preparation for the 2005 legislative session. One of its major purposes would be to develop strategies for effective linkages with state agencies, especially Commerce, Education, and officials at First Steps, and linkages to new state economy development strategies. The design committee, not unlike the recent MAP Commission, should be appointed by the state’s elected leaders and be broadly representative of education, business and government, and should have a set period of time to accomplish its task.

Appendix B – Selected Data on Financing

Figure 1. Comparison of South Carolina Tuition and Required Fees for Resident Undergraduate Students, 2002-2003

	Level of Tuition and Required Fees as Percent of National Average	National Rank	Percent Change 2002-2003	Rank
Research Universities	106.6%	18	22.6% compared to national average of 9.8% for sector	3
Teaching Universities	116.7%	11	14.5% compared to national average for sector 10% for sector	8
Technical Colleges	119.7%	12	26.2% compared to national average for sector of 8.3%	1

Source: Washington Higher Education Coordinating Board, Washington State Tuition and Fee Report, January 2003

Figure 2. State Appropriations as a Percent of Revenue

State Appropriations as a Percent of Revenue

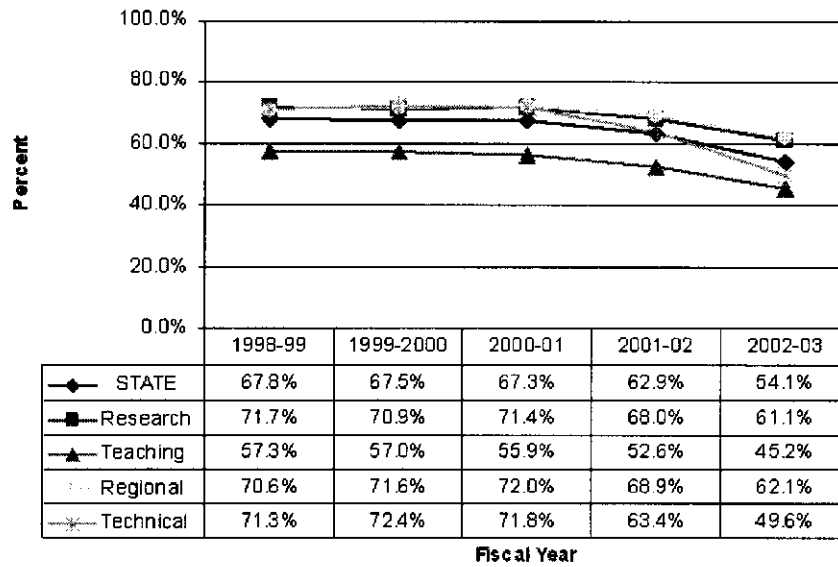


Figure 3. Increases in Tuition and Required Fees 1999-2000 to 2003-2004

Increases in Tuition and Required Fees 1999-2000 to 2003-2004

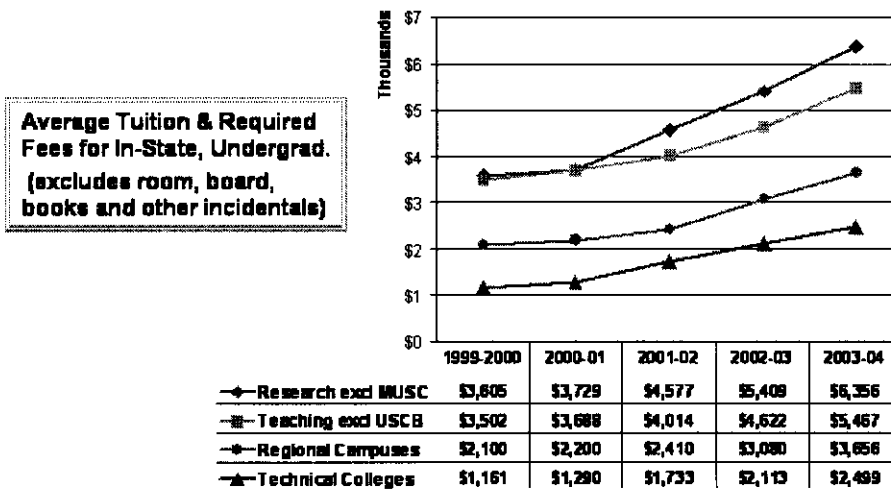


Figure 4. Comparison of Public Higher Education Revenue, FY 1998-99 to 2002-2003

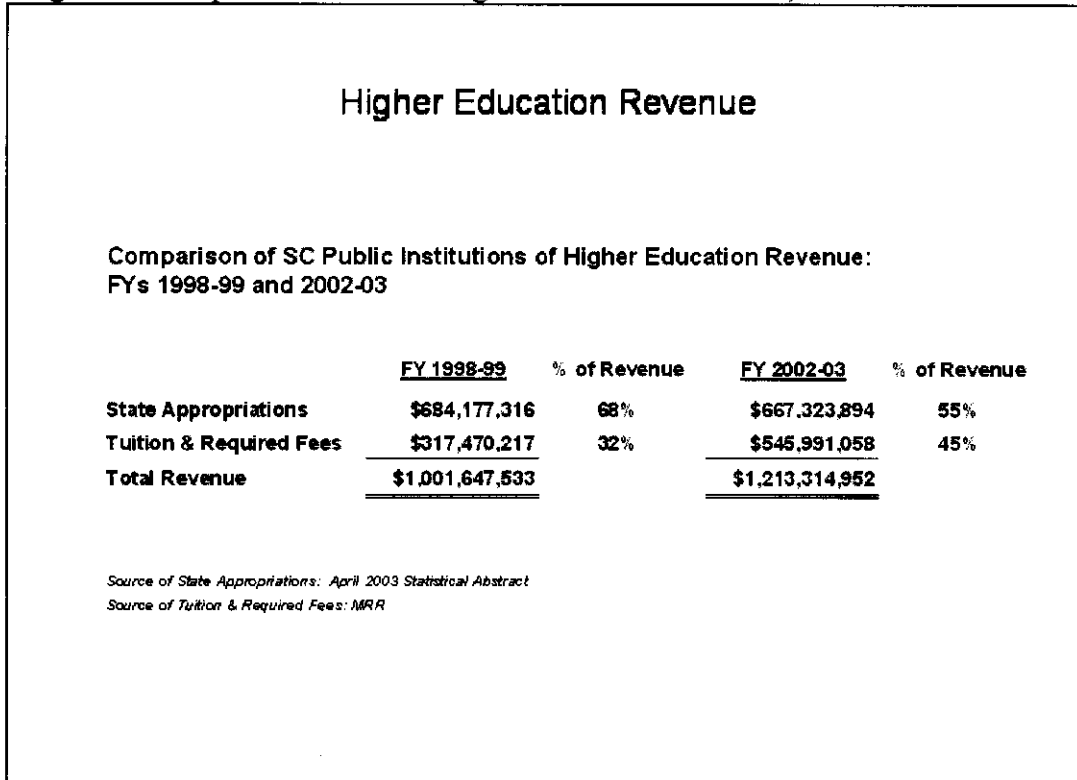


Figure 5. Net In-Migration of First-time Full-Time Freshman by Type of Institution, 2000

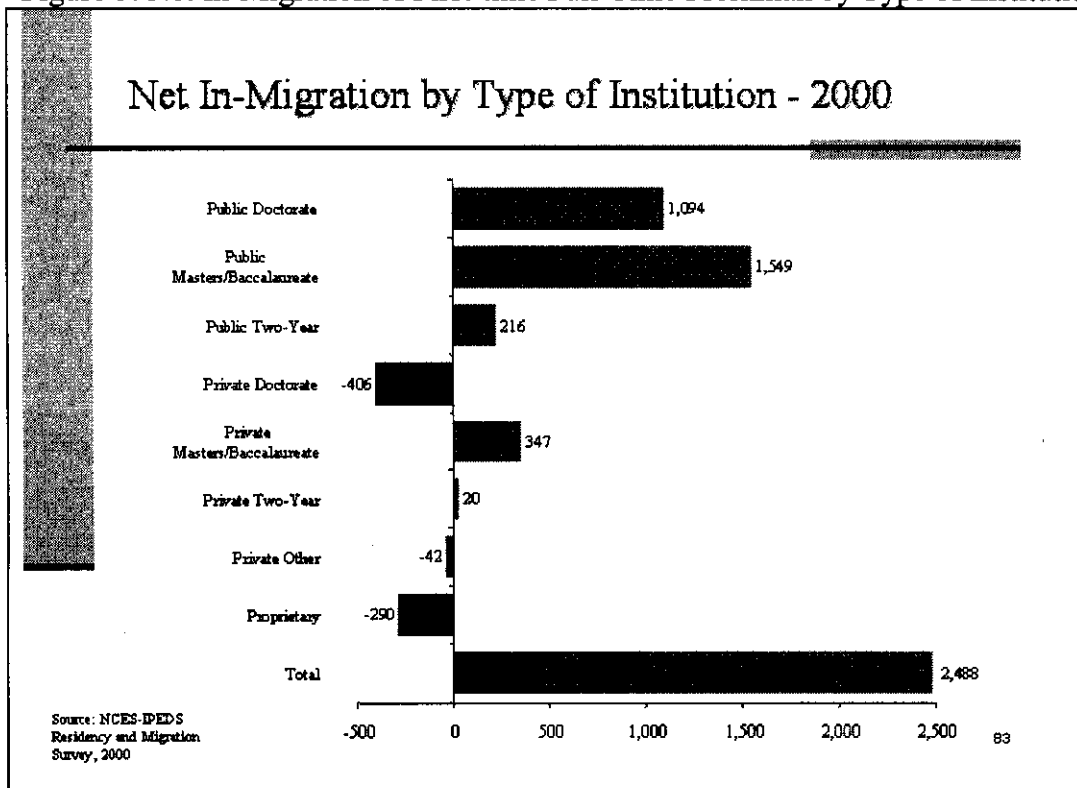


Figure 6.

