

MINUTES
COMMITTEE ON FINANCE AND FACILITIES
MARCH 2, 2017
10:30 A.M.
MAIN CONFERENCE ROOM
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Commissioner Dianne Kuhl, Chair
Commissioner Ken Kirkland
Commissioner Paul Batson
Commissioner Louis Lynn
Commissioner Kim Phillips

Staff Present

Mr. Edward Patrick
Ms. Carrie Eberly
Ms. Yolanda Myers
Mr. Morgan O'Donnell
Ms. Monica Goodwin

Guests Present

Chairman Tim Hofferth
Commissioner Allison Love
Ms. Beth Bell
Mr. Michael Hughes
Mr. Rick Kelly
Ms. Carol Routh

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

I. Call to Order

Commissioner Kuhl called the meeting to order at 10.38 a.m. Ms. Myers introduced guests in attendance.

Commissioner Lynn thanked the members of the Committee and staff for their collective and individual support and kind words during the recent passing of his father. Commissioner Kuhl expressed to Commissioner Lynn that he was in our thoughts and prayers.

II. Approval of Minutes of Meetings

Commissioner Kuhl asked if there were any questions regarding the minutes for the meetings of December 1, 2016, December 16, 2016, and February 14, 2017.

With there being no questions, a motion was made (Phillips), carried (Kirkland) to approve the minutes of the December 1, 2016, December 16, 2016, and February 14, 2017 meetings.

III. Other Business

The following items were presented for information only:

A. Commissioners' Cumulative Expenditures

Mr. Morgan O'Donnell presented a summary of board expenses for January, 2017. He stated that this report will be beneficial to the Commission and the public in understanding the fiscal impact to the agency. Mr. O'Donnell noted that there was a discrepancy in the total of the Commissioners' Other Meeting category expense column and that it will be corrected.

B. Capital Projects & Leases Process by Staff

Mr. O'Donnell reviewed a list of projects approved during the months of December, 2016 and January, 2017. Mr. He explained the process for approving capital projects and noted that in order for an institution to receive the funds given by the legislature, (for example, Capital Reserve Funds,) a project must be created and submitted specifically for that fund. Members of the committee asked for an explanation on determining caps on these types of projects. Mr. O'Donnell explained that there is no cap on funding given by the legislature and that institutions are approved for the amount authorized.

Commissioner Kuhl asked for an update on Commissioner Lynn's previous request of a list of outstanding capital projects submitted prior to implementing the new financial matrix guidelines. Mr. Edward Patrick stated that the staff has completed the list and it will be forwarded to the committee.

C. Quarterly Budget Report

Mr. O'Donnell presented a summary of the Quarterly Budget Report as of January, 2017. He stated that the budget report is tool used to help monitor the progress of the entire agency's budget. Mr. O'Donnell further stated that the commission's budget was trending on target and he does not expect any overspending in budget categories. However, he did note that we sometimes run into issues with advancing scholarship funds because of the way the lottery funds come to the commission. Mr. O'Donnell explained that the lottery funds are forwarded to the commission on a quarterly basis and traditionally we send out 50% of the lottery funding by the end of the fall semester. He stated that we would probably hold some scholarship funding requests for the spring semester until the commission receives sufficient funding. He shared that in prior years, the commission had general funds that could compensate for the cash flow deficit from the scholarships. This is no longer possible because the general funding was moved to the lottery.

Commissioner Kuhl asked, "what steps are we taking for the upcoming semester?" Mr. Edward Patrick stated that if the commission does not have the cash at the time of requests for funds, the agency cannot pay it at that time.

Chairman Hofferth asked if the flow of money from the lottery was based on prior years. Mr. O'Donnell replied that money from the lottery is based on the current year. Chairman Hofferth stated that switching from the general funds was one of his concerns because of unpredictable outcomes from ticket sales. He further stated that the commission should have a contingency plan in case of shortfall for prior commitments. Mr. Patrick stated that the staff will follow up on the actual commitments. Mr. O'Donnell suggested that we have the Lottery Commission present their forecast. Chairman Hofferth suggested we that pose the following questions to the Lottery Commission: (1) How many students are currently eligible? (2) What is the current gap? and (3) How many students are in the pool? Mr. Patrick suggested that we also inquire about what other obligations are on the lottery funding.

Commissioner Kirkland asked what happens to students who were already obligated to use these funds and funding does not materialized during that calendar year. Mr. Patrick replied that there are two options (1) institutions could deny students from enrolling if they are unsure about the funding or (2) institutions could commit to taking on the cash deficit from their budget until the funds become available.

Commissioner Kuhl also suggested that we look at the number of lottery students at our institutions and what impact it would have on institutions if the funding is not available. Mr. O'Donnell stated that historically, if the lottery did not have sufficient funds, there was a transfer from the general fund at the end of the year to avoid the negative financial impact to the institutions.

D. Tuition and Fees Data

Ms. Carrie Eberly presented the fall data for the Tuition and Required Fees for Academic Year 2016-17. She stated that each sector increased an average between 3-4% and the entire state averaged about 3.5%. Ms. Eberly stated that there was an error on the committee mail-out materials for The Citadel. A medical fee of \$495 was duplicated across all categories of students. She stated that the committee materials on the website have been updated to reflect this change.

Commissioner Batson asked for clarification on the fees and if we are looking at the different program fees as well as standard fees. Ms. Eberly stated that as we progress through building the report, we are looking to see if the institutions are disclosing all of the extra fees so that the information is accessible to everyone.

Commissioner Kuhl shared that she and Commissioner Kirkland had a productive meeting with the Commission's finance staff and the Department of Administration's Executive Budget staff about the financial matrix.

There being no further business, Commissioner Kuhl adjourned the meeting at 11:33 a.m.

Respectfully submitted,

Yolanda L. Myers
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.*