

**Remarks by Dalton Floyd, Jr., Chairman
South Carolina Commission on Higher Education
February 1, 2001**

As this is our inaugural meeting for the 2001 calendar year, I thought it appropriate to talk about where we are now and where we're headed—or, should be headed—over the next year. Once again, higher education in South Carolina finds itself in a difficult position relative to state funding, which makes it even more important for us to speak with a common voice on critical issues. Very briefly, I would like to review some of the current issues facing public higher education in our state in the hope of forging a common agenda for the next year.

Since funding is chief among our concerns, let me start there. A good way of gauging state funding for higher education is through comparison with our sister states in the southeast. You and I both know that higher education in South Carolina is historically underfunded as compared to many of the states in the SREB region; the recent MGT validation study confirmed this once again in great detail. Of course, the very real possibility of significant budget cuts next fiscal year will only increase this disparity. Two thoughts come to mind on this issue. First, the slowdown in the economy is affecting other states, too, not just South Carolina. For example, Virginia and

Tennessee, states that are more similar to South Carolina in many respects than our closest neighbors, Georgia and North Carolina, are also looking at very lean higher education budgets. So, we're hardly alone in our budget predicament, although that's cold comfort. Second, given the exigencies we're facing, there are still things we can do to improve our situation—*if we speak and act as a more united constituency*. This is where we can learn a lesson from our friends in North Carolina.

In November 2000, North Carolina's citizens passed a \$3.1 billion bond referendum for higher education. This money will be used to support critical facilities needs at the four-year universities and the community colleges throughout the state. This referendum passed in every county in the state by a margin of 60% or better and passed in several counties with a margin of 80% or better. Here is why: individual colleges and universities worked in their local service areas and regions to promote support for this statewide initiative among local constituencies. They sounded a common theme, laid aside partisanship, and united as a whole system in order to strengthen the individual institutions in the system.

We can do that, too. Maybe a statewide bond referendum is not the direction we should take in South Carolina, but perhaps we should find something similar. We, like other states, have mounting deferred maintenance problems and significant needs in terms of funding for research and new technology. To this end, the Commission should work over the next year to help the public higher education community in South Carolina take its needs to the people in a way that will ensure a better funding scenario for colleges and universities.

This means that the Commission will need to enhance even further its role as an advocate for all public colleges and universities. Being an advocate means addressing in a concrete fashion the issues that mean the most to the future success of the state's institutions. Certainly, as I've made clear, our budgetary situation is at the top of this list. But it is important to give the budget tangible meaning in terms of where we want our money to go. Let me touch on two items I mentioned a moment ago, research and technology.

A strong statewide commitment to these two areas is absolutely essential for enabling our state to move to the next rung on the economic ladder. And moving to that next rung is critical if our citizens are to enjoy an enhanced

quality of life. In short, we must make a concerted effort within the higher education community in South Carolina to bring technology-based business and industry to the state. Such companies represent the future of the world economy, and as such they need to be a part of our future, too.

It's important to remember that attraction and development of technology-based industry is intrinsically linked to a strengthened applied research infrastructure at our major universities. High tech companies look for such an infrastructure as a cost-effective alternative to developing one themselves: an expensive proposition, as we know. Our budgetary problems notwithstanding, we must work together to amplify our existing research capacity in South Carolina, which I believe has direct implications for the future well-being of the state.

We've made a good start with the Research Investment Fund and the South Carolina Research Incentive Grants, which the Governor has proposed funding at the \$5 million level next year. Likewise, we're headed in the right direction with the development of the South Carolina Information Technology Institute, which is on the Commission's agenda today. These are collaborative efforts aimed at shoring up our research and technology

infrastructure, and I'm convinced they will reap positive rewards for the whole state for years to come.

Creating a favorable environment for new high tech industry through enhanced applied research expertise must also be the centerpiece of our strategic plan over the next year, and, indeed, over the next several years. To this end, the Commission's draft Strategic Plan for 2001 calls specifically for "investing in research for economic development and a better quality of life" as a major goal for all of higher education. As with other important issues, such as funding levels and deferred maintenance, we must speak with a common voice, act as a united system, and take advantage of our mutual strengths if we are to succeed in reaching our goals.

And, finally, we must continue our commitment to accountability through performance-based funding. I am convinced that continuing to show ourselves as careful stewards of public money will only improve our leverage with the General Assembly and with their bosses, the electorate. Other states have taken our lead and are planning their own performance funding initiatives. Here at home, we will soon have in place a system that

will enable the Commission and the institutions to focus on those measures that best evaluate quality as well as efficiency.

Public higher education in our state has much to be proud of. Clemson was named Time Magazine's Public College of the Year, extramural research funding at our universities is at an all-time high, and we can legitimately claim to possess a world class technical college system. In order to expand on these successes, especially given the obstacles facing us in the next fiscal year, we must recognize to an even greater degree our interconnectedness and the need to view our problems from a statewide perspective, not just a local or institutional perspective. Time is short, and we have much to accomplish for the people of South Carolina. Let's work to accomplish it together. If we do, I believe the people will respond in kind, and we ourselves will be the beneficiaries.

Thank you.