BOARD OF DIRECTORS MEETING MINUTES

March 31, 2016
Lowcountry Graduate Center

Board Members Present:
Constance Book - Provost, The Citadel
Allison Dean Love – Board of Visitors, The Citadel (*via conference call*)
Myron Harrington, Jr. – Board of Visitors, The Citadel
Brian McGee – Provost, College of Charleston
Mark Sothmann – Provost, Medical University of South Carolina
Joseph Thompson, Jr. – Board of Trustees, College of Charleston
Barbara Johnson-Williams – Board of Trustees, Medical University of South Carolina (*via conference call*)

Board Members Absent:
Cherry Daniel – Board of Trustees, College of Charleston

Ex-Officio Members Present:
Godfrey Gibbison – Dean, School of Professional Studies, College of Charleston
Nancy Muller – Director and Associate Dean, Lowcountry Graduate Center (LGC)
Terrye Seckinger – Board of Directors, South Carolina Commission on Higher Education

LGC Staff and Local Guests Present:
Kyle Crago – LGC Systems Support Technician
Chris Duncan – LGC Manager of Marketing and Media Relations
Donna Johnson – LGC Business Manager
Patricia Simpson – LGC Student Services Coordinator & LGC Board Secretary
Sue Sommer-Kresse – Consultant to the College of Charleston

Presenting Guests from EAB Strategic Research (*via conference call*):
Lauren Edmonds, Senior Market Research Manager
Max Milder, Research Analyst

Welcome
At 9:05 a.m., Board Chair McGee called the meeting to order and welcomed the members of the LGC Board (the "Board").

Board Action: Minutes
Motion was made by Seckinger and seconded by Harrington to approve the minutes, as previously distributed electronically, of the December 17, 2015 LGC Board of Directors meeting. The motion was approved unanimously. Minutes of the Academic Affairs September 15, 2015 meeting were noted by McGee as provided for information only to the Board.

EAB Report

Milder presented the EAB report displaying Power Point slides, noting appendices. Additionally, a copy of the report was provided to the Board members in advance of the meeting. Challenges facing the LGC include:

1) An uncertain financial future in the face of diminishing state legislative support and a lack of strategic reserves
2) Weak incentives of member institutions to participate and develop programs, having little "skin in the game"
3) Threat from online programs, although this has enabled F2F offerings to serve as a point of competitive differentiation especially with the older adult learner
4) Mission limits with offerings restricted by the Consortium Agreement to only graduate programs, resulting in unexplored collaboration and untapped opportunity to serve the metropolitan area

In preparing its recommendations, EAB examined four different options of organizational structure and strategy:

Option #1: Select <u>a sponsoring institution</u> responsible for maintenance of the facility, direct supervision of LGC Director and staff, strategy and program development priorities. Other participating institutions would also develop programs to meet the Charleston area's workforce demands and contribute a proportion of their tuition to the sponsoring institution. A disadvantage is that the percentage contribution from tuition has to increase for sustainability. A possible advantage is generation of goodwill.

Option #2: A <u>fixed contribution model</u> creates strong incentives for institutions to develop programs to recoup costs, guarantee financial stability, and create opportunities for institutional collaboration. Under this structure, larger institutions would be called upon to pay a higher proportion of the operating budget and thus have "skin in the game." Disadvantages are that all would be required to contribute. This model could be a deterrent to institutions wishing to gradually "tip into the waters" of a relationship with the LGC and thus stay outside.

Option #3: <u>Under this scenario, the LGC retains a higher proportion of tuition revenue</u> (i.e., institutions create revenue before contributing to LGC, allowing the LGC to reach sustainable financial security without state support, thereby also creating possible opportunities for institutional collaboration such as faculty development). By example, University Center of Dallas ("UCD") initially charged its member institutions 25% as an investiture path towards early sustainability of its center. Such an approach could improve the LGC's financial footing without state support. Additionally, such early funding could be used to develop more new programs under an expanded mission.

Option #4: <u>Expand Mission of LGC</u> (i.e., beyond academic, graduate program levels, such as offering micro-credentials and professional development, faculty development, student activities and expanded research services). With the addition of these and even corporate training workshops, state legislators could be more easily convinced of greater value being generated by the LGC, thereby better securing annual appropriations. There is a growing trend with examples for such economically driven collaborations in higher education.

