

**Minutes of
HIGHER EDUCATION TASK FORCE
July 24, 2006 (Fourth Meeting)
10:00 a.m.
SC Commission on Higher Education Offices
Columbia, South Carolina**

In attendance:

Task Force Members Present

Mr. Lyles, Glenn, Chairman
Col. Claude Eichelberger
Ms. Alyson Goff
Dr. Bettie Rose Horne
Mr. Scott Ludlow
Mr. Jim Sanders
Mr. Tex Small

Task Force Members Absent

Dr. Ray Greenberg
Mr. Mike Sisk

Invited Speakers

Mr. Richard Novak, Association of Governing
Boards of Universities and Colleges

The Honorable Ronald P. Townsend, Chairman
House Education and Public Works Committee

CHE Commissioners & Staff

Dr. Louis Lynn, CHE Commissioner
Mr. Daniel Ravenel, CHE Commissioner
Ms. Camille Brown
Ms. Julie Carullo
Mr. Gary Glenn
Ms. Lynn Metcalf
Dr. Gail Morrison
Dr. Mike Raley
Ms. Beth Rogers

Office of the Governor

Ms. Rita Allison (and CHE)

Other Guests

Ms. Joren Bartlett, State Technical College
System
Mr. Tom Covar, Lander University
Ms. Lena Lee, House Education and Public
Works Committee
Ms. Angie Leidinger, Clemson University
Mr. J. P. McGee, Winthrop University
Ms. Beth McInnis, Clemson University
Dr. William T. Moore, USC Columbia
Col. Jim Openshaw, The Citadel
Dr. Rita Teal, SC State University
Dr. Carolyn West, USC Regional Campuses

Media Representatives

none

Meeting called to order at 10:15 a.m.

1. Opening Remarks: Lyles Glenn

Mr. Lyles Glenn opened the meeting and asked members of the Task Force and all in attendance to introduce themselves. He welcomed Dr. Louis Lynn and Mr. Daniel Ravenel, members of the Commission on Higher Education (CHE). He noted he continues to have conversation with Dr. Layton McCurdy, Chairman of the CHE, whose interest in the work of the Task Force remains very high. Mr. Glenn offered a special welcome to Mr. Richard Novak and Representative Ronald Townsend, whose presentations would provide the principal material of the meeting's agenda.

2. Approval of Minutes from June 8, 2006

Mr. Glenn thanked members of the CHE staff for their work in compiling the minutes of June 8, 2006, Task Force Meeting. A motion was **made** (Mr. Ludlow), **seconded** (Dr. Horne), and **carried** to approve these minutes as written.

3. Presentation on Public Higher Education Governance Structures Nationally Mr. Richard Novak, Association of Governing Boards of Universities and Colleges

Mr. Richard Novak began his presentation by stating that governance is a critical issue and as a means to achieve higher education needs and by which a state's citizens are educated. He then made reference to and explained materials he provided which gave information on the structure, strength, and authority of coordinating and governing boards in the United States. *A copy of these materials is filed with these minutes and is available upon request.*

Mr. Novak listed the major reasons why states restructure governance. These reasons include: fiscal crises; change in government leadership; political involvement in governance and coordination; concern about achievement of basic purposes of higher education; quality issues; and the need to align governance structure to achieve a public agenda. He briefly reviewed differences in governance structures. He reviewed the spectrum of coordinating board and commission authority and indicated that some coordinating boards have stronger responsibilities in this respect and talked briefly about Kentucky and Oklahoma as examples which both have roles in regard to tuition. He indicated that the level of authority will depend on a number of things and due to differences when considering actual legislated authority and actual power. He discussed issues regarding the capacity of the board itself.