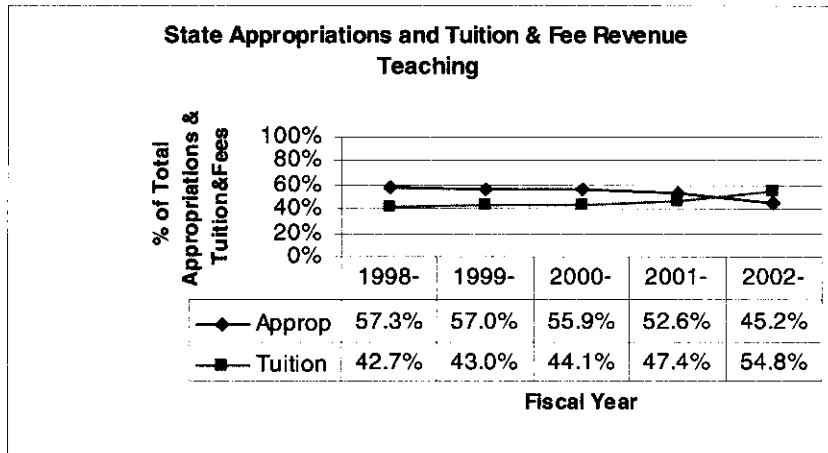


Figure 7.

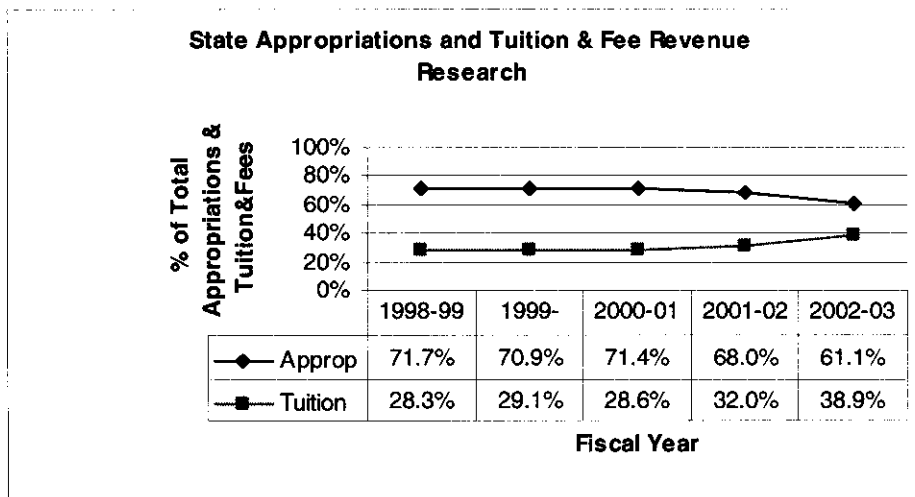


Figure 8.

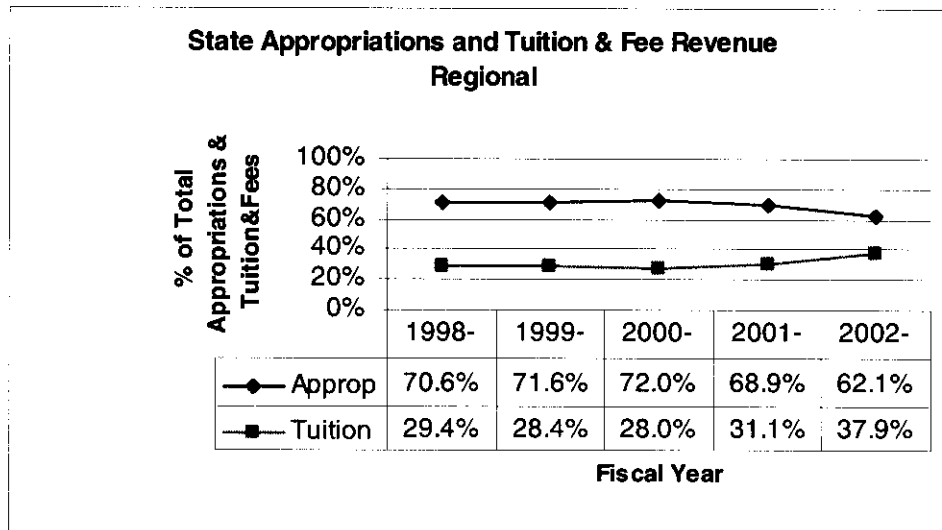


Figure 9.

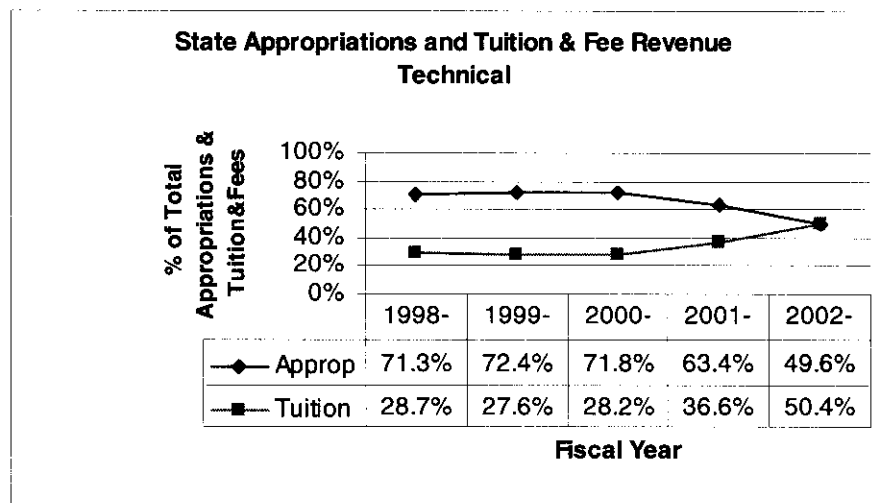


Figure 10.

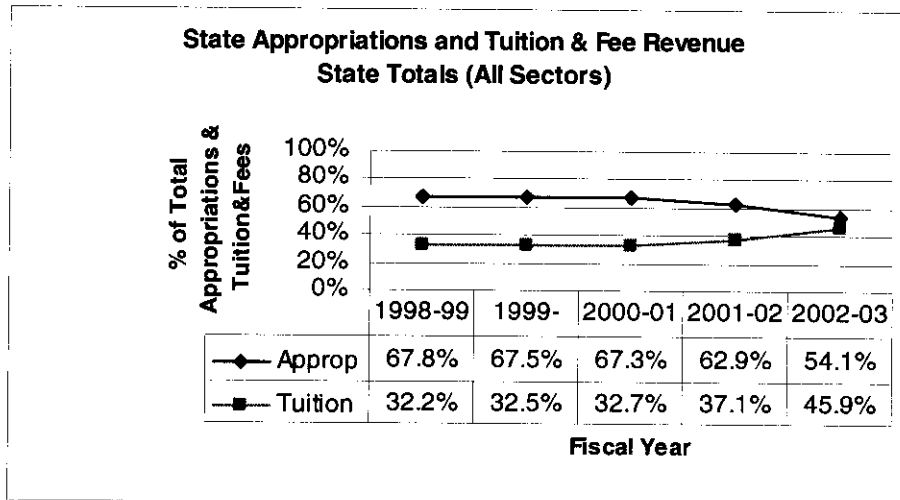


Figure 11.