The EAB investigation included a comparison with four different organizations to the LGC, tapping secondary, online sources: University Center of South Dakota (UCSD), University Center of Greenville (UCG), New College Institute (NCI), and University Center at Dallas (UCD). Questions from various Board members were answered by Milder with the following information provided:

- Operational budgets of observed peers were not accessed, although some information was disclosed anecdotally on websites. Most are doing well financially. UCD is running a surplus of $200,000, used for its investment in IT. Most are generating substantial revenue from assessments or other related charges.
- Whether duplication of programs was explicitly allowed was not observed.
- Enrollment momentums vary by center. UCSD enrollments are declining, while those of UCD are increasing.
- Enrollments are mixed, typically half undergraduate versus half graduate, for each center.
- Governance boards tended to begin with university presidents, evolving to boards comprised of academic provosts as representatives, meeting quarterly.
- Faculty development resources at these and other such collaborative centers are found across the U.S. as a means of pooling resources for common needs, teaching teachers to be better teachers. Reliance on adjuncts has only increased this need. Bringing faculty together from different teaching institutions also has the benefit of richer learning and an exchange of ideas, while economically utilizing a single, full-time staff.
- There is value noted by a location that serves a large population but which is somewhat distant from the institutions that are its collaborative partners.

EAB was asked to provide the Board with additional details as follow-up:

- The list of program offerings by UCD
- The list of only those programs offered in their entirety at UCG (as opposed to names of programs for which only periodic, individual courses are offered)
- Sample budgets including line item details so as to view how funds are being expended by category e.g., program development support versus occupancy versus advertising and promotion
- Examination of the mission statements of each of the four centers in comparison to that of the LGC

Board Discussion

At approximately 10 a.m., McGee thanked the representatives from EAB for their comprehensive review. Discussion among LGC Board members ensued.

Seckinger: Believes the LGC's "inward" orientation is misdirected. UCG has a template for success, one in which all schools in the Upstate work to fill the region's talent gap. The LGC is a jewel if retooled to meet its marketplace needs.

Book: Reported The Citadel is paying faculty $57,000 for overloads in the development and teaching of new graduate courses this summer in support of its three new master degree and nine graduate certificate programs. Despite substantial advertising, only 77 leads and 13 acceptances in these programs have materialized to date. The Citadel cannot afford to pay the 5% assessment to the LGC to offer these new programs at the LGC, especially when it has the space and parking availability to offer these programs as evening classes on its own campus, despite its positive experience with the LGC and its attraction to working professionals returning to school part-time. Book further explained that The Citadel's program is an "applied engineering program" and what Boeing wants. Clemson has a stronger brand in engineering research. She added that Clemson has asked that The Citadel instructors teach in Clemson's engineering offerings at CURI. The Citadel is also partnering with Clemson on a joint PhD program. The Citadel lacks the size and scale to invest and roll out graduate programs like MUSC and Clemson.

Sothmann: Has no problem with other institutions offering additional programs in health services management because segments differ. We need to accept competition in belief of the free enterprise system. He does not think the UCG model is applicable. All member institutions, including MUSC, need to think about investing in the LGC. Sommer-Kresse added that UCG has changed since becoming a 501c3, allowing it to work freely with private and public institutions, not worrying about duplication of offerings.

Gibbison: Pointed out the LGC now has two community advisory boards, adding that the average institution nationwide in higher education has to invest $200,000 in marketing support to successfully launch a new program to expect annual tuitions to reach $1.0 million. Book added that it took The Citadel three years for its Project Management to become profitable. Book commented that she suspects UCG is largely meeting the Upstate's workforce needs with 2+2 programs. McGee stated there are insufficient carrots to develop new programs. A preferred model is to import existing, established programs, such as USC's MSW program. Muller added that USC's satellite model relies exclusively upon adjuncts who are clinically strong due to their own work experience and thus appealing to students, while a huge money-saver for USC.

Gibbison: Echoed the suggestions of EAB and Muller for the LGC to become the collaborative home to faculty development, noting that the University of Central Florida pays its professional institutional technologist $100,000. He remarked how clever it is to centralize such technology-intense effort among local institutions.

