

**Executive Director's Report
Commission on Higher Education
6 February 2014**

Thank you, Mr. Chairman.

Today marks the opening of the winter Olympic games in Sochi, Russia.

As many of you know, the Olympics were originally designated as a period when nations and warring factions set aside their conflicts and differences to engage in athletic events that championed honest competition and fair play.

No one would mistake the spirit of the Olympics for some of the games going on around the capital these days.

Some officials continue to battle higher education as if it were an adversary of the state, rather than one of its most prized and valuable assets.

As you know, I have spoken candidly about the need for fundamental reform in our colleges and universities.

Recent news reports from SC State University have highlighted these concerns, although CHE has not, to this point, been engaged in that immediate issue, since it is, at the moment, a procedural issue between SCSU and the State Budget Office.

But this case illustrates that the business model of our public enterprise has changed dramatically over the past dozen years, and we need to develop different, innovative, and constructive approaches to find our way forward.

I have called repeatedly for a broad new compact among all stakeholders to help build a higher education system that prepares South Carolina for its best possible future, rather than accepting a narrow vision of its limits.

I am puzzled when those calls for constructive reinvention are subverted by questionable debates in a game of gotcha that produce no winners, only losers.

It is a disservice to our students, and to all of our citizens, when we allow the important conversations about the future of higher education to become three-and-outs of political football. Surely, we can do better.

Last week we had a winter game of our own. CHE and most other agencies of state government lost 2.25 days for hazardous weather conditions, some few hours of which actually involved snow and ice.

Given that my wife endured the “snowpocalypse” in Atlanta (with a six-hour commute, abandoned car, and two-mile hike home), I can appreciate the decision to take precautions rather than deal with the consequences of inaction.

The closures, however, cost CHE approximately \$30,000 in lost operating productivity. We’re a small agency, but our cost was proportional to nearly every other government entity, college, and university that spent almost 1% of its annual operating budget.

More than the dollars, we lost 867 official hours, or a collective 116 workdays, of sacrificed effort. The work we need to do did not cease, but the time we have to do it was taken away.

The closures forced the postponement of our scheduled Presidents’ Council on January 30. For me, this was the most costly fallout of the inclement weather.

Our agenda for that meeting put the critical issue of new funding models squarely on the table, and we did not get the opportunity to consider our options, debate their merits, and reach consensus on a shared approach to the challenges we face.

We are, of course, attempting to reschedule, but finding a date when 33 of the busiest people in the state are available is no easy task.

On January 16 I delivered CHE’s twice-delayed presentation to the House Ways & Means Study Committee on K-16 Facilities Need and Utilization. I was joined by five chief financial officers from our institutions, who followed my presentation with a panel commentary and discussion.

I thought the session went reasonably well, but it became evident to me as the conversation unfolded that CHE has some serious disconnects between what we’re trying to do to advance higher education in SC and the perceptions of others about how that fits together with legislative and institutional agendas.

So, in addition to convening the Presidents Council, I have tasked each of our division directors to gather their institutional counterparts in academic, student, and financial affairs to initiate strategic policy discussions about critical issues in each of their realms.

Academic affairs has an immediate example of such an issue at hand. SARA (also known as the State Authorization Reciprocity Agreement) is being launched as a remedy to facilitate the free flow of on-line collegiate education across state borders.

CHE staff and campus representatives recently attended a meeting of SREB states where this initiative was discussed. As you will recall, we introduced this topic last summer at our first luncheon seminar.

The potential impact of SARA is significant.

If SC joins, we may vastly expand the opportunities for SC residents to obtain on-line degrees from any participating state across the US, and SC institutions will be able to export their on-line programs more readily to other states.

But we would also vastly expand the competition for students at a time when a number of our institutions (both public and private) are experiencing declining enrollments.

We will pursue this conundrum more thoroughly at our next Commission meeting.

In my unrelenting pursuit of information and perspectives to understand all voices in the debate about the future of higher education in South Carolina, I spent several hours last month with former House member and retired college professor Dr. Harry Stille.

As many of you know, Dr. Stille is a gadfly in the truest sense of the word. I enjoyed our conversation, but am continuing to study the data and interpretations that he generously provided.

I also met with former Gov. Jim Hodges to discuss the initiative he is leading on behalf of many South Carolina business leaders to assess future needs for higher education in our state. The Competing Through Knowledge Project will soon be releasing its first report, and we have invited CTK's leadership team to discuss their project with the Commission at a future meeting.