Scholarships and Grants

	1998-99		2002-03		Percent Change	
	Students	Award Amount	Students	Award Amount	Students	Award Amount
Palmetto Fellows	1,719	\$7,864,035	2,985	\$19,024,485	74%	142%
LIFE	14,757	\$27,144,855	24,491	\$106,474,392	66%	292%
HOPE	-	-	2,188	\$5,240,447	-	-
Lottery Tuition Asst.	-	-	23,790	\$34,000,000	-	-
Need-Based Grants	23,028	\$16,138,314	22,973	\$14,766,413	0%	-9%
Grand Total	39,504	\$51,147,204	76,427	\$179,505,737	93%	251%

Average Award Amount		
	1998-99	2002-03
Palmetto Fellows	\$4,575	\$6,373
LIFE	\$1,839	\$4,347
HOPE	-	\$2,395
Lottery Tuition Asst.	-	\$1,429
Need-Based Grants	\$701	\$643
Grand Total	\$1,295	\$2,349

Figure 12.

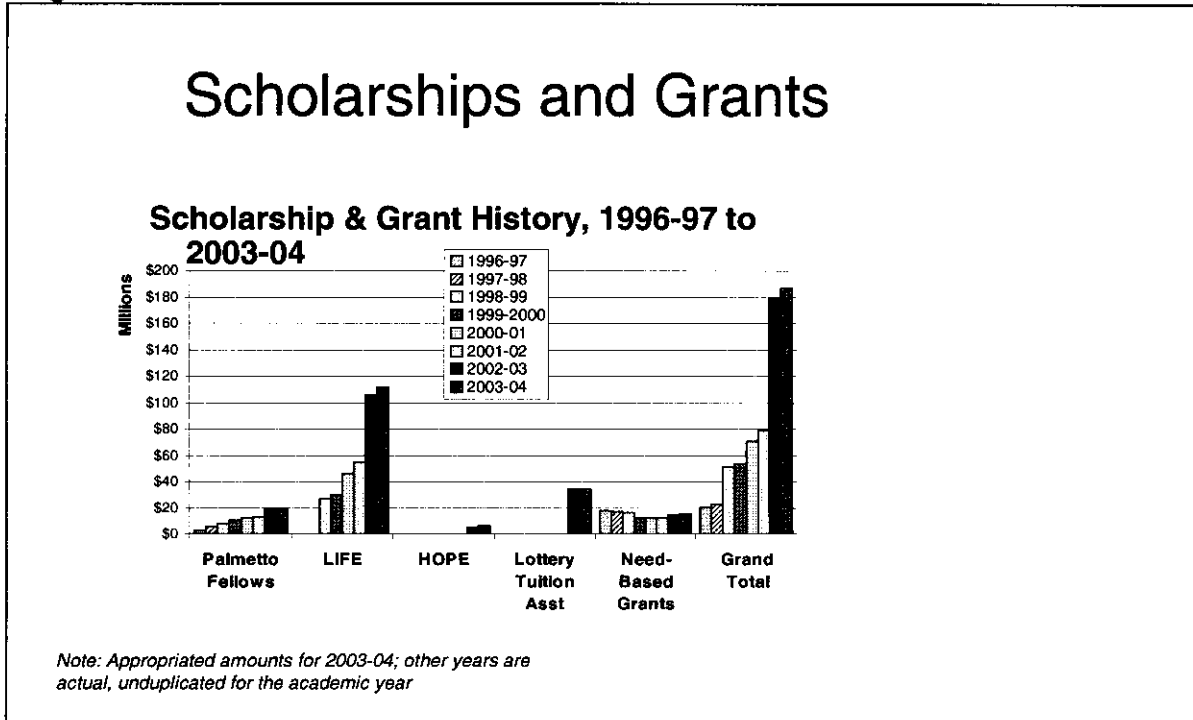
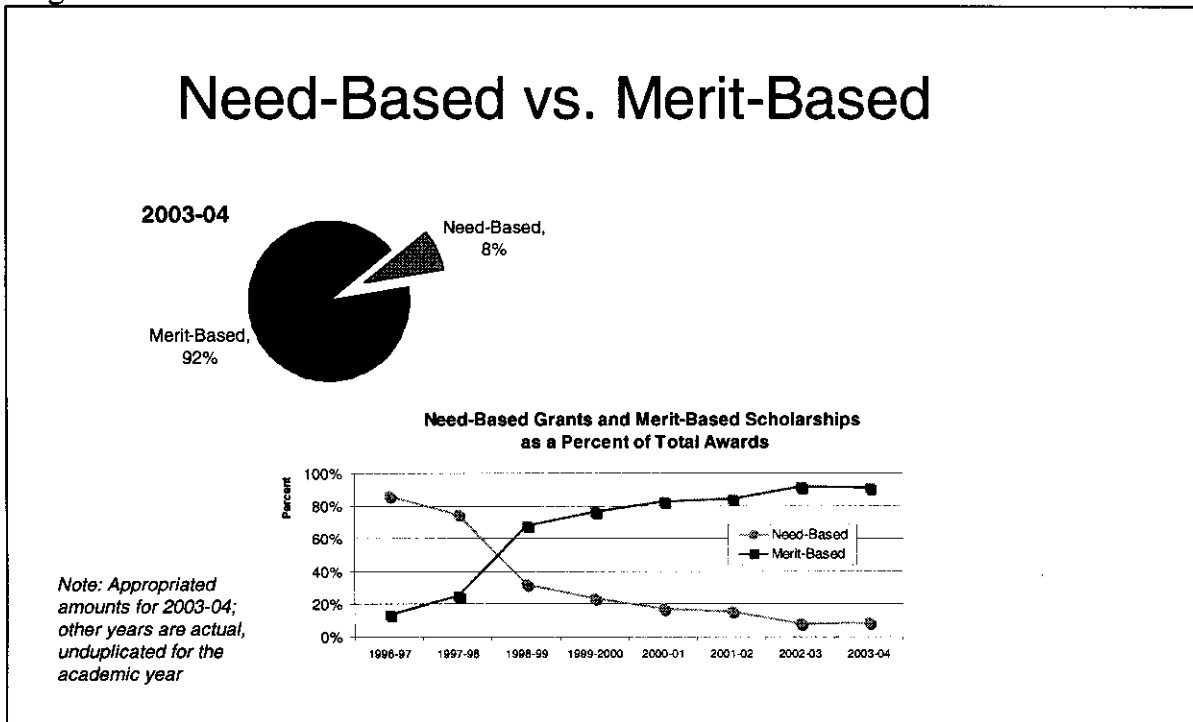


Figure 13.



Appendix B – Selected Data on Financing

Figure 1. Comparison of South Carolina Tuition and Required Fees for Resident Undergraduate Students, 2002-2003

	Level of Tuition and Required Fees as Percent of National Average	National Rank	Percent Change 2002-2003	Rank
Research Universities	106.6%	18	22.6% compared to national average of 9.8% for sector	3
Teaching Universities	116.7%	11	14.5% compared to national average for sector 10% for sector	8
Technical Colleges	119.7%	12	26.2% compared to national average for sector of 8.3%	1

Source: Washington Higher Education Coordinating Board, Washington State Tuition and Fee Report, January 2003

