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University of South Carolina

BOARD OF TRUSTEES

February 23, 2004

The University of South Carolina Board of Trustees met on Monday, February 23, 2004, at 2:35 p.m. in the Carolina Plaza Board Room.

Members present were: Mr. Mack I. Whittle, Jr., Chairman; Mr. Herbert C. Adams, Vice Chairman; Mr. Arthur S. Bahnmuller; Mr. James Bradley; Mr. Mark W. Buyck, Jr.; Dr. C. Edward Floyd; Mr. Samuel R. Foster, II; Mrs. Helen C. Harvey; Mr. William C. Hubbard; Mr. Toney J. Lister; Mr. Miles Loadholt; Mr. Robert N. McLellan; Ms. Darla D. Moore; Mr. Michael J. Mungo; Mr. James A. Shuford, III; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; and Mr. Othniel H. Wienges, Jr. Mrs. Inez M. Tenenbaum was absent. The faculty representative, Dr. James Augustine was present; the student representative, Ms. Katie Dreiling, was absent.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Executive Vice President for Academic Affairs and Provost Jerome D. Odom; Vice President and Chief Financial Officer Richard W. Kelly; Vice President for Student Affairs Dennis A. Pruitt; Director of the Office of Budget William P. Bragdon; General Counsel Walter (Terry) H. Parham; Assistant to the Vice President, Office of Business and Finance, Ken Corbett; husband of Trustee Helen C. Harvey, W. Brantley Harvey; wife of Trustee Miles Loadholt, Anna G. Loadholt; and Director of University Communications, Division of University Advancement, Russ McKinney, Jr.

Chairman Whittle 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 the members; and a quorum was present to conduct business.

Chairman Whittle welcomed everyone and invited Board members to introduce themselves. Mr. McKinney indicated that no members of the media were in attendance.

Chairman Whittle stated that there was a contractual matter with respect to retaining enrollment management consultants which was appropriate for discussion in Executive Session. Mr. Hubbard moved to enter Executive Session, and Mr. Bahnmuller seconded the motion. The vote was taken, and the motion carried.

The following persons were invited to remain: Dr. Sorensen, Mr. Stepp, Dr. Odom, Mr. Kelly, Dr. Pruitt, Mr. Parham, Ms. Tweedy, and Ms. Stone.

Return to Open Session

I. Enrollment Management Report: 2004: Chairman Whittle called on President Sorensen who presented the following report:

I appreciate your gathering in a special session so we can bring resolution to various concerns about the size of the undergraduate population on this campus for the forthcoming school year.

My report today is based in the context of our ongoing enrollment management efforts, the report you received at the last Board meeting from the Noel-Levitz consulting group, and, most importantly, the need to deal with our long term institutional size and enrollment management priorities at the Wampee retreat following a truly in-depth report from the Noel-Levitz consultants and extensive Board discussion.

Therefore, my focus today is to present you with a proposed incoming class for next fall, explaining its projected characteristics and financial and academic implications.

Four factors are of inescapable importance:

- Institutional capacity
- Improving academic reputation
- Operating budget
- Long term fiscal responsibility.

If we focus on only one of these, we will by definition neglect the others. For example, if we make improving academic reputation the sole criterion, to the detriment of institutional capacity, then we do our students a disservice and we ourselves have not served as responsible stewards of the trust vested in us.

Now, allow me to discuss each of these four factors in some detail.

(1) Institutional Capacity

Capacity must be measured on several fronts. They include:

- ✓ Housing
- ✓ Quality of student life
- ✓ Classroom availability/class size
- ✓ Faculty availability.

These latter issues, which have to do with academic quality, are extremely important to me. I will not make any proposal to you unless I am fully convinced that this University will continue to provide a high quality academic experience to all its students. I consider the improvement of academic quality at Carolina the major charge you have given me. I am determined to continue to work constantly to cause that quality, and the perception of it, to rise.

Housing - The question of freshman housing is now well managed and under control. We have the capacity to house all incoming freshmen on campus in the plan we will present to you. The larger the class size, the more upper classmen must live off campus. But we will, without question, house all freshmen on campus in supervised dormitories.

Classrooms - As you know, Provost Odom has been seriously studying our classroom usage for several months. He and Mr. Kelly have considered numerous alternatives to improve our utilization of these valuable facilities. There is sufficient classroom capacity on this campus for the plan I will present. Some classes will be offered, for example, earlier in the morning or later in the afternoon than students

and faculty might prefer but more full utilization of our existing classroom space should be a goal under any circumstances.

Quality of student life - We have been very careful in coming to the conclusion I will present to you today, examining not only instructional capacity, but also the availability of food service, parking, library capacity, computer capacity, student recreational opportunities, and numerous factors which affect the ability of a student to live in a high quality living/learning environment and thus achieve a high quality educational experience.

Faculty - Dr. Odom worked with the Deans of our two largest colleges (Liberal Arts and Science and Mathematics) regarding their ability to teach satisfactorily various numbers of incoming freshmen. The proposal I will present to you will push the envelope of faculty teaching capacity, but it can be handled adequately, with the possible exception of a small number of sections of Spanish. Under the VCM budgeting model, which will be fully in effect next fiscal year, colleges are rewarded for teaching large numbers of students because the tuition revenue is provided directly to each college. Deans welcome this challenge because it helps the financial stability of their colleges.

