

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

June 5, 1986
10:30 a.m. - 2:15 p.m.

MEMBERS PRESENT

Mr. Fred R. Sheheen, Chairman
Mr. George L. Brightharp
Dr. Willa J. DeWitt
Mr. Robert C. Gallagher
Mr. Roosevelt Gilliam, Jr.
Mr. B. P. Gordon III
Mr. Robert E. Graham
Mr. Harold W. Jacobs
Dr. Alba M. Lewis
Mr. David B. Smith
Mr. Mortimer F. Smith
Mrs. Nanette H. Smyth
Mrs. Nellie H. Taylor
Mr. Joseph J. Turner, Jr.
Mr. Robert L. Utsey, Jr.
Mr. William J. Whitener
Dr. Robert F. Williams

MEMBER ABSENT

Mr. Tom Moore Craig

STAFF

Dr. Jeffrey Bartkovich
Dr. Howard R. Boozer
Mr. Charles A. Brooks, Jr.
Ms. Sandra E. Carr
Dr. Frank E. Kinard
Mr. Alan S. Krech
Ms. Lynn Metcalf
Dr. James A. Paschal
Mr. John E. Smalls
Dr. Leonard P. Sternbach
Dr. John C. Sutusky
Ms. Gaylon Syrett
Ms. Julia E. Wells

GUESTS

Ms. Debra J. Allen
Dr. John Austell
Dr. Francis T. Borkowski
Dr. Robert W. Denton
Dr. James G. Fox
Mr. Earle Holley
Mr. Henry W. Koelling, Jr.
Ms. Lynette Lown
Col. C. G. Lyons
Mr. Alden L. McCracken
Mr. J. Lacy McLean
Dr. W. David Maxwell
Dr. W. Marcus Newberry, Jr.
Dr. Martha K. Piper
Dr. George M. Reeves
Mr. David P. Rinker
Ms. Kay Sanders
Mrs. Louise Smith
Dr. Michael Smith
Dr. Mr. C. Maurice Snook
Mr. William E. Troublefield
Mr. Marion E. Woodbury
Mr. Mark Wright

MEMBER OF THE PRESS

Mr. Scott Johnson

1. Approval of Minutes of Meeting of May 1, 1986

It was moved (Taylor), seconded (DeWitt), and voted that the minutes of the meeting of May 1, 1986, be approved as written.

II. Report of Committee on Business and Finance

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

a. Consideration of Appropriation Formula for 1987-88. Mr. Gallagher reported that the Appropriation Formula Advisory Committee met on Friday, April 25, 1986, to review and recommend changes in the Appropriation Formula for 1987-88. The Committee on Business and Finance met on May 16 to consider the Advisory Committee's recommendations. The recommendations of the Committee on Business and Finance as follows:

(1) Formula for Academic Institutions.

(a) Faculty Salary Averages. The Committee recommends that the new faculty salary averages be approved with increases and decreases limited to 10% of those used in the 1986-87 formula. The Committee also recommends that the peer groups be standardized and that any changes in the institutions be approved by the Committee on Business and Finance. It was moved (Gallagher), seconded (Taylor), and voted that the recommendations of the Committee be adopted.

(b) Instructional Support Percentages. The Committee recommends that revised instructional support percentages be approved for use in the 1987-88 formula. It was moved (Gallagher), seconded (Taylor), and voted that the recommendation of the Committee be adopted.

(c) Student/Faculty Ratios. The Committee recommends that different student/faculty ratios be used for each institution group. The Committee also recommends that the revised ratios be adopted for use in the 1987-88 formula. It was moved (Gallagher), seconded (M. Smith), and voted that the recommendations of the Committee be adopted.

(d) Graduate Teaching Assistants. The Committee recommends that the difference between the average salary of graduate teaching assistants and the average salary of ranked FTE faculty be computed by using the average salary of graduate teaching assistants plus fees. It was moved (Gallagher), seconded (Jacobs), and voted that the recommendation of the Committee be adopted.

