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University of South Carolina
BOARD OF TRUSTEES

Executive Committee

June 24, 2016

The Executive Committee of the University of South Carolina Board of Trustees met at 10:00 a.m. on Friday, June 24, 2016, in the Alumni Center Boardroom.

Members present were: Mr. Eugene P. Warr Jr., Chairman; Dr. C. Edward Floyd; Mr. William C. Hubbard; Mr. Toney J. Lister; Mr. Miles Loadholt; and Mr. John C. von Lehe Jr.

Other Trustees present were: Mr. Chuck Allen; Mrs. Paula Harper Bethea; Mr. J. Egerton Burroughs; Mr. Mark W. Buyck Jr.; Mr. Thomas C. Cofield; Mr. A.C. "Bubba" Fennell III; Mr. William W. Jones Jr.; Mr. Hubert F. Mobley; Ms. Leah B. Moody; Dr. C. Dorn Smith; Ms. Molly M. Spearman; Mr. Thad H. Westbrook; Mr. Mack I. Whittle, Jr.; and Mr. Charles H. Williams.

Also present were faculty representative August E. "Augie" Grant and student representative Michael Parks.

Others present were: President Harris Pastides; Secretary Amy E. Stone; General Counsel Walter "Terry" H. Parham; Chief Operating Officer Edward L. Walton; Chief Financial Officer Leslie Brunelli; Provost Joan T.A. Gabel; Vice President for Student Affairs Dennis A. Pruitt; Vice President for Human Resources Chris Byrd; Vice President for Information Technology William F. Hogue; Vice President for Development Jancy Houck; University Foundations Executive Director Russell H. Meekins; Executive Director of Audit & Advisory Services Pam Doran; Chief Communications Officer Wes Hickman; Athletics Director Ray Tanner; Palmetto College Chancellor Susan Elkins; Vice President for System Planning Mary Anne Fitzpatrick; USC Upstate Chancellor Thomas Moore; USC Aiken Chancellor Sandra Jordan; USC Beaufort Chancellor Al Panu; USC Aiken Executive Vice Chancellor for Academic Affairs Jeff Priest; USC Aiken Vice Chancellor for Finance and Administration Joe Sobieralski; USC Upstate Interim Vice Chancellor for Academic Affairs and Director of Graduate Studies Clifton Flynn; School of Law Dean Robert M. Wilcox; College of Arts and Sciences Interim Dean Roger H. Sawyer; Associate Provost and Dean of Extended University, Palmetto College, Chris Nesmith; Director of Governmental and Community Relations and Legislative Liaison Shirley D. Mills; Executive Director for the Office of

Economic Engagement William D. “Bill” Kirkland; University Controller Jennifer Muir; University Treasurer Pat Lardner; Director of Capital Budgets and Financing, Division of Administration and Finance, Charlie Fitzsimons; Senior Associate Vice President for Student Affairs and Academic Support Stacey Bradley; Director of Strategic Planning and Assessment Cameron Howell; Physical Education and Athletic Training Department Chair, College of Education, Lynda Nilges-Charles; My Carolina Alumni Association Executive Director Jack W. Claypoole; Chief of Staff, President’s Office, J. Cantey Heath Jr.; USC Trustee Emeritus William Bethea, husband of Trustee Paula Harper Bethea; University Technology Services Production Manager Matt Warthen; and Board staff members Leah Kososki and Debra Allen.

The University’s Board of Visitors in attendance at the meeting included: Mr. Hollis “Chip” Felkel, Chairman; Mr. Jeffrey B. “Jeff” Archie; Mr. Moe Brown; Mr. John L. “Johnny” Bruce Jr. ; Mr. Kent M. Eddy; Mr. John W. Fields; Mr. C.W. “Chuck” Garnett; Mr. Carl “Brody” Glenn; Mr. Timothy “Tim” Hallman; Mr. John P. Harloe; Mr. Henry L. “Hank” Jolly Jr.; Dr. James A. Knapp; Ms. Melissa Moise McLeod; Mr. David B. Miller; Mr. Warren Moise; Ms. Patricia Moore-Pastides; Mr. J. Terry Poole; Mr. Norwood Smith; Ms. Carmen Harper Thomas; Ms. Cathy L. Weaver; Mr. Richard N. Westbrook; and Ms. Cheryl S. Wingard.