Figure 2. State Appropriations as a Percent of Revenue

State Appropriations as a Percent of Revenue

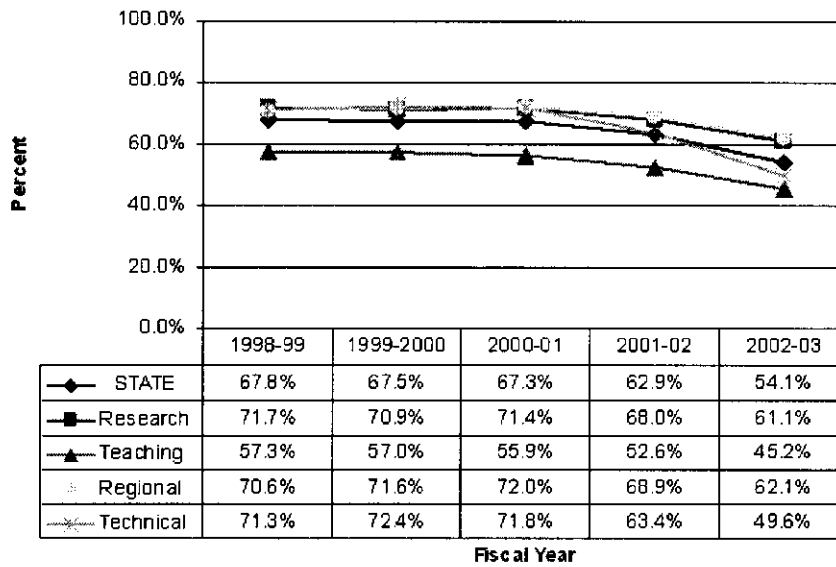


Figure 3. Increases in Tuition and Required Fees 1999-2000 to 2003-2004

Increases in Tuition and Required Fees 1999-2000 to 2003-2004

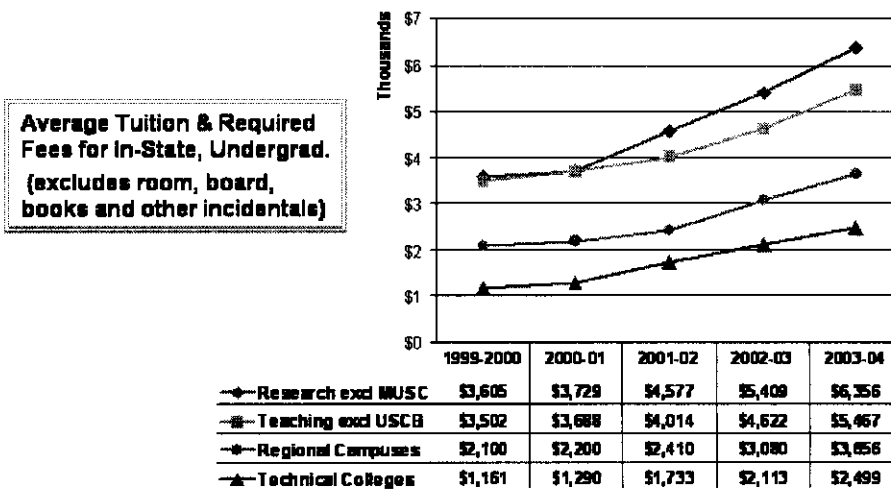


Figure 4. Comparison of Public Higher Education Revenue, FY 1998-99 to 2002-2003

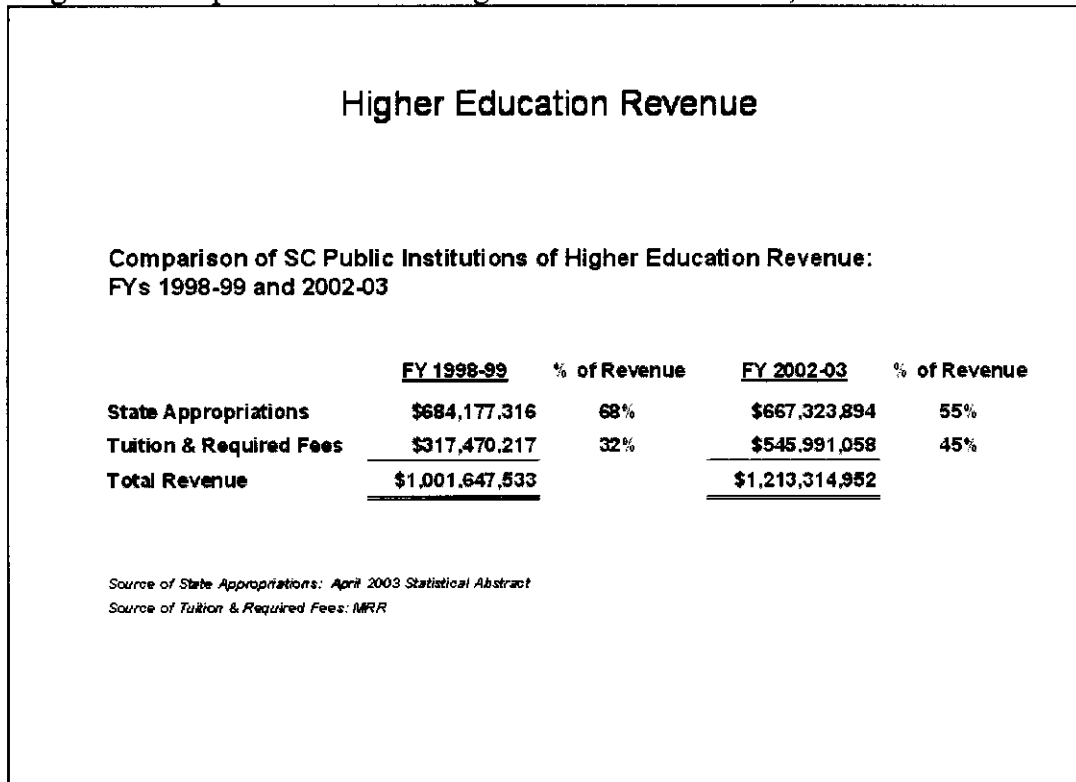


Figure 5. Net In-Migration of First-time Full-Time Freshman by Type of Institution, 2000

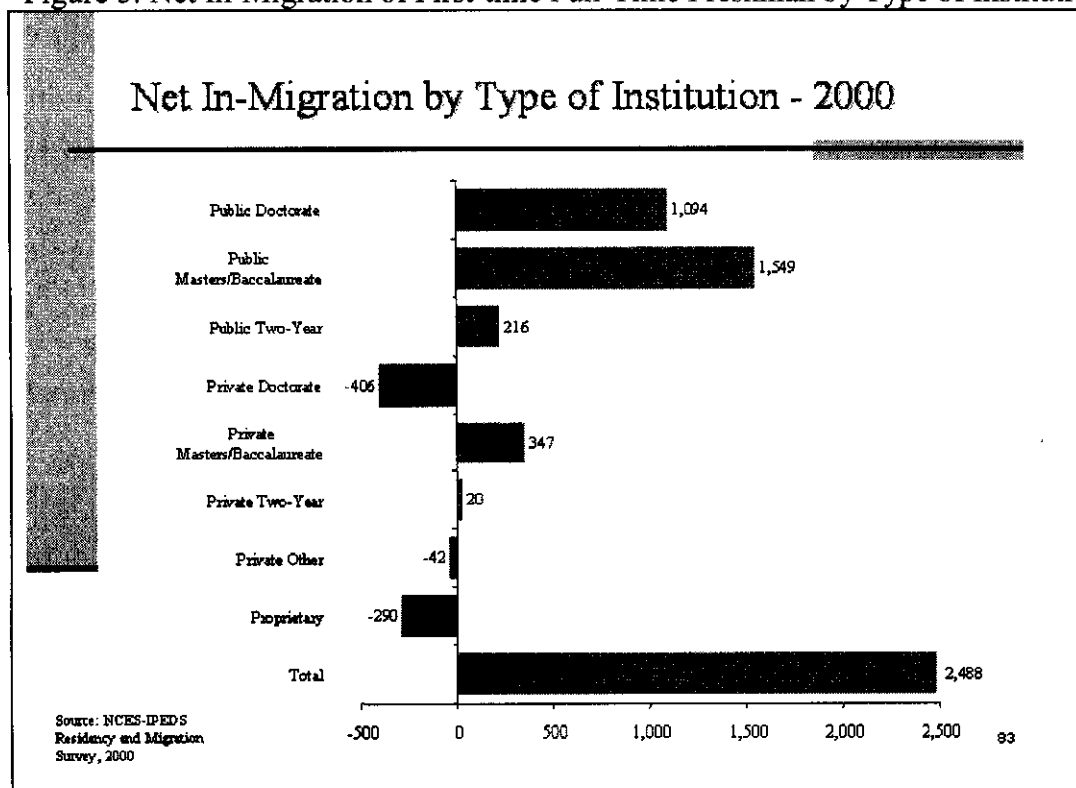


Figure 6.

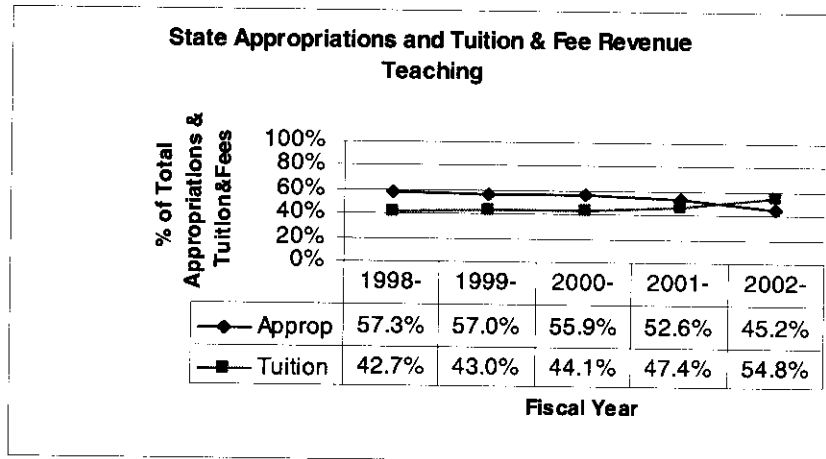


Figure 7.

