

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
March 6, 1997
10:30 a.m.

MEMBERS PRESENT

Mr. R. Austin Gilbert, Chairman
Ms. Rosemary H. Byerly
Ms. Dianne Chinnes
Mr. E. Bart Daniel
Dr. Colgate W. Darden, III
Mr. Dalton B. Floyd, Jr.
Mr. Frank Gilbert
Dr. Joab M. Lesesne, Jr.
Dr. W. David Maxwell
Gen. Thomas R. Olsen
Mr. Lewis Phillips
Mr. Bill H. Stern

MEMBERS ABSENT

Dr. C. Edward Floyd
Mr. Winfred S. Greene

STAFF

Mr. Michael L. Brown
Ms. Saundra Carr
Ms. Renea Eshleman
Mr. Charles FitzSimons
Ms. Margaret L. B. Hicks
Ms. Sherry Hubbard
Mr. John Krause
Mr. Alan S. Krech
Dr. David Loope
Ms. Lynn W. Metcalf
Dr. Gail M. Morrison
Mr. Jeff Richards
Mr. Fred R. Sheheen

Mr. John E. Smalls
Dr. Michael Smith
Ms. Yolanda Solone
Ms. Janet K. Stewart
Dr. Lovely Ulmer-Sottong
Ms. Julia E. Wells
Ms. Noel Wilson
Dr. Karen G. Woodfaulk

GUESTS

Dr. Robert E. Alexander
Mr. Gene Allen
Mr. Melvin Barnette
Mr. Gary E. Bell
Mr. Harry Bell
Mr. Arthur M. Bjontegard
Mr. Charles A. Brooks
Ms. Betty Davidson
Mr. Fred L. Day
Mr. David Fleming
Ms. Linda Floyd
Mr. Robert C. Gallager
Mr. Alan Godfrey
Dr. Charlie W. Gould
Dr. Mike Gross
Dr. H. McLean Holderfield
Ms. Sue Hooks
Dr. Sally Horner
Mr. David Hunter
Ms. Terri Jenkins
Ms. Karen Jones
Mr. Jim Kirk
Mr. Scott Ludlow
Mr. Howard Lundy
Col. Calvin G. Lyons

Dr. Harry G. Matthews
Mr. Bob McBeth
Dr. Michael McCall
Dr. Ted McClure
Mr. J. P. McKee
Mr. Bob Mellon
Mr. Dennis Merrell
Mr. Don Peterson
Mr. F. D. Puncke
Mr. William T. Putnam
Mr. Charles Shawver
Dr. Earline Simms
Dr. Sabra Slaughter
Mr. Corbin Smyth
Dr. Sue Sommer-Kress
Dr. DeWitt Stone

Dr. John C. Sutusky
Ms. Connie Thompson
Dr. Mary Dellamura Thornley
Mr. Allen Tibshany
Mr. Don Tyner
Dr. Jim Vincent
Mr. Neyle Wilson
Ms. Dawn Wisniewski
Dr. Linda Zeigler

MEMBERS OF THE PRESS

Mr. Bill Robinson
Mr. Peter Schmidt

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

Mr. Sheheen introduced and welcomed a new Commission member, Dr. Joab M. Lesesne, Jr., president of Wofford College. Dr. Lesesne was appointed by the Governor as a non-voting representative from the private colleges in South Carolina.

Mr. A. Gilbert presented a framed certificate to Mr. Fred L. Day on behalf of the Commission and staff for his years of service as a member of the Commission from July 1990 through June 1996 and chairman of the Commission from August 1994 through June 1996.

I. Approval of Minutes of Meeting of February 6, 1997

It was moved (Darden), seconded (Byerly), and voted that the minutes of the meeting of February 6, 1997 be approved as written.

II. Public Hearing

A. Plan and Regulations on Performance Funding Submitted Under Provisions of the Administrative Procedures Act

Dr. Michael McCall expressed collective concerns of the South Carolina Technical College System with the Plan and Regulations on Performance Funding submitted under provisions of the Administrative Procedures Act (Exhibit A). Dr. Mary Thornley and Mr. Dennis Merrell spoke to particular concerns with the Plan

and Regulations. Mr. Bob McBeth, a private citizen, described his apprehension about requirements surrounding SAT scores.

