

The official minutes of the University of South Carolina Board of Trustees are maintained by the Secretary of the Board. Certified copies of minutes may be requested by contacting the Board of Trustees' Office at trustees@sc.edu. Electronic or other copies of original minutes are not official Board of Trustees' documents.

University of South Carolina

BOARD OF TRUSTEES

Executive Committee

June 9, 2005

The Executive Committee of the University of South Carolina Board of Trustees met on Thursday, June 9, 2005, at 12:20 p.m. in the Capstone House Campus Room.

Members present were: Mr. Herbert C. Adams, Chairman; Mr. James Bradley; Dr. C. Edward Floyd; Mr. Miles Loadholt; and Mr. Michael J. Mungo. Mr. Mack I. Whittle, Jr. was absent. Other Trustees present were: Mr. Samuel R. Foster, II; Mr. William C. Hubbard; Mr. William W. Jones, Jr.; Mr. Toney J. Lister; Ms. Rita M. McKinney; Ms. Darla D. Moore; Mr. M. Wayne Staton; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Research and Health Sciences Harris Pastides; Vice President for Information Technology and Chief Information Officer William F. Hogue; Vice President for University Advancement T.W. Hudson Akin; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Jane M. Jameson; General Counsel Walter (Terry) H. Parham; Vice Provost and Executive Dean for Regional Campuses and Continuing Education Chris P. Plyler; Chancellor of USC Beaufort Jane T. Upshaw; Dean of USC Lancaster John Catalano; Associate Provost for Budget and Operations William T. Moore; Vice Chancellor for Business Affairs, USC Upstate, Robert Connelly; Dean of University Libraries Paul A. Willis; Director of Finance and Budget William P. Bragdon; Assistant Treasurer Susan D. Hanna; Assistant to the Vice President, Office of Business and Finance, Ken Corbett; Director of Student Life, Division of Student Affairs, Jerry T. Brewer; Director of Budget, Office of Business and Finance, Leslie Brunelli; Director of the Thomas Cooper Library Thomas F. McNally; Director of the Film Library, University Libraries, Gregory Wilsbacker; Director of Employee Communications, Division of Human Resources, Debra K. Allen; University Legislative Liaison John D. Gregory; Public Information Officer, Office of Media Relations, Karen Petit; Director of University Communications, Division of University Advancement, Russ McKinney, Jr.; and members of the media.

Chairman Adams called the meeting to order and invited Board members to introduce themselves. Mr. McKinney introduced members of the media who were in attendance. Chairman Adams stated that notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to members of the Committee; and a quorum was present to conduct business.

Chairman Adams directed the attention of the Committee to the first agenda item and called on Mr. Parham.

I. Contracts Valued in Excess of \$250,000:

A. Indefinite Delivery Contracts for Construction Services - USC Upstate:

1. Monteray Construction Co., Inc.
2. MSI Construction Co., Inc.
3. Priority Construction Co., Inc.
4. Roebuck Buildings Co., Inc.

Mr. Parham stated that before the Committee were four indefinite delivery contracts for construction services at USC Upstate; indefinite delivery contracts covered a two year period and could not exceed a total amount of \$750,000 during that time frame.

Mr. Mungo moved approval of the four indefinite delivery contracts for the USC Upstate campus as described in the materials distributed for the meeting. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

B. Snack Vending Contract: Secretary Stepp requested Committee permission to postpone consideration of the Snack Vending contract at this time.

C. Library of Congress Contract: Chairman Adams called on Dean Willis who explained that through the efforts of Representative Clyburn's office, funding in the amount of approximately \$300,000 had been identified to coordinate the Fox Movietone Collection housed both at the University Library and at the Library of Congress.

When the collection came to the University in 1980, Danny Cromer, currently an aide to Representative Clyburn, was a Carolina student. Realizing the value and uniqueness of the collection, he was asking that the University work with the Library of Congress to preserve and to provide access to the collection. Dean Willis noted that the federal government was providing 100 percent of the funding; no matching University money was required. In addition, it was anticipated that Representative Clyburn's office will contribute nearly \$700,000 to the budget next year to further the project.

Dr. Floyd moved approval of the Library of Congress contract as described in the materials distributed for the meeting. Mr. Loadholt seconded the motion. The vote was taken, and the motion carried.

D. Avaya, Inc. Contract: Chairman Adams called on Mr. Parham who, on behalf of Vice President Hogue, was presenting for Committee consideration a proposed contract between the University and Avaya, Inc. This proposed maintenance contract would maintain the University's telephone system for the Columbia and Lancaster campuses. The four-year renewal contract will begin July 1, 2005 and will expire June 30, 2009; the original contract, approved by the Board of Trustees in 2001, will terminate at the end of June. Under the terms of the proposed new agreement, the University will pay \$441,141.80 annually for this maintenance service - a \$168,000 per year reduction in the current cost; Mr. Parham credited Vice President Hogue for negotiating the lower rate.