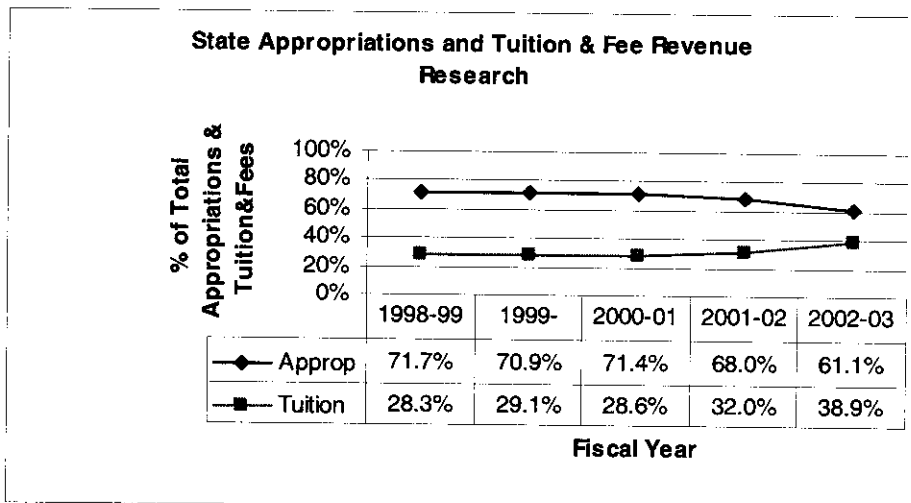


Figure 8.

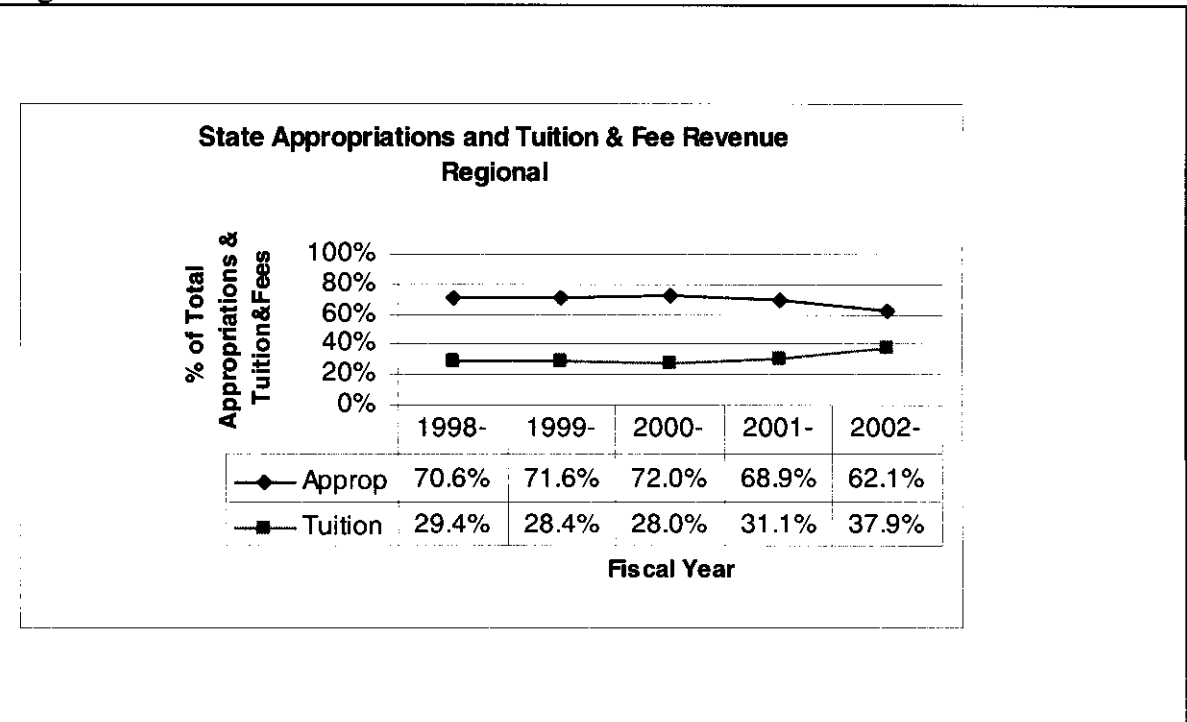


Figure 9.

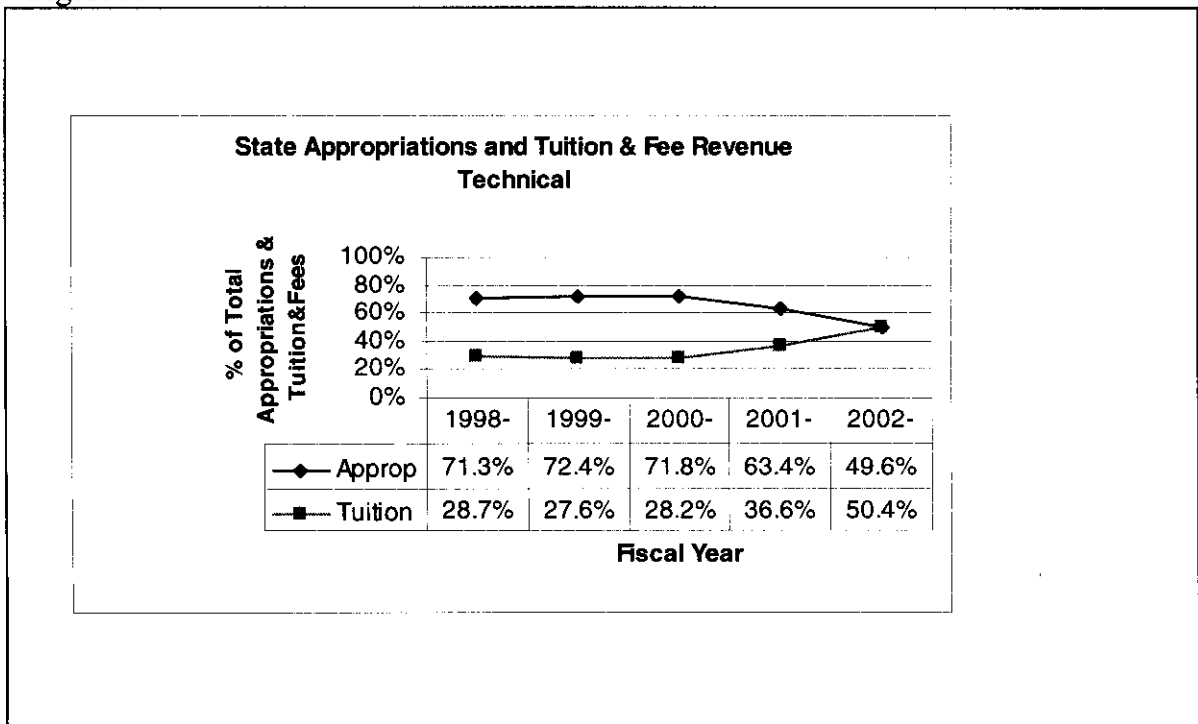


Figure 10.