I. Call to Order

Chairman Warr called the meeting to order and 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; and a quorum was present to conduct business. He welcomed the members of the Board of Visitors who were present for the meeting and thanked them for their service to the University.

Mr. Hickman introduced members of the media in attendance: Andy Shain with *The Free Times* and Avery Wilks with *The State* in Columbia.

II. Contracts

Chairman Warr called on Mr. Parham to present several contracts.

A. EBSCO Information Services

Mr. Parham said USC Libraries sought approval to renew its agreement with EBSCO Information Services for one year, beginning July 1, 2016. Under the agreement, EBSCO will serve as a single point of contact between the library and various publishers from whom the library wants to acquire access to journals and databases. This improves efficiency because EBSCO provides the library with consolidated invoices, and the library has to write fewer checks and doesn’t have to deal with hundreds of

individual publisher contracts. By using EBSCO, the library acquires access in an efficient manner to approximately 9,000 journal titles and 50 EBSCO host databases. Additionally, under the contract, EBSCO agrees to manage the electronic publications acquired by the library so, for example, if the library is having a problem with access to a particular journal, EBSCO is responsible for serving as a troubleshooter to contact the publisher and fix the problem.

During the one-year contract term, Mr. Parham said that the library anticipated spending approximately \$5,171,819 on journals and databases. Additionally, EBSCO charges a 2.5% service charge for its services, which is reduced to 1.9% if the library spends \$2,500,000 by July 31, which the library will do. The total estimated cost to the library under this contract will be approximately \$5,270,083, which will be paid from the Library Materials budget. Trustee Cofield commended University Libraries for saving \$31,000.

Chairman Warr called for a motion to recommend approval by the full Board of the EBSCO agreement as described by Mr. Parham. Mr. Lister so moved. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

B. Athletics Department

1. Air Planning, LLC Charter Flight Agreement

Mr. Parham said the Athletics Department sought approval to enter into a charter flight agreement with Air Planning, which does business as JetBlue, under which the Gamecock football team will be transported to four away games this season. This is a standard charter flight agreement that Athletics has entered into for the past few years. The total cost of the contract is \$613,825.

Chairman Warr called for a motion to approve the contract with Air Planning, LLC. Mr. Loadholt so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

2. Matt Figger Employment Agreement

Mr. Parham said the Athletics Department sought approval of a new contract for men's basketball coach Matt Figger. Coach Figger joined the basketball staff in April 2012 as an assistant coach. With the departure of assistant coach Lamont Evans, who left to join Brad Underwood's staff at Oklahoma State, Coach Martin promoted Coach Figger to Associate Head Coach and Recruiting Coordinator. Even though this is simply a promotion for Coach Figger, Mr. Parham said his contract had been updated to include the most recent terms that the University is using in coaching contracts.

Under this contract, Coach Figger will be employed for one year ending March 31, 2017. He will be paid a base salary of \$262,500 annually and he can earn incentive compensation equal to one month of his

salary (\$21,875) if the men's basketball team makes it to the NCAA tournament. This is the standard incentive provision found in all assistant men's basketball contracts. He also will continue to be provided the use of a vehicle. The contract contains the most recent termination provisions that the University now includes in all of its assistant coaching contracts.

In response to a question from Trustee Fennell about the April 1, 2016, date of the contract, Mr. Parham indicated that Coach Figger was under an existing contract and remained under it until the new contract was approved by the Board. He also indicated that for consistency, the University kept all assistant coach contracts on the same contract terms and for basketball that was April 1 to March 31.

Chairman Warr called for a motion to approve the employment agreement for Coach Figger. Mr. Lister so moved. Mr. von Lehe seconded the motion. The vote was taken and the motion carried.