Because of concerns raised, there was a consensus that changes proposed today would be considered first by the Steering Committee on Performance Funding. Any changes made by the Committee would be considered by the Executive Committee, then on to the Legislature and to the Commission in April.

After further discussion, it was agreed that all Commission members would be invited to attend the Steering Committee meeting scheduled for Tuesday, March 11, 1997.

B. Regulations for Palmetto Fellows Program and for Need-Based Student Aid Program

There were no comments or questions on these programs.

It was noted that general guidelines were approved by the Commission previously.

III. Committee Reports

3.03 Report of Committee on Access and Equity, Licensing, Veterans Affairs and Special Projects

Mr. F. Gilbert, chairman of the Committee, reported on the following matters:

A. Licensing Advisory Committee

A Licensing Advisory Committee will review special studies, proposed legislation, and policy issues related to student services and/or licensing issues and will provide suggestions and guidance to the staff on those and any other matters affecting licensing of nonpublic postsecondary institutions. The staff will appoint to the Committee at least six owners, directors, and/or administrators from licensed institutions to be chaired by the Director of the Licensing and Veterans Education Division.

The Committee recommended that the Commission approve establishment of a Licensing Advisory Committee as outlined above. It was moved (F. Gilbert) and seconded (Olsen) that the recommendation be approved. It was moved (Chinnes), seconded (Phillips), and voted to add a member from the business community to the Committee. It was voted that the recommendation be approved as amended.

B. Records for Closed Schools

If the licensed institution does not provide for maintenance of the records under the provisions for licensure, the Commission may seize the records and arrange for their safety, maintenance, distribution or disposal.

The Committee recommended:

- 1) the licensing staff conduct a study and develop possible options for retention and servicing of records for schools that close;
- 2) the study may include surveying other states' laws, rules, regulations, and policies; investigating possible funding sources; and surveying licensed institutions for suggestions;
- 3) the Licensing Advisory Committee provide information and advice to the staff; and
- 4) the licensing staff submit the results of the study and, if appropriate, a plan to the Committee for the long-term retention and servicing of records for schools that close. Upon approval, the plan would then be submitted to the full Commission for consideration.

It was moved (F. Gilbert), seconded (Chinnes), and voted that recommendation be approved.

C. Student Recovery Fund

Under the provisions of the Nonpublic Postsecondary Institution Act, CHE has the authority to promulgate regulations establishing a student tuition recovery fund.

The Committee recommended:

- 1) the licensing staff conduct a study and develop possible options for implementation of a student recovery fund;
- 2) the study may include surveying other states' laws, rules, regulations, and policies, and soliciting information on successes and suggestions; investigating possible funding sources; and surveying licensed institutions for suggestions;
- 3) the Licensing Advisory Committee provide information and advice to the staff; and
- 4) the licensing staff submit the results of the study and a plan, if appropriate, to the Committee for the implementation of a student recovery fund or other means by which to provide student protection.

Upon approval, the plan would then be submitted to the full Commission for consideration.

It was moved (F. Gilbert), seconded (Darden), and voted that recommendation be approved

D. Twelfth Annual Access and Equity Conference

The Commission will sponsor the Twelfth Annual Access and Equity Conference March 12-14, 1997 in Greenville, South Carolina.

3.04 Report of Committee on Finance and Facilities

Mr. Daniel, chairman of the Committee on Finance and Facilities, reported on the following matters:

1. Interim Projects

A. Medical University of South Carolina

1. Children's Hospital HVAC - The existing HVAC system will be repaired and upgraded. The total cost will be \$2,300,000 from Hospital Operating Revenue.

The Committee recommended approval of the project as proposed.

2. Hospital Renovation Phase X - Infrastructure Upgrades - This project was established as part of the University's 1995-96 Annual Permanent Improvement Plan (APIP) in order to provide upgrades to the existing fire alarm systems, medical air, and in-house piping. Since the project was established, University officials have discovered that pipes and water lines under the main hospital need to be repaired or replaced; therefore, the initial budget estimate is inadequate. The total cost will be \$2,500,000 from Hospital Operating Revenue .

