

MINUTES
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
Finance and Facilities Committee Meeting
September 13, 2005
3:00 p.m.
CHE Conference Room

CHE Members Present

Ms. Rosemary Byerly, Chair
Mr. Larry Durham
Dr. Doug Forbes
Mr. Jim Konduros
Mr. Dan Ravenel
Mr. Jim Sanders
Mr. Neal Workman

Dr. David Owens
Dr. Ron Rhames
Mr. Marc Rogers
Mr. Charles Shawver
Mr. John Smalls
Dr. John Sutusky
Dr. Dan Terhune
Col. Don Tomasik
Mr. Dale Wilson
Mr. Hayes Wisner

Guests Present

Ms. Ann Marie Adams
Mr. Tony Ateca
Ms. Yvette Austin-Smith
Mr. Bruce Blumberg
Mr. Bill Bragdon
Ms. Clare Carter
Ms. Melissa Coker
Ms. Cathy Coleman
Ms. Donna Collins
Ms. Sheila Counts
Mr. Tom Covar
Ms. Susie Edwards
Ms. Nicole Ford-Jennings
Mr. Walter Hardin
Mr. Craig Hess
Mr. Brian Hill
Mr. Clyde Hinchler
Mr. Rick Kelly
Mr. Keith LaSure
Mr. David LeGrande
Mr. Scott Ludlow
Mr. Gary McCombs
Ms. Beth McInnis
Mr. J. P. McKee
Mr. Tim O'Dell

Staff Present

Mr. Tony Brown
Ms. Julie Carullo
Dr. Conrad Festa
Ms. Lynn Metcalf
Dr. Gail Morrison
Mr. Jeff Richards
Ms. Jan Stewart

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

Ms. Byerly, chair of the Committee on Finance and Facilities, called the meeting to order. Ms. Carullo introduced the guests in attendance. Ms. Byerly called on Dr. Festa for remarks. Dr. Festa stated that this meeting is dealing with some rather difficult issues. He explained the background for the Below-the-Line items, and noted that guidelines were developed to make sure all institutions understood what could be considered in this category. He also talked about establishing priorities for capital requests. Dr. Festa stated that CHE has a good deal of legislated authority. He added that CHE is very sensitive to institutional needs and is an advocate for the institutions. The following matters were reported on:

I. Approval of Minutes of Meeting on September 1, 2005

Since there were no additions or corrections to the Minutes of the meeting on September 1, 2005, the minutes were approved as written.

II. Consideration of Interim Capital Projects

Ms. Byerly described the projects and noted there were institutional representatives present to answer questions. The following projects were presented and discussed:

Clemson	Lightsey Bridge Fire Sprinklers Retrofit	\$ 1,158,300	-establish
	Riggs Hall – Window Replacement	650,000	-establish
	Chilled Water System Improvements	7,000,000	-establish
Winthrop	Bancroft Tower Construction	2,000,000	-increase
	Baseball Park	2,360,000	-increase/ chg fund src
Greenville TC	Acquisition – 415 Keith Street	1,720,000	-establish
Spartanburg TC	Acquisition – Hwy 290 Property	3,200,000	-establish

For Information Only:

Greenville TC Land disposition – Donation of five acres to Hospice House of Greenville

It was moved (Forbes), seconded (Durham), and voted to approve the interim capital projects.

III. Budget Requests – Commission on Higher Education

Ms. Metcalf stated that the Commission has two priorities in its budget requests for 2006-07.

Increased or New
FY 06-07 Recurring
State Funds Requested:

<i>Priority 1: Ensuring Quality Academic Programs and Efficient and Effective Delivery of Higher Education Services</i>	\$435,000
1.a Academic Program Review (Program funds and 1 FTE)	\$300,000
1.b Facilities Coordinator (1FTE)	\$60,000
1.c CHEMIS Programmer/Analyst (1 FTE)	\$75,000
<i>Priority 2: Ensuring Access to and Increased Enrollment in Higher Education</i>	\$1,480,100
2.a Access and Equity Statewide Competitive Grants Program	\$400,000
2.b GEAR UP – Program Matching Funds	\$600,000
2.c Student Record Digitization	\$40,000
2.d Southern Regional Education Board Fee Increases for 2006-07	\$440,100
<i>TOTAL REQUESTED:</i>	\$1,915,100

Mr. Sanders asked about the difference in program review and the accreditation process. Dr. Morrison stated that some disciplines have independent entities that accredit programs such as engineering, nursing, business, education, architecture, library science, etc., many of which are professional programs. By contrast traditional liberal arts and sciences programs do not have an independent accreditation process; therefore, the academic program review focuses on these. Included are programs such as chemistry, math, biology, foreign languages, etc.

