

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1333 Main Street, Suite 200
Columbia, SC 29201

Minutes of the Meeting

February 5, 2009

10:30 a.m.

Commission Members Attending

Mr. Ken Wingate, Chairman
Dr. Bettie Rose Horne
Mr. Ken Jackson
Dr. Raghu Korrapati
Dr. Louis Lynn
Ms. Cynthia Mosteller
Mr. Jim Sanders (by phone)
Mr. Bill Scarborough
Mr. Chuck Talbert
Mr. Hood Temple
Mr. Neal Workman
Dr. Mick Zais

Commission Members Absent

Dr. Doug Forbes

Invited Guest Speaker

The Honorable Converse Chellis, III
State Treasurer

Staff Present

Dr. Garrison Walters, Executive Director
Dr. Argentini Anderson
Ms. Laura Belcher
Ms. Courtney Blake
Mr. Michael Brown
Ms. Julie Carullo
Ms. Renea Eshleman
Mr. Gary Glenn
Ms. Lane Goodwin
Dr. Paula Gregg
Dr. Lynn Kelley
Ms. Rae McPherson
Dr. Gail Morrison
Mr. Clint Mullins
Dr. Michael Raley
Ms. Stephanie Reynolds
Ms. Beth Rogers
Dr. Karen Woodfaulk

Guests

Mr. Bob Connelly, USC Upstate
Dr. Anthony Coyne, USC Sumter
Dr. Helen Doerpinghaus, USC Columbia
Dr. Kris Finnigan, USC Columbia
Mr. Rick Harmon, State Treasurer's Office
Dr. Tim Hardy, Central Carolina Technical College
Mr. Michael Jara, USC Aiken
Ms. Mandy Kibler, State Technical System
Mr. Jeff Lamberson, USC Columbia
Mr. Mike LeFever, SC Independent Colleges & Universities
Ms. Beth McInnis, Clemson University
Dr. Keith Miller, Greenville Technical College
Ms. Diane Newton, Lander University
Mr. Morgan O'Donnell, State Treasurer's Office
Mr. Steve Osborne, College of Charleston
Ms. Jen Phelps, SC Association of Technical College Commissions
Ms. Sandra Powers, College of Charleston
Mr. Adam Taylor, Lander University
Dr. Sonny White, Midlands Technical College
Mr. Bryce Wilson, SC Budget & Control Board
Mr. Michael Wright, State Treasurer's Office

Members of Press

none

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The meeting was held in accordance with the Freedom of Information Act.

1. Introductions

- Lynn Kelley

Dr. Lynn Kelley introduced the guests, all of whom are listed above.

2. Approval of Minutes

A **motion** was made (Temple), **seconded** (Mosteller), and **carried** to approve the minutes of the January 8, 2009, meeting.

3. Chairman's Report

- Ken Wingate

Chairman Wingate reported that a number of recent meetings had taken place with various members of the General Assembly in an effort to increase their awareness of the soon to be released Higher Education Study Committee (HESC) Action Plan. He stated that the Commission's Executive Committee had met by teleconference on Thursday, January 29, 2009, and that the Executive Committee would continue the practice of meeting one week prior to each CHE meeting. Dr. Walters recognized Dr. Lynn Kelley and announced that Dr. Kelley would be retiring at the end of February after 17 years of service to the CHE. Dr. Morrison commented on his tenure at the agency, noting that Dr. Kelley was largely responsible for the development of PASCAL. She invited all to a reception to take place on February 24 at the CHE in Dr. Kelley's honor.

4. Report of the Executive Director

- Garrison Walters

Dr. Walters made reference to a February 3 conference call between the CHE and public college and university presidents concerning the federal stimulus bill (American Recovery and Reinvestment Act) that is being considered by Congress. The notes had been distributed to each Commissioner, and a copy may be found in **Attachment I**. He explained the two major categories included in the House and Senate versions of the bill affecting higher education: Higher Education Modernization, Renovation, and Repair (HEMRR) and the State Fiscal Stabilization Fund (SFSF). Dr. Walters stated that both public and private institutions will be eligible for the HEMRR funds which will be allocated by the CHE. Specifics on that allocation methodology are being explored. An ad hoc group of Presidents has been created to determine a plan for the distribution of the SFSF. Dr. Walters reported that eligibility for both the HEMRR and the SFSF funds require that the state must demonstrate maintenance of effort at the 2006 level. As this requirement is problematic for South Carolina, efforts may be made to advocate for the opportunity of a waiver.