The Committee recommended approval of this project as proposed.

3. Quad HVAC - The project is for the installation of a new chiller, cooling tower and pumps. The total cost will be \$410,000 from Student Fees. No student fee increase will result from this project.

The Committee recommended approval of this project as proposed.

4. Morgue Renovation - The space will be gutted and totally renovated to meet accreditation standards. Also an addition will be constructed for storage. The total cost is \$1,000,000 from Hospital Operating Revenue.

The Committee recommended approval of this project as proposed.

5. Hospital Air Conditioning Renovations - In 1992 the University received approval to renovate the existing air conditioning system in Medical Center Hospital. Since that time operational changes have occurred which show that there is a shortage of chilled water capacity, inadequate ventilation and exhaust air capacities, and in some cases, obsolescence of existing equipment. The total project cost is \$9,100,000 from Hospital Operating Revenue.

The Committee recommended approval of this project as proposed.

6. Land Acquisition - Lockwood - The University is seeking authorization to acquire a 3.96 acre tract of land from the South Carolina Research Authority. This property is adjacent to the Harborview Office Tower Building with a total cost of \$800,000. Property Management has not completed its review of the required Level I Environmental Survey of the property.

The Committee recommended approval of this project as proposed subject to acceptance of the Level I Environmental Survey of the property by the Division of General Services.

B. University of South Carolina

1. Flinn Hall Restoration - This project was established in 1993 to perform exterior repairs to Flinn Hall which is located in the historic Horseshoe area of the campus. After the building was damaged by fire in 1995, the project scope was revised. A projected increase will include the repair of fire damage and the previously planned renovation/restoration work. The total cost of the project is \$1,600,000.

The Committee recommended approval of this project as proposed.

2. Library Remote Storage Facility Construction - This project was approved in 1994 as part of the implementation of Phase I of the University's Master Plan and stipulated that further required approvals will include the identification of a specific site location and the determination of the purchase price of land, if a site is to be purchased.

The facility is to be constructed on land currently owned by the State of South Carolina. The State will transfer right use of the property to the University. The total cost is to be \$3,300,000.

The Committee recommended approval of the subject site for continuation of the project as proposed.

- C. USC-Spartanburg - Rifle Ridge Apartments Purchase - This project is for the purchase of the privately owned Rifle Ridge Apartment complex located on Spartanburg County property designated by ordinance for USC-Spartanburg use. There currently is no University owned housing. The University plans to perform a series of minor maintenance-related renovations and upgrades to the facilities immediately, with additional improvements to follow as funds become available.

The Division of General Services, Property Management, has not completed its review of the required appraisal and environmental study of the property.

The Committee recommended approval of the project as proposed subject to the Division of General Services, Property Management acceptance of the required appraisal and environmental study of the property.

- D. Florence-Darlington Technical College - A&E Services, BellSouth Building and Parking Garage - The Commission recently approved the acquisition of the BellSouth property by the College through donation by BellSouth Telecommunications. The Commission's approval was contingent upon the review and acceptance of the Division of General Services environmental study of the property. The College must receive Commission approval for the planning and construction of the garage and renovations to the donated facilities.

The Division of General Services has reviewed and finds acceptable the environmental study of the property. The College is now seeking approval to proceed with the architectural and engineering (A&E) design services for renovation of the property. Also included is the design of a 500 space parking garage. Funding for the A&E work for both projects will come from local capital fees.

The Committee recommended approval of the A&E services up to the design development stage with the requirements that 1) the College will return to the Commission for full project consideration once the source of funds for the renovation and construction is identified, and 2) the College

understands that approval for the A&E services does not constitute priority ranking from the State Board for Technical and Comprehensive Education or the Commission on Higher Education regarding Capital Bond financing of the project.