C. Academic Analytics, LLC

Mr. Parham said that on August 9, 2013, the Executive Committee approved an agreement with Academic Analytics, LLC. That contract allowed the Provost to access a proprietary database of information maintained by Academic Analytics about faculty productivity at colleges and universities nationally. The Provost has been using that data to benchmark and analyze the productivity of the University's faculty and academic units by comparing it with faculty and academic units at other colleges and universities in categories such as: size of faculty departments; the number and amount of federal research grants awarded; the number of published books and journal articles; and the number of times the faculty members' publications are cited elsewhere. This is the information that is entered on the dashboard the Provost created and shared with the Board.

The current contract with Academic Analytics expires in April of 2017. Approval is sought to extend the term of the contract through December 31, 2018. Mr. Parham said the cost of the 20-month contract extension is \$293,700. Trustee Cofield commented on the language of the mutual indemnification clauses, which he said worked to the University's benefit.

Chairman Warr called for a motion to approve extension of the contract with Academic Analytics, LLC. Mr. von Lehe so moved. Dr. Floyd seconded the motion. The vote was taken and the motion carried.

D. Florence Office Space Lease, USC School of Medicine

Mr. Parham said the USC School of Medicine (SOM) sought approval of a lease agreement with Francis Marion University for office and classroom space located in the Francis Marion University Center for Health Sciences, which was under construction at 200 West Evans Street in Florence.

The space will be used to support the medical education program being operated by the USC School of Medicine in Florence.

The term of the lease will begin when the SOM takes occupancy of the space, which is expected to be on or about July 1, 2016. The term of the lease ends June 30, 2019. Under the lease, Mr. Parham said the SOM will pay Francis Marion \$7,083 per month. Francis Marion will be responsible for all associated costs including facility up-fit, equipment and furnishings, taxes, telephone, internet, utilities, air conditioning, heating, janitorial service, security, water, sewer, electricity, trash disposal and lawn care. Because both USC and Francis Marion are insured through the State of South Carolina, both parties will maintain their own insurance.

Mr. Parham said that the good news is the entire cost of the lease – in fact, the entire cost of the Florence medical education program – is paid by a \$9,000,000 grant awarded by the South Carolina Department of Health and Human Services to Francis Marion. The purpose of the grant is to fund the provision of medical and nursing education in Florence. Francis Marion provides the nursing education and subcontracts with USC to provide the medical education in Florence, the costs of which are paid for by the grant. The grant runs through June 30, 2019, which is the termination date of the lease. The Center for Health Sciences will be shared by USC and Francis Marion. USC will use approximately 9,366 square feet of space, but Francis Marion will have access to any space it needs to operate its nursing program.

Trustee Floyd of Florence said that the entire Board would be invited to the opening of the building and he encouraged everyone to come and see the Center for Health Sciences, to see the value of what the University has received from this \$15.5 million building. An opening date has not yet been set.

Chairman Warr called for a motion to approve the lease with Frances Marion University. Mr. von Lehe so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

E. USC Upstate

1. Advanced Project Management Program

Mr. Parham said that USC Upstate was interested in offering a non-degree credit, continuing education Certificate Program in Advanced Project Management at the University Center in Greenville. To do that, Chancellor Tom Moore sought approval of a contract with an instructor named Steve Sanders. Dr. Sanders has a Ph.D. in Civil Engineering and is a former tenured associate professor in Civil Engineering at Clemson University. He currently is president of his own company, Construction Management Consultants.

Under the contract, Dr. Sanders will develop the curriculum and materials to be used and will provide project management instruction. The course will involve three hours of instruction per week for 16 weeks. One-half of the instruction will be delivered in the classroom, and one-half will be delivered on-line. Each enrolled student will pay \$5,000 for the course. For his services, Dr. Sanders will be paid 50% of the student fees collected, plus mileage.

The goal will be to enroll one cohort of 15-20 students during the fall semester, and one cohort during the spring semester. Students successfully completing the course will receive a certificate in advanced project management from USC Upstate.