Commissioner Mosteller reported she had received word that there is a provision in the Senate version of the stimulus bill that prohibits certain facilities from receiving funds for modernization including those which are used for sectarian instruction, religious worship, or a school or department of divinity, or in which a substantial portion of the functions of the facilities are subsumed in a religious mission.

Discussion took place about whether the Commission should collectively respond to this provision. Commissioners Horne and Zais expressed the view that the language would not affect common facilities such as classrooms or student unions. Chairman Wingate suggested that

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Commissioners relay their individual reactions to members of the S.C. Congressional Delegation. He then stated that he and Commissioners Mosteller and Temple will examine the details of the provision more carefully and communicate with the rest of the Commission as to whether they thought action was necessary.

Dr. Walters reported that the roll out of the HESC Action Plan will most likely take place on either February 19 or 26, 2009. A complete version of the plan will be distributed to Commissioners on either Friday, February 6, or Monday, February 9. Dr. Walters reviewed a draft agenda for the Commissioners' Retreat to take place February 20-21, 2009. He reported that a draft document entitled, *Project 17*, which is a response to the frequent statement that South Carolina spends 17% of the state budget on higher education, is near completion. A document refuting the myth that South Carolina subsidizes out-of-state students, as well as one that refutes the idea that on-line education is far less expensive than traditional methods of education delivery, are also under development. Dr. Walters reported that, in an effort to ramp up efforts to publicize the Action Plan, he plans to be speaking to various groups on this topic at least once a week.

5. Legislative Report

- Julie Carullo

Chairman Wingate stated that the legislative report would be delayed in order to immediately proceed with the presentation to be delivered by State Treasurer, Converse Chellis.

Following the Treasurer's report (agenda item 6 below), Ms. Carullo called to the attention of the Commissioners copies of weekly Legislative Updates for the period January 12 – 30, 2009 and a summary of the Governor's FY 2009-10 Budget Recommendations which had been distributed to each of them (**Attachments II and III**). Ms. Carullo reported that most of the activity in the House is focused on the budget. She stated that the House Ways and Means Proviso Subcommittee met this week and there had been no significant changes in provisos relating to higher education. She reported that the Center for Educator Recruitment, Retention, and Advancement (CERRA) requested a change to a proviso that would exempt Teaching Fellows Scholarships from mid-year budget reductions and that the amendment was adopted by the subcommittee. Ms. Carullo stated that the full House Ways and Means Committee is expected to begin its budget discussions next week with budget recommendations expected to reach the floor of the House by March 2. The Senate Finance budget subcommittees will begin considering budget matters in March with the budget being debated by the Senate by mid-April. It is anticipated that the entire budget process will be completed by mid-May.

Ms. Carullo reported that a bill concerning higher education regulatory reform had been introduced and discussed in subcommittee earlier in the morning. She stated that additional information on this bill will be provided as more details become available. Ms. Carullo reported that the Board of Economic Advisors will meet on Monday, February 9, at which time they are expected to provide their forecast for next year's budget.

6. Modernizing the Capital Improvement Planning Process

**- Converse A. Chellis, III
State Treasurer**

Chairman Wingate welcomed and introduced the State's Treasurer, The Honorable Converse Chellis. Treasurer Chellis began his remarks, a copy of which may be found in **Attachment IV**, by providing background information on his experience with the capital planning process which

he stated has historically proven to be inefficient and poorly coordinated. He described efforts he and his staff, together with staff of the Budget and Control Board, have made to reinstate and streamline the capital planning process over a longer time horizon.

Following discussion about the various aspects of this plan, the capital process in general, bonding debt, and the 529 College Savings Plan, Chairman Wingate asked Treasurer Chellis to comment on the proposed federal stimulus bill and its implications with regard to higher education in South Carolina. Treasurer Chellis stated that the stimulus plan must not only create jobs for the present, but also provide for jobs which will help contribute towards a lasting economic development process.

7. Committee Reports

7.01 Report of the Executive Committee - Ken Wingate

The Executive Committee had no report.

7.02 Report of the Committee on Academic Affairs and Licensing - Bettie Horne

The Committee on Academic Affairs and Licensing had no report.

7.03 Report of Committee on Access & Equity and Student Services - Cynthia Mosteller

The Committee on Access & Equity and Student Services had no report.

7.04 Report of Committee on Finance and Facilities - Jim Sanders

A. Consideration of Interim Capital Projects

- | | | |
|---------------------------------|---|--|
| 1. USC Columbia | - | Cliff Apartments Kitchen Renovations |
| 2. Greenville Technical College | - | Student Center Renovation |
| | - | University Transfer Building |
| | - | Auditorium Renovation |
| | - | Industrial Complex "B" Renovation |
| 3. Tri-County Technical College | - | Occupational Center Building Replacement |

B. Approval of FY 2009-10 Capital Budget Proposal

C. List of Capital Projects & Leases Processed by Staff for December 2008 & January 2009 (For Information)

Commissioner Sanders referred to the interim capital projects (listed and described in **Attachment IV**), which had been approved at the meeting of the Committee on Finance and Facilities earlier in the morning.

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A **motion** was made (Sanders) and **carried** to collectively approve each of those projects.

Commissioner Sanders referred to the FY 2009-10 Capital Budget Proposal, also described in **Attachment V**, and asked Mr. Gary Glenn to provide a brief overview of the three components of FY 2009-10 Capital Plan, which are: 1) addressing maintenance needs; 2) recognition of the phased approval process; and 3) construction of new buildings. Mr. Glenn stated that this plan calls for approximately \$600 million in funding.

Commissioner Sanders emphasized that this plan represents a state prioritization starting point that addresses the needs of the institutions. He stated that it had been approved at the Committee's meeting earlier in the morning, and he requested the Commission's full endorsement of the plan.

A **motion** was made (Sanders) to approve the FY 2009-10 Capital Budget Proposal.

Commissioner Jackson noted that prioritization of a capital project is based on whether or not it reaches a certain score when it's being evaluated by the Commission regardless of where it stands on the institution's list of priorities. In response to Commissioner Mosteller's question about whether all parties are on board with regard to how the priorities are determined, Commissioner Workman replied that the institutions were involved in the development of those priorities and are satisfied with the process.

The **motion** was then brought to the table and **carried**.

Commissioner Sanders stated that the List of Capital Projects & Leases Processed by Staff for December 2008 and January 2009 (as described in **Attachment IV**) were provided for information only.

Commissioner Sanders expressed his appreciation for having had the opportunity hear Treasurer Chellis' presentation and Chairman Wingate suggested that it might also be productive to invite Comptroller General Richard Eckstrom and other state constitutional officers to present at future CHE meetings. He agreed to initiate that request with the Comptroller General.

8. Other Business

Commissioner Zais noted that the Governors' proposed budget for FY 2009-10 recommends an increase for need-based aid, which reflects that the CHE's work to advocate for that has, in fact, been recognized.

Chairman Wingate reminded all of the Commissioners' Retreat to take place on Feb. 20-21, 2009, and advised that the attire for this event would be casual.

Discussion took place about the fact that several of the Commissioners terms of office had expired. By law, those individuals continue to serve until a replacement has been appointed. Commissioner Horne noted that more diversity is needed on the Commission. Chairman Wingate encouraged the Commissioners to recommend to the Governor's office qualified individuals who reflect such diversity.

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There being no other business, the meeting was adjourned at approximately 12:05 p.m.

Respectfully submitted,

Beth B. Rogers

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Recording Secretary

Attachments (I – V)

*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.