- E. **Horry-Georgetown Technical College - Grand Strand Campus Renovations** - In 1996 the College received final approval for acquisition by State property transfer of a 71 acre site that was formerly part of the Myrtle Beach Air Force Base. The College received Commission approval to proceed with the A&E for the renovations of the facilities. Now that the old Grand Strand campus property has been sold, the College has identified revenues from the sale and local college funds as the sources of funds for the renovations and is requesting Commission approval to proceed. The funds will be used to renovate existing buildings and develop a campus master plan. Also a request to construct 250 parking spaces has been combined into the scope for this project.

The Committee recommended approval of this project as proposed.

It was moved (Daniel), seconded (F. Gilbert), and voted that the above projects be approved.

2. **Routine Repair, Replacement, and Maintenance Project**

Clemson University - Parking Lots Resurface - This project calls for the patching and resurfacing of parking lots R3, C4, and C5. Curbs and gutters will be installed in some areas to better control storm water run-off.

An opportunity was provided during the meeting for members to ask questions regarding this project. Since there were no objections, the project will be forwarded by staff to the Budget and Control Board with a favorable recommendation.

3. **Discussion of Proposed Alternative for Allocation of Non-Performance Funds**

The plan which was approved by the Commission stated that in the event the General Assembly appropriates funds to higher education in excess of the \$642.4 million, 75% would be allocated to the formula using an allocation methodology approved by the Commission and the Council of College and University Presidents and 25% would be allocated to performance funding. The CHE methodology achieves parity by allocating the larger share of the "new money" to the institutions with the

lowest percentages of the formula until all institutions are at the same percentage. It was also voted that the institutions should have an opportunity to discuss the distribution methodology adopted as well as the 75/25 plan for re-examination by the Commission.

Clemson University has presented an alternative plan proposal. The Committee unanimously recommended reaffirmation of the existing allocation methodology.

It was moved (Daniel), seconded (Darden), and voted to reaffirm the existing allocation methodology which was adopted by the Commission in January of 1995.

3.05 Report of Committee on Planning and Assessment

Remarks on the Planning and Assessment Committee Acting as the Steering Committee for Performance Funding Chaired by Dalton Floyd

Mr. Floyd presented a progress report as the performance funding planning process is entering its final phase. The Steering Committee is scheduled to meet on March 11 and March 27 to finalize its recommendations to the Commission. The Commission will meet on April 3 as a Committee of the Whole to receive the report from the Steering Committee and conduct an open forum on the performance funding plan. The Commission will meet again on May 1 to approve the plan.

III. Report of the Executive Director

Discussion of Funds Available for Scholarship Program

As established by the legislature, fifty percent of the funds appropriated to the public and private institutions are allocated to Need-Based Grants and fifty percent are allocated to Palmetto Fellows Scholarships. Public and private institutions will receive funds for both programs based on the percentage of the State's total undergraduate resident full-time enrollment for the previous year. When the Palmetto Fellows Scholarship and the Need-Based Grant programs are fully implemented in 2001, the funds must be divided equally between the two programs. The Commission has the responsibility for developing guidelines and promulgating regulations for the programs. The funds for both programs will be generated by fees from the Barnwell Nuclear Waste Facility.

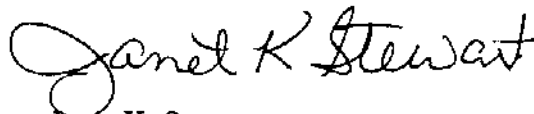
Mr. Sheheen stated that the staff needs authorization in order for the staff and institutions to proceed with the award of scholarships for 1997-98. It was moved

(D. Floyd), seconded (Olsen), and voted that the division of funds for the fiscal year 1997-98 be distributed as indicated on the attached chart (Exhibit B).

Mr. Sheheen saluted the South Carolina AHEC, headed by Dr. Sabra Slaughter, which was the single recipient of the Health Resources and Services Administration Bureau of Health Professions Enhanced AHEC Contract. The Budget and Control Board and the Commission on Higher Education will serve as subcontractors.

It was moved (Stern), seconded (F. Gilbert), and voted for the Commission to move into Executive Session. The Commission came out of Executive Session at 2:30 p.m. and adjourned at 2:35 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Janet K. Stewart". The signature is written in dark ink and is positioned above the printed name and title.

Janet K. Stewart
Recording Secretary