The term of the contract is five years beginning in August 2016 and continuing through December 31, 2021. However, either party can terminate the contract at any time upon written notice to the other. USC Upstate estimates that it could earn approximately \$375,000 during the life of the contract.

Chairman Warr called for a motion to approve the contract with Steve Sanders. Mr. Lister so moved. Mr. Hubbard seconded the motion. The vote was taken and the motion carried.

2. CPF Properties II, LLC Lease

Mr. Parham said that at the April 22, 2016, Board meeting, the Board approved two lease agreements between USC Upstate and CPF Properties II, LLC related to the George Dean Johnson, Jr. College of Business and Economics (The George).

At that time, Russ Meekins made a detailed presentation to the Board and explained that CPF Properties II originally was a single member LLC created by a USC Upstate foundation to finance the construction of The George in downtown Spartanburg. Mr. Meekins informed the Board that the USC Development Foundation had recently acquired CPF Properties II so that the debt on The George could be refinanced at a more favorable rate. He further explained that the USC Development Foundation would now cash flow its debt obligation on The George through revenues from the two lease agreements the Board had approved at that meeting, and a third lease that would be brought to the Board at a subsequent meeting.

Mr. Parham said that the third lease was the item now before the Board. He said Chancellor Moore and Mr. Meekins sought approval of an agreement under which USC Upstate will lease the Rampey Center from CPF Properties II, which is now the USC Development Foundation. The Rampey Center consists of approximately 6,218 square feet. Under the lease, USC Upstate will pay an annual rental of \$11 per square foot, which is \$68,398 annually.

The five-year lease, which is the standard governmental lease agreement, allows USC Upstate the right to extend the lease term for up to an additional five years. USC Upstate will be responsible for utilities – electricity, water, sewer, gas and telephone – and the cost of maintenance.

Chairman Warr called for a motion to approve the lease of the Rampey Center from CPF Properties II, LLC as described. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

III. FY 2016-2017 Internal Audit Plan Update

Chairman Warr said that the FY 2016-2017 Internal Audit Plan was submitted and approved by the Audit and Compliance Committee at its June 10, 2016, meeting. As required by Board Policy 1.06, the updated annual audit plan was now being submitted to the Executive Committee for review and approval. The original FY 2016-2017 Audit Plan was submitted in October 2014 as part of a three-year audit plan.

In response to an observation by Trustee von Lehe that several items had been postponed, Executive Director of Audit & Advisory Services Pam Doran explained that it was necessary to postpone less risky audits so that higher risk areas could be audited first. Trustee Smith, chairman of the Audit and Compliance Committee, encouraged any Trustee who is concerned about the audit priority to notify the committee and it would make every effort to address change requests.

Chairman Warr called for a motion to approve the updated FY 2016-2017 Internal Audit Plan. Mr. Hubbard so moved. Mr. Loadholt seconded the motion. The vote was taken and the motion carried.

IV. University Purchasing Card Limit

Chairman Warr called on Ms. Brunelli who explained that the University participates in the Purchasing Card (P-Card) program setup by the State Materials Management Office, which allows users across the system quick access to purchases. Currently, there are 1,600 members of the University family who have access to these cards. In 2011, the Higher Education Efficiency and Administrative Policies Act provided the ability to raise the limit for these purchasing cards and the University has not taken advantage of that ability.

In the first eight months following PeopleSoft's activation on July 1, 2016, Ms. Brunelli said 19,000 purchase orders were created. Of these, 65% were less than \$5,000 and of that amount 56% were between \$1,000-5,000. During this period, 85% of the vendor payments made were less than \$5,000. By increasing the P-Card limit, the approval process would be removed from the purchasing and accounts payable system; therefore, money would be saved while offering an efficient way of procuring and paying for small

dollar purchases. Employees making these purchases would remain accountable, as would their supervisors. Numerous controls have been established over the years for P-Card usage to prevent and detect abuse of these cards, she said. Use of the P-Card program also provides the University with a rebate at the end of the year, which adds about \$200,000 toward the purchasing operations (department budget) of the University.