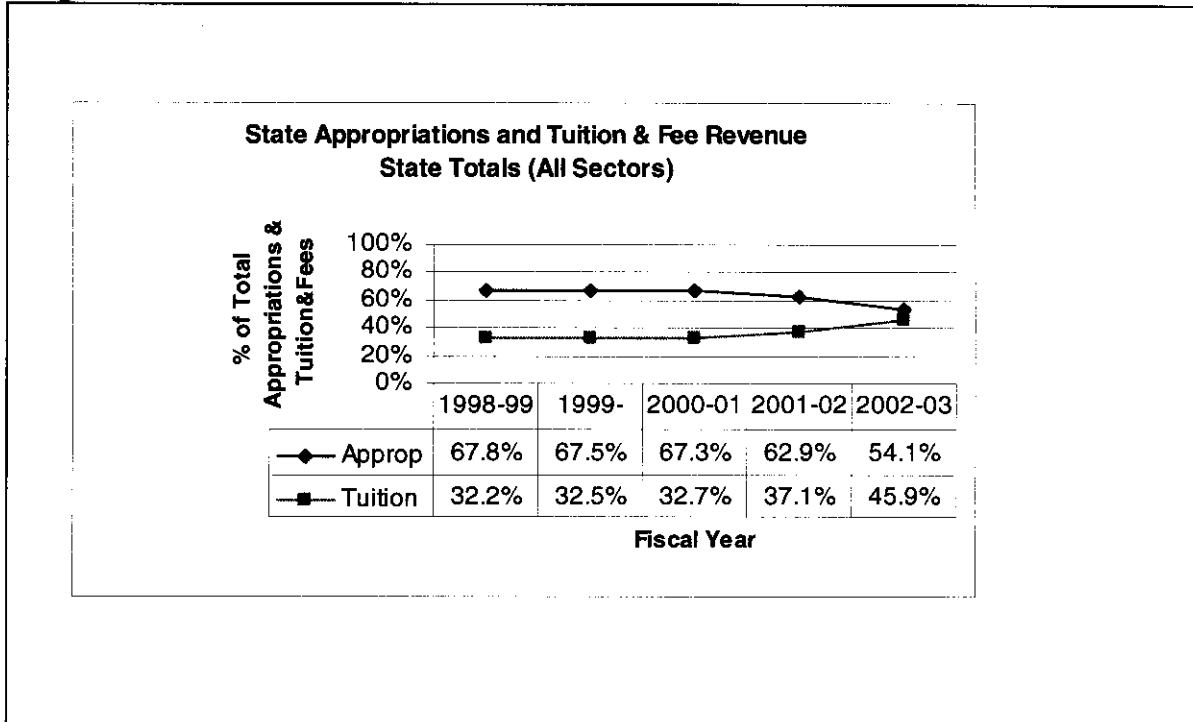


Figure 11.

Scholarships and Grants

	1998-99		2002-03		Percent Change	
	Students	Award Amount	Students	Award Amount	Students	Award Amount
Palmetto Fellows	1,719	\$7,864,035	2,985	\$19,024,485	74%	142%
LIFE	14,757	\$27,144,855	24,491	\$106,474,392	66%	292%
HOPE	-	-	2,188	\$5,240,447	-	-
Lottery Tuition Asst.	-	-	23,790	\$34,000,000	-	-
Need-Based Grants	23,028	\$16,138,314	22,973	\$14,766,413	0%	-9%
Grand Total	39,504	\$51,147,204	76,427	\$179,505,737	93%	251%

Average Award Amount		
	1998-99	2002-03
Palmetto Fellows	\$4,575	\$6,373
LIFE	\$1,839	\$4,347
HOPE	-	\$2,395
Lottery Tuition Asst.	-	\$1,429
Need-Based Grants	\$701	\$643
Grand Total	\$1,295	\$2,349

Figure 12.

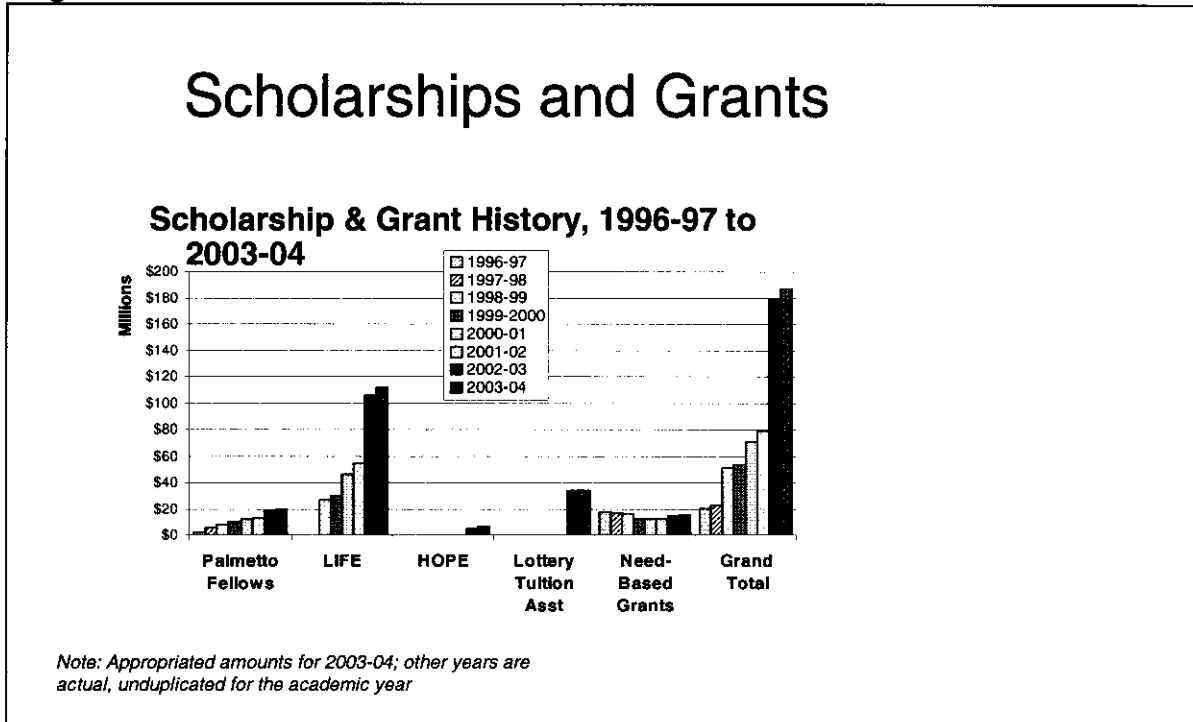
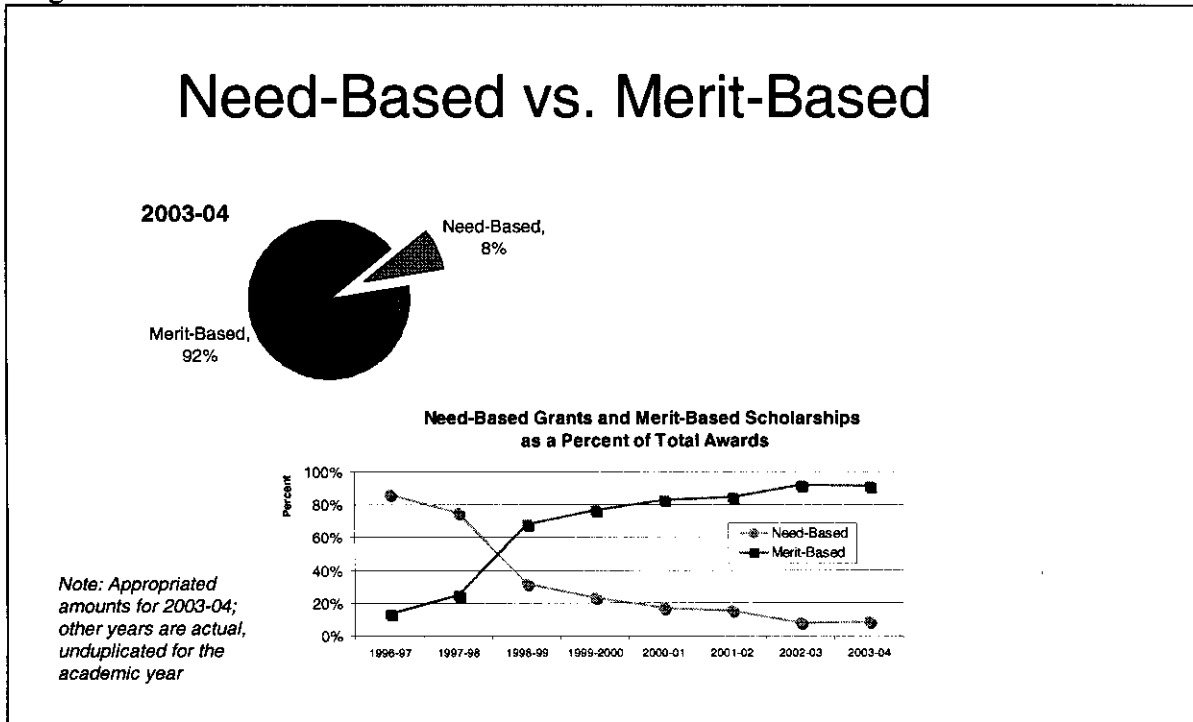


Figure 13.