It was moved (Durham), seconded (Ravenel), and voted to approve the 2006-07 Budget Plan for the Commission on Higher Education.

Ms. Carullo stated that along with the request for increased funding, the Commission on Higher Education is also requesting budget proviso changes for 2006-07.

1) Proviso Number 5A.4 (*CHE: Access & Equity Programs*) – Amend Existing Proviso to allow for funds to be allocated on a competitive grant basis.

2) Add New Proviso to Lottery Expenditure Provisions - CHE: Lottery Technology Funding to provide a percentage of the increase to CHE.

Ms. Carullo stated the Commission requests that the following list of 2005-06 Budget Provisos be deleted in 2006-07 as provisions were codified during the 2005 Legislative Session. Listed below are the proviso numbers and titles.

5A.2 CHE: Grants for Programs in Other States

- 5A.19 CHE: Lottery Technology Funds
- 5A.23 CHE: Palmetto Fellows Eligibility
- 5A.27 CHE: Eligible Institutions Definition
- 5A.28 Palmetto Fellows Alternate Criteria
- 72.14 GP: Educational Fee Waivers

It was moved (Durham), seconded (Ravenel), and voted to approve the two provisos requests and the deleted provisos.

IV. Budget Requests 2006-2007 – Colleges and Universities

Priority 1 of 4: Institutional Operating Funds – Increase of \$50,000,000 in Recurring Funds

Ms. Metcalf stated that for the past five years, colleges and universities have received cuts in their operating budget. The intent of priority 1 is to begin a phased increase to bring the institutions' operating budgets to the level of 2001. An increase of \$50,000,000 each year for four years would allow the institutions to mitigate the need for further tuition increases. For the purpose of discussion, it was moved (Durham) and seconded (Ravenel) to approve this project.

Mr. Sanders stated that the institutions might have a problem with this recommendation. Dr. Festa stated that he has talked with the presidents on this and they are in favor. Mr. Sanders asked if the legislature gives the institutions the money, what would be expected of institutions. Dr. Festa stated that the greatest problem the legislature and the public have with higher education is the rise in tuition. If \$50,000,000 is given to institutions for four years, the presidents have said they will go to their boards and say that tuition rise would only be as high as the Higher Education Price Index (HEPI) and maybe \$250 beyond that because of the rise in other costs.

It was moved (Workman), seconded (Sanders), and voted to table the motion and to discuss further at a later date.

Priority 2 of 4: Statewide Higher Education Electronic Library – \$2,000,000 Recurring

This program was funded in 2005-06 with supplemental funding of \$2,000,000. This is the second year of funding. Continued recurring funding in the amount of \$2,000,000 is necessary to ensure that this collaborative effort among the state's public and independent colleges and universities.

It was moved (Ravenel), seconded (Konduros), and voted to approve this project.

Priority 3 of 4: Lottery Funded Programs – Increase of \$18,600,000 for Higher Education

The Commission on Higher Education supports, on behalf of higher education, continued and increased funding for higher education programs that receive all or a portion of their funding from lottery proceeds.

Summary of Lottery Appropriations Request

Higher Education Lottery Funded Program in 2005-06	Level of 2005-06 Funding	2006-07 Request	
Scholarship and Loan Programs Palmetto Fellows LIFE Scholarship	\$14,381,991 \$107,298,090	\$14,381,991 \$107,298,090	<i>Note: Palmetto Fellows and LIFE also receive State Recurring Funds and are “open-ended” programs in that state funds are guaranteed for qualified students. The anticipated increases for 2006-07 are not estimated here. An estimate is pending additional information on year end activity.</i>
SC HOPE Tuition Assistance, Technical Colleges and 2- Year	\$6,673,826 \$43,000,000	\$6,673,826 \$47,600,000	Increase of \$4,600,000
Need Based Grants	\$11,246,093	\$21,246,093	Increase of \$10,000,000
Tuition Grants	\$4,000,000	\$4,000,000	
National Guard Loan	\$1,700,000	\$1,700,000	
Repayment Program			
Research Centers for Economic Excellence (Endowed Chairs)	\$30,000,000	\$30,000,000	
Technology: SC Public 4- and 2-year Institutions	\$12,000,000	\$16,000,000	Increase of \$4,000,000. Note also proviso requested – See CHE part IV Provisos submission.
SC State University	\$2,500,000	\$2,500,000	
Higher Education Enhancement Program	\$4,700,000	\$4,700,000	
TOTAL	\$237,500,000	\$256,100,000	Total increase of \$18,600,000

It was moved (Ravenel), seconded (Durham), and voted to approve this item.