Ms. Brunelli said approval was sought to increase the Purchasing Card Single Transaction Limit not to exceed \$5,000 per card and the monthly limit not exceed \$10,000 per card. The increase in transaction limit can be determined on a person by person basis, as well. She further clarified that training was mandatory for those given the authority to make and to approve transactions using P-Cards. Disciplinary policies also are in place to address abuse and P-Card use is audited. Executive Director for Audit & Advisory Services Pam Doran indicated that this move was consistent with peer institutions and that Audit & Advisory Services would be looking at P-Card transactions closely, bringing the issue back to the Board if problems resulted from this action.

Chairman Warr called for a motion to recommend full Board approval of the increase in the University Purchasing Card Single Transaction Limit as described by Ms. Brunelli. Mr. Hubbard so moved. Mr. Lister seconded the motion. The vote was taken and the motion carried.

V. University's FY 2016-2017 Annual Operating Budget

Chairman Warr called on Ms. Brunelli to present the proposed annual operating budget for Fiscal Year 2016-2017.

Prior to Ms. Brunelli's presentation, President Pastides said he would like to describe two representative in-state students at USC that he would ask Trustees and visitors at the meeting to keep in mind during the budget discussion. The first he called Gerald, a male from rural South Carolina who had to hold a job while in high school and was admitted to USC, but needed help to attend the University as his family had limited income. "But because of our great financial aid advisors, the South Carolina Education Lottery, a Pell Grant, maybe the Gamecock Guarantee, and appropriate academic support, he will graduate on time, in four years or less," President Pastides said. The second student, Julia, a female from one of the state's larger cities whose parents are successful USC alumni, graduated in the top of her class and had the opportunity to attend any of America's greatest universities, including Ivy League institutions. "She is attending the South Carolina Honors College, not out of family loyalty or legacy, but because of the excellence and resources we offer, the extras that make USC a preferred university for these kind of students."

President Pastides told Trustees he wanted to set the context that “the budget Leslie Brunelli is presenting to you is tight and conservative, but it will allow both of those students and tens of thousands of others like them to continue to get the great education that we provide.”

Ms. Brunelli thanked Trustees for their time and counsel over the past several weeks as the budget document was finalized. She noted that her presentation was a brief version of the draft budget document available on the Board Portal. Included were schedules for all campuses, including all of the tuition and fee detail. Upon approval, the draft budget document will be finalized and made available on the Board Portal. Hard copies will be made available to Trustees on request.

The total proposed current budget is \$1.5 billion, Ms. Brunelli said, with 48% coming from tuition and fees, followed by grants and contracts at 22.9%, followed by auxiliary enterprises at 13.3%, followed by state appropriations at 10.5%. Total state funding is \$159,814,693. This compares to the largest ever state appropriation of \$230 million in FY2007-2008 prior to the recession, which placed state appropriations at 23% of the University’s total budget of just less than \$1 billion that year. The expenditure budget was summarized by classification, illustrating that expenditures supporting the instructional, research and service mission of the University exceed \$800 million or 72% of the entire budget. The balance of budget expenditures is in auxiliary enterprises, operation and maintenance of plant.

State funding includes an increase of nearly \$8.5 million across the system, with \$6.5 million allocated to the Columbia campus. For the first time since the recession, Ms. Brunelli noted that state funding came without any “particular earmark,” which means the funding is available for any of the University’s operations. While this was good news, she compared it with the University of Georgia that will have a zero percent tuition increase this year. Georgia will receive \$14.5 million in new state funds, two-thirds of the funding for a state pay package, plus capital funding; all of which is on top of a \$330 million base appropriation.

Ms. Brunelli continued with her USC budget presentation, indicating that USC will receive some limited capital funding for Fiscal Year 2016-2017. The modest allocations across the system do not include the comprehensive campuses, she said. The Columbia campus will receive \$5 million to begin the Honors College residence hall expansion, which will be a combination of classrooms, office spaces, and residences on top. The total cost of this project will be \$15 to \$17 million. The four Palmetto College campuses received \$3.5 million, with the largest item being \$1.5 million assistance with the renovation cost of USC Sumter’s science building that has been requested for more than 10 years. She confirmed for Trustee Fennell that funds to renovate the Taylor House by the new Law School facility had been cut.