APPENDIX C

INTERVIEWS, FOCUS GROUPS, AND CAMPUS VISITS

Senior Administration
University of South Carolina Columbia
September 10, 2003

Andrew Sorensen, President
Jane Jameson, Vice President, Human Resources
Bobby Gist, Equal Opportunity Programs
Bill Hogue, Vice President for Information Technology
Terry Parham, General Counsel
Chris Plyler, Regional Campuses/ Continuing Education
Dennis Pruitt, Student Affairs
Helen Zeigler, Business and Finance

Council of Presidents
Technical College System Office
Columbia
September 10, 2003

Thomas E. Barton, Jr., President, Greenville Technical College
Ronnie L. Booth, President, Tri-County Technical College
Anne S. Crook, President, Orangeburg-Calhoun Technical College
Charles W. Gould, President, Florence Darlington Technical College
Susan A. Graham, President, Aiken Technical College
Ronald W. Hampton, Interim President, Williamsburg Technical College
Anne S. McNutt, President, Technical College of the Lowcountry
Dennis F. Merrell, President, York Technical College
Kay R. Raffield, President, Central Carolina Technical College
Barry W. Russell, President, Midlands Technical College
Lex D. Walters, President, Piedmont Technical College
James C. Williamson, President, Northeastern Technical College
H. Neyle Wilson, President, Horry-Georgetown Technical College
Linda Ziegler, Vice President for Academic Affairs, Trident Technical College

System office staff present:

James L. Hudgins, Executive Director
Bill Bradberry, Sr. Manager for Instructional Technology
Dianne Brandstadter, Associate Executive Director for Academic Affairs and Technology
Russell P. Bumba, Sr. Manager for Student Services
Russ Darnall, Associate Executive Director for Economic Development
Judy Everett, Director of Development
Thomas W. Mayer, Executive Assistant for Administration

Kandy N. Peacock, Director of Human Resource Services
Donald R. Peterson, Associate Executive Director for Finance and Audit
Lawrence Ray, Director of Communications
Khushru Tata, Chief Information Technology Officer

Senior Administration
University of South Carolina, Aiken
September 11, 2003

Tom Hallman, Chancellor
Tony Ateca, Director of Operations
Randy Duckett, Assistant Chancellor for Enrollment Services
Joe Harm, Chair, Faculty Assembly
Johns Hutchens, Chair, Classified Employees Assembly
Mike Hosang, Assistant Chancellor for Development & Alumni Affairs
Deb Kladviko, Associate Chancellor for Student Life & Services
Mike Lemons, Chief Information Officer
Deidre Martin, Assistant Chancellor for External Affairs
Suzanne Ozment, Vice Chancellor for Academic Affairs
Ginger Steel, Associate Chancellor for Business & Finance

Aiken Community Focus Group
University of South Carolina, Aiken
September 11, 2003

Bob Alexander, Chancellor-Emeritus, University of South Carolina, Aiken
Julie Carleton, Instructor, USC Aiken School of Business
Representative Ken Clark, South Carolina House District 96
Tim Dangerfield, Economic Development Partnership (EDP)
Joe W. DeVore, Chairman, ATC Commission
Linda B. Eldridge, Superintendent, Aiken County Schools
Jason Fulmer, South Carolina Teacher of the Year
Susan Graham, Aiken Technical College
Tom Hollman, Chancellor, University of South Carolina, Aiken
Mike Hosang, Assistant Chancellor for Development, USC Aiken
Senator Thomas L. Moore
John Oakland, USC Aiken Partnership Board
Linda Reece, USC Aiken Alumni Council
Tim Simmons, Aiken County Commission on Higher Education
Jeff Spears, Bank of America-USCA Partnership Board
Gary Stooksbury, Aiken Electric Cooperative
Steve Sucher, Bridgestone Firestone South Carolina
Frank Thomas, Security Federal Bank
Gasper L. Toole, III, Aiken County Higher Education Commission
Chris Verenes, Washington Group International

**Senior Administration
Lander University
September 11, 2003**

Daniel Ball, President
Leonard E. Lundquist, Vice President for Academic Affairs
Jefferson May, Athletics Director
Eleanor Teal, Vice President for University Advancement
M. Blair Willingham, Interim Vice President for Business and Administration

**Senior Administrators
Clemson University
September 12, 2003**

James Barker, President
Thornton Kirby, Executive Secretary to the Board of Trustees & Executive Assistance to the President
Angie Leidinger, Executive Director, Office of Governmental Affairs
Cathy Sams, Director of Public Relations/News Services

**Senior Administration
Furman University
September 12, 2003**

David Shi, President
Greg Carroll, Vice President for Marketing and Public Relations
Gary Clark, Director of Athletics
Tom Kazee, Vice President for Academic Affairs and Dean
Don Lineback, Vice President for Development
Michelle Shain, Director of Community Relations
Harry Shucker, Vice President for Student Services
Benny Walker, Vice President for Enrollment

**Community Focus Group
Furman University
September 12, 2003**

Lillian Brock-Fleming, Mayor Pro Tem, City of Greenville
Merl Code
George Fletcher
Roger Gill, The University Center
Ron McKinney, Attorney
Minor Shaw

**Senior Administration
South Carolina State University
September 15, 2003**

Andrew Hugine, Jr., President
James Arrington, Vice President for Academic Affairs
Marie Artis, Interim Vice President for Institutional Advancement
Carl Jones, Vice President for Student Affairs
John Smalls, Vice President of Financial Management and Information Systems
James Walker, Vice President for Research

**Senior Administrators and Faculty
Francis Marion University
September 15, 2003**

Richard Chapman, Provost
Garry Ballard, Executive Director of University Relations
Scott Brown, Director of Financial Assistance
Paul Dove, Dean of the Library
Gary Hansen, Professor, Vice President for Administration
Murray Hartzler, Athletic Director
Jay Kispert, Vice President for Business Affairs
Ken Kitts, Professor and Assistant Provost
Charlene Wages, Faculty Member

**Florence Community Focus Group
Francis Marion University
September 15, 2003**

Sandra Barbour, Northeastern Technical College
Julie Bush, Francis Marion University
Ron Chatham, NESA
Trisha C. Caulder, Adult Education, Florence District, 1, 4, 5
Fred F. DuBard, Jr., NESA- Coastal University
Emerson Gower, Progress Energy
Christopher D. Johnson, Francis Marion University
Frank Jones, Marion County Economic Development
Kenneth Kitts, Francis Marion University
Joe Nelson, Florence District, 1
Tim Norwood, ADP
Steve Quick, FCSD 2
Charlene Wages, Francis Marion University
George Whitaker, FDTC
David N. Williams, City of Florence

**Senior Administration
Horry-Georgetown Technical College
September 16, 2003**

Neyle Wilson, President
Fred Bauer, Vice President for Business Affairs
Shirley Butler, Provost, Grand Stand Campus
Gary Davis, Vice President for Institutional Advancement and Technology
Bryan England, Provost, Georgetown Campus
Marilyn Fore, Senior Vice President for Academic Affairs
Judy Hardee, Associate Vice President for Human Resources and Employee Relations
Rennie Lansberg, Vice President for Student Affairs and Campus Life
Dennis Murphy, Vice President for Economic and Industrial Development and
Corporate Outreach

**Senior Administration
Coastal Carolina University
September 16, 2003**

Ron Ingle, President
Pete Barr, Provost
Janis Chesson, Vice President for Organizational Development and Human Resources
Dave DeCenzo, Dean, College of Business
Lynn Franken, Dean, College of Humanities and Fine Arts
Sally M. Horner, Executive Vice President
Doug Nelson, Dean, Natural and Applied Science
Danny Nicholson, Vice President for University Advancement
Lynne Smith, Dean of Library Services
Lynn Willett, Vice President for Student Affairs

**Community Focus Group
Coastal Carolina University
September 16, 2003**

Billy Alford, A&I
Thomas Bouclette, SunBank, N.A.
Bob DuRant, Carolina First Bank
Mary Eaddy, The Wordsmith, Inc.
Dalton B. Floyd, Jr., Chairman, Commission on Higher Education
Demey Clements, The Sun News
Chuck Gadsden, Superintendent Georgetown Schools
Brent Groome, HTC
Richard Heath, CPA/Richard Heath, CPA, CVA, PC
Chris Hines, Partners-Economic Development Corp.