Priority 4 of 4: Institutional Special Projects (“Below-the-Line” Items) – Ms. Metcalf stated that each year, the Commission assists the General Assembly by serving as a central clearinghouse for budget requests for institutional special (Below-the-Line) projects. These items are not included in the MRR calculation for operations or are legislatively mandated as “line-items.” Ms. Metcalf noted that these items must meet certain criteria before they are considered and approved funding must be spent only on the extraordinary item.

**Below-The-Line Items
FY2006-2007**

Institution	Total Request FY2006-2007	FY2005-2006 Recurring	FY2005-2006 Non-Recurring	Approved by Staff	Recommended Increase
<i>Clemson</i>					
Center for Optical Materials Science & Engineering Technologies	893,979	106,021	408,728	Yes	787,958
Call Me Mister	1,300,000		1,300,000	Yes-Pending	1,300,000
<i>College of Charleston</i>					
Lowcountry Graduate Center	1,100,000	660,000	100,000	Yes	350,000
Avery Research Center	400,000	300,000	100,000	Yes	100,000
Effective Teaching & Learning PK-16	1,051,800	501,800		Yes	550,000
Economic Partnership Initiatives	974,290	591,550		Yes	382,740
Governor's School	438,017	288,017		Yes	150,000
<i>AHEC</i>					
Infrastructure Development for Health Professions Programs Community-Based Student Rotations	414,180			Yes	414,180
<i>MUSC</i>					
The Hypertension Initiative	512,471			Yes	512,471
<i>SC State</i>					
University Transportation Center	1,159,000	410,635	748,365	Yes	748,365
SC Alliance for Minority Participation	1,000,000	320,327		Yes	679,673
<i>USC-Columbia</i>					
Palmetto Poison Center	430,000		200,000	Yes	430,000
<i>USC-Beaufort</i>					
Penn Center @ Early Childhood At-Risk Family Initiative	245,000	180,240		Yes	64,760
<i>USC-Salkehatchie</i>					
Leadership Institute	250,460	100,460		Yes	150,000
<i>SC Manufacturing Extension Partnership</i>					
SC Manufacturing Extension Partnership	2,427,921	1,227,921	1,200,000	Yes	1,200,000
Totals	12,597,118	4,686,971	4,057,093		7,820,147

Call Me Mister - Final approval is contingent on review by the Access & Equity and Student Services Committee.

Proposals Declined: 34
 Proposals Approved: 15
Total Proposals: 49
 New Proposals: 31

63% of ALL the Proposals are "new"

Note: 2006-2007 requested increase included new or requested increases and any 2005-06 non-recurring funds.

Mr. Sanders stated that The Call Me Mister program was developed at Clemson in cooperation with both private and federal money. He asked how many of these students actually become elementary teachers. Ms. Coleman stated that she believes 12 to 15 students graduated this year (first graduating class) and were placed in elementary schools. Dr. Forbes asked about how the funding is spend per student in The Call Me Mister program. Ms. Coleman stated that the money is spent mostly for tuition and fees, mentors, and to make sure the students pass the board tests.

Mr. Ravenel stated that he was concerned that the complete list of the Below-the-Line Items was not presented. Ms. Metcalf stated that she just included the items that met the guidelines, but she has all this information if anyone wants to see it.

Dr. Forbes asked about the Lowcountry Graduate Center. Mr. McCombs stated that the College of Charleston and The Citadel offer graduate courses and USC has brought in the Master in Electrical Engineering program at the LGC. Ms. Metcalf stated this center is a cooperative effort and an opportunity to offer a number of graduate programs in the lowcountry without establishing a different institution.

Dr. Forbes asked for more description on the USC-Salkehatchie Leadership Institute. Mr. Kelly stated that this is an economic development center for the four county areas. It reaches out to the business and industry located there.