Mr. Novak then reviewed recent trends in governance for higher education. With regard to recent governance restructuring, Mr. Novak stated the trend in the last several years has been a shift toward local control after decades of centralization but there is an apparent trend to better balance between statewide policy capacity and institutional discretion to achieve those policies. He indicated that the National Center for Public Policy in Higher Education has also encouraged the idea of a better balance between statewide policy capacity and the ability of institutions to meet that capacity. Mr. Novak made reference to a paper published in July 2005 entitled, *State Capacity for Higher Education Policy: The Need for State Policy Leadership* and recommended this paper as a helpful resource. He stated the information contained in the paper parallels with the recommendations in the *Foundations for the Future* report. Mr. Novak described the restructuring of governance in the state of Virginia which took place in 2005 noting that it may be a good example for South Carolina to consider. He explained that the Virginia institutions may be granted greater authority in return for a state performance contract plan which are six-year plans. In Virginia, the approach provides institutions more revenue predictability along with some autonomy in regard to tuition. The plans align with Virginia's public agenda expectations. For example, UVA will use revenues to supplement state need-based programs and will work on economic development issues. William and Mary will work with teachers in regions of the state and meet specific targets and goals the state has defined.

Mr. Novak noted that the *Foundations for the Future* report recommended South Carolina reinvent the Commission on Higher Education to create it as a public-private corporation. He said this action would release the agency from state regulations as well as enable some long-standing irritants to be addressed. They believed the structure would enable more private collaboration and the establishment of a strategic investment fund. The fund could be used to leverage institutional behaviors on a regional basis.

In conclusion, Mr. Novak stated that the *Foundations for the Future* report provided five questions for accountability. He noted Kentucky used the same five questions when it reorganized its Council on Postsecondary Education.

- 1) Are more South Carolinians ready for postsecondary education?
- 2) Are more citizens enrolling in postsecondary education?
- 3) Are we preparing South Carolinians of all ages for life and work?
- 4) Are South Carolina citizens and economy benefiting?
- 5) Are South Carolina's colleges and universities being more efficient and productive, individually, and in collaboration with each other?

The information below reflects the questions and discussion of Task Force members that followed:

Dr. Horne asked Mr. Novak how he thought South Carolina might move out of the "study modality" with regard to addressing the issue of governance of SC higher education. Mr. Novak responded there needs to be an alignment between what the Governor wants, the Legislature wants, and key business leaders want in conjunction with the CHE leadership. He stated the discussion definitely needed to come to a higher level and the Governor might be the persuasive voice. He stated he felt the momentum and concern was at a level to help move the state forward.

Mr. Sanders asked Mr. Novak whether any state does not have a statewide plan for higher education. Mr. Novak replied that several states have discussed statewide objectives first, and then go on to consider how the needs of higher education might help the state meet those objectives. He recommended this course of action for South Carolina. Kentucky and Virginia have gone this route and are doing well, though it is evident that sustained leadership is necessary to continue to make this type of plan work. **Mr. Sanders** asked whether any public-private corporations currently exist as higher education governance bodies. Mr. Novak replied there were none.

Mr. Small asked Mr. Novak if he could explain how it came to be that the CHE is generally perceived with a lack of confidence and credibility. Mr. Novak stated that contributing factors included: 1) Performance Funding which created resentment, 2) from outward appearances, the quality of institutional board members outshone the quality of CHE board members, and 3) state fiscal climate and higher education funding for which CHE tended to get blamed. **Mr. Small** asked Mr. Novak if he had any recommendations about the structure of the CHE. Mr. Novak stated he did not think it was necessary to have institutional representatives on the Commission as this may influence objectivity. He also stated South Carolina was somewhat unique in that the Legislature has a lot to do with board selection. **Mr. Small** asked whether a self-perpetuating board, such as that of Clemson University which has a reputation of high quality, is one that might be considered as a model. Mr. Novak didn't necessarily think so, and added he had no objection to a public board being given license to select its members. He indicated that, as his organization has supported, a merit screening process is recommended regardless of whether members are elected or appointed.

Dr. Horne asked Mr. Novak what features needed to be considered in the selection of a board member. Mr. Novak responded he would soon be drafting a list of leadership characteristics for statewide board members which will be provided to governors. He stated those characteristics might include: previous board experience, the ability to see the needs of the whole state, the ability to know higher education, the ability to work cooperatively with others in a bipartisan fashion, and having previously acquired stature so that the appointment is not the condition providing stature.