(e) Funding of Fourth Year Medical Technology Students. The Committee recommends that credit hours awarded to fourth year medical technology students in all institutions be included in the formula under a separate discipline. The Committee also recommends that the student/faculty ratio, salary, and support percentages be the same as those used for the discipline of nursing. It was moved (Gallagher), seconded (M. Smith), and voted that the recommendation of the Committee be adopted.

(f) Industrial Education. The Committee recommends that a separate discipline be established in the formula for industrial education. The Committee also recommends that the student/faculty ratios be 12:1 at the undergraduate and master's levels and 9:1 at the doctoral level, and that the support percentages be 59% for all levels. It was moved (Gallagher), seconded (Lewis), and voted that the recommendations of the Committee be adopted.

(g) Honors Funding. Mr. Gallager noted that currently honors programs are funded through the Unique Cost step (Step 12) of the formula. The Committee recommends establishing a new step in the formula (Step 18) for the funding of undergraduate honors students in the four-year institutions. The funding would be based on the number of students satisfying all of the following conditions: (1) must be a full-time undergraduate student taking 12 or more credit hours in the fall; (2) must have combined SAT scores of 1,200 or more; and (3) must have graduated in the top 10% of his or her high school class. The number of students would be limited to 5% of the fall undergraduate FTE's. The number of students would be multiplied by 50% of the dollar amount generated per undergraduate FTE in the instruction step of the formula.

The funds generated in Step 18 of the formula would be used to promote excellence. The Committee also recommends that institutions be required to report yearly on the disposition of the funds in Step 18 (including the type of activities funded, the number of students involved, etc.) and on the number of in-state and out-of-state students affected. The Committee further recommends that a minimum base of \$25,000 per institution be used for recruitment purposes.

It was moved (Gallager) and seconded (M. Smith) that the recommendations of the Committee be adopted. Mrs. Taylor indicated that she opposes funding programs not yet in place. Mr. D. Smith expressed the opinion that restrictions should not be placed on the funds, which would be used to promote excellence. The motion was adopted.

(h) Establishing a Maximum Percentage for the Revenue Step of the Formula. In 1982 the Commission adopted the indexing concept concerning that portion of the Educational and General (E & G) costs a student should pay. At that time, a minimum base rate of 20% (adjusted for out-of-state students) was set with the agreement that when this minimum was reached, a maximum percent would be set. The minimum base rate has been phased in for the past several years and will be at 20% in the 1987-88 formula. The Committee recommends that the maximum base rate be set at 25%. This maximum would be used as a guide for 1987-88, but thereafter State appropriations for institutions would be reduced by one dollar for each dollar collected in excess of the 25%. This would not apply to the Medical University and the USC School of Medicine which have base rates of 5%. It would also not apply to South Carolina State College until its minimum base rate reaches 20% (it will be at 13% in the 1987-88 formula). Mr. Gallager noted that the maximum would be applied only if full formula funding is received. It was moved (Gallager), seconded (M. Smith), and voted that the recommendations of the Committee be adopted. Mr. Graham opposed.

(i) Developmental Education. Developmental education is funded somewhat differently from other courses of instruction. One half of the contact hours, rather than credit hours generated, are used in the formula. The Committee agrees that there may be additional costs associated with developmental education not covered by the formula. The Committee therefore recommends that institutions may request Step 12 funding for developmental education if these additional costs can be justified. It was moved (Gallager), seconded (M. Smith), and voted that the recommendation of the Committee be adopted.

(2) Formula for Teaching Hospital. Mr. Gallagher reported that the Medical University of South Carolina has conducted studies in each of the past two years designed to determine costs of teaching related activities in the Medical University Hospital (MUH). MUSC believes that the teaching costs at MUH have not been fully covered by Medicare/Medicaid reimbursements and State allocations. This deficit has been passed on to patients through increased room rates.