Mr. Mungo moved approval of the Avaya, Inc. maintenance contract as described in the materials distributed for the meeting. Mr. Bradley seconded the motion. The vote was taken, and the motion carried.

II. FY 2005-2006 Budget: Chairman Adams recognized President Sorensen who made the following remarks:

Mr. Chairman, and ladies and gentlemen, I am very pleased to present the proposed budget for the 2005-2006 academic year. We are asking for an increase that, I believe, will enhance the quality and maintain the momentum by enabling the University to do several things including hiring more faculty. We have a net increase of 16 full-time faculty this year over the preceding year and need to continue that effort.

We have had an unprecedented expression of interest in the University - the highest number of applicants in the history of the University. Dean Sederberg gave his report earlier - the Honors College freshman class, for example, is up by 54 which is a 20 percent increase over last year (the highest in the history of the College). That is an indicator of the kind of momentum that we are sustaining. We clearly need to be sensitive to the number of students and the ratio of students to faculty. I committed to you that we are going to reduce ratio which we have done but, also quite frankly, we did not expect the enthusiastic response to applying to Carolina by highly qualified applicants which occurred.

We started the scholarship program last year called the "Capstone Scholars" to attract students who are just below the Honors College in SAT scores. We have 300 students who have accepted our offer for the "Capstone Scholars." Although we have a record number of students who indicate that they are coming, we have what is known in the business as a "melt" so we will lose some of those students during the summer. Therefore, the preliminary numbers will be reduced between now and the middle of August.

We also need to invest heavily in technology support. During the Academic Affairs and Faculty Liaison Committee meeting earlier today, Dr. Hogue gave you a magnificent presentation of the need for improving information technology across the entire University. In the budget proposal, for example, is a nearly \$1 million increase in security monitoring alone. He indicated that we have had over 3,000 attempts to breach the security of the University computing system in the past year; we need to be vigilant about those kinds of activities.

I am excited, quite frankly, about the comprehensive and progressive approach to enhancing the computing infrastructure, but it comes at a cost - the cost is \$54 million over a 5-year period. In the budget we are proposing to you, we accommodated that expenditure.

We also want to have an increasing number of students involved in research activities. The Honors College has made that a cornerstone of

experience - the opportunity for undergraduate students to work with faculty members on research projects in a very intimate setting. So, we are also proposing as a budget item entitled "University 201" which will be a structured program to give sophomores formal training in research methodology and enhance their ability to work closely with professors.

I believe we have made remarkable progress during the past three years and I am pleased that the budget will allow us to build on that momentum and continue the commitment to quality that we have.

Among the proposed items are the OneCarolina five-year information technology program that I just described; a six-year faculty hiring program which begins its second year; the addition of a high tech learning center at the Capstone and West Quad residence halls; and campus safety improvements. To finance these items, it is proposed that the USC Columbia tuition increase by \$379 per semester as well as comparable increases at the other institutions that make up the University of South Carolina.

President Sorensen called on Mr. Kelly to present the proposed FY 2005-2006 University budget to the Executive Committee. He initially thanked Board members for their guidance and suggestions during the various budget briefings which were held with then prior to this meeting.

At their places and displayed on the screen was information about the proposed budget. Mr. Kelly referenced the chart which displayed resident undergraduate tuition figures; it was proposed to increase that amount \$379 for a total of \$3,457 per semester. Most of the increase (\$337.50) will be used to pay for the various operations of the University; the remaining amount (\$41.50) will be used to increase the Student Health fee in order to provide increased services to the students as well as to set aside a portion for the construction of a new Student Health Center.

Also proposed was a \$70 Technology Fee increase. Mr. Kelly noted that President Sorensen had referenced Dr. Hogue's earlier presentation about a new ERP (Enterprise Resource Planning) system. As a result of the SDI (Strategic Directions and Initiatives) Committee report; the WAG (Washington Advisory Group) study; and three independent CIOs (Chief Information Officers) who had visited the campus, it was estimated that the University would need to expend approximately \$54 million in the area of information technology. This technology fee increase will begin the first phase of paying for that project.

Other student costs which will increase included average University Housing cost (+\$83.00); 10 Meal Plan (+32.00); and average book cost (+32.00).

Mr. Kelly reviewed the USC Columbia State Appropriations "Below-The-Line" funding. The following items had been itemized as recurring in the budget last year and will remain this year: Institute for Public Service and Policy Research; Small Business Development Center; African-American Professors Program; Law Library; Nano-Technology. The next two components had been added: Hydrogen Research for \$1 million and the School of Public Health - Epilepsy for \$75,000 (a

program to train police officers how to handle individuals who were experiencing epileptic seizures).

A "Below-The-Line" non-recurring dollar amount of \$200,000 had been allocated to the Palmetto Poison Control Center. Mr. Kelly explained that this particular center was the state's phone bank for poison control issues; more than 30,000 phone calls were received there annually.