The single biggest impact on the budget this year will be the pay plan and fringe increase, Ms. Brunelli said. The 3.25% pay plan, retirement increases, and health and dental increases will cost the University's operating budget about \$14.8 million of which about one-third will be covered by the state. When all auxiliary enterprises, grants and all other funded employees are included, these increases will cost the University \$19.6 million. Approximately 70% of everything spent at the University is personnel and fringe, she said.

Ms. Brunelli next presented the administration's tuition proposal, which was a 3.25% increase for Columbia and the system campuses. For Columbia, the annual increase for the resident undergraduate would be \$372. Other universities in South Carolina have announced tuition increases ranging from 3.17% or an increase of \$436 annually for resident undergraduates at Clemson to 3.5% at the College of Charleston.

Tuition rates for all of the major areas would increase by 3.25%, except for the School of Medicine for which an increase of 3% was requested for resident students and no increase for non-resident students. Across the system campuses, a 3.25% tuition increase also was proposed with the exception of an anomaly with Regional Campuses above 75 credit hours and Palmetto College where the increase would be closer to 3%. Trustee Fennell voiced concern that Palmetto College tuition should be lower. President Pastides agreed, noting that it was time to examine how Palmetto College tuition was calculated.

Proposed increases also were proposed for the auxiliary enterprises of housing and meal plans, which are impacted by market and contractual agreements with vendors. For Columbia, the average increase to housing was 4%. She said that Housing is required to cover 100% of the pay plan and fringe increases. The increase to the minimum required meal plan in Columbia was 2.25%. At Aiken, the average housing increase is 3% and meals are 1.65%; at Upstate, the average housing increase is 1.9% and meals are 3%. She added that USC Beaufort's housing and meal plans are owned and operated by the Beaufort Jasper Higher Education Commission, not the University. Ms. Brunelli noted that revenue from housing and meal plans must cover the operation and facility maintenance and improvements for these services at each of the University's campuses.

While Trustees received the complete tuition and fees schedule, Ms. Brunelli noted a few significant college-level increases in her presentation. Phased-in program fees were being proposed for the Law School; Engineering; and Hospitality, Retail and Sport Management. The fee increases for Engineering and for Hospitality, Retail and Sport Management were recommended by those colleges, although the amount was less than what the colleges requested, she said.

For the Law School, a new tiered increase was proposed for Fiscal Year 2017, 2018 and 2019, which would be used to support the new facility opening in 2017. For next year, the fee was to be \$500 per semester for first-year law students and \$250 per semester for second-year law students, with no fee charged third-year law students. By 2019, she said the Law School fee is proposed to be \$1,500 per semester for first-, second- and third-year students. In year one, this fee would generate about \$300,000; with \$1.2 million in year two and \$1.8 million in year three.

Ms. Brunelli confirmed for Trustee Hubbard that future increases were not being presented for approval, only those proposed for the coming fiscal year. A lengthy discussion ensued about the proposed Law School fee. President Pastides said that the Law School was among the University's most heavily centrally subsidized units. He said the money needed to come from somewhere to help offset its operational deficit, which would now increase due to the high cost of maintaining the Law School's new building that was a critical element in improving the program's quality of education and rankings. He called it "a prudent fee," but one that the Board should examine the effects of annually.

Trustee Fennell spoke in favor of the fee and asked that Dean Rob Wilcox bring the Board a strategic plan showing how the Law School can improve its ranking. He also asked that the strategic plan include budget projections for eliminating the deficit under which the school operates. In response from a request by Trustee von Lehe, Dean Wilcox addressed his concerns about the proposed fee.