The Committee on Business and Finance in fall 1985 recommended \$1,600,000 to cover partially unfunded educational costs in 1986-87. The Committee also directed the staff to work with members of MUSC and the State Auditor's Office to develop a formula for funding educational costs in the future. The staffs examined several possible funding formulas and recommended the formula methodology suggested by the Health Care Financing Administration (HCFA) for teaching hospitals. This formula is based on the ratio of the number of medical residents to hospital beds. The Committee recommends that this methodology be adopted as the formula for funding non-reimbursed education costs in the Medical University Hospital. It was moved (Gallagher), seconded (Williams), and voted that the recommendation of the Committee be adopted.

(3) Formula for Area Health Education Centers (AHEC). In July 1985 the Committee on Business and Finance approved a formula for funding the Area Health Education Centers (AHEC). The AHEC program along with the Family Practice and Graduate Doctor programs comprise the South Carolina Consortium of Community Teaching Hospitals. At the time the formula was adopted, Commission staff recommended that the Greenville and Spartanburg AHEC's be combined and funded as one. Each of these AHEC's recommended that they remain separate, primarily because of the reorganization in 1984 which reduced the service areas of the Midlands, Greenville, and Spartanburg AHEC's. The Committee believes no further action is warranted, and therefore recommends that the Greenville and Spartanburg AHEC's not be combined. The Committee also recommends approval of the 1986-87 AHEC formula and the administrative costs formula for the Consortium. It was moved (Gallagher), seconded (Taylor), and voted that the recommendations of the Committee be adopted.

b. 1986-87 Appropriation Status. Mr. Gallagher reported that the 1986-87 Appropriation Bill now stands at 98.42% of full formula funding, as passed by the Conference Committee.

The Committee notes that graduate instruction is considerably more expensive than undergraduate instruction. Thus, when the revenue step is applied in the formula, more is subtracted for each graduate student than for each undergraduate student. Tuition fee levels, however, are the same for graduate and undergraduate students. This places an extra burden on institutions in which a large percentage of their costs are attributable to graduate education.

The Committee on Business and Finance recommends that the staff study this matter to determine whether or not there is an acceptable way of addressing this situation in the formula. The staff will report its findings to the Committee in July. It was moved (Gallagher), seconded (Williams), and voted that the recommendation of the Committee be adopted.

c. Consideration of Proposed Administrative Budget for Operation of the Teacher Loan Program for 1986-87. The Education Improvement Act (EIA) of 1984 authorized the establishment of the Teacher Loan Program, to be administered by the South Carolina Student Loan Corporation. A provision of the EIA is that appropriations for loans and administrative costs incurred by the Corporation are to be provided in annual amounts, recommended by the Commission on Higher Education to the State Treasurer for use by the Corporation.

The Committee on Business and Finance recommends approval of the proposed operating expenditures of \$93,115 by the South Carolina Student Loan Corporation for administration of the Teacher Loan Program for 1986-87. It was moved (Gallager), seconded (Taylor), and voted that the recommendation of the Committee be adopted.

III. Report of Committee on Facilities

Mr. Graham, chairman of the Committee on Facilities, reported on the following matters:

a. Consideration of Annual Permanent Improvement Programs from the Colleges and Universities. Mr. Graham reported that the Committee on Facilities met on May 23 to consider the Annual Permanent Improvement Plans of the public colleges and universities. Three institutions did not submit new projects for 1986-87 because they plan to complete the projects which were approved for 1985-86. A summary of Committee recommendations and Commission actions are shown below:

The Citadel. 4 projects totaling \$950,000. It was moved (Graham), seconded (D. Smith), and voted that the recommendation of the Committee be adopted.

Clemson University. 19 projects totaling \$4,115,000. It was moved (Graham), seconded (Lewis), and voted that the recommendation of the Committee be adopted.

College of Charleston. 14 projects totaling \$1,080,000. It was moved (Graham), seconded (Taylor), and voted that the recommendation of the Committee be adopted.