I am now my ninth month of labor to this Commission. It seems like the baby should be due any day, but I've learned that the gestation period for elephants (or dinosaurs) is much longer than it is for humans.

Despite all of our challenges, the work of the Commission is fulfilling and important. To celebrate the new year we had an all-staff pizza party a few weeks back. I was reminded once again of what a conscientious and dedicated staff I have the opportunity to work with.

B. CSOL Update

We continue to plow along with the review process of InfiLaw's application for a license to operate the Charleston School of Law.

An external review team has now been named and is posted on our website. Three knowledgeable, experienced, and competent individuals have agreed to assist us in our due investigation.

As part of their work, they will conduct a site visit in Charleston next week.

We held a conference call with the applicants yesterday to review the proposed schedule, the types of individuals and materials the team will examine, and try to keep all parties on the same page.

The purpose of the site visit is three-fold:

- (1) to give the applicant a full opportunity to demonstrate how it meets published criteria for licensure,
- (2) to verify CSOL's current benchmarks on selected criteria, and
- (3) to identify the applicant's intent to maintain or to change the school's practices and methods of adherence to the criteria if it is granted a license and takes ownership of the school.

For example, a recent newspaper story attributed a statement to the applicant's local attorney that InfiLaw would not exceed a first-year class enrollment of 250 students.

If affirmed by the applicants themselves, this would be a relevant factor in determining InfiLaw's capacity to maintain student-faculty ratios, instructional square footage per student, and other criteria that the Commission may properly consider in evaluating the application.

Because this is an application for license of an existing licensed school by a proposed new owner, the evidence we will use in assessing the applicant's satisfaction of the criteria will include relevant information both from the existing institution and from the applicant, its subsidiaries, affiliates, or any other source that bears upon the applicant's capacity to satisfy the Commission's stated criteria.

As I had indicated we might in my remarks at last month's meeting, we elected to forego a public forum to solicit information about this licensure application. Instead we implemented a technology-enhanced process to receive information from any party who could bring relevant evidence to consider in our review. That process remains open until next Monday, February 10.

College of Charleston President George Benson made a strong personal statement yesterday to the House Ways & Means Higher Education Subcommittee supporting the merger of the Medical University of South Carolina with the College of Charleston, with an additional appeal to include CSOL in the new construct.

I appreciate President Benson's passion for institutional change in the low country.

The current task before the Commission, however, is simply to determine whether the InfiLaw Corporation meets the criteria for licensure of this proprietary law school. We will continue to stay focused on that responsibility.

C. Strategic Agenda

I'm going to keep my regular update on your strategic agenda very brief this month.

You know the four points of the agenda:

1. Strengthen Academic Planning
2. Develop New Higher Education Funding Models/Accountability-Based Funding (ABF)
3. Improve P-20 Collaboration
4. Improve Monitoring of Non-Public Education Providers

We have made progress in each area during the past month.

1. We have begun consideration of CHE's academic program approval policies and procedures. We are focused on assessing actual results and outcomes of new start-ups. We will encourage innovation and minimize bureaucratic processes in exchange for tangible, audited follow-up. The Advisory Committee on Academic Programs (ACAP) will consider a number of policy issues at its upcoming February 20 meeting that will help guide these conversations.
2. We presented information to the House Ways & Means Study Committee that suggests a platform to shift the conversation about higher education funding to a different, more innovative, and more constructive level. As I noted earlier, we lost the opportunity to bring the presidents together to discuss these issues, but we are continuing to pursue them. I have been invited to write an article for the next issue of the SC Chamber of Commerce magazine on accountability-based funding.
3. Your Committee on Academic Affairs endorsed the proposal we brought to them last month about creating a council of P-20 statewide agency heads. We are opening conversations with each of our proposed partner agencies to invite their participation and gauge their interest in and support for such an endeavor. Chairman Finan and Vice Chairwoman Horne will attend next Wednesday's meeting of the State Board of Education, as we continue reciprocal engagement of the two bodies.
4. We have reconfigured the construct of CHE's existing regulations for licensing of non-public post-secondary education providers. We have begun consideration of CHE's licensing policies and procedures, particularly in light of the challenges we have faced in the CSOL case. As we are doing with public institutions, we are focused on assessing actual results and outcomes of new and existing programs. We will encourage innovation and minimize bureaucratic processes in exchange for tangible, audited follow-up.

Thank you, Mr. Chairman. That concludes my report. I am happy to respond to any of your questions or comments about any aspect of my remarks this morning.