Dean Wilcox said the proposed fee caused him serious concern; especially the proposal to grow the fee increase over three years to \$3,000 when the Law School already was at the top of its market in terms of tuition levels at state law schools in the Southeastern Conference. "We already are losing very good applicants solely on the net cost," he said, noting that it was less expensive by far to go to the University of Georgia even considering that students have to pay a year of non-resident tuition. He said he would like to increase the school's number of applicants, then increase tuition to take advantage of the demand. The Law School recently entered a contract with Kennedy and Company to develop a long-term strategic plan as suggested by Trustee Fennell. Dean Wilcox said the consultant's report was due this fall, resulting in data-driven analysis being available to evaluate the effect of the new fee.

Trustees commenting on the proposed fee increase were supportive of improving the quality of the Law School, while expressing concern over its deficit. Chairman Warr summarized that approval of the proposed \$500/\$250 fee was appropriate for Fiscal Year 2016-2017, and that time would be set aside for continuing the discussion when more data was available. President Pastides also voiced his support of the proposed Law School fee for the coming fiscal year.

Ms. Brunelli then continued her presentation on fees, noting two additional fees that would impact participants in Greek Life – a \$50 activity fee for all students in Greek organizations that would be used to add support staff and a \$125 fee for students with organizations in the Greek Village to begin collecting debt service to construct a garage and activity room to support the Greek Village. The \$125 fee would increase by \$125 each year to reach a final debt service fee of \$375 to support the new facility.

The administration is faced each year with worthy requests that it cannot fund. This year, Ms. Brunelli said the requests for USC Columbia totaled \$58 million – well vetted proposals that the administration would like to have brought forward, but new funding was unavailable. Initiatives that are being funded for Fiscal Year 2016-2017 include the required cost increases that were led by the state pay package and fringe increase. Also included was the scholarships 4% fee waiver increase for resident undergraduates, as well as tort, property and casualty insurance. The total required cost increases amount to \$11,778,609, which exceeds the dollar amount that can be generated from a 3.25% tuition increase. Mandated fees for student activities and the Student Health Center increased by \$315,000.

Funding for strategic priorities totaled \$13,581,391 and included new faculty hiring for the Darla Moore School of Business and support of the Measured Growth Program proposed by the Provost. In reviewing the list of funded strategic priorities, Trustee Fennell sought assurance that Law Enforcement was being adequately funded and asked about the funding for the public affairs campaign, Carolina Changes Everything. Mr. Walton told Trustees that the Division of Law Enforcement and Safety recently was re-accredited because of investments the Board had approved. The initiative funding changed from early budget discussions, he said, but the funding had always been an amount with which Law Enforcement was capable of continuing its improvements. Ms. Brunelli added that the intent is to leverage the Carolina Changes Everything funding into more state appropriation dollars.

Ms. Brunelli summarized the sources of the \$25.6 million in new funding for the Columbia campus as \$6.5 million in state appropriations, with an additional \$3.8 million in state appropriations earmarked to partially cover the pay and fringe increases; \$11.3 million from the tuition increase; \$2 million from an expected enrollment increase due to retention; plus \$2 million from an enrollment increase that was unbudgeted for the current fiscal year. The sources and uses of funding for each campus were detailed in the materials provided Trustees. Ms. Brunelli did note that each of the Comprehensive campuses experienced enrollment increases, led by a double-digit increase at USC Beaufort.

Chairman Warr called for a motion to recommend full Board approval of the Fiscal Year 2016-2017 Annual Operating Budget as described by Ms. Brunelli. Mr. von Lehe so moved. Mr. Lister seconded the

motion. The vote was taken and the motion carried.

VI. Other Matters

Chairman Warr called for any other matters to come before the committee.

Trustee Fennell reminded Ms. Brunelli to obtain and provide Trustees written agreements with all the local commissions that work with and support University campuses throughout the system.

VII. Adjournment

There being no other matters to come before the committee, Chairman Warr declared the meeting adjourned at 11:30 a.m.

Chairman Warr asked Trustees to delay taking a break before the next meeting and called on Mrs. Bethea, President of the Alumni Association, who announced the dedication of the boardroom in honor of Trustee Floyd who was joined at the meeting by his wife, Kay, and three of his grandchildren, all of whom are enrolled at USC.

Respectfully submitted,

Amy E. Stone
Secretary