Francis Marion College. 5 projects totaling \$300,000. It was moved (Graham), seconded (Whitener), and voted that the recommendation of the Committee be adopted.

Medical University of South Carolina. 17 projects totaling \$11,780,000. It was moved (Graham) and seconded (Taylor) that the recommendation of the Committee be adopted. The motion was amended (D. Smith) and seconded (Gordon) to provide that the purchase of 1.7 acres of land in the amount of \$2,180,000 be deleted from the recommendation. Mr. Gallager disagreed. The amendment was disapproved. The motion was adopted.

USC-Coastal Carolina. 4 projects totaling \$694,550. It was moved (Graham), seconded (DeWitt), and voted that the recommendation of the Committee be adopted.

University of South Carolina-Columbia. 21 projects totaling \$2,754,551. It was moved (Graham), seconded (M. Smith), and voted that the recommendation of the Committee be adopted.

b. Consideration of Geriatrics and Rehabilitation Centers, Medical University of South Carolina. MUSC requests authorization to lease a 4.35 acre site (site of Castle Pinckney Motel) at Cannon Street and Courtney Drive, to the National Medical Enterprises, Inc. (NME). NME plans to develop a new 112-bed Geriatric Center and an 80-bed Rehabilitation Center. The facilities would be financed, constructed, and managed by NME. MUSC would lease the site to NME for \$150,000 annually. Should the facility generate a profit, MUSC would receive a negotiated percentage to support teaching and research activities in geriatrics and rehabilitation. The facility would be come the property of MUSC after 40 years.

Mr. Graham noted that in addition to the Commission other agencies must approve this project. The Committee on Facilities recommends that MUSC proceed with negotiation on lease of the property with the understanding that no State funds will be involved and MUSC will not be obligated financially in any way, and that the final lease be submitted to the Commission for approval. It was moved (Graham), seconded (M. Smith), and voted that the recommendation of the Committee be adopted.

IV. Report of Committee on Implementation of the State Higher Education Desegregation Plan

In the absence of Mr. Gilliam, chairman of the Committee on Implementation of the State Desegregation Plan, Mr. M. Smith reported on the following matter:

Technical Assistance Workshop. The Commission staff is sponsoring a Technical Assistance Workshop for institutional personnel who assist with the implementation of the State Higher Education Desegregation Plan. The Workshop is scheduled to be held at the Sheraton Hotel, Columbia Northwest, on June 12, 1986. The Workshop will provide up-to-date information on current research and successful practices concerning student recruitment and retention, with a focus on minority student recruitment and retention at traditionally white institutions. Proposal development procedures for the following three Desegregation Plan Grant Programs for 1986-87 will be reviewed: Institutional Grants Program for Student Retention Activities; "Other Race" Grants Program; and Graduate Incentive Fellowships Program. Mr. M. Smith invited all members of the Commission to attend and participate.

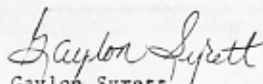
V. Report of the Executive Director

Amendment of Act 201 of 1977. At the invitation of Dr. Boozer, Mr. Krech reported that Act 201 of 1977, relating to the licensing and regulation of nonpublic educational institutions to operate in South Carolina, was amended by Senate Bill 1139. With the amendment, licensure is now both site and program specific. In addition, no program will be licensed when it adversely affects the goals of the State Desegregation Plan. The Bill was ratified on June 4, 1986.

Comments by Dr. Boozer. Dr. Boozer stated that the retirement dinner on June 4 was a meaningful event for him and his family. He expressed appreciation to members of the Commission, guests, and staff who planned and participated in it, and for the gift. He commented that he has enjoyed being associated with the Commission over the past 13 years. He noted that a recent article in the Chronicle of Higher Education referred to this Commission as "chronically understaffed." He expressed the hope that his successor will be able to enlarge and further strengthen the staff.

The meeting was adjourned at 2:15 p.m.

Respectfully submitted,



Gaylon Syrett
Recording Secretary