Mr. Workman asked for more description of the South Carolina Manufacturing Extension Partnership. Ms. Metcalf stated that this is a non-profit organization that provides counseling, advice, and services to small to middle size manufacturing companies in South Carolina. It is an economic development tool. It receives both state and federal money. The budget is required by law to be reviewed by the Commission. Mr. Ravenel asked about accountability. Ms. Metcalf stated that she could provide the additional information to the Committee if need be.

Mr. Sanders asked if the institutions were notified and understood why their project was denied. Ms. Metcalf stated that the institutions were sent a list of the projects that were approved and disapproved along with a list of the reasons for these decisions.

Mr. Ravenel asked why the Marine Genomics program which is operated jointly by the Medical University and the College of Charleston was not approved. Ms. Metcalf stated that it did not meet the guidelines.

Mr. Kondorus stated that staff has applied guidelines and done a lot of work, and he believes the committee should go by the staff recommendations.

After further discussion, it was voted to approve the Below-the-Line items.

V. Capital Improvement Bond Requests – Scores and Priorities

Ms. Metcalf noted that revised criteria for evaluating and scoring capital improvement bond requests were approved by the Commission via mail ballot in July. She noted that the criteria were developed and recommended by the Facilities Advisory Committee in March 2005 and approved by the Finance and Facilities Committee on June 27.

The approved criteria and instructions were sent to the institutions with requests for information not readily available to CHE staff and any additional documentation the institutions wished to have considered in the evaluation of their projects. Since there were 82 requests for Capital Improvement Bonds included in Year 2 (2006-07) of the Comprehensive Permanent Improvement Plan, staff placed the greatest emphasis on ranking the institutions' first priority requests.

It was moved (Ravenel), seconded (Forbes) and voted to approve the prioritized ranking of the institutions' Capital Improvement Bond Requests as listed above.

VI. Other Business

Ms. Byerly thanked Ms. Metcalf and the institutions for all their work.

There being no other business, the meeting was adjourned at 5:15 p.m.

Respectfully submitted,

Janet K. Stewart
Recorder

*Attachments are not included in this mailing, but will be filed with the permanent record of these minutes and are available for review upon request.

Addendum to Minutes of September 13, 2005
Finance and Facilities Committee
Conference Call to Consider \$50 Million Recommendation for 2005-2006 Institutional
Operating Appropriations
September 21, 2005

Ms. Byerly called the conference call meeting to order and asked Dr. Festa for comments. Dr. Festa stated that by law, all public higher education institutions must submit their annual budget requests to the Commission on Higher Education. In turn, the Commission is required to submit the total requests to the Governor and the appropriate standing committees of the General Assembly in conjunction with the preparation of the annual general appropriations act. At the retreat, it was agreed to adopt a long term plan and a short term plan to develop initiatives requested by law to present a funding recommendation to the legislature. As part of the long term plan, there are two major problems to address: 1) reducing the disparity in funding levels, (parity) and 2) holding fee increases. This is a four year plan to raise institutions' funding to the level of 2001. The presidents and finance officers at the institutions have agreed to this plan to request that the legislature fund the institutions \$50 million each year over a four-year period. In return, institutions would control tuition and fee increases to the HEPI level plus \$250. Dr. Festa stated for CHE to agree to this plan would give it creditability with the institutions.

It was moved (Ravenel), seconded (Durham) to approve this item for purposes of discussion.

Mr. Ravenel asked if the Committee is obligated to make a recommendation. Dr. Festa answered yes and added that with this plan institutions would request funding as a group and not as each institution working for itself.

Mr. Sanders asked if the tuition and fee increase would be HEPI plus \$250, and if the research institutions were committed to this. Dr. Festa answered yes. Mr. Sanders asked if Dr. Festa has talked to any legislators. Dr. Festa stated that he has talked to Ronnie Townsend who is in favor and Nikki Setzler who is ambivalent, but thinks it is a step forward.

Mr. Sanders suggested that the Commission discuss this issue with key legislators before it comes to the public. Dr. Festa stated that when the Commission votes on this item at its October 6 meeting, he will start a vigorous campaign with legislators.

It was moved (Sanders), seconded (Ravenel), and voted to approve the plan with the amendment that the recommendation be discussed with key legislators before being submitted to them.

The conference call ended at 2:30 p.m.

Respectfully submitted,

Janet K. Stewart
Recorder