Colonel Eichelberger asked Mr. Novak to clarify his previous statement about South Carolina becoming two separate states. Mr. Novak replied he was referring to the fact that the upstate and coastal areas of South Carolina are thriving while other areas have very large numbers of indigenous poor people. He stated that arguments supported several years ago in the book, *Red Hills and Cotton*, by Ben Robertson, are still relevant today in that education is the key. Mr. Novak then stated he would recommend making adult education the responsibility of the higher education rather than the State Department of Education. He further stated that South Carolina is not capturing its vast number of dropouts and this needs to be a priority. **Colonel Eichelberger** then requested the Task Force members be sent a copy *Foundations for the Future*, the paper Mr. Novak referred to earlier regarding state policy leadership, as well as a copy of Mr. Novak's notes.

Mr. Ludlow asked how it might be possible to change the fiscal makeup of higher education to make it more efficient and cost effective. Mr. Novak stated the use of technology to deliver education within the system, vigilance with regard to program elimination, and academic restructuring would provide major cost savings. **Mr. Ludlow** then asked if any state has really been successful in demonstrating full articulation between institutions. Mr. Novak responded that Florida has had success, though most states are still struggling. Discussion followed about the ability of students to pursue their choice of degrees in the most cost-efficient and seamless manner. He briefly noted work of Dennis Jones (NCHEMS) in regard to productivity and also Carol Twigg who is conducting multi-institution project research to look at production and efficiencies in academic issues and has made recommendations regarding where efficiencies might be accrued without negatively affecting quality (e.g., education delivery, tenure process, academic restructuring). The simultaneous admission policies of the Houston Community College System and the University of Houston as well as Tri-County Technical College and Clemson University were given as examples.

Dr. Horne asked for information on the Delaware model program cost study. Mr. Novak replied it was a national study which might be a good resource for the Task Force.

Ms. Goff asked whether Florida currently had a K-16 or K-20 approach to education. Mr. Novak stated that in 2000, Florida reinforced the idea of a seamless system and also did away with the Board of Regents and created institutional boards. In 2003, a constitutional amendment created a statewide board of governance. He indicated they are still reconciling the K-12, regents, and institutional boards. **Ms. Goff** asked if any states have planning councils that coordinate K-12 and higher education. Mr. Novak responded North Carolina, Georgia, and Maryland have such entities which are working well. Their emphasis is shifting to an alignment of standards and to demonstrating how higher education can communicate what is needed to succeed. He stated it's important to note such planning councils work best if established in statute.

Chairman Glenn asked Mr. Novak if he had an opinion about state systems which are effective as well as those which are non-effective. He also asked whether the effective state systems are effective, in part, because of the degree of clarity articulated in terms of expectations, policy, and responsibility distribution by the legislature in a legislative state or by the executive in an executive state. Mr. Novak responded that Maine, North Carolina, and South Dakota have policy councils which act as an informal structure outside of their formal structure and provide a way for the Governor, legislative leadership, higher education leadership, and business leadership to meet regularly to discuss priorities and a strategic plan. For example, South Dakota has a roundtable approach and holds regular meetings which provides a forum for the various entities and enables a shared understanding going into the budget process. **Chairman Glenn** then asked if it was common for the combined efforts of the legislature and the institutions to undermine the authority of a coordinating board as appears to be the case in South Carolina. Mr. Novak replied this is not uncommon, and it helps reduce this activity and achieve movement in the same direction if you can get people to work together and respect each other's authority in addition to having a strong board led by a strong Executive Director. **Chairman**

Glenn asked about the driving force which has helped to make the higher education plan in Kentucky successful. Mr. Novak responded the Kentucky Council on Postsecondary Education was initiated by the Governor and provided with legislated authority. **Chairman Glenn** noted Senator Courson had stated in an earlier Task Force meeting South Carolina's system of higher education was broken and dysfunctional. He asked Mr. Novak if he agreed with that statement. Mr. Novak stated he was close to agreeing with this. He noted that he thought the circumstances were fixable, however, by recreating the CHE and giving it the authority and capacity to advance the public agenda.

Mr. Sanders asked whether South Carolina was at the tipping point at which something must be done. Mr. Novak responded South Carolina was pretty close and something must happen soon to remedy the situation.