The University had also received restricted non recurring dollars from the General Assembly. The Augusta Baker Childhood Literacy Program, named for an African-American who was a renowned storyteller and previously employed in the University Library for many years, had been allocated \$1.5 million; this program was designed to help children and their caregivers learn to read.

Other restricted non recurring dollars the University had received included \$475,000 for deferred maintenance; \$500,000 for Gambrell Hall renovations; \$400,000 for West Campus safety improvements; and \$500,000 for steamline replacement and repair.

Mr. Kelly addressed the various programs the University will fund as a result of the proposed tuition increase. The Faculty Excellence Initiative Program (Year 2 of 6) had been allocated \$2 million to continue hiring faculty in order to decrease the faculty/student ratio. The Strategic Faculty Revitalization Program had been allocated \$1,454,000 to assist key academic areas in the recruitment of additional faculty and support staff per Value Centered Management principles. For the Provost's Program Needs fund, \$917,000 had been assigned to address dean hiring commitments, faculty recruitment and retention issues, etc.; Faculty Tenure and Promotions had received \$283,000.

University 201, a new program which President Sorensen had discussed earlier during his introductory remarks, would introduce undergraduate students to research activities; \$184,345 had been requested to establish that effort.

In the area of Other Academic and Student Services Program, the General Assembly had increased the scholarship fee waivers for instate undergraduate students from 2 percent to 4 percent; \$685,498 had been allocated to cover that cost. In addition, the University will establish two new learning centers in the Capstone and West Quad residence halls for a total of \$303,015.

Proposed new and continuing funding recommendations for the University's General Institutional Costs included the following: recurring funding of the OneCarolina Project in the amount of \$3,797,116 for FY 2006 to acquire software licensing for the programs which will replace the current technology information systems; utility, water and electricity increases of \$2,088,044 (principally due to the cost of natural gas which had increased tremendously during the past year);

insurance increases of \$127,738; University share of the 4 percent state salary increase of \$1,893,482 and \$564,475 of fringe benefits.

Proposed new and continuing funding recommendations for the University's Central Operations and General Support Services included the following: IT security (an increasing problem in the country) in the amount of \$985,524 to support the staff necessary to protect the University's technology data systems; law enforcement and safety initiatives for a total of \$735,212 to annualize the hiring of new police officers and to increase the University's competitiveness with local law enforcement operations; operating costs for the Naval Reserve Facility (recently purchased) in the amount of \$315,717; a campus campaign support system for \$369,570 to develop the University's next fundraising initiative; Office of Human Resources budget increase of \$106,446 as a result of the University's expanded hiring activities; Legal Office budget increase of \$100,000 to hire one new staff attorney and to adjust salaries as appropriate; medical contractual services totaling \$60,000; and a campus landscaping contract totaling \$596,900 to annualize this service.

Mr. Kelly summarized the overall proposed USC Columbia General Funds budget for FY 2006. Anticipated was a \$2.6 million "carry forward" at the conclusion of FY 2006; a tuition fund increase of approximately \$17,884,200; a growth in enrollment amount of \$1,432,500; the additional allocation for the student health fee deducted from general funds of \$1,473,629; indirect charges from the regional campuses and selected campus services increase of \$11,014; and a state budget reduction of \$272,491. New money to distribute this year totaled \$20,174,201 less the proposed allocation of funds as previously discussed of \$17,567,082 would leave a projected net balance of funds remaining of \$2,607,119.

And, finally, Mr. Kelly reviewed the overall source of funds and use of those funds for the "A-fund" budget. State appropriated funds for FY 2006 totaled \$133,423,412; special line item appropriations totaled \$4,200,867; general fund income and transfers totaled \$24,925,688; departmental income and transfers totaled \$218,688,109; and, the general fund carry forward totaled \$2,592,607. Therefore, the "A-fund" source of funds for next year was projected to total \$383,830,683.

In general terms, the use of those funds would be allocated as follows: recurring base budgets of \$319,283,577; special line item appropriations of \$4,200,867; departmental income and transfers of \$40,172,038; and new and continuing funding recommendations of \$17,567,082. Anticipated, therefore, were expenditures totaling \$381,223,564 leaving a net fund balance of \$2,607,119.

Mr. Mungo moved to recommend to the full board the adoption of the operating budget for FY 2006, as presented in the materials distributed to the Board,

including tuition and fee schedules, the housing budget and associated fee schedules, the athletics budget, and the designated funds budget. Mr. Bradley seconded the motion.

Dr. Floyd asked that strong consideration be given to the possibility of increasing the tuition equally next year for all schools at the University (including law and medical); he believed that the two professional schools reaped the benefits of the Carolina campus and should equally share in tuition increases.

The vote was taken, and the motion passed.

Since there were no other matters to come before the Committee, Chairman Adams declared the meeting adjourned at 12:50 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary