



South Carolina
House of Representatives
Legislative Oversight Committee

STUDY OF THE SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

EXECUTIVE SUMMARY:
Findings and Recommendations

FINDINGS

A finding notes information a member of the public, or General Assembly, may seek to know or about which they may desire to act.

STATE OF HIGHER EDUCATION

FINDING 1

Higher education is at an inflection point as the industry experiences declining or stagnant enrollment, shifts in demographics, rising tuition and costs, technological change, and disillusionment regarding the necessity and relevance of a post-secondary degree in today's fast changing environment.

CHE GOVERNANCE/STATE OF HIGHER EDUCATION

FINDING 2

The Commission on Higher Education (CHE) functions as a coordinating body with authority and responsibility for mediating the development of a coordinated, efficient, and responsive higher education system. However, unlike a Board of Regents model of governance, the CHE does not have authority to the establish university policy, make decisions that determine student cost of attendance, admissions, employee compensation, and land management, or implement an integrated long-range strategic plan for the state's institutions of higher education.

FINDING 3

The Commission on Higher Education's Board of Commissioners is appointed by the governor and is statutorily responsible for hiring an executive director to lead, manage, and carry out the duties of the commission as prescribed by law and assigned by the commission.

FINDING 4

Over its nearly 60 years as the coordinating board for the state's 33 public institutions of higher education, the CHE has experienced significant turnover at the executive director position. Since inception of the CHE, the median tenure of the agency's executive directors is 1.71 years.

STATE SCHOLARSHIPS/TUITION

FINDING 5

There are approximately 475,000 South Carolinians who began a post-secondary degree or certificate program and did not complete the requirements for attainment.

FINDING 6

The CHE's inaccurate scholarship award funding methodology led to \$152 million in excess Education Lottery funds accumulating in agency accounts over a five-year period.

FINDING 7

The CHE's most public-facing responsibility is the administration of the state's academic scholarship and grant programs.

FINDING 8

The Palmetto Fellows Scholarship, awarded to the state's top performing students, does not cover the average cost of tuition at the state's four-year public institutions.

FINDING 9

The state's three merit-based scholarship programs (i.e., Palmetto Fellows Scholarship, LIFE Scholarship, and HOPE Scholarship) were created to assist students with the cost of college and encourage in-state student attendance at state funded institutions of higher education.

FINDING 10

At \$12,544, South Carolina has the 11th highest public in-state tuition in the nation, and among states in the southeast (i.e., Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, and Tennessee), South Carolina has the highest public in-state tuition.

FINDING 11

South Carolinians, as of 2022, hold approximately \$28.1 billion in student loan debt.

FINDING 12

High school counselors are the gatekeepers to the Palmetto Fellows Scholarship, the state's premier scholarship for academically talented students. Counselors are responsible for identifying qualifying students, facilitating the application process, and submitting the scholarship application packages to the CHE by specific deadlines.

FINDING 13

The Palmetto Fellows Scholarship application process is not fully automated, requires manual entry, and consumes significant staff time as the CHE staff must review paper forms and documents.

AGENCY CULTURE AND OFFICE ENVIRONMENT

FINDING 14

The CHE's telework policy has permitted approximately 70% of the CHE's 37 staff work remotely.

FINDING 15

The CHE conducted an internal employee satisfaction evaluation in 2023, which agency leadership identified as the first such survey known to current agency personnel in the agency's nearly 60-year history.

AGENCY OPERATIONS

FINDING 16

The CHE's leadership identified resource scarcity as the prevailing factor preventing the agency from completing comprehensive studies and evaluations, which are core to effectively coordinating the state's higher education system.

FINDING 17

The CHE does not have access to the Department of Education's PowerSchool system, which creates inefficiencies for the agency. PowerSchool is a web-based student information system platform used to manage instruction, learning, grading, attendance, assessment, analytics, state reporting, special education, and student registration.

FINDING 18

The CHE is responsible for licensing certain degree granting and non-degree granting institutions on an annual basis. The agency does not have an automated

system to receive the required documentation submitted by these organizations.

FINDING 19

The CHE recently began accepting credit card and Automatic Clearing House (ACH) payments for certain fees but continues to receive most payments via paper check.

FINDING 20

The CHE's higher education data system, originally implemented in the 1990s, is inefficient and has inhibited agency staff from efficiently providing services to students and families and from developing research and reports to assist the General Assembly with issues specific to higher education.

FINDING 21

The CHE responds to formal complaints from students against public, independent non-profit and proprietary institutions of higher education in South Carolina. However, the Commission has limited authority over public and non-profit independent colleges and universities and cannot offer legal advice or initiate court proceedings.

FINDING 22

SC Code Section 59-103-35 requires all public institutions of higher education to submit annual budget requests to the CHE. This statutory requirement has not been enforced since 2013, and the CHE has not sought to reinstate the process.

SOUTH CAROLINA DEPARTMENT OF EDUCATION

FINDING 23

The CHE and the Department of Education do not have an established collaborative relationship that seeks to ensure the college and career readiness of K-12 students as they matriculate out of primary education and into post-secondary education.

GEAR UP PROGRAM

FINDING 24

The CHE's GEAR UP program, which was in place for over 20 years, is no longer operational. Grant packages submitted to the U.S. Department of Education were not approved in Fiscal Year 2018-2019 and Fiscal Year 2022-2023.

RECOMMENDATIONS

With any study, the Committee recognizes these recommendations (e.g., continue, curtail, improve areas potentially, and/or eliminate agency programs, etc.) will not satisfy everyone nor address every issue or potential area of improvement at the agency. These recommendations are based on the agency's self-analysis requested by the Committee, discussions with agency personnel during multiple meetings, and analysis of the information obtained by the Committee. This information, including, but not limited to, the Initial Request for Information, Accountability Report, Restructuring Report, and videos of meetings with agency personnel, is available on the Committee's website.

CHE GOVERNANCE MODEL

RECOMMENDATION 1

The Committee recommends the General Assembly form a study committee to determine if the CHE should be dissolved and replaced with a Board of Regents, an independent governing body tasked with administration of the state's public colleges and universities.

CHE GOVERNANCE/STATE OF HIGHER EDUCATION

RECOMMENDATION 2

The Committee recommends the General Assembly consider a systemic review of the state's public higher education system to evaluate the sustainability, accessibility, and affordability of public higher education.

RECOMMENDATION 3

The Committee recommends the Board of Commissioners, in consultation with the president and executive director, ascertaining whether to secure third-party consulting experts to assist in the agency's turnaround strategy, strategic planning, and organizational development.

RECOMMENDATION 4

The Committee recommends the CHE Board of Commissioners serving beyond their terms be reappointed or replaced as prescribed in S.C. Code Section 59-103-10.

RECOMMENDATION 5

The Committee recommends the CHE's president and executive director assemble a professional staff, as prescribed in S.C. Code Section 59-103-90, to perform the duties required of the agency per statute. The CHE

Board of Commissioners should support the agency executive's efforts by engaging the General Assembly.

COLLEGE TRANSITION PROGRAM

RECOMMENDATION 6

The Committee recommends the CHE collaborate with the Department of Vocational Rehabilitation, Department of Disabilities and Special Needs, Department of Employment and Workforce, and the participating College Transition Program (CTP) colleges and universities to investigate expansion of the CTP program. The CHE shall utilize the Council of Presidents, as provided in S.C. Code Section 59-103-40, to investigate, study, and report to the Commission options to expand the CTP program.

STATE SCHOLARSHIPS/TUITION

RECOMMENDATION 7

The Committee recommends the General Assembly consider increasing scholarship award amounts to account for historical increases in tuition and include an indexing metric to adjust for future inflation (e.g., Higher Education Price Index (HEPI), etc.).

CHE OPERATIONS

RECOMMENDATION 8

The Committee recommends the CHE adhere to S.C. Code Section 59-103-35. Agency staff must inform the state's institutions of higher education of the duty to submit to the CHE appropriate budget documents during the annual budget process. The CHE should inform the Executive Budget Office, and the respective finance

committees of the General Assembly, of its intent to adhere to state law.

RECOMMENDATION 9

The Committee recommends the CHE develop and implement a technology plan to replace manual processes with automated platforms, maximize current electronic payment options (e.g., ACH, credit card, etc.), and streamline the submission of data from institutions of higher education and entities licensed by the agency.

RECOMMENDATION 10

The Committee recommends the CHE and Department of Education (SCDE) establish a formal agreement which will allow the CHE to access PowerSchool, SCDE's Student Information System, for purposes specific to assisting students' transition to post-secondary education.

RECOMMENDATION 11

The Committee recommends the CHE post on its website the adopted procedures implemented by the state's higher education institutions to monitor expenditures of lottery funds. The CHE shall develop standard operating procedures regarding lottery fund audits and reporting requirements.

RECOMMENDATION 12

The Committee recommends the CHE engage the state's institutions of higher education to promote the inclusion of the CHE's formal complaint process in each institution's student handbook; this information should also be included in any reference materials designed to assist students engaged in a formal complaint process.

RECOMMENDATION 13

The Committee recommends the CHE document new program and program modification applications withdrawn by institutions during the review process as "rejected or declined". The agency should capture this information in its data system for purposes of reporting and transparency.

RECOMMENDATION 14

The Committee recommends the CHE and the Department of Education work with the Council of Presidents to develop and distribute post-secondary education materials to students and parents as directed in S.C. Code Section 59-103-165 through 59-103-190.

STATE INSPECTOR GENERAL

RECOMMENDATION 15

The Committee recommends the CHE implement an internal process to ensure proper accountability for completion of audits as defined in Proviso 3.1. This process must include a report to the CHE board confirming timely completion of audits.

RECOMMENDATION 16

The Committee recommends the General Assembly consider eliminating the CHE as the designated entity responsible for projecting funding needed for the state's academic scholarship programs and moving this responsibility to the Revenue and Fiscal Affairs Office (RFA).

RECOMMENDATION 17

The Committee recommends the CHE present a comprehensive assessment of its funded programs and operating accounts to the Board of Commissioners prior to submitting its annual budget request to the Executive Budget Office. This assessment must include a review of carryforward funds and the status of state and federally funded programs.

RECOMMENDATION 18

The Committee recommends the CHE request consultative services from the Department of Administration's Division of State Human Resources to assist in a comprehensive assessment of the agency's organizational chart and leadership structure.

RECOMMENDATION 19

The Committee recommends the CHE seek consultation from the Department of Administration to align existing physical space needs with the agency's telework policy. A report of findings and recommendations shall be presented to the Board of Commissioners.

RECOMMENDATION 20

The Committee recommends the CHE request the State Inspector General (SIG) conduct a biennial employee engagement survey beginning in 2025. The CHE executive director shall report the SIGs findings to the Board of Commissioners.

MODERNIZATION OF LAWS

RECOMMENDATION 21

The Committee recommends the General Assembly consider repealing S.C. Code Section 59-104-250. The Partnership Among South Carolina Academic Libraries (PASCAL) accomplishes the intent of this statute as the state's technical colleges are member institutions.

RECOMMENDATION 22

The Committee recommends the General Assembly consider repealing S.C. Code Section 39-9-240. The statutes require Department of Education, State Board for Technical and Comprehensive Education the Commission on Higher Education to develop and encourage implementation of a metric education plan.

RECOMMENDATION 23

The Committee recommends the General Assembly consider amending SC Code Section 59-150-350, to permit the CHE to retain no more than 5% in carryforward funding associated with appropriations designated for state funded scholarship programs. The Executive Budget Office shall be required to transfer the balance of carryforward funds in excess of this amount to the Education Lottery Account at the end of each fiscal year.

RECOMMENDATION 24

The Committee recommends the General Assembly consider implementing a zero-based budgeting system that would require state agencies to justify its spending each budget cycle.