Colonel Eichelberger commented that it would take a strong entity and leadership to pull South Carolina back from the brink.

Chairman Glenn announced a five minute break would be observed.

4. Presentation - The Honorable Ronald P. Townsend, Chairman, House Education and Public Works Committee

Representative Townsend began his presentation by noting this was the fourth time he had been part of an effort to restructure higher education in South Carolina. He stated the student must always be considered first and foremost with regard to this effort. Rep. Townsend stated higher education in South Carolina is comprised of many components and faced some of the same challenges as K-12 in terms of structure. It is the state's responsibility to ensure the people of South Carolina are getting the quality they are paying for and that quality opportunities are available.

Rep. Townsend asked the Task Force what they wanted the Commission on Higher Education to be in South Carolina. He stated the political atmosphere in South Carolina will not allow for all the institutions to come to the same table, although the Commission has come a long way in attempting to achieve that goal. Rep. Townsend discussed briefly the differences from the legislative perspective in having appointed board members like CHE versus elected board members like the institutions. He then discussed the state's economic situation and the economic impact of K-12 and higher education on communities and legislative realities in dealing with primarily economic and educational issues.

Rep. Townsend stated the three previous attempts to restructure the Commission, in terms of governance, have not yielded significant results. He stated he would like to see the Commission continue to act as an advocate for the student. He also would like for the Commission to do more about educating the consumer about higher education opportunities to enable individuals to make better choices. He discussed this in light of the drop-out rate and need for better coordination of K-12 and higher education. Rep. Townsend concluded by stating there is more than one way to acquire an education in South Carolina, and the task at hand was to make sure that this news is spread.

The information below reflects the questions and discussion of Task Force members that followed:

Dr. Horne asked Rep. Townsend if he thought the legislature would be interested in the results of Mr. Novak's soon-to-be-compiled list of effective leadership characteristics for statewide board members. Rep. Townsend replied that they would.

Ms. Goff asked Rep. Townsend if he thought the Legislature would be receptive to the idea of planning councils as mentioned in Mr. Novak's presentation. Rep. Townsend responded they would.

He cautioned, however, that you would have to be careful in outlining authority given existing entities.

Mr. Sanders asked Rep. Townsend who should develop a vision for the CHE and how should that vision be maintained. Rep. Townsend replied a long-range plan should come from the CHE. **Mr. Sanders** asked about the possibility of a bi-partisan legislative entity working with the CHE and the institutions. Rep. Townsend stated a cooperative effort of this type would be very beneficial in moving the state forward with regard to the importance of educating its citizens.

Mr. Small asked Rep. Townsend for his opinion on higher education in South Carolina. Rep. Townsend replied he thought it was dented but not broken. He further stated there is a demand for higher education, and the problem is staying the course in a unified way. In addition, Rep. Townsend stated the overall picture must allow for affordable and attractive higher education in South Carolina. **Mr. Small** then asked about the issue of leadership and lost credibility of CHE and how it might be fixed. Representative Townsend discussed election of members rather than appointment as a way to enhance the relationship with the General Assembly. He further stated the CHE has lost visibility, not credibility. **Mr. Small** asked whether tuition in South Carolina was too high. Rep. Townsend indicated it is high considering the per capita income in the state. He added, however, it is an investment in the future and there are many factors involved.

Colonel Eichelberger asked who controls tuition in South Carolina. Rep. Townsend replied it was controlled by the institutions and it is influenced by the amount of money appropriated by the legislature. He stated the CHE has responsibility but no authority in this regard. He discussed briefly K-12 and higher education funding.

Mr. Ludlow asked whether the legislature perceives the CHE as having a vibrant vision for higher education. Rep. Townsend replied the problems have been brewing for a long time, largely based on the institutions' turf protection. The CHE is currently viewed as having no power over that.

4. Other Business

Mr. Glenn stated he would be contacting each Task Force member to begin discussion of moving toward conclusions. This information will serve as the framework of the next meeting's agenda.

5. Adjournment

The meeting was adjourned at 1:10 p.m.