



Dr. Garrison Walters
Executive Director

MEMORANDUM

DATE: July 9, 2007

TO: Members, Funding Advisory Committee

FROM: Ms. Lynn W. Metcalf, Director of Finance, Facilities, & MIS

The Funding Advisory Committee is scheduled to meet on Thursday, July 19 at 10:30 a.m. in the Commission's Main Conference Room. We will be discussing the budget scenarios for FY2008-09.

An agenda and materials for the meeting are attached. If you have any questions, please call me at (803) 737-2265 or Gary Glenn at (803) 737-2155.

We look forward to meeting with you on July 19.

AGENDA

FUNDING ADVISORY COMMITTEE

JULY 19, 2007

10:30 A.M.

CONFERENCE ROOM

SC COMMISSION ON HIGHER EDUCATION

1333 MAIN STREET, SUITE 200

COLUMBIA, SC 29201

1. Introductions
2. Approval of Minutes from January 31 Meeting
3. Discussion of Budget Scenarios for FY2008-09
4. Other Business

MINUTES
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
FUNDING ADVISORY COMMITTEE
JANUARY 31, 2007
1:30 P.M.
COLLEGE OF CHARLESTON
STERN STUDENT CENTER BALLROOM

Committee Members Present

Ms. Lynn Metcalf, *Chair*
Mr. Tony Ateca (for Virginia Hudock)
Ms. Leslie Brunelli
Mr. Bob Connelly
Ms. Susie Edwards (for Ms. Lisa Montgomery)
Mr. Alan Godfrey (for Mr. Steve Copeland)
Ms. Retta Guthrie
Mr. Bryan Hill
Mr. Clyde Hincer
Mr. Scott Ludlow
Mr. J.P. McKee
Ms. Diane Newton
Mr. Steve Osborne
Dr. Ron Rhames
Dr. Richard Weldon

Committee Members Absent

Col. Curt Holland
Dr. David Hunter
Mr. Jay Kispert
Mr. John Smalls

Guests Present

Ms. Priscilla Burbage
Ms. Lynn Hopkins
Dr. Sally Horner
Ms. Karen Jones
Mr. Samuel Jones
Ms. Amanda Maghsoud
Mr. Daniel Ravenel

Staff Present

Ms. Camille Brown
Mr. Gary Glenn
Ms. Alyson Goff

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

I. Welcome and Introductions

Mr. Glenn called the meeting to order at 1:45 p.m. He asked the Committee members and staff to introduce themselves.

II. Approval of Minutes from July 24, 2006 Meeting

Since there were no additions or corrections to the Minutes of the meeting on July 24, the Minutes were approved as written.

III. Review of Refinements to Mission Resource Requirement (MRR)

Mr. Glenn provided the rationale for each of the items below. The presentation is included in the file of these minutes. The relative discussion is indicated by section.

A. Utility Expenditures

The current definition allows the expenditures to be adjusted, thus the utility information on the CHE150 Report is not necessarily consistent with the expenditure information reported in the audit. The recommendation was decided not to be feasible.

B. Library Step

Dr. Horner asked Mr. Glenn if the economy of scale was being applied at the appropriate place in analyzing the cost per student for the library step of the MRR. Mr. Glenn responded it did. Mr. Ludlow stated the institutions were growing, but the libraries were not keeping pace. Mr. Glenn stated a three-year rolling average would be used in the calculation to balance the peaks and valleys of the institutions' annual expenditures for libraries. Mr. Ludlow stated he would prefer to approach the step by analyzing the prior year, the current year, and a projected year. Mr. Glenn stated he would compare and see the results of the data.

Ms. Brunelli asked if the most recent data would be used as the report used from the National Center for Educational Statistics was completed every two years. Mr. Glenn responded yes and in the interim years, CHE would use the Higher Education Price Index (HEPI) inflation rate.

Ms. Burbage asked if this was an average of an average. Mr. Glenn responded that it was not. Each base allocation was determined and then the base allocations were summed and averaged.

C. Student Services Step

Dr. Horner asked Mr. Glenn if he had compared the Student Services expenditures by full-time equivalent (FTE) rather than headcount. Mr. Glenn responded that he had not. The step requires calculations based on headcount. FTE was not considered.

D. Additional Military Costs (AMCs)

Mr. Glenn stated the only true peer for The Citadel was the Virginia Military Institute (VMI). He noted Virginia funds VMI at 140 percent of its funding formula. Mr. Glenn then identified the additional military costs associated with operating The Citadel.

A discussion ensued about the appropriateness of this refinement. Mr. Glenn confirmed that basis was additional costs of administering and supporting the military component of The Citadel's program.

E. Salary Survey

Mr. Glenn stated that staff was in the process of collecting faculty salary information from peer institutions.

F. Academic Fee Calculation

Mr. Glenn stated the “Budgeted” column will be removed from the form. In completing the annual State Higher Education Finance (SHEF) report, the Commission will use the prior year’s actual revenues.

IV. Clarification of the Definition of Waivers and Abatements

Mr. Glenn stated the definition of waiver and abatement should be consistent among the institutions. There was some discussion of the various definitions used. Mr. Glenn proposed establishing an ad hoc committee to review the definitions. Mr. Godfrey, Ms. Burbage, Ms. Maghsoud, and Ms. Judy Hrinda (via Mr. Ludlow) volunteered to serve on the committee. Mr. Glenn stated the committee would report its recommendations at the Finance Officers’ Retreat in June.

V. Academic Endowment

Dr. Horner asked for clarification if the proposed change was for temporary or permanent restricted endowments. Ms. Burbage stated the College’s interpretation of the law has always been that the provision of the statute concerning disbursement from earnings related to the funds provided by the state as matching funds and that the current method for allocating funds was still appropriate.

The recommendation was withdrawn pending further analysis.

VI. What’s Next?

Mr. Glenn provided a recap of the refinements that had been made to the MRR over the past year. The changes included:

- Started a CHE150 Report variance analysis – Research, Public Service, number of employees, and utilities
- Added Acres to the CHE150 Report to provide for annual review and update
- Reviewed Educational and General (E&G) facility replacement costs to validate CHEMIS updates
- Fixed Military Technology salary exclusion
- Revised employer contributions to 28 percent
- Removed Research and Public Service incentives from Administration Step
- Revised student share of revenue:
 - 50 percent for in-state undergraduates
 - 30 percent for in-state master’s
 - 30 percent for in-state first professional (law and pharmacy)

- 20 percent for in-state medical and dental
- 100 percent for out-of-state
- 75 percent for out-of-state medical
- Fixed hard copy version of report – reduced by 86 percent (2,236 pages to 329 pages)

Mr. Godfrey stated that by comparing the Revenue step to the institution's audits assumed all institutions report graduate student waivers the same manner. It was decided the ad hoc committee would discuss this step and report its recommendation at the retreat.

Mr. Ludlow stated the Governor focuses on data using FTEs. He asked if the institutions and CHE should report in the same manner. Mr. Glenn responded that the MRR includes FTE data. Ms. Newton also expressed her concern over the amount of higher education funding that is goes to private institutions.

VII. Other Business

Mr. Glenn provided the Committee with a handout describing the Commission's request for funding on behalf of the institutions.

Mr. Glenn asked if the Committee needed to meet on April 17, and it was decided the meeting was unnecessary. Ms. Brown noted the fall 2006 FTE and headcount data was available. She stated the scholarship information was not available because not all data had been reported by the institutions.

With no further business, the meeting was adjourned at 3:25 p.m.

Respectfully submitted,

Alyson M. Goff
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.*