McGee: The Board members need to persuade their respective presidents to sign on for another 12 months, allowing time to reinvent ourselves with new consortium agreement if we decide to break the LGC free from its three member institutions. He expressed confidence that McConnell would agree. Book stated she feels that Rosa will go along with an additional year, if couched in the recent independent studies by consultants. Sothmann added that MUSC will be a good neighbor and agree too, in the interest of determining the final resolution for the LGC's future.

Seckinger: Believes the LGC should be dissolved if after another year of inquiry and discussion, the Board cannot determine a course of action. Are UCG programs "overflowing"? How might the LGC better utilize technology? She recommends a daylong retreat, with all Board members present, preferably by June 29th. Each Board member needs to bring suggestions for the structure and wording of a new agreement, she urged. McGee agreed, adding that UCG needs to be brought in to answer these and other questions.

McGee: Suggests that the LGC Board members agree: 1) on a FY 2017 Budget; 2) to extend the current consortium agreement for another year; 3) use the coming year to finish the Board's "homework" aimed at developing a different agreement; and 4) look, using a low profile, to the state legislature for future direction. On the latter point, Sothmann questioned what plan should be followed by each member institution to "spend its coinage" in such a manner.

Financials

Muller: Reviewed the Proposed Budget for FY 2016-2017, noting the LGC's need to reduce reliance on FT librarian staff on the North Campus especially since LGC students are typically evening and weekend students. She noted the elimination of College of Charleston tutors in lieu of 'on demand" tutors from a national data base and thus hopefully better matched with student needs, especially in high math and engineering subjects. Keeping within the earlier directive to have a breakeven expense budget with annual appropriations, she sliced graduate students from the proposed budget. Gibbison questioned the much reduced line item spending for Personnel, noting that the Board's voting represents a certain level of service. Love asked if we need to determine what is an "appropriate" level of service? Sothmann responded that this is up to management to determine and thus not a Board matter.

McGee: Has visited with the CFO of the College of Charleston (Steve Osborne) who is in principle willing to accept a total lease payment in the vicinity of $350,000. He wishes to have a term sheet with an agreement on what it includes that the College is to provide, as there may be lowered services required as a consequence. There may be a point at which the College of Charleston wants to use the facility 100%, but he suggests that the Board approve this FY 2017 budget as presented. Adjustments can still be made at the June 29th Board of Directors meeting.

Board Action: Sothmann made the motion, which Thompson seconded, that the BY 2017 Budget as presented be approved. Sothmann added that the Board should be informed of the final charges to the LGC per square foot of the building for commercial comparisons.   The motion was approved without dissent.

Board Action: McGee motioned that Anderson University be allowed to offer its Master of Criminal Justice program and that the Academic Affairs Committee be authorized to determine the final financial arrangement of charges on behalf of the Board, if not 5% of tuition, relying upon the LGC Director to draft the final such agreement between LGC and Anderson University. Book seconded the motion. Seckinger commented that schools across the state need to be on a level playing field to serve our workforce needs. The motion was approved without dissent.

Book: Will reach out to Debbie Jackson at Clemson to press for an agreement with regards to a collaborative PhD program at the LGC. She asked that Muller follow in the future the same process for disclosure that she had regarding the Anderson University request.

Muller: Gave brief coverage of operational issues and efforts to trim expenses. McGee commented on the great attempts to find a way to pay the bills. Sommer-Kresse noted the need for focus on the student, not the institution. Muller reminded the Board of the EAB's admonition for the need of institutions to have "skin in the game." Sothmann commented that none of us as member institutions are making a financial contribution to the LGC.

Book: Wishes to see uniformity in policy and not "cut deals." Muller suggested there thus be a standard moratorium for all new academic programs on the otherwise imposed 5% assessment on all institutions for the first three years, so as to encourage new program development where needed for the workforce. Muller noted that The Citadel is not seeing evidence of referrals from the LGC for its new engineering programs because they are not being marketed at present by the LGC, so as to avoid confusion by the public as to the location of classes.

Adjournment
With no further discussion, Harrington motioned for adjournment. Thompson seconded the motion, and the meeting was adjourned by McGee at 12:20 p.m.