Martha S. Hunn, Myrtle Beach Area Hospitality Association
Mark Lazarus, Horry County Council
Fred Richardson, GSWSA
Gernita Postlewait, Horry County Schools
Mark Scheller, M.D., Physician Coastal Carolina
Mack Singleton, New South Companies
Julien Springs, Beach First
John Stewart, Nelson, Mullins, Riley & Scaborough
George Williams, Jr., McKievei Funeral Home, Inc./Board of Visitors of Education Dept.
Dick Ward, Strand Orthopedics

**Senior Administration
College of Charleston
October 15, 2003**

Leo Higdon, President
Andrew Abrams, Senior Vice President, Strategic Planning and Administration
Don Burkard, Dean of Admissions and Adult Students
Jeri Cabot, Acting Senior Vice President, Student Affairs
Fred Daniels, Senior Vice President for Executive Administration
Daniel Dukes, Senior Vice President, Government Affairs
Greg Evans, Vice President, Development
Elise B. Jorgens, Provost and Senior Vice President, Academic Affairs
Virginia Friedman, Vice President, Communication
Elizabeth Kassebaum, Secretary to the Board of Trustees
Sue Sommer Kresse, Senior Vice President, Institutional Advancement
Pamela Niesslein, Associate Dean, OAP
Monica R. Scott, Vice President for Facilities Planning
Fran Welch, Dean, School of Education

**Charleston Community Focus Group
College of Charleston
October 15, 2003**

Don Belk, Trustee, College of Charleston
Remley Campbell, College of Charleston Alumni Association
Elise Davis-McFarland, Vice President Student Services, Trident Technical College
Rew Godow, Low County Graduate Center
Leigh Handal, Historic Charleston Foundation
Johnny Jordan, College of Charleston Alumni Association
Judy Linder, College of Charleston Alumni Association Executive Board
Spike Metts, The Citadel
Amy Orr, College of Charleston Alumni Association Executive Board
Philip Owens, Charleston Metro Chamber of Commerce
Mary Quints Johnson, Chair, College of Charleston School of the Arts Council
Daniel Ravenel, Commission on Higher Education
John Rivers, College of Charleston Foundation

**Senior Administration
Technical College of the Lowcountry
October 16, 2003**

Anne McNutt, President
Clyde Hincer, Vice President for Finance
Ron Jackson, Vice President for Student Affairs
Lucille Roth, Faculty Member
Nancy Weber, Vice President for Continuing Education

**Senior Administration
Medical University of South Carolina
October 17, 2003**

John Raymond, M. D., Vice President for Academic Affairs and Provost
James Gilbert, Consultant
Perry Halushaka, Dean of Graduate Studies
Thomas Higerd, Associate Provost for Institutional Research and Assessment
Carol Lancaster, Vice President, Academic Affairs
Pariqt Javed, College of Dental Medicine
Danielle Ripich, Dean of Health Professions
Gail Stuart, Dean of Nursing

**Executive Officers
Winthrop University
November 11, 2003**

Anthony DiGiorgio – President, Winthrop University
Frank Ardaiole, Vice President for Student Life
Kathryn Holten, Vice President for University Advancement
Brien Lewis, Executive Assistant to the President and Secretary to the Board of Trustees, Dean of University College
Rebecca Masters, Assistant to the President for Public Affairs
J. P. McKee, Vice President for Finance and Business

**Rock Hill Community Focus Group
Winthrop University
November 11, 2003**

Eddie Brown, York County Market President, Carolina First Bank
Anthony DiGiorgio, President, Winthrop University
The Honorable Doug Echols, Mayor, City of Rock Hill
Tim Gause, Duke Power Company
The Honorable Wes Hayes, South Carolina Senator
Ray Koterba, Neighborhood Empowerment Supervisor, City of Rock Hill

Rick Lee, Member, York County Council
Donald Long, Small business owner
Stefan Magura, Vice President of Business Development, Piedmont Medical Center
Mary Jean Martin, Chair, Winthrop University Board of Trustees
Dennis Merrell, President, York Technical College
Barre Mitchell, Director, Technology, Bowater Incorporated
Pam Morrell, Broker, Stepp-Tuttle Residential Real Estate
Ralph Norman, Warren Norman Company, Inc.
Jane Peeples, Consultant, former district school board chair
Betty Plumb, Executive Director, South Carolina Arts Alliance
Terry Plumb, Editor, *The Herald*
Jim Reno, Member, Rock Hill City Council
Mike Short, Chair, York County Council
Marilyn Smith, Chair, Faculty Conference, Winthrop University
Stephen Turner, Executive Director, Rock Hill Economic Development Corporation
Skip Tuttle, The Tuttle Company, Inc., Winthrop Board of Trustees
Bob Thompson, RLT Consulting, LLC, Winthrop Board of Trustees
Ellen Weir, Chair, York County Regional Chamber of Commerce
Eddie Williams, Williams Engineering
Rob Youngblood, President, York County Regional Chamber of Commerce

Additional Meetings

South Carolina Conference for Trustees November 12, 2003, Columbia
State Board for Technical and Comprehensive Education, November 17, 2003, Columbia

Individual Interviews

JoAnne Anderson, Executive Director, Education Oversight Committee
Rayburn Barton, Executive Vice Chancellor, University of South Carolina Beaufort
Reverend Ronnie Elijah Brailsford, Jr., Chair, Columbian Urban League, Inc.
Jim Byrd, South Carolina Independent Colleges and Universities
Fred Carter, Chief of Staff, Office of the Governor
Constantine Curris, President, American Association of State Colleges and Universities
Cherry Daniel, Director of Adult Education, South Carolina Department of Education
Scott English, Policy Advisor, Office of the Governor
Bob Faith, Secretary of Commerce
Jim Fields, Executive Director, Palmetto Institute
Eddie Floyd, M. D., Trustee, University of South Carolina
Senator Warren Giese
Representative Jerry Govan
Baron Holmes, Budget and Control Board
Hunter Howard, President, South Carolina Chamber of Commerce
Jim Hudgins, Executive Director, South Carolina Technical College System
Jack Kresslein, Office to Senator Giese
Trane McCloud, Office of Honorable Joe Wilson, U. S. House of Representatives

J. T. McLawhorn, Jr., President, Columbia Urban League, Inc.
Ed McMullen, President, South Carolina Policy Council
Darla Moore, Chair, Palmetto Institute
Barry Russell, President, Midlands Technical College
Terry Peterson, Senior Fellow for Policy and Partnerships at the University of South
Carolina and the College of Charleston.
John Rainey, Chairman, State Board of Economic Advisors
Senator Nikki Setzler
Fred Sheheen, Institute of Public Affairs, University of South Carolina
Andrew Sorenson, President, University of South Carolina
Inez Tenenbaum, State Superintendent of Education
Sam Tenenbaum
Margaret Torrey, Associate Vice President, South Carolina Chamber of Commerce
Jane Upshaw, Chancellor, University of South Carolina, Beaufort
Representative David Wilkins, Speaker of the House
Larry Wilson, Managing General Partner, Trelys

Summary of Items Recommended for Consideration

Provided below are items to be considered for implementing changes to the Commission on Higher Education. The purpose of these changes is to provide a framework for the Commission to be able to strengthen its planning role for the development of statewide goals and focus on a public agenda, the state's most pressing needs and priorities. These items create an accountability model, funding pools, funding methodology and a strengthened Commission to address the opportunities outlined in the Foundations for the Future Study.

1. Charge the Commission with the responsibility of creating an accountability program that would provide information on A) the assessment of all public institutions with respect to achievement of statewide goals and objectives, B) all public institutions with respect to institutionally determined goals and objectives approved by respective Boards of Trustees, C) the Commission on Higher Education with respect to its achievement of its mandated responsibilities related to statewide planning, and D) all public institutions with respect to the quality of academic programs. Further higher education institutions and the Commission should be from other accountability requirements existing in statute (codification of existing proviso - 72.50). *exempted*
- mechanics* 2. Create a funding pool within the Commission's budget to be used toward either statewide projects or the achievement of statewide goals (e.g. statewide software licenses and electronic library).
- copy* 3. Eliminate the requirement to base public institutional funding entirely on performance on specified indicators and revise the Commission's authority to reduce, expand, close, or consolidate institutions. Further, charge the Commission with the responsibility for revising the higher education funding methodology so that it will satisfactorily determine the needs of the public institutions, serve as a basis for appropriations requests from the General Assembly, and further serve as the basis for allocation of resulting appropriations, and insure an equitable distribution of state provided resources.
4. Consolidate code sections in order to simplify the institutional data reporting requirements for purposes of annual accountability. Also, eliminate references to critical success factors and performance indicators.
5. Provide the Commission with the explicit authority:
 - a. for the creation of an Academic Program Review process, to be funded with annual appropriations. For this process, the Commission would conduct external, objective reviews of the state's Research and Four-year Colleges and Universities academic programs so as to insure quality of the educational offerings across the state;
 - b. to terminate those academic programs that are non-productive, unnecessarily duplicative, or excessively costly. Further, additional authority should be provided to withhold funding from public institutions that operate academic programs that have not been approved by the Commission;
 - c. to approve the creation of any new public institution of higher education and to withhold funding from any public institution that operates outside of their approved mission and degree granting authority; and
 - d. to approve all capital projects proposed by public institutions and to rank those projects with respect to overall priority whenever capital projects may be considered by the General Assembly.
6. Restructure the Commission through the addition of two members (State Superintendent of Education and The Secretary of Commerce). These additional and new members would improve, strengthen and increase the effectiveness of the Commission through a broadened perspective and direct linkages with relevant agencies. ~~Agency representatives would be non-voting.~~ Commission member experience requirements should be revised and ongoing training requirements should be added to strengthen the qualifications of Commission members.