(2) Operating Budget

The implications of class size for the operating budget are obvious and made even more clear by the fact that tuition is now a greater part of our budget than state appropriations.

Because we must anticipate an additional legislative budget cut next year, I draw your attention to this table which demonstrates that:

◆	A 1% state budget cut = \$ 1,482,863
◆	A 5% state budget cut = \$ 7,414,313
◆	A 10% state budget cut = \$14,828,626.

For purposes of comparison, let's presume for discussion at this time a tuition increase that would come within the cap being proposed by the legislature currently (although that cap would not apply to USC). If we base our projections on an 11% tuition increase, in-state and out-of-state, the following class sizes generate the total new tuition revenue shown on this table:

◆	3100 yields \$13,561,841
◆	3200 yields \$13,999,320
◆	3300 yields \$14,436,799
◆	3350 yields \$14,655,538
◆	3400 yields \$14,874,278.

I have never proposed to you that our policy is to offset state budget cuts dollar for dollar with tuition increases. All our budget decisions come later, after we have been notified of our legislative appropriation. But I do want you to see clearly the correlation of these financial factors each of which has a great impact on us.

It is essential that we recover state budget cuts in some way. It is my strongest hope that we can establish some minimal bonuses or raises for faculty and staff. We must continue to address technology infrastructure needs incrementally. And, of course, the overall maintenance of the integrity and beauty of the campus are critical to good teaching, learning, and recruiting of both faculty and students.

(3) Long term fiscal responsibility

As Mr. Bradley, Mr. Mungo and others continually remind us, as they did in the last board meeting, we are responsible for the fiscal integrity of this institution, for the management of its indebtedness, and for raising the funds to operate properly and aggressively while holding to very conservative business standards. Mr. Kelly and I are fully aware of these responsibilities. Growth in budget when leveraged skillfully can directly improve continuing problems such as deferred maintenance and the overall look of the campus, which is very important to our recruiting and therefore to our academic reputation. We are stewards of very valuable property and buildings and have financial obligations to improve this university on every front. This benefits past, present, and future students.

Also, the fact that we are increasingly successful in the retention of students has caused the size of the student body to increase by ways other than merely increasing the size of the incoming freshman class. When I became president, the undergraduate population was 16,567. If you approve the proposal I am presenting to you, it will be 18,157. This phenomenal increase of about 1,600 undergraduate students in two short years is eloquent testimony to the fact that more and more of our students, once they enroll here, decide to stay. In a word, they are voting on the quality of the education we offer with their feet. This nearly 10% growth is very important to our income stream, our operating budget, and our long term fiscal position.

(4) Improving Academic Reputation

There is no one at this table who is more dedicated to improving the academic reputation of the University of South Carolina than I am. This is done in many ways. This is not the time to go into an extensive discussion of this topic, but I certainly am keenly aware that the perception of certain measures (including the SAT scores of the freshman class) has a very real impact on academic reputation. You have charged me to improve this quantitative measure. You have set a firm goal of an average freshman entering class SAT score of 1175 by Fall of 2005. We have made great progress in stepping up the SAT score in recent years and I propose to continue that upward trend with next year's entering class. Given that the pool of students for this year is already known, the following are some examples of class size and average SAT scores:

- 3432 students predicate an SAT score of 1145
- 3354 students predicate an SAT score of 1149
- 3248 students predicate an SAT score of 1154
- 3124 students predicate an SAT score of 1160.

There are differences of opinion on this Board as to the course the University should take. Our long-term direction will be set as formal policy following our discussions at Wampee on April 4th and 5th. It is my job today to make a one year recommendation to you based on all of the above factors, but the long term proposal I offer you at Wampee will be firmly anchored in the four factors with which I began. We have promised students who await admission an answer by March 1st. Time is short.

Although some trustees would prefer an entering class of 3500, and I have listened carefully to their concerns, I am sensitive to the absolute necessity of providing adequate instruction, an excellent learning environment, and a proper atmosphere for productive student life.

To get to the bottom line, Vice Presidents Odom, Kelly, and Pruitt inform me that the instructional capacity of this campus, when stated in terms of the size of an incoming freshman class, is between 3,300 and 3,400 with the 3,400 class size pushing the envelope of academic quality.

Therefore, after lengthy and intense consultation with each of you and the members of my administration, I strongly recommend the following for Fall of 2004:

- A class size of 3350.
- The SAT score should average 1149.
- In-state enrollment will be 75%. Out-of-state will be 25%.
- The class will be 57% female and 43% male.
- The percentage of African Americans will be 9%.

Mr. Bradley moved that the Board of Trustees adopt the recommendation of President Andrew A. Sorensen and authorize the University of South Carolina to target an entering freshman class of 3350 for the Fall of 2004. Mr. Adams seconded the motion.

Dr. Floyd requested a roll call vote. The following Board members voted in favor of the motion: Adams, Bahnmuller, Bradley, Foster, Harvey, Hubbard, Loadholt, McLellan, Moore, Mungo, Shuford, Staton, von Lehe, and Whittle; Buyck, Floyd, Lister, Warr, and Wienges cast votes of "no." The motion carried.

II. Adjournment: Since there were no other matters to come before the Board of Trustees, Chairman Whittle declared the meeting adjourned at 4:05 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary