South Carolina
House of Representatives
Legislative Oversight Committee

COMMISSION ON HIGHER EDUCATION
STUDY REPORT

2024

South Carolina House of Representatives Legislative Oversight Committee

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LEGISLATIVE OVERSIGHT COMMITTEE OVERVIEW

AUTHORITY

The Legislative Oversight Committee, created in December 2014, is a vehicle for oversight used by the House of Representatives. The Committee's specific task is to conduct legislative oversight studies and investigations of state agencies at least once every seven years. The Committee has the authority to conduct studies at any time of state agencies within the Committee's jurisdiction, even outside of the seven-year cycle.

VISION

For South Carolina agencies to become, and continuously remain, the most effective state agencies in the country through processes which eliminate waste and efficiently deploy resources thereby creating greater confidence in state government.

MISSION

Determine if agency laws and programs are being implemented and carried out in accordance with the intent of the General Assembly and whether they should be continued, curtailed, or eliminated. Inform the public about state agencies.

SUBCOMMITTEES

Economic Development, Transportation, and Natural Resources

Education and Cultural Affairs

Healthcare and Regulatory

Law Enforcement, Civil and Criminal Justice

METHODOLOGY

The Committee evaluates:

- the application, administration, execution, and effectiveness of the agency's laws and programs;
- the organization and operation of the agency; and
- any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

STUDY PROCESS

01 Full Committee schedules agency for study and gathers initial information from agency and the public

02 Subcommittee investigates through meetings and information requests

03 Subcommittee publishes report

04 Full Committee considers subcommittee report and may conduct further investigation

05 Full Committee publishes report

COMMISSION ON HIGHER EDUCATION OVERVIEW

ABOUT

The South Carolina Commission on Higher Education (CHE) was established in 1967 and serves as the coordinating board for South Carolina's 33 public institutions of higher learning. The Commission is committed to promoting access, affordability, and excellence within the state system of higher education. CHE acts both as an oversight entity on behalf of the General Assembly and an advocate for the citizens of South Carolina as they seek opportunities to improve their lives and those of their families, through higher education.

LEADERSHIP

Agency Head

- Dr. L. Jeffrey Perez became CHE's president and executive director in July of 2024.
- § 59-103-90: Manage and carry out duties of Commission; ensure staff has professional competence and experience.
- Commission appoints agency head to manage and carry out duties as prescribed by law and assigned by the Commission.

Commission

- 15-member board selected per § 59-103-10
- Eight appointed by Governor, with advice and consent of Senate.
- Seven appointed by the governor upon the recommendation of the legislative delegation from the Congressional district.

ROLE

The agency performs a range of work to support and coordinate the state system of higher education. Generally, this entails:

- Administering state, regional, and federal programs, in addition to state-funded lottery scholarships and grants.
- Approving new academic degree programs and institutions' revisions to mission statements.
- Collecting, analyzing, and reporting comprehensive data on postsecondary education in South Carolina.
- Coordinating the interests of federal and state government, institutions of higher education, public K12 education, students and their families, and the business community.
- Licensing non-public educational institutions operating and soliciting within the state.
- Recommending policy to the governor, the General Assembly, and relevant state agencies using data.
- Reviewing the productivity of existing academic programs and institutions' missions to see they are advancing defined state goals.

EMPLOYEES		FUNDING	
43.7	51	$41,248,145	$48,407,065
State FTE's	Total FTE's	State Funds	Total Funds

Graphic 1: Employee and funding data obtained form 2024-2025 State Appropriations Act. [1]

PERFORMANCE MEASURES

- Increase Higher Education Enrollment
  - Assist families with planning for higher education costs
  - Increase family awareness of postsecondary education opportunities.
  - Obtain grants targeting K-12 population to prepare them for postsecondary education.
- Promote Quality and Excellence of South Carolina's Higher Education System
  - Promote on-time degree completion.
- Improve Affordability and Accessibility of South Carolina Higher Education Programs and Services for Students and Families
  - Promote high-quality early college opportunities.
  - Advance cost-saving opportunities to obtain a postsecondary credential.
- Promote Higher Education's Value to the State's Economic Growth and Human Capital Development
  - Collaborate with peer agencies and institutions.

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[2].

The contemporary higher education model, in many respects, is operating under a paradigm like that of its early 20th century liberal arts archetypes. The historical emphasis on a "complete" education, which focuses on both foundational courses specific to a particular skill and other traditional offerings, may lend to a perception of a more cultured student, but adds time and cost, preventing a student's more direct transition into a field of study. The foundation of this model rests on accrediting bodies, organizations that provide quality assurance in higher education and accredit institutions that award associate, baccalaureate, master's, or doctoral degrees.[3] The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), for example, is the accrediting body for 51 institutions of higher education in South Carolina.[4]

As the business and cultural environment has changed, the existing higher education paradigm has not accounted for 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.[5] From 1970-2011, higher education enrollment in the United States trended up significantly.[6] Approximately 7.4 million students were enrolled in 1970 and 21 million in 2010. Since the high of 2010, student enrollment has trended down and is not expected to recover.[7] The traditional student, who typically enrolls in a college or university after completing high school, does not present a large enough pool of candidates to sustain the traditional higher education model.[8] Additionally, companies such as Google, Amazon, Facebook, and Meta, now offer credentials or certifications that are skills-based as opposed to the competency-based education received at traditional liberal arts institutions.[9]

According to leadership at the CHE, higher education as an industry has failed to come to terms with, or has simply ignored, declining or stagnant enrollments, demographic shifts, rising tuition, and costs.[10] The relevance of higher education in a modern world has also not been given due regard. This failure to plan may have significant consequences for states that do not adequately implement strategies designed to acknowledge the inevitable paradigm shift that has already entrenched itself. The CHE, as the state's coordinator of higher education, is responsible for informing the General Assembly regarding the implications of this current and ongoing paradigm shift, providing guidance and recommendations, and galvanizing support from appropriate stakeholders to ensure the state is prepared and has sure footing for the future of higher education.[11]

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.[12] 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.[13]

The General Assembly established and defined the mission and goals of the state's higher education system in S.C. Code Section 59-103-15.[14] The mission, as codified in S.C. Code Section 59-103-15(A)(1), is for South Carolina to be a global leader in providing a coordinated, comprehensive system of excellence in education by providing instruction, research, and life-long learning opportunities which are focused on economic

development and benefit the State of South Carolina.[15]. Created in 1967, the CHE is tasked with facilitating a discourse with the state's 33 public institutions, the General Assembly, and other stakeholders to achieve the aims as defined in statute.[16] According to agency testimony, the CHE's role as a coordinator and facilitator is limited as the agency does not have direct authority over the state's higher education institutions and cannot mandate any particular action through a defined statewide higher education strategic plan.[17] Governance models instituted in states such as Georgia and North Carolina, place power over higher education institutions with a board of regents.[18] This model of governance empowers the board to develop and implement strategic plans, approve institutional missions, education policies, and tuition and student fees.

The CHE's leadership suggests the political and legislative challenges associated with implementing a new governance structure may be avoided if the agency were given more broad authority.[20] In its current iteration, if provided the authority to set higher education policy and require the state's higher education institutions to adhere to agency directives, the CHE could be better equipped to govern the state's higher education system. A board of regents model may be effective in setting policy due to its centralized governance structure, but it may also be possible to create similar results with a coordinating body if given the requisite powers and authority.[21]

FINDING 3

The Commission on Higher Education's Board of Commissioners is appointed by the governor and is statutorily responsible for hiring a president and executive director to lead, manage, and carry out the duties of the commission as prescribed by law and assigned by the commission.[22]

The CHE Board of Commissioners is the principal authority of the agency and is therefore responsible for the success or failures attributable to the agency's president and executive director. The purpose of the CHE's 15-member Board of Commissioners is to select the agency's president and executive director and create an accountability structure for the executive, approve strategic initiatives, compile and publish legislation pertinent to its mission, confirm agency funds are properly accounted for, and ensure residents of the state have access to high quality academic institutions of higher education.[23]

Per S.C. Code Section 59-103-10, commissioners must be appointed for terms of four years and shall not serve for more than two consecutive terms.[24] Currently, the Board of Commissioners has a member who has served for more

COMMISSION ON HIGHER EDUCATION'S BOARD OF COMMISSIONERS

Name	Original Appointment	Current Term End	Time Served as of June 1, 2024 (Years)	Type
Hayes, Wes	11/28/2018	7/1/2024	5.5	At-large, Chair
Snyder, Doug	11/21/2021	7/1/2024	2.5	At-large
Zais, Mick	1/11/2024	7/1/2024	0.4	At-large
Vacant				At-large
Seckinger, Terrye	4/10/2014	7/1/2020	10.2	1st Congressional District
Teppara, Dino	5/20/2022	7/1/2022	2.0	2nd Congressional District
Horne, Bettie Rose	5/27/2004	7/1/2008	20.0	3rd Congressional District
Bryson, Jenni	10/7/2022	7/1/2026	1.7	4th Congressional District
White, Patrick	3/7/2019	7/1/2024	5.2	5th Congressional District
Sellers, Cleveland	4/5/2019	7/1/2022	5.2	6th Congressional District
Dyer, Edgar	3/1/2019	7/1/2026	5.3	7th Congressional District
Mobley, Hubert	9/23/2020	7/1/2022	3.7	Public Research
Smith, Oran	1/102024	7/1/2024	0.4	Public 4-year, Ex-officio, voting
Batson, Paul	3/5/2015	7/1/2018	9.2	Public Technical Colleges, Ex-officio, voting
Fant, Gene	6/14/2023	7/1/2024	1.0	Ind. College & Univ., Ex-officio, Non-voting

Figure 1: Overview of Commission on Higher Education's Board of Commissioners. [19]

than 20 years.[25] The statute does permit commissioners to serve until their successor is appointed, but the intent of such an accommodation is meant to facilitate the continued function of the board in the event a qualified successor cannot be installed at the time of transition.[26] It may not have been the intent of the General Assembly to allow this process to be used to create permanency for members of the Board of Commissioners.

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 president and executive director position. Since inception of the CHE, the median tenure of the agency's past president and executive directors is 1.71 years.[27].

The CHE has lacked continuity in the executive leader position from its inception. Since 1967, the CHE has had 17 agency heads (e.g., executive director, interim executive director, commissioner, president and executive director), with a median tenure of 1.71 years.[29] A lack of continuity at the leadership position may negatively impact an organization's ability to implement a long-term strategy or create a healthy organizational culture; two items the CHE has not successfully implemented. Per S.C. Section 59-13-90, the president and executive director is appointed by the CHE's 15 gubernatorially selected commission members. It is the responsibility of these members to understand the state's mission and goals as provided in statute, and to select an executive capable and willing to see through the implementation of a long-term agency strategy, which may promote improved employee engagement and reduce agency turnover.[30] The absence of a coherent strategy, coupled with frequent turnover in the executive leadership position, may cause instability and agency paralysis as plans cannot be sustained over a duration of time needed to properly assess outcomes.

COMMISSION ON HIGHER EDUCATION EXECUTIVE LEADERS OVER THE YEARS

Name	Title	Dates of Tenure	Tenure (years)
Frank E. Kinard, Ph.D.	Executive Director	1967 – 1968	1.00
James A. Morris, Ph.D.	Commissioner	1969 – 1972	5.00
Vacant		1972 – 1973	1.00
Howard R. Boozer, Ph.D.	Executive Director	1974 – 1986	13.00
Charles A. Brooks, Jr.	Interim Executive Director	1985 – 1986	1.00
Fred R. Sheheen	Commissioner	1986 – 1997	10.00
Rayburn Barton, Ph.D.	Executive Director	1997 – 2002	5.50
John Smalls	Executive Director	2003	1.75
Conrad Festa, Ph.D.	Executive Director	2003 – 2006	2.83
Gail Morrison, Ph.D.	Interim Executive Director	2006 – 2007	1.00
Garrison Walters, Ph.D.	Executive Director	2007 – 2012	3.42
Julie Carullo	Interim Executive Director	2012 – 2013	1.17
Richard Sutton, Ph.D.	Executive Director	2013 – 2015	2.00
Julie Carullo	Interim Executive Director	2015	0.25
Gary Glenn	Interim Executive Director	2015 – 2017	1.33
Jeff Schilz	Interim President/Executive Director	2017 – 2018	1.67
Mike LeFever	Interim President/Executive Director	2018 – 2019	0.50
Rusty Monhollon, Ph.D.	President and Executive Director	2019 – 2024	3.83
Gregory Little, Ph.D.	Interim President/Executive Director	2024	0.33
L. Jeffrey Perez, Ph.D.	President and Executive Director	2024 – present	

Figure 2: CHE executive leaders (e.g., executive director, president, interim president, etc.) 1968-2024. [28]

INCOMPLETE POST-SECONDARY DEGREE/CERTIFICATE ATTAINMENT

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.

The completion of a post-secondary degree or certificate program can be hindered or stalled due to several unforeseen circumstances. In South Carolina, approximately 475,000 residents began a post-secondary education program but did not receive a degree or certificate.[31] According to testimony provided by the CHE's staff, engaging these residents and offering convenient solutions to assist them in completing their post-secondary education should be a focus of state higher education leaders.[32] As the number of students who transition into post-secondary education immediately after high school continues to diminish due to demographic shifts and other factors, identifying new prospective student populations will be key to the future success and viability of the state's higher education system.

STATE SCHOLARSHIPS/TUITION

FINDING 6

The CHE's inaccurate scholarship award funding methodology led to the accumulation of $152 million in excess Education Lottery Account funds over a five-year period.

According to testimony provided by the CHE's staff, funding projections for the state's publicly funded scholarships are made by the agency and submitted for consideration during the annual budget process.[33] The agency's funding projections should align within acceptable variances, with the amount needed to ensure all qualified students receive a state funded scholarship. During the State Inspector General's investigation of the CHE, it was discovered the agency had accumulated $152 million in Education Lottery Account funds over a five-year period.[34] The state's carryforward process, which permits a state agency to retain assets from the previous year's budget, allowed the CHE to accumulate these funds.[35] While not the intent of the law, the CHE's inaccurate funding projections created a scenario that resulted in a significant amount of funding to accumulate in the agency's accounts.

FINDING 7

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

Promotion of the Education Lottery, which funds the state's academic scholarships, creates a public awareness unlike other services provided in state government. The amount of Education Lottery Account funds flowing through the agency is significant, with a total of $426,394,175 in scholarship and grant money distributed during the 2022-23 academic year through the state's five main scholarships: $235,150,272 through LIFE scholarships; $72,139,864 through Palmetto Fellows scholarships; $51,100,000 through Lottery Tuition Assistance; $70,000,000 through Need-based Grants; and $10,904,039 through HOPE scholarships.[36] The agency's ability to effectively manage scholarship projections, funds, and audits has come into question following the release of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, which was requested by the Oversight Committee and released November 22, 2023.[37] The State Inspector General found, among other issues, the CHE had approximately $152 million in unexpended Education Lottery funds that accumulated over five years.[38] Additionally, it was noted the CHE did not account for these funds in its annual budget projections and continued to request excessive funds which further contributed to the accumulation of Education Lottery funds in the agency's carryforward allowance.[39]

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.

The intent of the state's Palmetto Fellows Scholarship[1] is to provide financial assistance to in-state students, and to

[1] Score at least 1200 on the SAT (25 on the ACT)1 by the March national test administration, earn a minimum 3.50 cumulative GPA2 on the SC Uniform Grading Policy (SC UGP) at the end of the junior year, and rank in the top six percent3 of the class at the end of either the sophomore or the junior year; OR Score at least 1400 on the SAT (31 on the ACT)1 by the March national test administration and earn a minimum 4.00 cumulative GPA2 on the SC UGP at the end of the junior year.

retain and prevent the exodus of the state's highest performing students.[40]

The scholarship amount is $6,700 for freshmen and $7,500 for sophomores, juniors, and seniors, with a possible $2,500 enhancement depending on degree program.[42] The average cost of tuition at the state's four-year colleges and universities is $12,280.[43] This slow and continuous loss in the scholarship's value may not have been the intent of the General Assembly, since the cost of tuition and the scholarship award were more closely aligned at the inception of the scholarship. The absence of an indexing factor to account for changes in inflation, for example, was not included in the statutory language governing the scholarship.[44] Top performing students generally qualify and receive additional scholarships, which can be used to cover any remaining costs associated with their education. With nearly two decades of tuition increases at state public institutions, and static growth in the Palmetto Fellows scholarship award, there is a greater need for students to earn additional scholarships to close the tuition cost gap.

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.

The General Assembly has not raised scholarship award amounts for the state's merit-based scholarship programs in several years. The LIFE and HOPE scholarship awards, at $5,000 and $2,800 respectively, have not been increased in over 20 years.[45] Similarly, the Palmetto Fellows scholarship, which is the state's top academic award at $6,700 for year 1 and $7,500 for years 2-4, has not been increased in 15 years.[46] As illustrated in Figure 3, the average in-state tuition at the state's public institutions has increased significantly over the last 25 years. The

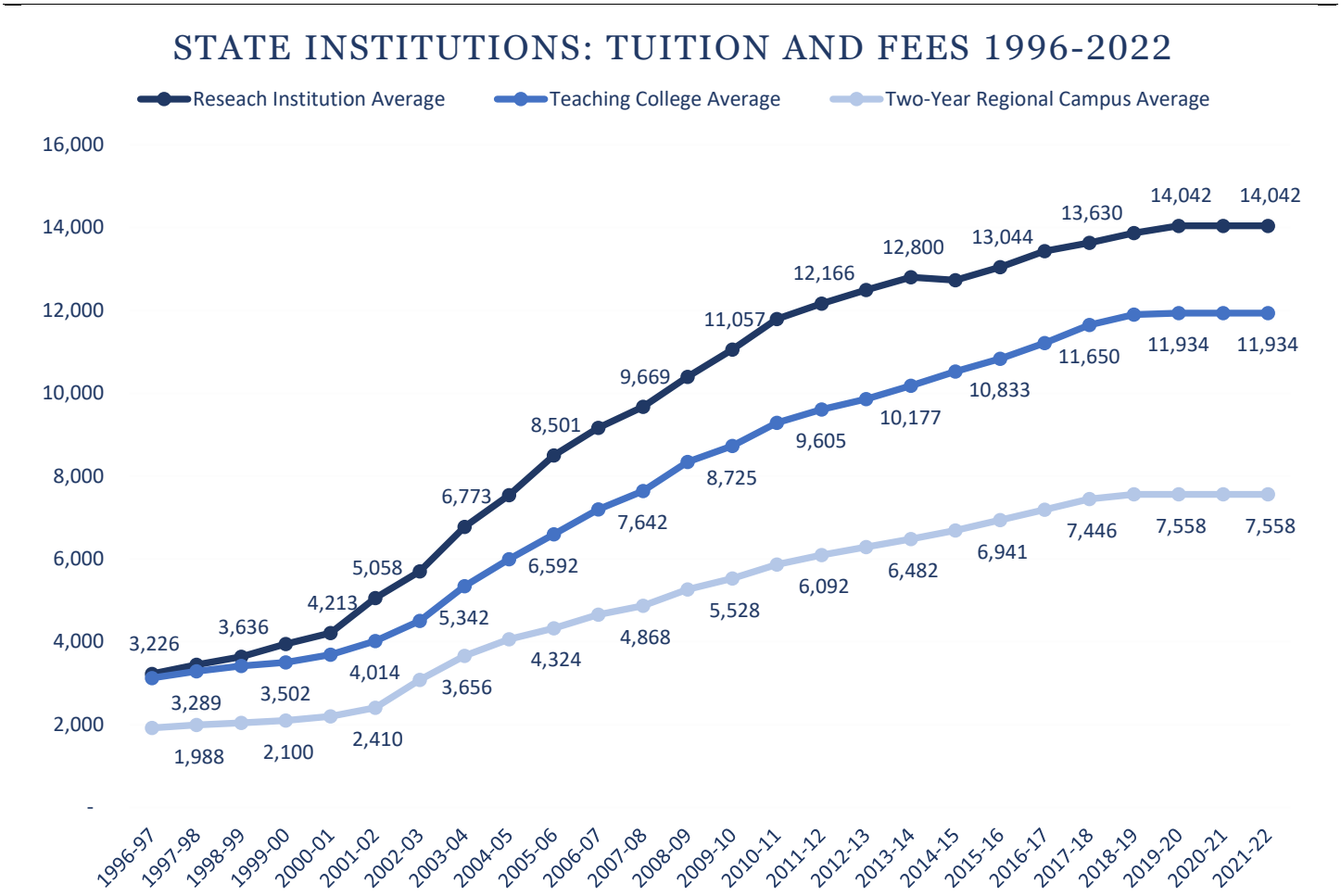


Figure 3: Average South Carolina state institutions tuition and fees from 1996 to 2022. [41]

state's average tuition and fees for research institutions, for example, was $3,455 in 1997, and $14,042 in 2022.[47] As noted in Finding 8, the General Assembly may not have intended for the scholarships to lose value as significantly as they have in the last two decades; however, it is incumbent upon the CHE's leadership and Board of Commissioners to communicate such issues to the legislature, something agency leadership acknowledged could be better.

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.[49]

South Carolina public institutions of higher education may face cost competition as the pool of available students, both regionally and nationally, shrinks due to 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. With South Carolina currently 11th highest in public in-state tuition nationally, and 1st among southeastern states, the state's institutions of higher education may not be well positioned for the economic realities that may present in the next several years.[50] Economically, South Carolinians are near the bottom in median household income, ranking 43 in 2021 and 2022.[51] The cost of higher education at the state's public institutions may price a shrinking pool of higher education consumers out of the market. The General Assembly's efforts to mitigate tuition increases through direct appropriations to public institutions, has kept tuition static in recent years.[52] The General Assembly's desire or will to continue with this mitigation strategy is an issue policymakers have to contend with annually.

FINDING 11

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

The specter of student loan debt is of concern to students, families, and policymakers. The Congressional Research Service's, "A *Snapshot of Federal Student Loan Debt*", noted between 2007 and 2022, the federal portfolio of outstanding federal financial aid (loans) increased from $516 billion in loans made on behalf of 28.3 million students, to $1.6 trillion in loans made on behalf of 42.8 million students.[53] According to agency staff testimony, 731,500 student borrowers live in South Carolina.[54]

SOUTH CAROLINA'S PUBLIC IN-STATE TUITION STANDING REGIONALLY AND NATIONALLY

In-state, 2020-21		
United States	$9,375	$21,337
State or jurisdiction (Southeast) *	Tuition and Required Fees	Total
1. South Carolina	**12,544**	**23,181**
2. Alabama	10,617	20,993
3. Tennessee	10,271	20,639
4. Louisiana	9,642	20,031
5. Mississippi	8,642	19,221
6. Arkansas	8,468	18,262
7. Georgia	7,525	18,711
8. North Carolina	7,260	17,779
9. Florida	4,541	15,543

* States represented in "Southeast" cohort are for purposes of comparison and does not represent any official designation of states.

In-state, 2019-20		
United States	$9,375	$21,337
State or jurisdiction (National)	Tuition and Required Fees	Total
1. Vermont	17,083	29,665
2. New Hampshire	16,679	28,734
3. Pennsylvania	15,565	27,403
4. Illinois	14,455	25,806
5. New Jersey	14,360	28,372
6. Connecticut	13,886	27,564
7. Massachusetts	13,729	27,618
8. Virginia	13,655	25,074
9. Michigan	13,315	24,086
10. Rhode Island	13,105	25,592
11. South Carolina	**12,497**	**22,790**

Figure 4: A comparison of South Carolina's public in-state tuition regionally and nationally.[48]

Approximately 14.3% of residents have student loan debt and 51.8% are under the age of 35.[55] As noted in Findings 8-10, state funded scholarships, which are static and do not adjust to account for increases in tuition or cost of attendance, have contributed to this debt issue.

The funding model of the state's colleges and universities may not work in the absence of student loan revenues. Given the availability of this revenue source, there may not be an incentive for state institutions to realign funding models to address student indebtedness and prepare for the inevitable changes currently underway with respect to shifts in demographics and fewer students enrolling in traditional 4-year post-secondary education programs. The dependence on student loans is reflected in the amount of revenue generated by the state's largest public institutions. The University of South Carolina and Clemson University, for example, received $240 million and $111 million in federal direct loans respectively, in FY 2020-2021.[56]

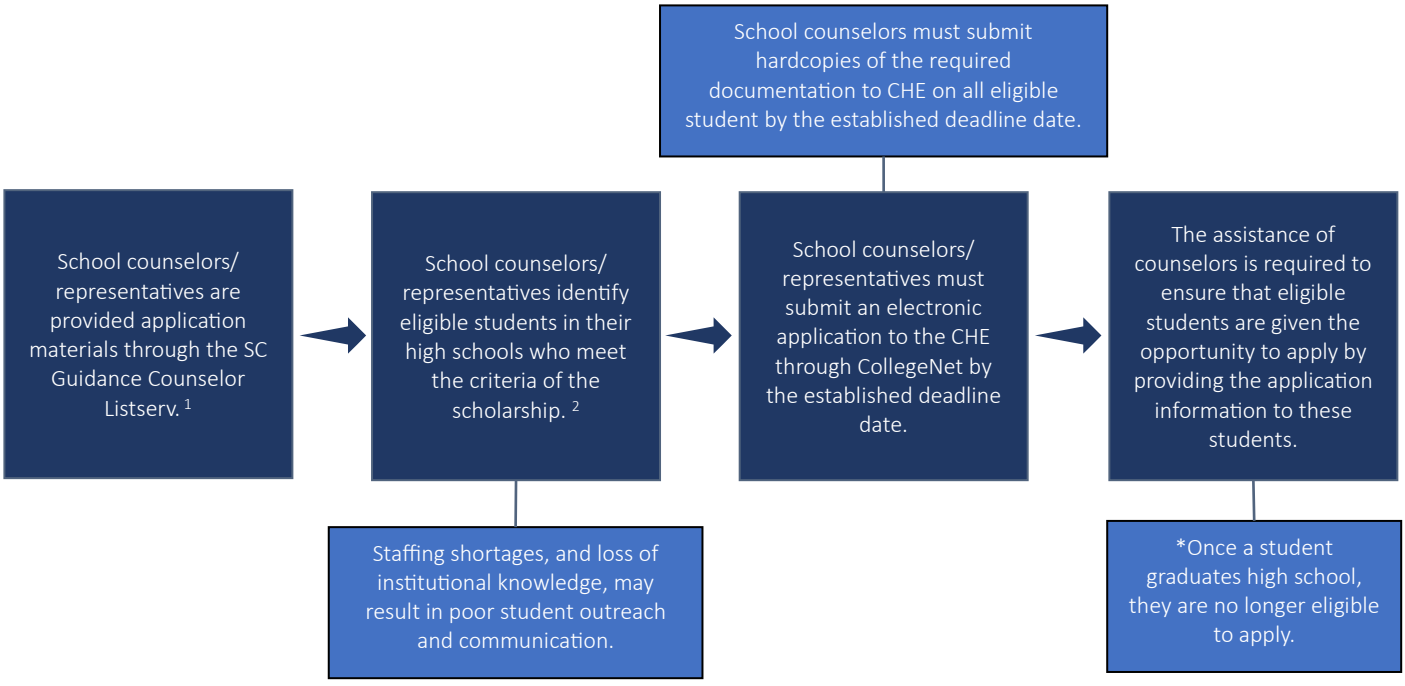
FINDING 12

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.

As gatekeepers to the Palmetto Fellows Scholarship, high school counselors are responsible for identifying academically qualified students, providing counsel and expertise regarding the scholarship, and submitting the application package to the CHE.[58] According to information provided on the CHE's website, only school counselors may submit applications for Palmetto Fellows scholarships; submissions from students or parents will be rejected.[59] Students and parents are further instructed to contact the school counselor if they desire to apply for the scholarship.[60]

The CHE identified several known and likely "pitfalls" related to how the Palmetto Fellows Scholarship operates from an administrative perspective.[61] The known pitfalls

PALMETTO FELLOWS SCHOLARSHIP FLOWCHART



Notes:
[1] It is the responsibility of the high school to contact the Commission of Higher Education for application information if they have not received any application information.
[2] Students are not permitted to submit applications on their own behalf.

Figure 5: Steps that school counselors/representatives must take to apply students to the Palmetto Fellows Scholarship.[57]

are as follows: workload for counselors; data accuracy; limited counselor knowledge of individual students; and inequality. Additionally, the likely pitfalls cited include: delays; lack of ownership; and missed opportunities. High school counselors often have heavy workloads with responsibilities beyond scholarship applications.[62] Adding this task may overwhelm them, leading to delays or errors. In addition, counselors may not have the most up-to-date information about a student's test scores or know if the student is planning to test again.[63] In larger schools, counselors may not know students on a personal level, making it difficult to finalize scholarship applications.[64] Some students may have more engaged and resourceful counselors than others, potentially creating inequity in scholarship opportunities.[65]

According to the CHE's staff, it is possible for qualified applicants to potentially be overlooked given the manual nature of identifying and notifying students.[66] Provided the challenge many schools face with recruiting and retaining staff, the combined loss of institutional knowledge may result in students not receiving quality counseling services. Further, scholarship guidance found on the agency's website informs high schools of their duty to contact the CHE for application information if they have not received the requisite documentation or forms.[67] Once a student graduates from high school they are no longer eligible to apply.[68] Testimony presented by the Department of Education staff did acknowledge counselor training could improve but did not specifically link counselor preparedness to students not receiving public scholarships.[69]

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.[70]

According to agency leadership, high school counselors must submit application packages on behalf of students who may qualify for the Palmetto Fellows Scholarship. The application packages include paper documents that must be manually keyed into the agency's data system.[71] This process requires 30-35 hours per week of manual data entry by the CHE staff.[72] The time required for manual processes may negatively impact staff productivity and efficiency. Additionally, the chance for errors increases when staff are required to manually key data from paper documents into a database. Errors may cause issues for students, institutions of higher education, and require further productive staff time to correct errant information.

AGENCY CULTURE AND OFFICE ENVIRONMENT

FINDING 14

The CHE's telework policy has permitted approximately 70% of the CHE's 37 staff work remotely.[73]

Telework can be used to create efficiencies and reduce the physical footprint of an agency but may also inhibit collaboration and exacerbate internal organizational siloes. According to the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE's internal communication issues are likely aggravated by the percentage of staff working outside of the office.[74] Agency leadership identified telework as a recruitment and staff retainment tool and considers the policy central to the agency's human resources strategy.[75]

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.[76]

Employee satisfaction and climate surveys are standard best practice management tools used to evaluate and uncover operational deficiencies and human resource issues within an organization. Utilization of employee surveys, often through relationships with a reputable third-party entity experienced in survey construction, coordination, and analysis, may assist in eliminating perceived bias in question development and perceptions the survey is not anonymous. According to the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, rank -and-file staff negatively rated management at the executive level of the agency.[77] The absence of surveys as a management tool may be related to executive leadership's inexperience with this management practice. According to testimony from the CHE executive charged with operational and human resource management, he had never participated in an employee survey during his professional career.[78] The

CHE's internal survey revealed staff dissatisfaction with compensation and recognition, lack of effective technology and technical tools, paper based manual entry processes, poor communication between internal agency divisions, workload, and lack of professionalism.[79] These findings likely would not have been found absent an internal employee satisfaction survey.

AGENCY OPERATIONS

FINDING 16

The CHE's leadership identified resource scarceness 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.[80]

The FY 2023-24 budget authorizes the CHE 51 FTEs and $51.8 million in funding for programming and staff compensation.[82] Currently, the agency has 37 FTEs filling various positions at the agency.[83] A core function of the CHE is to assess the state's higher education system. S.C. Code Section 59-103-20, for example, requires the CHE to examine the state's institutions relative to both short and long-range programs and missions.[84] This analysis, in part, should seek to provide insight into whether the state is meeting the mission and goals as defined in S.C. Code Section 59-103-15 and 59-103-25.[85] According to leadership at the CHE, support from the General Assembly, along with requisite funding for staff, is needed for a systemic review of the state's public higher education system.[86] Such a review would evaluate the sustainability, accessibility, and affordability of public higher education; assess the efficacy of consolidation of institutions or closure if warranted; and evaluate the value of certificates and degree programs as they relate to the state's workforce development needs. The CHE's assessment of the need for additional resources to perform certain statutorily mandated tasks may be correct, but it is also necessary for agency leadership to take the initiative. The inability of agency leadership to perform certain duties, in some respects, is reflective of a lack of innovation and effort to lead the higher education conversation.

S.C. Code Section 59-103-90 states that a professional staff shall be established by the CHE's executive director and shall have the professional competence and experience needed to perform the duties assigned to the agency.[87] According to agency leadership, to conduct the type of systemic review imagined by the CHE, an additional seven research/data analysts, including a senior position to manage the additional staff would needed.[88] Requirements for these staff would include experience and content knowledge of how higher education has traditionally functioned, the threats and challenges expected both in the near-and long-term, and the ability to provide objective solutions to the identified threats and challenges.[89] Agency projections suggest such a ramp up of staff would cost $793,319 in salary and fringe benefits.[90] Once hired, agency leadership does not believe the CHE would have any further use of the staff upon completion of the study.[91] This assessment is contrary to statements made by the CHE's leadership at a prior meeting. At the June 5, 2023, subcommittee meeting, for example, agency leadership stated that if the

ADDITIONAL STAFF NEEDED TO PERFORM SYSTEMIC REVIEW OF STATE'S PUBLIC HIGHER EDUCATION SYSTEM

Title	Classification	Band	Salary	Fringe	Total
Senior Research Analyst	AH50	08	$89,250	$33,023	$122,272
Research Analyst	AH50	08	$82,963	$30,696	$113,659
Research Analyst	AH50	08	$82,963	$30,696	$113,659
Research Analyst	AH50	08	$82,963	$30,696	$113,659
Research Analyst	AH50	08	$82,963	$30,696	$113,659
Research Analyst	AH50	08	$82,963	$30,696	$113,659
Researcher	AH45	07	$75,000	$27,750	$102,750
			$579,065	$214,253	$793,317

Figure 6: A salary breakdown of the additional staff needed to perform a systemic review of the state's public higher education system. [81]

CHE had additional staff, the agency could expand its reporting, analysis, and engagement.[92]

FINDING 17

The CHE does not have access to the Department of Education's PowerSchool system, which creates inefficiencies for the agency.[93] 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.[94]

According to agency staff testimony, the CHE does not have access to student grades, class rank, and other pertinent information used to determine scholarship eligibility.[95] This lack of access may result in qualified students not being identified for the Palmetto Fellows Scholarship; a process dependent on high school counselors reviewing multiple criteria to determine student eligibility.[96] Permitting the CHE access to PowerSchool may improve agency staff productivity and eliminate the need for school counselors to identify all students eligible for the Palmetto Fellows scholarship. Additionally, the CHE may improve general customer knowledge and enhance customer service with the ability to communicate with students and school administrators through PowerSchool.

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[97].

The CHE's Office of Academic Affairs and Licensing is responsible for academic program review and approval, and licensing nonpublic institution operations.[98] The required licensing application documents include submission of a program catalog, enrollment agreement, curriculum outlines, faculty qualifications, financial resources, liability insurance, articles of Incorporation, partnership agreement bylaws, purchase agreements, accreditation notices and other additional documentation.[99] This manual process takes a minimum of 90 days to complete.[100] According to data presented by the CHE, the Office of Academic Affairs and Licensing processed 47 new licensed entities and renewed 220.[101]

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.

According to agency staff testimony at the June 27, 2024, subcommittee meeting, the CHE only accepted paper checks since there was no system in place to receive credit card payments.[102] The agency has since expanded payment options to include payment by credit card.

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.

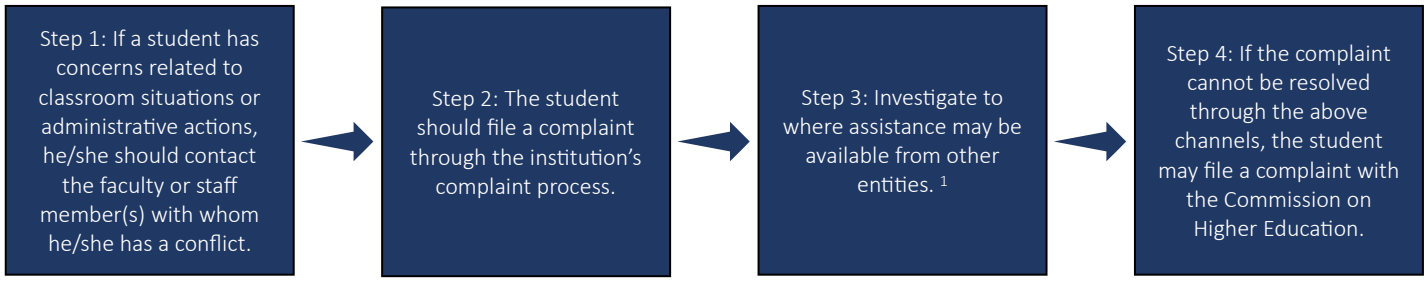
According to agency staff testimony, the CHE initiated CHEMIS 2.0, a data system upgrade project within the past year.[103] This new system is intended to replace the obsolete system currently employed by the agency.[104] CHEMIS 2.0 is expected to increase the agency's ability to collect data, enhance data security, and allow for interfacing with other data systems and state and federal system infrastructures.[105] The system upgrade will also eliminate the need for certain manual process, which may improve agency staff productivity.[106]

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.

Students who have exhausted avenues to resolve or adjudicate complaints against public, independent non-profit and proprietary institutions of higher education in

STUDENT COMPLAINT FLOWCHART: STEPS TAKEN PRIOR TO THE CHE'S INVOLVEMENT (ABRIDGED VERSION)



Notes:
[1] Before submitting a complaint to the CHE, students should seek resolution through governing bodies specific to their school or program of study (e.g., SC Technical College System Office; SC Independent Colleges and Universities; SC Department of Labor, Licensing, and Regulation, Board of Barber Examiners; U.S. Department of Education, etc.)

Figure 7: Steps for a student to file a complaint before the Commission on Higher Education gets involved.

South Carolina, may file a formal complaint with the CHE. Regulation 62-27 grants the CHE the ability to intervene, as appropriate, in specific situations.[107] However, the regulation also limits how the CHE adjudicates or resolves a student's grievance. Agency staff acknowledged an unawareness of how informed students are regarding the CHE's complaint process.[108] The CHE investigated 31 complaints from 2019-2023. There was a total of 112,447 students attending the state's institutions of higher education in 2022 (i.e., Research Institutions; Comprehensive Teaching Institutions; and Two-Year Regional Campuses of USC).[109] The low number of complaints submitted to the CHE, relative to the total number of enrolled students, may imply a general lack of student knowledge regarding the CHE's complaint process.

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 reinitiate the process.[110]

As the coordinating board for the state's 33 public institutions of higher education, the CHE is the statutory entity tasked with receiving, vetting, and aggregating an annual budget for all public institutions of higher education in the state.[111] Budget requests for institutions must be submitted by the Commission to the Governor and appropriate standing committees of the General Assembly in conjunction with the preparation of the annual general appropriations act for the applicable year.[112] This process, as provided in statute, empowers the CHE to evaluate and vet institutional budgets and provide feedback regarding requests.

Prior to this budget review process being omitted in 2013, state public institutions of higher education presented budget requests to the CHE prior to the agency forwarding the requests to the Governor and House and Senate finance committees.[113] As the coordinator of the state's higher education system, it may have been the intent of the General Assembly to use the CHE, given its mandate, as an initial screening apparatus to identify budget items that do not reflect or present adequate value to an institutions mission or the mission of the state's higher education system.

The state's higher education governance structure relies on the CHE's expertise and analysis, with respect to understanding the operational and capital needs of higher education institutions. The absence of such analysis may prove to inhibit the General Assembly's ability to make informed decisions regarding how to best fund and plan for the future needs of the state. The CHE's leadership is aware of the statutory requirement requiring the state's public institutions of higher education to submit annual budgets, but agency staff has not sought to enforce or seek enforcement of the statute.[114]

SOUTH CAROLINA'S 33 PUBLIC INSTITUTIONS OF HIGHER EDUCATION

RESEARCH INSTITUTIONS
Clemson University
USC Columbia
MUSC

COMPREHENSIVE TEACHING INSTITUTIONS	
The Citadel	SC State
Coastal Carolina	USC Aiken
College of Charleston	USC Beaufort
Francis Marion	USC Upstate
Lander	Winthrop

TWO-YEAR REGIONAL CAMPUSES OF USC	
USC Lancaster	USC Sumter
USC Salkehatchie	USC Union

TECHNICAL COLLEGES	
Aiken	Orangeburg – Calhoun
Central Carolina	Piedmont
Denmark	Spartanburg CC
Florence – Darlington	TC of the Lowcountry
Greenville	Tri – County
Horry – Georgetown	Trident
Midlands	Williamsburg
Northeastern	York

Figure 8: South Carolina's 33 public institutions of higher education broken up by category.[115]

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.

According to testimony provided by the Department of Education's (SCDE) Deputy Superintendent and Chief Academic Officer, the workforce needs of the future will require some education beyond high school.[116] The academic attainment of South Carolina adults indicates a population that may not be prepared for the type of jobs industry will seek to fill. Data presented by SCDE staff noted that 11% of adults 25-64 years of age have not attained a high school diploma and 29% have a diploma but lack any other type of post-secondary credential.[117] Per this data, approximately 40%[118] of the state's adults may not have the academic credentials necessary to fully engage the current workforce opportunities available in the state nor are prepared to fill technically skilled positions.[119]

Additionally, SCDE staff described the working relationship with the CHE as "friendly, but not productive".[120] Discussions related to collaboration generally did not materialize into active projects.[121] Perceptions regarding the nature and quality of the relationship between the two agencies appear to be mixed, which further illustrates the need for better interagency communication. The SCDE identified turnover in key positions at the CHE as a possible reason for the ineffectiveness of the agency's relationship with the SCDE.[122]

The CHE's Ascend 60x30 strategy, which did not include collaboration with the SCDE in its development, seeks to increase the proportion of South Carolinians with a post-secondary credential to 60 percent by 2030.[123] Considering the SCDE is responsible K-12 education, collaboration between the two agencies may be warranted. Waiting to engage K-12 students until after they have graduated or dropped out of school, is not a prudent strategy for the CHE to employ. Earlier engagement may be necessary to better inform K-12 students and parents of the burgeoning career opportunities available in the state and what industry opportunities may look like in the future.

GEAR UP PROGRAM

FINDING 24

The CHE's GEAR UP program, which was in place for over 20 years, is no longer operational.[124] Grant packages submitted to the U.S. Department of Education were not approved in Fiscal Year 2018-2019 and Fiscal Year 2022-2023.

The GEAR UP Program is a discretionary grant program designed to increase the number of low-income students who are prepared to enter and succeed in post-secondary education.[125] The program provides six- or seven-year grants to states and partnerships to provide services at high-poverty middle and high schools.[126] The CHE utilized these funds for a variety of projects, which included teacher professional development, creation of a cohort model to follow select 7th graders through their first year in college, and appropriation of funding for schools on the I-95 corridor; schools found to have significant deficits in student outcomes.[127] According to leadership at the CHE, the agency successfully submitted winning GEAR UP grant applications that provided 21 years of programmatic funding.[128] In recent years the agency has been unable to present a successful grant application to continue the program. Staff further noted that the GEAR UP award amounted to $12 million annually.[129]

Applications submitted in FY 2018-2019 and FY 2022-2023, failed to revive the program and the agency does not currently have a plan in place to construct a future grant package. Agency leadership intimated that insufficient staffing may have contributed to the failed applications.[130] Grant applications that were successful in prior years, were produced by a team of 15 staff.[131] These staff provided expertise from different divisions of the agency, which contributed to the agency's successful bid for GEAR UP grant dollars.[132] Recent applications only received contributions from two staff, which represents approximately 13% of the staff resources available during successful grant periods.

STATE INSPECTOR GENERAL FINDINGS[133]

On August 22, 2023, the House Legislative Oversight Committee requested the State Inspector General (SIG) conduct a management review of the South Carolina Commission on Higher Education.[134] The review provided the Committee information regarding the agency's organizational culture, organizational structure and chain-of-command, utilization and distribution of FTEs, managerial practices and decision-making processes, employee corrective action procedures, employee complaint and grievance processes, employee turnover trends, and other pertinent management issues identified by the SIG.[135]

The SIG submitted its report on the CHE to the House Legislative Oversight Committee on November 22, 2023.[136] This section of the Committee report does not include every finding presented in the SIG report but does identify findings of considerable interest to the Committee.

FINDING HEADING	FINDING #	FINDING NARRATIVE
Audit of Lottery Fund	Finding 1a	The State Inspector General (SIG) determined the CHE failed to conduct annual rotational verifications and audits of all institutions of higher learning (IHL)that received lottery funds during the period of FYs 2020-21, 2021-22, and 2022-23 in violation of Proviso 3.1, which not only created a risk of fraud, but also hampered the agency's ability to acquire the information to forecast lottery scholarship needs.
Accumulation of Lottery Funds	Finding 2	The SIG determined that the CHE's inaccurate budget projections of appropriated lottery funds during the period FYs 2018-19 through 2022-23, resulted in a waste of $152,895,827 intended for scholarship recipients attending South Carolina colleges and universities. Instead of identifying alternatives to utilizing the lottery funds the CHE continued to accumulate unspent lottery funds through flawed modeling and projections.
College Transition Program	Finding 3	The SIG determined that the CHE expended only 39.3% of College Transition Scholarship Program appropriated lottery funds in FY 2021-22 and 20% in FY 2022-23, resulting in the mismanagement of funds acquired through Proviso 3.5 (FY 2021-22) and Proviso 3.5 (FY 2022-23) that resulted in the waste of $3,740,597.
Academic Programs	Finding 4	The SIG determined that CHE de-emphasized accountability in reviews of programs in violation of South Carolina Code of Laws, §59-103-60.

Academic Programs	Finding 5a	The SIG determined the CHE failed to timely publish the South Carolina Educator Preparation Report Card on 11/1/22 in violation of South Carolina Code of Laws, §59-26-35. This finding is mitigated in that the requirement was imposed by law in May 2022 and the Report Card was first due on 11/1/22.
Employee Turnover and Full-time Equivalent Vacancies	Findings 6	The SIG, through coordination with the DSHR, determined that the CHE mismanaged its funded staffing level (FSL) by seeking increases to its FSL at a time when FTE vacancies remained unfilled over multiple FYs constituting waste of an estimated $1,793,869.88.
Employee Relations	Finding 7	The SIG determined that CHE employee relations were negatively affected by poor communication and the perception of disparate treatment on the basis of race.
State Transition and Articulation Action Plan	Finding 8	The SIG determined that the CHE did not use a third-party entity to review courses at two year technical colleges for academic credit at four-year colleges and universities. However, the SIG determined that the CHE was slow to respond in bringing together a comprehensive transfer and articulation agreement. This resulted in the SCTCS and two of the three research universities seeking their own transfer and articulation agreement. Subsequently, the CHE developed another agreement with 26 separate IHLs.
African American Loan Program	Finding 9	The SIG determined that funding for FYs 2018-19 through 2022-23 appropriated for the African American Loan Program at Benedict College was not disbursed by the CHE and constituted mismanagement and a lack of program and budget oversight required by Proviso 11.2 that resulted in the waste of $156,879.50.
GEAR UP Program	Findings 10	The SIG determined that repeated budget requests for GEAR UP funds, which the CHE received funding for FYs 2018-19 through FY 2022-23, constituted waste, mismanagement and a lack of program and budget oversight of $886,005.
Internal Organization and Operations	Finding 11a	The SIG determined the CHE's de facto chain-of-command was inconsistent with the organizational structure and contributed to operational inefficiency.
Internal Organization and Operations	Finding 11b	The SIG determined that there was an appearance of conflicting interests created by placing HR functions underneath the DD/GC.

Space Utilization and Telecommuting	Finding 12a	The SIG determined that the CHE's implementation of its telework policy, taken in isolation, appeared cost-effective and beneficial to employees, but the program was inefficient.
Space Utilization and Telecommuting	Finding 12b	The SIG determined that the CHE's space cost was inefficient, because 70.2% (26/37) of the onboard FTEs were in a telecommuting status, while Lady Street office space was underutilized.
Technology	Finding 13b	The SIG determined that the Palmetto Fellows scholarship program paper-based application process was inefficient.
Technology	Finding 13c	The SIG determined that the CHE's reliance on a COBOL-based data system was inefficient. Due to the CHE's lack of collaboration between divisions, moving to a more efficient data system was significantly delayed.
Commission Oversight	Finding 16	The SIG determined that the executive director did not inform the Commission of significant developments occurring in the agency.

STUDY RELATED INTERNAL CHANGES

During the study process, the CHE implemented seven internal changes directly related to participation in the study. Those changes are listed below.

INTERNAL CHANGE 1

At the Tuesday, April 23, 2024, Education and Cultural Affairs subcommittee meeting, agency leadership confirmed that a contract with an external accounting firm was initiated by the CHE on February 27, 2024, to address the backlog of audits created by inaction of the agency.[137] Additionally, agency leadership confirmed five audits had been completed, eight are in progress, five are awaiting data from higher education institutions, and 16 are in the preliminary stages but have begun.[138] As noted in Finding 1a and 1b of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the SIG investigation found the CHE staff had not conducted annual rotational verifications and audits of state colleges and universities that received lottery funds during the period of FYs 2020-21, 2021-22, and 2022-23, in violation of Proviso 3.1.[139] The agency's staff also failed to timely submit a verification and audit report to the Executive Budget Office, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee.[140]

INTERNAL CHANGE 2

In a February 22, 2024, letter to the SIG, the CHE stated that staff had revised the methodology for Education Lottery scholarship projections and used it to develop its FY 2024-25 scholarship projections.[141]. According to agency staff testimony, the South Carolina Office of Revenue and Fiscal Affairs reviewed the new methodology to assist and provide a second layer of confirmation regarding the variables and factors included in the new scholarship funding projection calculations.[142] The CHE intends to review the methodology each year prior to providing projections. As noted in Finding 2 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE was found to have approximately $152 million in Education Lottery carryforward funding during a SIG investigation in 2023.[143] The agency attributed the accumulation of carryforward funding to an error in the methodology used to calculate the amount of funding needed for the state's academic scholarship programs.[144]

At the Thursday, May 9, 2024, subcommittee meeting, staff of the SCDE noted they were not familiar with the methodology used by the CHE to project the number of high school students eligible for publicly funded scholarships.[145] The agency representative did state that the SCDE has internal data, described as "accurate," that would assist the CHE in development of its projection of eligible students and the requisite funding needed to support scholarships.[146]

INTERNAL CHANGE 3

After reviewing proposals provided by external contractors, the CHE's leadership selected the Office of Revenue and Fiscal Affairs (RFA) to develop the Educator Preparation Report Card. The CHE secured the services of RFA through a $250,000 contract.[147] Proviso 11.22 authorizes the CHE to expend up to $350,000 to develop and build out the online educator report card. Additional contracted experts will be needed to assist with the development of qualitative assessments and metrics specific to the report card.[148] As noted in Finding 5 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE staff failed to timely publish the South Carolina Educator Preparation Report Card.[149] In a February 22, 2024, letter to the SIG, staff of the CHE confirmed their engagement with external contractors to take on project management responsibility for the development and implementation of the report card.[150]

INTERNAL CHANGE 4

As noted in Finding 3 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE staff failed to properly expend funds appropriated for the College Transition Program (CTP), which resulted in approximately $3.7 million in unused lottery funding

accumulating at the agency.[151] According to agency leadership testimony, the accumulation of funds resulted from capped enrollment at participating CTP colleges and universities.[152] Capped enrollment may have contributed to the accumulation of CTP funds, but the CHE did not attempt to address the issue through requests to reduce the amount of funding appropriated by the General Assembly. The CHE's plan to address this issue includes the development of a comprehensive plan to expand the program, which is in progress and will be finalized after the state budget and associated CTP appropriations have been determined for FY 2024-2025.[153]

INTERNAL CHANGE 5

As noted in Finding 7 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the SIG investigation identified poor communication by the CHE's leadership as a contributing factor associated with negative employee perceptions.[154] According to agency staff testimony, the CHE's senior leadership participated in a discussion mediated by the Department of Administration to begin initial discussions regarding how to improve employee relations.[155] Group and individual sessions will be held regularly at least through the end of FY 2023-24.

INTERNAL CHANGE 6

As noted in Finding 16 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE president and executive director did not inform the Board of Commissioners of significant developments occurring at the agency.[156] As of February 2024, the CHE Board of Commissioners requires the president and executive director to present to the board a written monthly update outlining significant developments occurring within the agency.

INTERNAL CHANGE 7

The CHE's South Carolina Commission on Higher Education Educational Management Information System (CHEMIS), is a data system deployed by the agency in 1991.[157] After approximately 32 years of service, the CHE began a system upgrade called CHEMIS 2.0 in 2023.[158] Recent upgrade achievements realized during the Committee study include the launch of a customer relations management software, ongoing paper digitization, and the migration of agency data to a new data warehouse.

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.

HIGHER EDUCATION 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.

Since the CHE's founding in 1967, the agency has been challenged with the incoherency of its identity and purpose. Tasked with overseeing the state's post-secondary education system, the agency's governing statutes define the mission and goals of this system and directs the CHE to coordinate the state's public colleges and universities, and other pertinent stakeholders, in pursuit of these mandates. During the study, agency staff testified that the CHE was limited in its ability to craft higher education policy and did not have authority to develop and implement a statewide higher education strategy which public colleges and universities would be required to participate.[159] The absence of creative leadership at the CHE, and a revolving door at the president and executive director position, further diluted the agency's influence. Instead of taking advantage of the statutory authority provided in statute, agency leadership focused more on what the law did not permit them to do instead of maximizing the authority the General Assembly did permit the agency to wield.

After nearly 60 years as the state's coordinator of higher education, the effectiveness of the CHE is questionable. According to agency leadership, the CHE attempts to reduce unnecessary duplication, increase effectiveness, achieve economies of scale, guide higher education policy towards future needs, and recommend solutions to challenges.[160] The effectiveness of the agency, with respect to these tasks, is unknown given the absence of related metrics and associated performance indicators. Additionally, the absence of a statewide higher education strategic plan leaves the state vulnerable to eminent demographic and economic challenges, disruptive technological advancements, and negative perceptions regarding the value of post-secondary education.

Historically, the General Assembly has desired a less influential higher education coordinating commission. Testimony provided by staff of the CHE, noted the General Assembly's commissioning of a study in 1945, to evaluate the state's higher education structure and offer recommendations.[161] The Peabody College for Teachers, the organization selected to conduct the study, recommended the establishment of a body empowered to develop and maintain an adequate, efficient, and progressive system of coordinated higher education.[162] The report further suggested this body have the power to prepare an annual higher education consolidated budget, direct the organization of each institution to ensure it is integrated into the statewide higher education system, and have access to the institutions and all their records.[163] Additionally, the professional personnel (e.g., professors, staff, etc.) at the state's colleges and universities would be at the disposal of the governing body to conduct research studies and other duties as it determined necessary.[164]

Creation of the Advisory Commission on Higher Education (ACHE) in 1962, was the first action taken by the state following the release of the Peabody College for Teachers study.[165] According to testimony provided by the CHE leadership, this commission had no real authority to dictate policy or oversee the state's institutions of higher education.[166] In 1967, the CHE, in its existing iteration, was created. This new entity did have more statutory authority than what was given the ACHE, with respect to academic program approval and review of college and university budgets, but much of that authority has

diminished due to changes in precedent or policy.[167] To ensure a viable and functioning higher education system exists for the immediate and near future needs of the state, the General Assembly should determine if the CHE is statutorily capable of creating such as a system, and if not, consideration should be made regarding which type of governing entity should be employed to more affirmatively permit the agency to govern the state's higher education system.

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.

The CHE's leadership acknowledged the agency's inability to effectively conduct a comprehensive review of the state's higher education system.[168] This acknowledgement further diminishes the perceived value and usefulness of the CHE in its current form. Whether the issue stems from an issue of leadership, statutory authority, or general creativity on the part of the Board of Commissioners and agency executives, the agency not being capable of conducting such an assessment is problematic. This sort of review should be a standard and ongoing process for the agency as it directly relates to its statutory mandate. Successive decades of not acquiring the resources pertinent to perform such assessments has presented a challenge in today's environment as the necessary infrastructure and resources are not currently available to the agency.

As inferred in Finding 2, the CHE's limited and underutilized statutory authority to issue directives or establish policy and practice, has challenged the agency's ability to meet its mandate and has contributed to the agency's inability to effectively coordinate and guide the state's colleges and universities within the framework of a defined statewide higher education strategic plan. A systemic review, conducted by the General Assembly, may yield important results with respect to the health and management of the state's higher education system.

RECOMMENDATION 3

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

The CHE has experienced challenges with respect to the agency's identity, purpose and powers, and general direction for most of its history. The specter of this issue has resulted in poor agency morale, significant turnover at the executive position, and poor agency culture. The ongoing and sustained inability of agency leadership, to include the Board of Commissioners, to chart and effectively implement a turnaround strategy points to a deficit in the skill and expertise necessary to guide change at the agency.

As inferred in Findings 1 and 2, the CHE faces an existential crisis as the agency lacks creativity and innovative thinking to effectively administrate the agency and coordinate the state's higher education strategy. Considerable time and effort will be needed to address and fix the internal operational deficiencies at the agency, which will continue to stifle the agency's capacity to coordinate a higher education ecosystem experiencing significant shifts in paradigms with respect to demographics, affordability and accessibility, and workforce development. The CHE Board of Commissioners, in concert with the president and executive director, may need to address these urgent issues by seeking guidance and expertise to assist with efforts to revitalize the agency.

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.

According to data provided by agency staff, the CHE has six commissioners serving in holdover status, which means they need to be replaced or reappointed to their positions.[169] As noted in Finding 3, the Board of Commissioners has a member who has served for 20 years. The statute does permit commissioners to serve until their successor is appointed, but the intent of such an accommodation is meant to facilitate the continued function of the board in the event a qualified successor cannot be installed at the time of transition. It may not have been the intent of the General Assembly to allow this process to be used to create permanency for members of

the board. Additionally, S.C. Code Section 59-103-10 (1) states that commissioners must be appointed for terms of four years and shall not serve on the commission for more than two consecutive terms.[170] Agency leadership should continue to engage the governor regarding administration and management of commissioners.

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.

The CHE's leadership identified inadequate staffing as a factor preventing the agency from conducting comprehensive studies and assessments of the state's higher education system.[171] Studies and analysis of this kind are specific to the agency's statutory mandate to provide a coordinated, efficient, and responsive higher education system consistent with the missions and goals determined by the General Assembly and stipulated in S.C. Code Section 59-103-15.[172] The agency's inability to be the state's higher education experts, with respect to policy and strategy, points to ineffective leadership at the executive position and within the Board of Commissioners. The CHE's executive identified a lack of funding, staffing, and general expertise, as the reason why certain studies were not and could not be performed by the agency.[173] S.C. Code Section 59-103-90 states that a professional staff shall be established by the executive director and shall have the professional competence and experience needed to perform the duties assigned to the agency.[174] The president and executive director, in concert with the Board of Commissioners, must fully examine the agency's statutory mandate and develop a professional staff capable to performing the associated duties.

RECOMMENDATION 6

The Committee recommends the CHE should annually report to the General Assembly all new programs and program updates that have been submitted by state institutions of higher education and make themselves available to the House Education and Public Works Committee to discuss priorities of the institutions.

The state's public institutions of higher education must receive approval from the CHE to create new academic programs or to significantly modify existing programs.[175] The agency's 14 commissioners, who are appointed by the governor, provide oversight of the CHE and are directly involved in the approval process for new program requests.[176] The composition of the Commission, and the process required for selecting them, provides broad representative oversight from the state's seven congressional districts.[177]

An additional layer of accountability, through the submission of a formal report to the General Assembly regarding new programs and program updates submitted by the state's public institutions of higher education, may better inform the public's representatives of the activities and strategic direction of academic programming. This additional transparency may lend to improved relations with the General Assembly and assist the CHE and the state's colleges and universities with receiving the support needed for future strategic endeavors.

COLLEGE TRANSITION PROGRAM

RECOMMENDATION 7

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.

The CHE's values statement cites South Carolinians' access to a quality higher education as one of its central elements.[178] Residents of the state, which include persons with intellectual disabilities, need readily available educational resources to ensure their full access to the state's economic opportunities. The College Transition Program (CTP) is tailored for students with intellectual disabilities and provides the support and assistance students need to be successful. Participating institutions of higher education with active CTP programs offer this population the opportunity to engage in academics, experience independent living environments, employment and career opportunities, and socialization.[179] Currently, six of the state's higher education institutions are CTP participants, this designation comes from the U.S. Department of Education. Grant funding is available for students who qualify for this program.[180]

According to the CHE's leadership, students with individual education plans, or IEPs, are the target population for students in the K-12 system.[181] Agency staff further acknowledged that families of students who may qualify are likely unaware of this program.[182] Efforts are being made by agency staff to address this marketing and communication issue through a more direct partnership with the Department of Education.[183] Eligible students also exist outside of the K-12 system and need to be engaged and informed. The CHE's staff should build collaborative relationships 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 and how best to engage adults who may benefit from the program. The CHE should utilize the Council of Presidents, as provided in S.C. Code Section 59-103-40, to assist with investigating, studying, reporting out findings and recommendations specific to program expansion, and marketing and communication.[184]

STATE SCHOLARSHIPS/TUITION

RECOMMENDATION 8

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.).

As noted in Findings 6-8, the award amounts for the LIFE Scholarship, HOPE Scholarship, and Palmetto Fellows Scholarship have remained static for approximately 20 years while the average in-state tuition cost at a 4-year public institution has increased significantly in the last two decades. The value of these scholarships has continued to erode and no solution to address the issue has been presented by the agency. Higher education affordability is a foundational element of the CHE's mandate.[185] As the value of the state's publicly funded scholarships began to deteriorate, which was immediate since no inflationary index was included in statute to address increases, the CHE's leadership, to include the Board of Commissioners, should have regularly informed the General Assembly of the decreasing valued of the state's publicly funded academic scholarships. If the intent of the scholarships is to make post-secondary education accessible and affordable, the CHE should have informed the General Assembly of the annual diminishing value of the scholarships. Consideration should be made by the General Assembly to increase the scholarship award amounts and index the award to account for future inflation.

CHE OPERATIONS

RECOMMENDATION 9

The Committee recommends the CHE should create a professional development program that offers mentorship, training, and clear criteria for career progression, ensuring that all employees have equal access to opportunities for advancement.

The CHE's leadership presented data to the subcommittee that identified poor staff morale and turnover as issues being addressed by agency management.[186] In addition to agency staff testimony, the SIG report identified causal factors impacting staff moral such as perceptions of bias specific to racial identity, inconsistent use of merit-based assessments when promoting staff within the agency, pay disparities, and an incoherent organizational chart.[187] As the agency's leadership attempts to address these issues, and rebuild moral and trust with staff, the establishment of a professional development program at the agency may assist with eliminating these issues. This program should be merit-based and used by management as a precursor for opportunities to advance within the agency.

RECOMMENDATION 10

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.

As noted in Finding 22, SC Code Section 59-103-35 requires all public institutions of higher education to submit annual budget requests to the CHE.[188] According to agency leadership, higher education institutions have not adhered to this statute, and the CHE has not sought to enforce it.[189] According to agency leadership, the statute has not been enforced in years, and current agency leadership is unaware of why the practice was discontinued.[190] The CHE's leadership testified of their inability to mandate or require the state's institutions of higher education to perform certain functions and practices due to limited statutory authority.[191] The Committee recommends the CHE inform all requisite

parties of duties defined in SC Code Section 59-103-35 and seek the enforcement of its provisions by engaging the respective finance committees of the House and Senate.

RECOMMENDATION 11

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.

The CHE's South Carolina Commission on Higher Education Educational Management Information System (CHEMIS), a legacy system deployed in 1991, is currently being upgrade through a process called CHEMIS 2.0.[192] As mentioned in Internal Change 7, the CHE has been upgrading its data system to incorporate features to reduce or eliminate the need for certain manual processes and allow for improved data transfer. Recent upgrade achievements realized during the Committee study include the launch of a customer relations management software, ongoing paper digitization, and the migration of agency data to a new data warehouse. As noted in Findings 16-20, the CHE has several processes which require manual entry of data due to insufficient automation of data and IT systems. The CHE staff should develop a technology plan, which includes short and long-term goals designed to address existing inefficiencies created by the legacy system. This plan should be both practical and aspirational, seeking to foster innovation to improve the customer experience and increase staff productivity.

RECOMMENDATION 12

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

The CHE and the Department of Education (SDE) both serve high school students who qualify for state public scholarships and plan to attend in-state post-secondary institutions. Testimony received from both the CHE and SCDE, cite limited collaboration and cooperation with respect to the K-12 population, which is the SDE's core customer.[193] The CHE did acknowledge a need to better serve the K-12 population, as the state's primary education system feeds the state's postsecondary institutions, a core customer of the CHE.[194]

As noted in Finding 17, the CHE does not have access to the Department of Education's PowerSchool system. Access to this information, and the ability to upload data and streamline processes, may improve staff productivity at the CHE and eliminate the need for school counselors to identify students eligible for the Palmetto Fellows scholarship.[195] Additionally, the CHE seeks to communicate with students and school counselors through PowerSchool regarding state scholarships, which may improve general customer knowledge and enhance customer service.[196] This agreement should seek to grant the CHE access to student GPA, class rank, and test scores to assist the agency in determining scholarship eligibility.

In response to questions regarding the CHE's ability to use PowerSchool to serve students, agency staff stated they would be able to seamlessly integrate students into the agency's new Customer Relationship Management (CRM) platform if granted access to PowerSchool.[197] This new system will give students the ability to create an account portal which school counselors can use to attach transcript and test scores, eliminating the need for paper applications.[198] Additionally, students and counselors will be able to track associated data specific to their individual needs, with respect to the scholarship application process.[199] Moreover, the CHE staff can communicate "to-do" items to students and counselors through the portal and school landing page, as well as via emails and text messages.[200] This system aims to significantly reduce the administrative workload on high school counselors.

RECOMMENDATION 13

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.

Proviso 3.1 (FY 2023-2024) requires institutions of higher education to report to the CHE adopted procedures to monitor expenditures of lottery funds.[201] The purpose of this process is to ensure lottery funds are expended in accordance with applicable state laws, rules, and regulations. The State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, cited the CHE's failure to audit lottery fund recipients as directed by the proviso.[202]

To further transparency, and to create a greater sense of accountability for institutions receiving lottery funds, the CHE should post on its website each institutions adopted procedures to monitor the expenditure of lottery funds. Additionally, the CHE's operating procedures and administrative practices for conducting audits of these institutions should be posted on the agency's website.

RECOMMENDATION 14

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.

As noted in Finding 21, under certain circumstances students at the state's institutions of higher education may submit a formal complaint to the CHE if, after completing their institutions complaint process, the student believes they received an unsatisfactory result. Student complaints made to the CHE totaled 31 from 2019-2023, which may be considered low since there was a total of 112,447 students attending the state's institutions of higher education in 2022 (i.e., Research Institutions; Comprehensive Teaching Institutions; and Two-Year Regional Campuses of USC).[203] The low number of student complaints received by the CHE may imply a general lack of student knowledge of the CHE's complaint process. Including the CHE's formal complaint process in college and university student handbooks may better inform students of their rights. The agency's leadership needs to make a concerted effort to engage each public institution of higher education under their purview, regarding the necessity to ensure students are aware of the CHE's complaint process and to include this information in each institution's respective student handbook.

RECOMMENDATION 15

The Committee recommends the CHE document notifications, modifications, and new program applications submitted and later 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. Additionally, the CHE should employ rigorous evaluation protocols to ensure new programs, program updates, and program modifications are in line with the state's higher education strategy.

Any state higher education institution interested in creating and incorporating a new academic program into its portfolio of programs, must receive authorization from the CHE. This process aligns with S.C. Code Section 59-103-20(d), which identifies prevention of program duplication as a core aspect of the agency's mission.[204]

According to the CHE's leadership, the agency has the authority to decline an institution's request to implement a new program but has not done so.[205] The CHE staff work closely with institutions to assist its staff through the program approval process. This assistance, at times, results in institution staff deciding to end pursuit of a program.[206] This in turn has resulted in what would appear to be a 100% new program approval rate.[207]

The optics of a 100% approval rate may lead to perceptions that new programs requested by state institutions are "rubber stamped" and not thoroughly vetted. The CHE should seek to remedy this issue by officially categorizing incomplete or abandoned applications as "rejected or declined" and include these numbers in its approval rate calculation.

RECOMMENDATION 16

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.

According to the CHE, the number of potential high school students available for institutions of higher education to recruit is trending down and is not expected to recover.[208] This shift in demographics and change in attitudes with respect to the value of a post-secondary education, is expected to significantly impact the economics of the state's higher education institutions. The CHE may not be able to alter the demographic trends of the state and nation, but it can better engage students and parents regarding career opportunities and the path necessary to access and achieve success in those careers. The agency must maximize every opportunity to engage students in the K-12 environment.

S.C. Code Section 59-103-165 through 59-103-190 requires the CHE to work with the state's public institutions of higher education, and private institutions of higher education which wish to participate, to develop information packages for eighth grade students and their

parents on the options of post-secondary education available in South Carolina, the courses required to attend colleges and universities, and the financial requirements and assistance available for students pursuing additional education after high school.[209] Additionally, the State Department of Education, and the state's public-school districts and schools are required to cooperate with the CHE and the institutions of higher education in providing counseling and shall assist in any manner considered appropriate by them.[210]

The CHE needs to implement the requirements of the law and work with its partners to engage 8th grade students and their families regarding post-secondary education opportunities and the careers available to them upon completion of a certificate or degree program.

COMMITTEE RECOMMENDATIONS: STATE INSPECTOR GENERAL

RECOMMENDATION 17

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.

As noted in Findings 1 and 2 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE did not complete the verification audits of lottery fund usage at the state's institutions of higher learning and did not submit a verification and audit report to the EBO, the Chairman of the Senate Finance Committee, or the Chairman of the House Ways and Means Committee by the date specified in Proviso 3.1.[211]

The CHE's leadership has begun addressing this issue as noted in Internal Change 1. A contract with an external accounting firm was initiated on February 27, 2024, to conduct audits to address the backlog created by the inaction of the agency.[212] The agency's initiative is noted, but a written and documented process needs to be put in place to create greater accountability. Upon leadership's completion of a documented internal process, this new process must be presented to the Board of Commissioners for purposes of information and implicit approval.

RECOMMENDATION 18

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).

The CHE's ability to manage and project the amount of funds needed from the Education Lottery Account has been questioned due to the accumulation of $152 million in unexpended carryforward dollars.[213] Over the course of five years, the agency continued to request funding for scholarships while not accounting for the excess carryforward funding that had accumulated.[214] The amount of funding requested by the agency would have been lower by millions if staff decided to draw down the excess carryforward funding. The agency attributed the accumulation of carryforward funding to an error in the methodology used to calculate the amount of funding needed for the state's academic scholarship programs.[215] According to agency staff testimony, the Office of Revenue and Fiscal Affairs reviewed the new methodology to assist and provide a second layer of confirmation regarding the variables and factors included in the new scholarship funding projection calculations.[216]

The CHE's Finance division currently has three staff responsible for fund allocation and distribution, accounting functions, budget management, compliance audits, and federal grants management.[217] The effectiveness of this division has been questioned due to the $152 million in excess carryforward funds, a faulty funding methodology calculation, and a failure to complete audits of state institutions that receive lottery funding.[218] The number of duties assigned to this division, in addition to the amount of funding it must manage and account for, may be more than current staff are capable of managing.[219]

Given the challenges faced by the division, moving the responsibility for projecting the total number of expected state funded scholarship recipients and the amount of funding needed from the Education Lottery Account to fund the scholarships, to RFA may be best. As noted in Internal Change 2, the CHE now utilizes RFA to vet its methodology and funding formula for accuracy. Given RFA's revenue and projection data responsibilities for the state, it may be prudent to move this task completely to RFA.

RECOMMENDATION 19

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.

The State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report intimated that the Board of Commissioners were not completely aware of the magnitude of certain issues within the agency.[220] According to the report, the SIG found the commissioners relied upon the president and executive director to address the day-to-day operations of the agency and to provide the necessary information to the commissioners for each to make an informed decision as a deliberative body and authority.[221] Additionally, the SIG identified gaps in the dissemination of information by the president and executive director to key subcommittees as it related to financial and audit matters. The agency's executive did state there was never any premeditated effort to withhold information from commissioners.[222]

The specter of the $152 million in carryforward funds, for example, should have raised significant concern amongst commissioners, if communicated correctly by the CHE's leadership team. The data respective to this issue, and others, may have been in materials given to the commissioners at meetings, but it is the responsibility of agency leaders to contextualize the data and raise "red flags" when necessary.

As noted in Findings 3 and 6 of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE has not effectively managed its budget or annual budget submission process.[224] To ensure commissioners are fully aware of the state and status of the agency's financials, a comprehensive assessment of its funded programs and operating accounts should be presented to the Board of Commissioners prior to submitting its annual budget request to the Executive Budget Office.

RECOMMENDATION 20

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.

A clearly defined chain-of-command is essential to maintaining stability and discipline within any organization. The CHE's organizational structure, as presented by staff, has six director level leaders reporting to the executive director.[225] The issue of a "de facto" leadership hierarchy, as noted in the SIG report, undermines the validity of the official chain-of-command.[226]

As noted in Finding 11a of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the CHE organizational chart does not accurately reflect the agency's chain-of-command or assist with the elimination of internal agency siloes.[227] Human resource experts, at the Department of Administration, should be sought out by the agency to review the internal hierarchal structure and provide insight into what should change to increase the performance and productivity of staff.

USAGE OF CHE'S REMOTE WORK POLICY BY STAFF

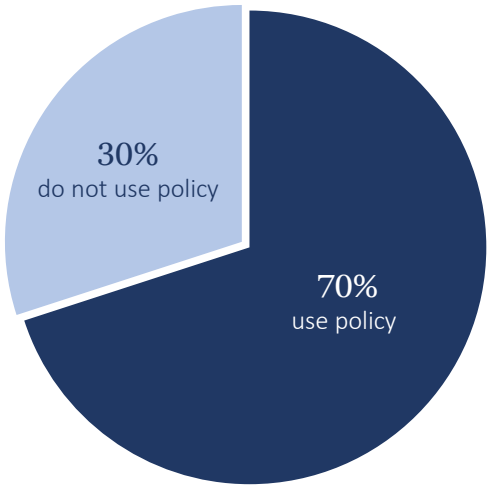


Figure 9: The CHEs remote work policy is used by approximately 70% of the agency's staff.[223]

RECOMMENDATION 21

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.

The CHE's remote work policy is used by approximately 70% of the agency's staff.[228] Staff are either fully remote or work a defined schedule which includes a hybrid in-person and remote schedule.[229] Given the challenges the agency has experienced with staff morale and inconsistent collaboration between operational divisions, a

review of the remote work policy is underway at the agency.[230] Additionally, the physical footprint of the agency, with respect to this policy, is also being evaluated.[231]

As noted in Findings 12a and 12b of the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education report, the current size of the agency's physical space footprint is unnecessarily large.[232] The Department of Administration, which is responsible for state agency real estate needs, should be consulted for the purposes of aligning the CHE's teleworking policy and the physical office needs of the agency.

RECOMMENDATION 22

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

Staff morale is a direct reflection of a leader's ability to create a safe, productive, and welcoming work environment. The absence of these specific elements may result in staff turnover, descension within the agency, and poor outcomes for the agency's core customers. The CHE's internal survey, which was conducted in 2023, pointed to a level of indifference in employee perceptions.[233] An additional survey conducted by the SIG, later that same year, presented negative staff opinions of the agency's executive leadership, cited perceptions of partiality, and allude to racial bias.[234]

To assist the agency with its efforts to rebuild staff morale, leadership should have the SIG conduct a biennial survey, beginning in 2025, to evaluate the agency's strategy and outcomes.

MODERNIZATION OF LAWS

RECOMMENDATION 23

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.

The Partnership Among South Carolina Academic Libraries (PASCAL) supports higher education in South Carolina through multiple programs including a Shared Library Services Platform for 53 institutions. According to the CHE's leadership, the development and implementation of this library partnership, across the technical college system, accomplishes the requirements of S.C. Code Section 59-104-250.[235]

RECOMMENDATION 24

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.

The CHE, Department of Education, and State Board for Technical and Comprehensive Education recommend the repeal of S.C. Code Section 39-9-240. The CHE leadership believes the requirements of the statute are antiquated and do not conform to contemporary practices with respect to weights and measures.[236] The Department of Education and the State Board for Technical and Comprehensive Education are in favor of repealing this statute.

RECOMMENDATION 25

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.

The CHE accumulated $152 million in carryforward funding due, in part, to faulty methodology used to project the amount of dollars needed to fund the state's publicly funded academic scholarships.[237] These funds, which come from the Education Lottery Account, may have been used to fund other qualified projects or programs.[238] To avoid significant accumulation of Education Lottery Account funds designated for academic scholarships, it is recommended that the CHE not be permitted to retain more than 5% in carryforward funding associated with appropriations designated for state funded scholarship programs at the end of each fiscal year.

RECOMMENDATION 26

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.

The CHE's accumulation of $152 million in Education Lottery funding indicates poor internal budget management practices at the agency. Weak internal controls, and a faulty methodology for calculating the amount of funds needed for state scholarships, were intensified by the carryforward process authorized in the state budget.[239] The General Assembly should consider requiring agencies to justify all spending, which may eliminate the type of funding accumulation found at the CHE.

APPENDIX

SCHOLARSHIPS/TRENDS
SCHOLARSHIP AND TUITION TRENDS

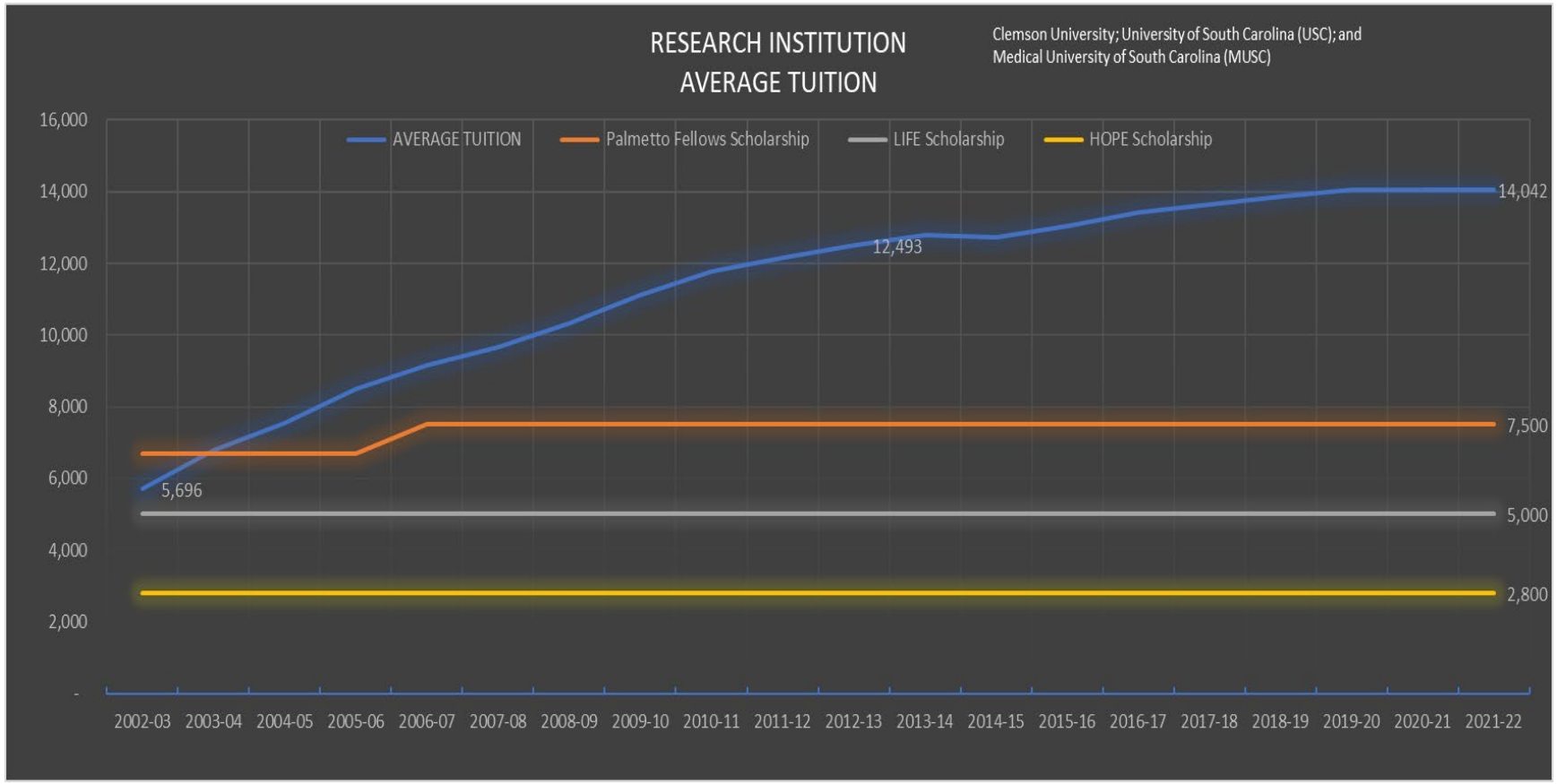


Figure 11: Research Institution Average Tuition

Note: Data collected from the Commission on Higher Education Statistical Abstracts (2007-Current)[239]

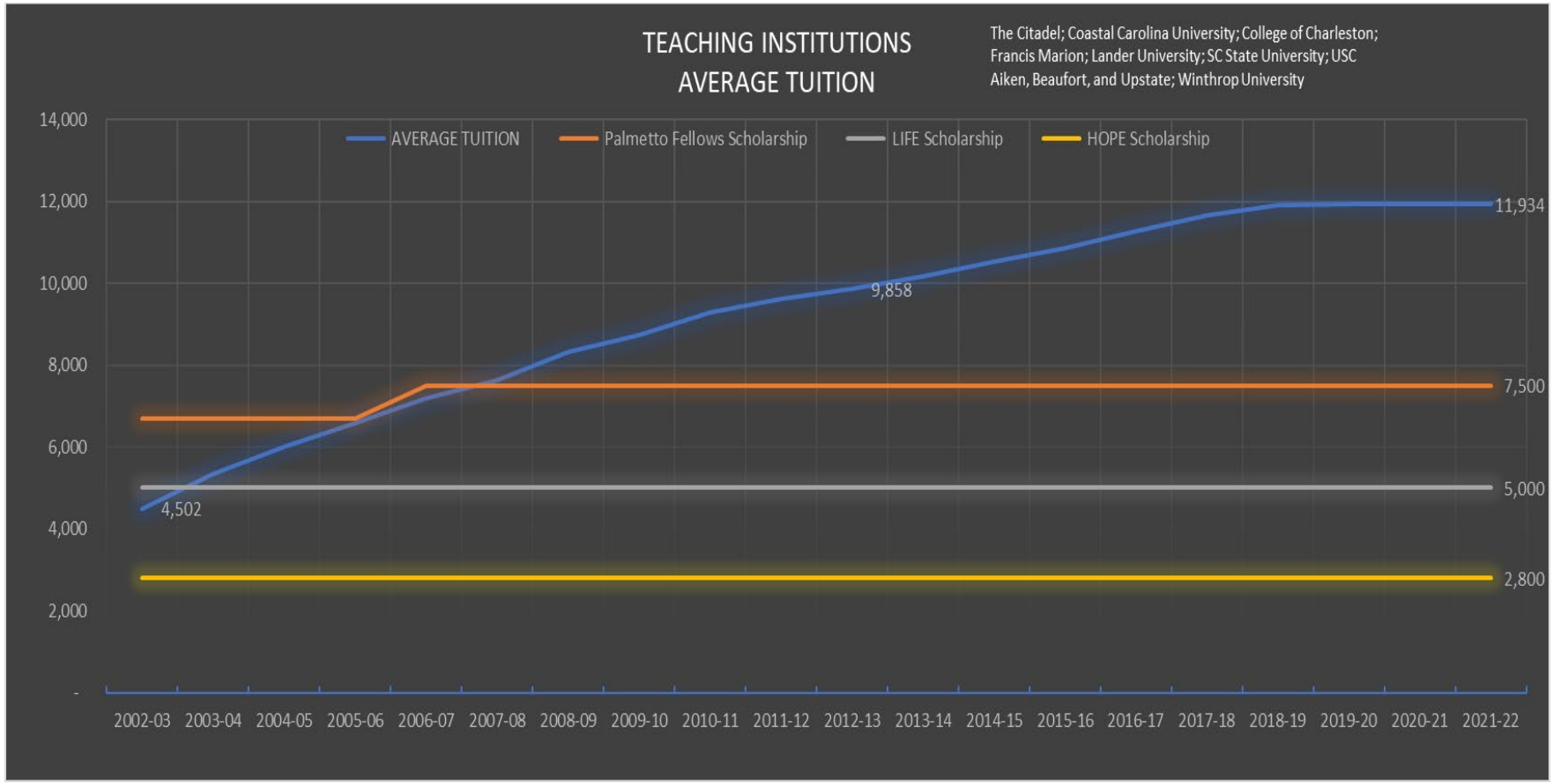


Figure 12: Teaching Institution Average Tuition

Note: Data collected from the Commission on Higher Education Statistical Abstracts (2007-Current)[240]

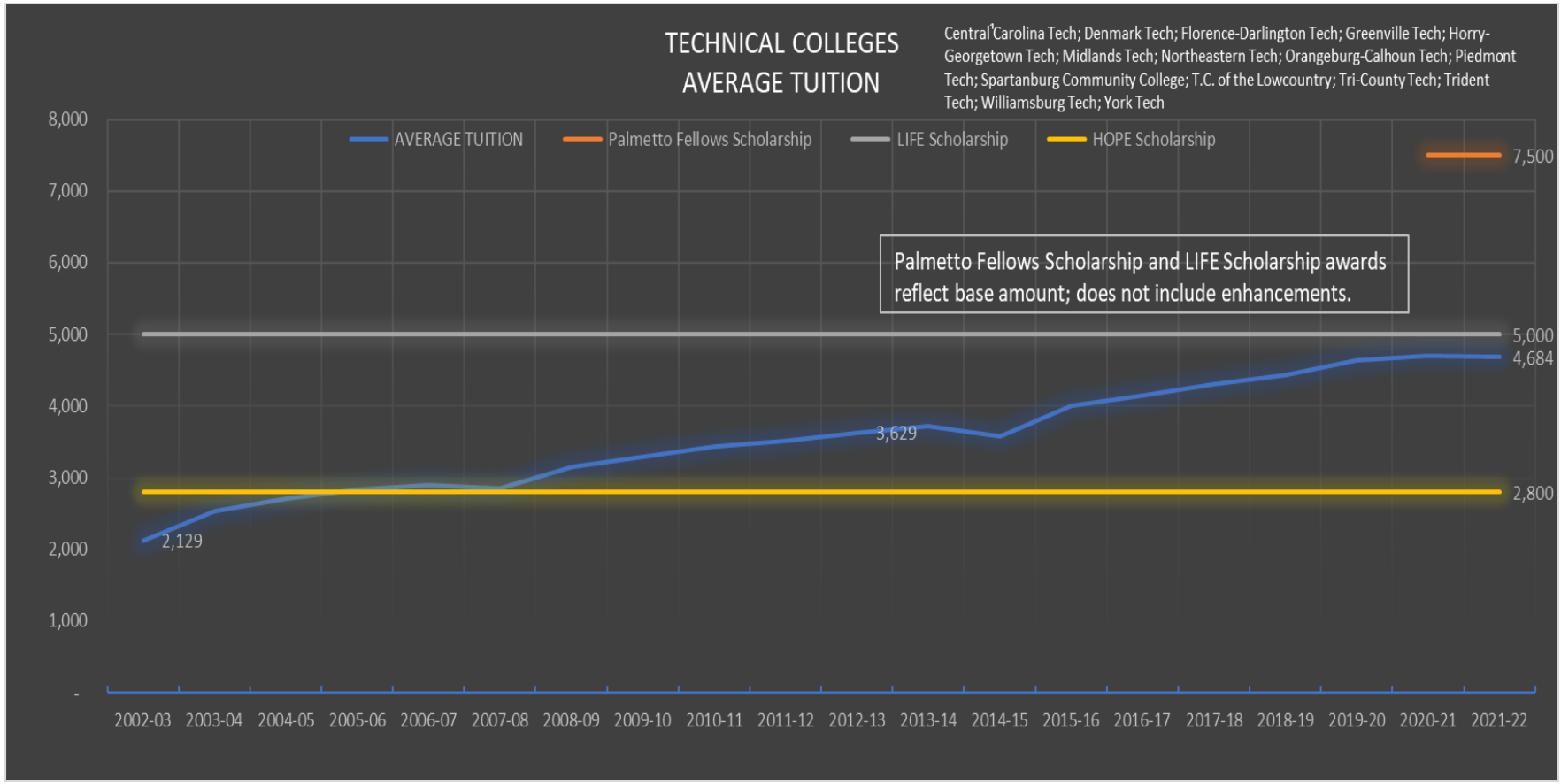


Figure 13: Technical College Average Tuition

Note: Data collected from the Commission on Higher Education Statistical Abstracts (2007-Current)[241]

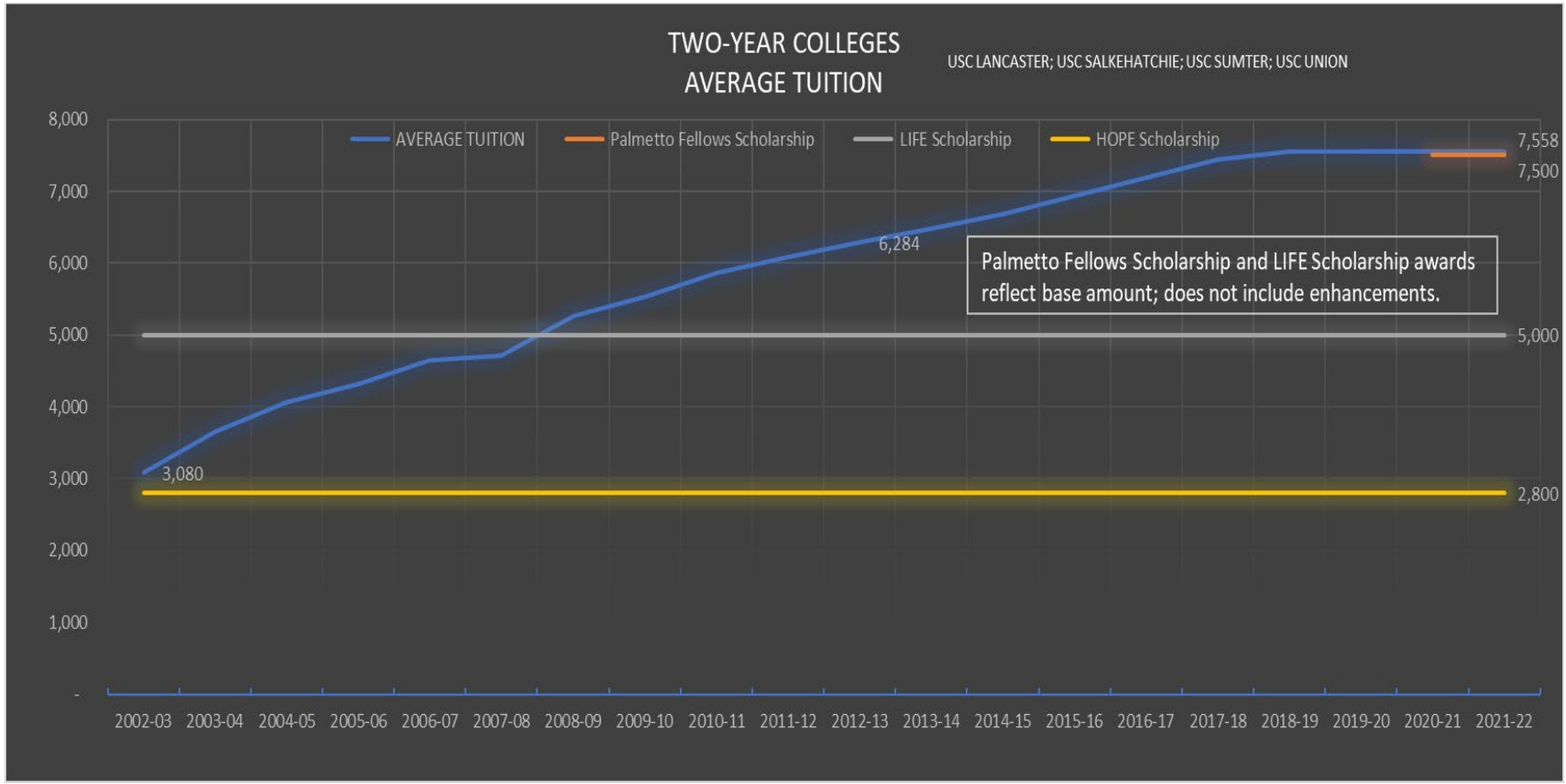
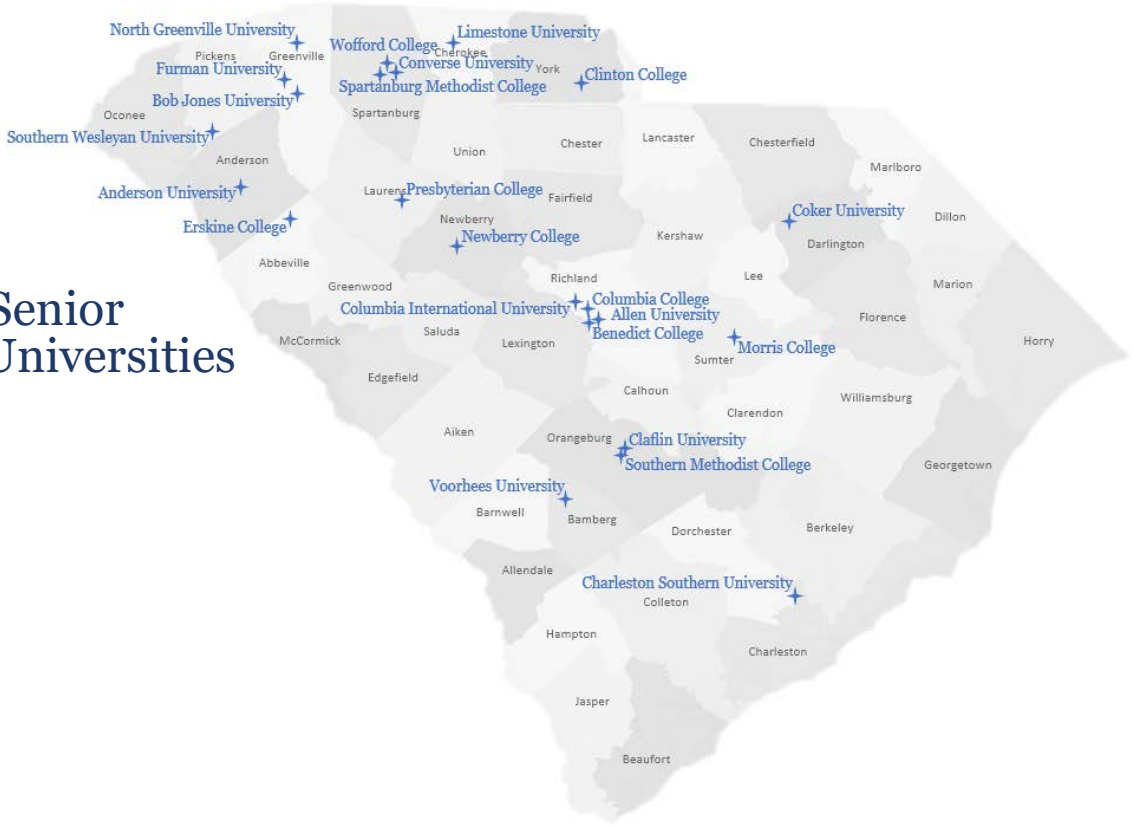


Figure 14: Research Institution Average Tuition

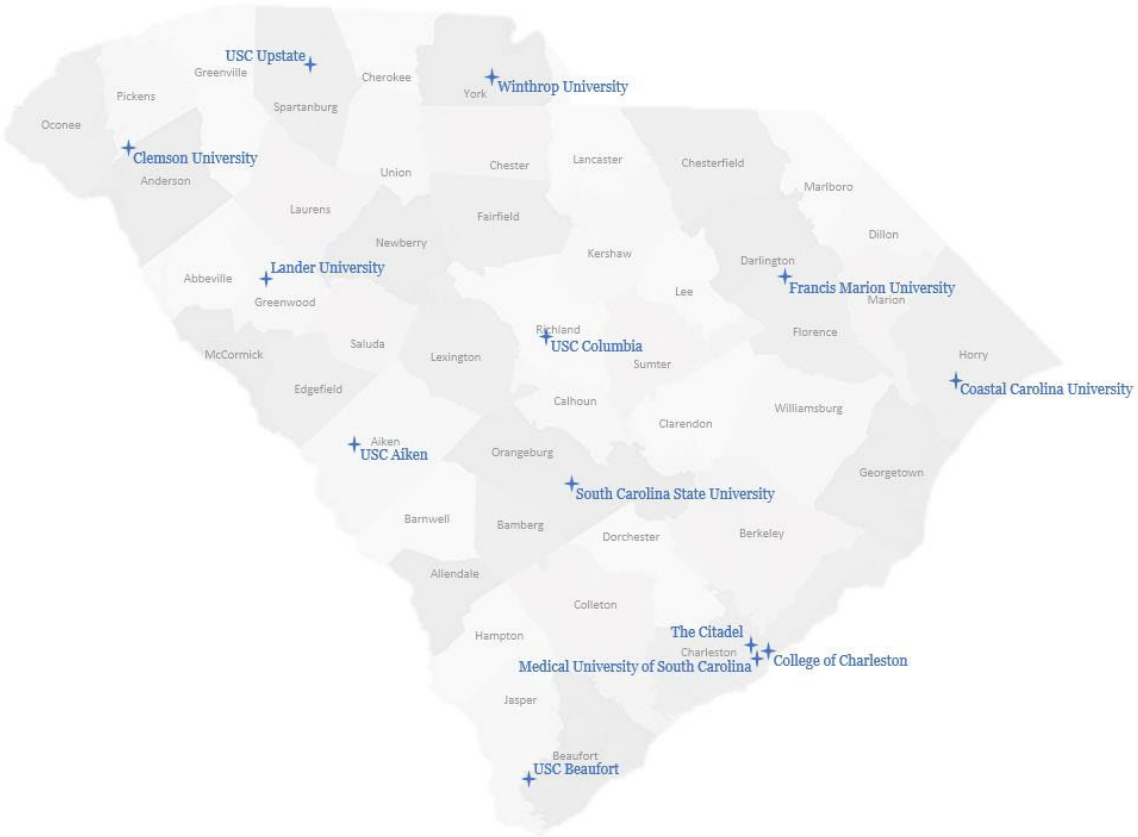
Note: Data collected from the Commission on Higher Education Statistical Abstracts (2007-Current)[242]

MAPS

MAP A: STATE PUBLIC AND INDEPENDENT COLLEGES AND UNIVERSITIES

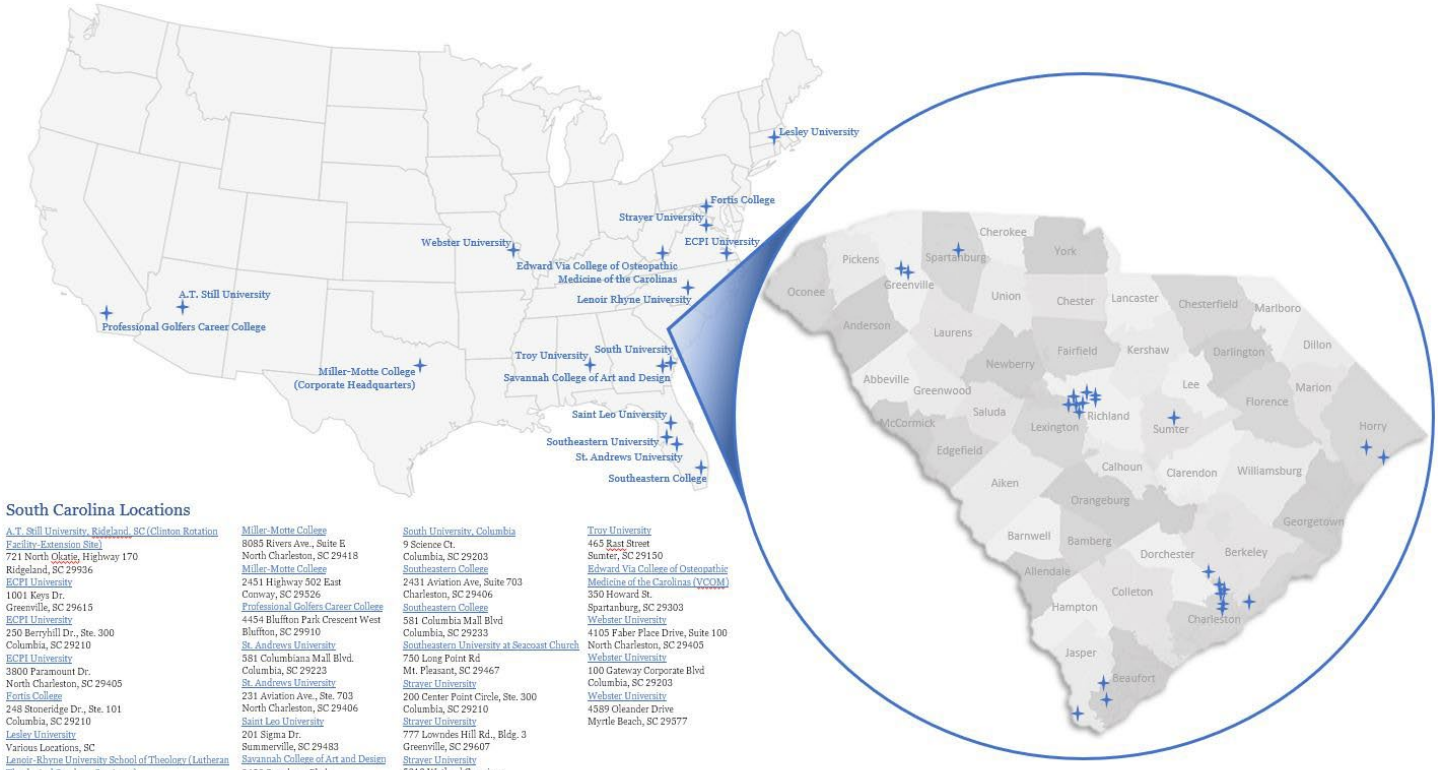


Independent Senior Colleges and Universities



Public Senior Institutions

MAP B: OUT-OF-STATE DEGREE-GRANTING INSTITUTIONS LICENSED TO OPERATE IN SOUTH CAROLINA



South Carolina Locations

A.T. Still University, Ridgeland, SC (Clinton Rotation Facility-Extension Site)
721 North Okatie, Highway 170
Ridgeland, SC 29936

ECPI University
1001 Keys Dr.
Greenville, SC 29615

ECPI University
250 Berryhill Dr., Ste. 300
Columbia, SC 29210

ECPI University
3800 Paramount Dr.
North Charleston, SC 29405

Fortis College
248 Stoneridge Dr., Ste. 101
Columbia, SC 29210

Lesley University
Various Locations, SC

Lenoir-Rhyne University School of Theology (Lutheran Theological Southern Seminary)
4210 North Main St.
Columbia, SC 29203

Miller-Motte College
8085 Rivers Ave., Suite E
North Charleston, SC 29418

Miller-Motte College
2451 Highway 502 East
Conway, SC 29526

Professional Golfers Career College
4454 Bluffton Park Crescent West
Bluffton, SC 29910

St. Andrews University
581 Columbiana Mall Blvd.
Columbia, SC 29223

St. Andrews University
231 Aviation Ave., Ste. 703
North Charleston, SC 29406

Saint Leo University
201 Sigma Dr.
Summerville, SC 29483

Savannah College of Art and Design
3650 Speedway Blvd.
Hardeeville, SC 29927

South University, Columbia
9 Science Ct.
Columbia, SC 29203

Southeastern College
2431 Aviation Ave, Suite 703
Charleston, SC 29406

Southeastern College
581 Columbia Mall Blvd
Columbia, SC 29233

Southeastern University at Seacoast Church
750 Long Point Rd
Mt. Pleasant, SC 29467

Strayer University
200 Center Point Circle, Ste. 300
Columbia, SC 29210

Strayer University
777 Lowndes Hill Rd., Bldg. 3
Greenville, SC 29607

Strayer University
5010 Wetland Crossing
N. Charleston, SC 29418

Troy University
465 Rast Street
Sumter, SC 29150

Edward Via College of Osteopathic Medicine of the Carolinas (VCOM)
350 Howard St.
Spartanburg, SC 29303

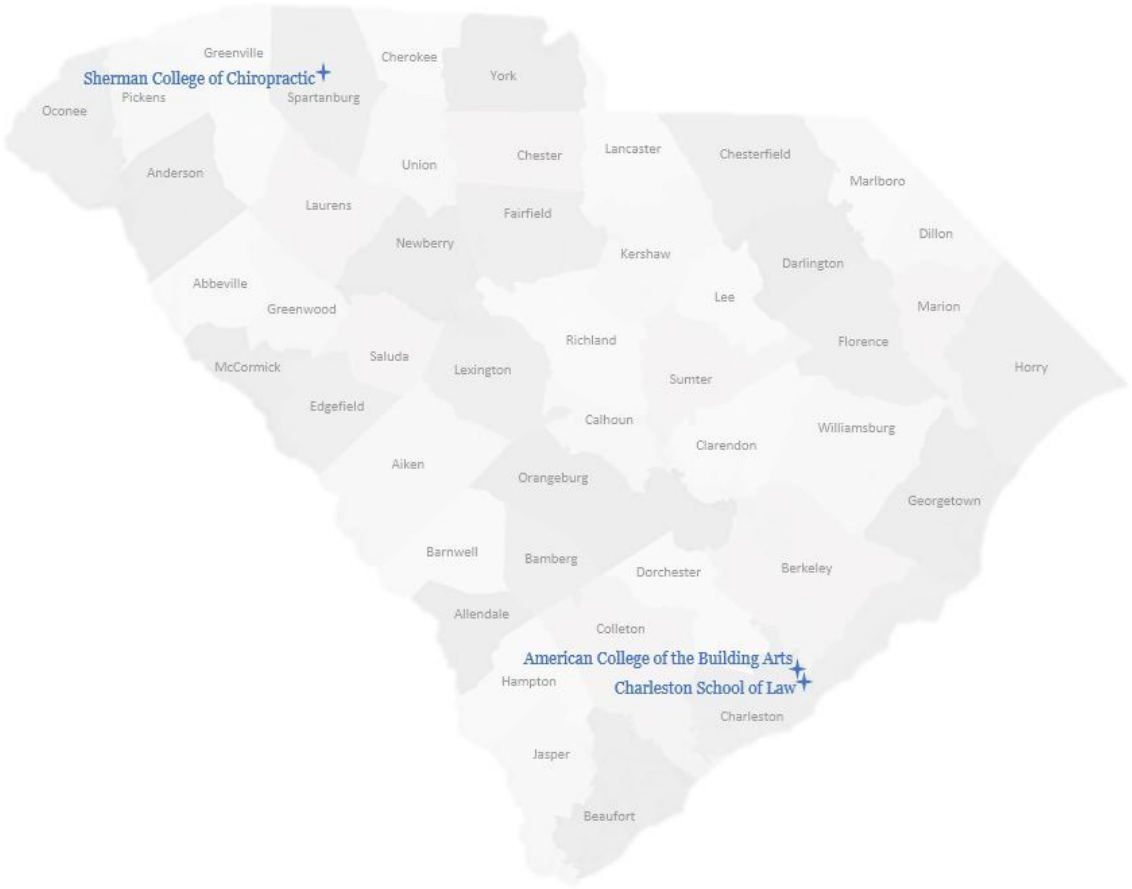
Webster University
4105 Faber Place Drive, Suite 100
North Charleston, SC 29405

Webster University
100 Gateway Corporate Blvd
Columbia, SC 29203

Webster University
4589 Oleander Drive
Myrtle Beach, SC 29577

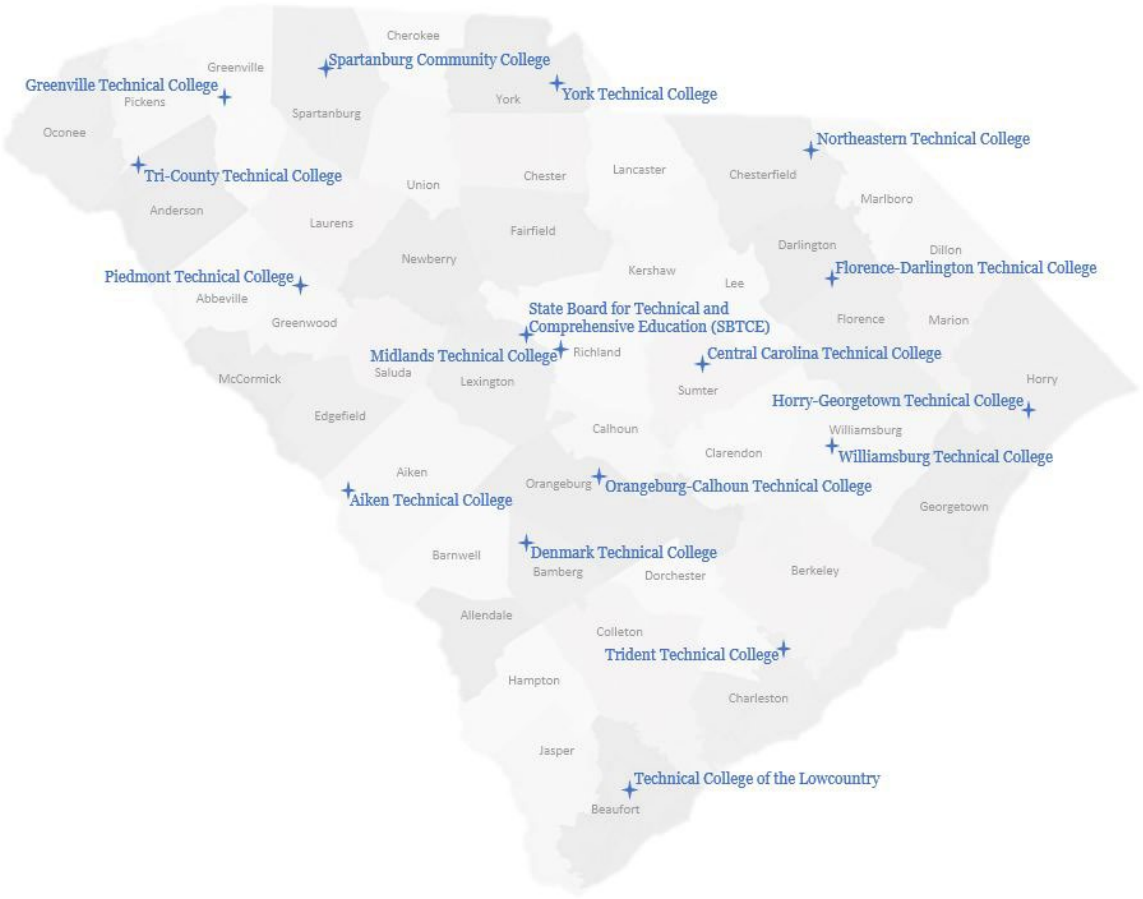
MAP C: OUT-OF-STATE DEGREE-GRANTING INSTITUTIONS LICENSED TO RECRUIT IN SC

MAP D: PRIVATE SOUTH CAROLINA BASED COLLEGES LICENSED BY THE CHE

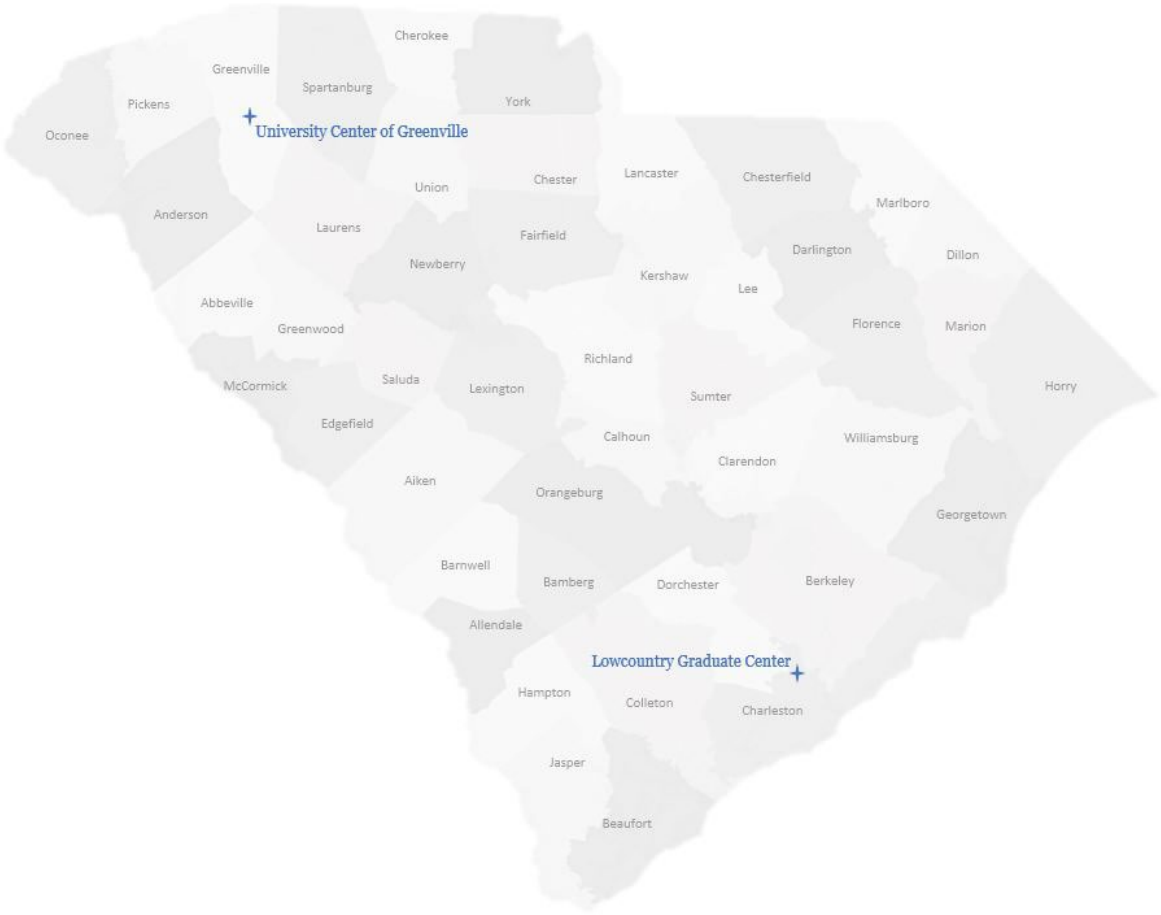


MAP E: UNIVERSITY OF SOUTH CAROLINA TWO-YEAR REGIONAL CAMPUSES

MAP F: PUBLIC TECHNICAL COLLEGES



MAP G: REGIONAL EDUCATIONAL COALITIONS



DEPARTMENT OF ADMINISTRATION-DIVISION OF STATE HUMAN RESOURCES: CHE STAFFING/FTE REPORT

South Carolina Commission on Higher Education

June 2024

Contents

Section One – Introduction

On March 18, 2024, Dr. Gregory Little[1], the Commission for Higher Education (CHE) Acting President and Exeutive Director requested that the South Carolina Department of Administration (Admin) Division of State Human Resources (DSHR) provide objective data to assist the CHE in addressing recommendations made in a report issued by the State Inspector General (SIG) published on Nov. 23, 2023. Specifically, DSHR was asked to independently review the CHE's organizational structure, vacant positions and funding levels. Additionally, Dr. Little requested that DSHR compile and compare salary data for top leadership positions within other states' boards or councils of higher education, or similar entities, with comparable positions at the CHE.

In the report entitled "Program Performance and Management Review: SC Commission on Higher Education" the SIG examined "six discrete issues involving program and personnel management during the period of fiscal year (FY) 2018-19 through FY 2022-23" and made recommendations to address the findings. DSHR's review was limited to the following SIG findings and recommendations:

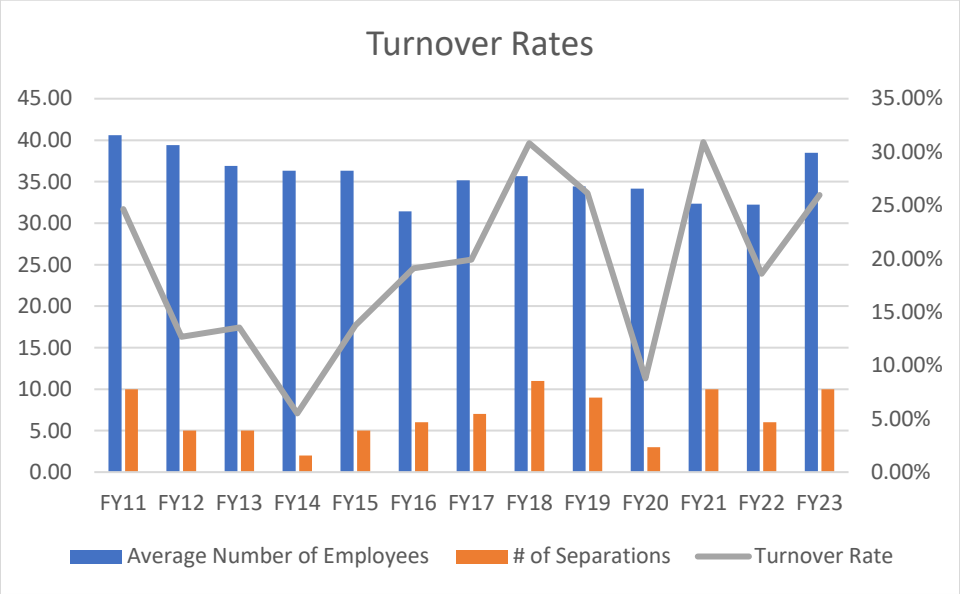
- **Finding 6:** The SIG, through coordination with the Division of State Human Resources (DSHR), determined that the CHE mismanaged its [Funding Staffing Level (FSL)] by seeking increases to its FSL at a time when [Full-time Equivalent (FTE)] vacancies remained unfilled over multiple fiscal years constituting waste of an estimated $1,793,869.88.
    - **Recommendation 6:** The SIG recommends that the CHE cause an assessment of its personnel needs be conducted and adjust its budget requests accordingly.
- **Finding 11a:** The SIG determined the CHE's de facto chain-of-command was inconsistent with the organizational structure and contributed to operational inefficiency.
    - **Recommendation 11a:** The SIG recommends that the CHE's organization chart accurately reflect the intended chain-of-command organizational structure.
- **Finding 11b:** The SIG determined that there was an appearance of conflicting interests created by placing HR functions underneath the [Deputy Director/General Counsel (DD/GC)].
    - **Recommendation 11b:** The SIG recommends that human resources functions be separated from the DD/GC's chain-of-command.
- **Finding 15:** The SIG determined that internal controls would be compromised and increase the fraud risk if the plan to combine accounts payable duties and accounts receivable duties occurs.
    - **Recommendation 15:** The SIG recommends that the CHE coordinate with DSHR to increase finance staffing capacity and establish internal controls that ensure segregation of duties between AP and AR personnel; and ensure a mitigation strategy is implemented and approved by the Office of Comptroller General.

[1] Dr. Little started his position as Acting President and Executive Director on March 4, 2024.

Note: DSHR's review does not include positions or staff in Partnerships Among South Carolina Academic Libraries (PASCAL), which is a separate consortium for which the CHE serves as a fiscal agent.

Section Two – Use and Distribution of Vacant FTE Positions

The chart below shows the CHE's average number of employees, total separations and turnover rate over the past 12 fiscal years. CHE's turnover rate hit an all-time high in FY 2020-21, at 30.93%.



As of April 4, 2024, the CHE had 13 vacant classified full-time equivalent (FTE) positions, one vacant unclassified FTE position and 12 vacant Temporary Grant Employee (TGE) positions. The following table lists these positions.

Position	Job Class Title	Internal Title	Pay Band	Org Unit Title	Employee Group	Vacancy Start Date
60021433	Administrative Coordinator I	Administrative Coordinator I	05	Academic Affairs	Classified FTE	8/2/2023
60021531[2]	Program Manager III	Dir Of Acad Affairs & Licensing	09	Academic Affairs	Classified FTE	9/28/2023
60021533[3]	Program Manager I	Program Manager I	07	Academic Affairs	Classified FTE	7/24/2023
60021535[4]	Program Manager I	Program Manager I	07	Scholarship And College Access	Classified FTE	3/20/2024
60021654[5]	Program Coordinator I	Program Coordinator I	05	Student Affairs	Classified FTE	8/2/2023
60021655	Program Manager I	Program Manager I	07	Academic Affairs	Classified FTE	9/2/2023

[2] As of April 30, 2024, the CHE was recruiting for position 60021531.

[3] As of April 30, 2024, the CHE was recruiting for position 60021533.

[4] As of April 30, 2024 the CHE was recruiting for position 60021535.

[5] As of April 30, 2024 the CHE selected a candidate for hire for for position 60021654.

61023712	Program Coordinator II	Licensing Program Coordinator	06	Program Coordination	Classified FTE	1/6/2024
61078819	Program Coordinator II	Program Coordinator II	06	Program Coordination	Classified FTE	8/8/2020
61128909	Program Manager I	Program Manager I	07	Commission On Higher Education	Classified FTE	7/1/2022
61128910	Program Coordinator II	Program Coordinator II	06	College Completion	Classified FTE	1/2/2024
61128911	Program Coordinator I	Program Coordinator I	05	Fiscal Affairs	Classified FTE	12/1/2023
61144138	IT Business Analyst II	IT Business Analyst II	06	Strategic Initiatives And Engagement	Classified FTE	8/2/2023
61144139	Database Administrator II	Database Administrator II	07	Strategic Initiatives And Engagement	Classified FTE	8/2/2023
60021441	Asst Director-Exec Comp	Asst Director-Exec Comp	EXEC COMP	Academic Affairs	Unclassified FTE	7/31/2010
60021335	N/A	Program Manager I	NR00	Student Affairs	TGE	3/17/2011
60021336	N/A	Program Manager I	NR00	Student Affairs	TGE	6/21/2018
60021337	N/A	Program Manager I	NR00	Student Affairs	TGE	6/1/2011
60021338	N/A	Program Assistant	NR00	Student Affairs	TGE	1/2/2014
60021426	N/A	Program Coordinator I	NR00	Student Affairs	TGE	5/14/2010
60021428	N/A	Program Manager I	NR00	Student Affairs	TGE	7/2/2011
60021431	N/A	Program Coordinator II	NR00	Student Affairs	TGE	1/1/1901
60021432	N/A	Program Assistant	NR00	Student Affairs	TGE	4/22/2017
61023677	N/A	Program Manager I	NR00	Student Affairs	TGE	4/14/1902
61039573	N/A	Program Coordinator I	NR00	Student Affairs	TGE	12/27/2018
61039574	N/A	Program Manager I	NR00	Student Affairs	TGE	12/2/2018
61097182	N/A	Americorps Director	NR00	Scholarship And College Access	TGE	1/7/2023

Between September 2017 and April 4, 2024, the CHE posted 11 of the 26 vacant positions for recruitment at least once. Appendix I shows all positions posted in SCEIS between September 2017 and April 4, 2024. Postings before September 2017 are unavailable due to records retention rules set in the statewide applicant tracking system, NEOGOV.

Student Affairs has the most vacant positions, all of which are TGE positions. The last time one of these positions was filled was in June 2018. Based on information provided by the CHE, the vacant TGE positions were once funded by grants that the agency no longer has and as a result, the CHE does not intend to fill them. DSHR recommends the CHE work with Admin-HR Shared Services to delimit these positions in SCEIS.

The detailed classification and recruitment history for each vacant position is attached as a separate file.

Section Three – Available Funding for Current Vacant FTE Positions

The agency's current total authorized FTE count is 51.00. This includes six positions the CHE received in FY 2022-23 for the Ascend 60x30 Initiative and two positions in FY 2023-2024 for Educator Report Cards.

Ascend 60x30 Initiative

The Ascend 60x30 initiative is a focus of the SIG's report. The CHE requested and received three Program Manager I and three Program Coordinator II positions in the FY 2022-23 budget to support the initiative, along with $750,000 to cover personnel and operational costs.

The CHE established the following six vacant positions in SCEIS on July 1, 2022:

Position Number	Class Title, Code, and Pay Band	Position History
61128907	Program Manager I (AH45/Band 7)	Assigned to the Strategic Initiatives organizational unit and is filled.
61128908	Program Manager I (AH45/Band 7)	Assigned to the Strategic Initiatives organizational unit and is filled.
61128909	Program Manager I (AH45/Band 7)	Assigned to the Strategic Initiatives organizational unit and was never filled.
61128910	Program Coordinator II (AH40/Band 6)	Assigned to the Strategic Initiatives organizational unit and was filled from Aug. 2, 2023, to Jan. 1, 2024.
61128911	Program Coordinator II (AH40/Band 6)	After its establishment, was reclassified downward to Professional Auditor (AN19/Band 5) on Nov. 17, 2022, and moved to Fiscal Affairs. On Feb. 24, 2023, the CHE reclassified the position laterally to Program Coordinator I (AH35/Band 5). An employee occupied the position from Apr. 17, 2023, to Nov. 30, 2023. The position remains vacant as of April 4, 2024.
61128912	Program Coordinator II (AH40/Band 6)	After its establishment, was reclassified laterally to Administrative Coordinator II (AH15/Band 6) and moved to Internal Operations and Administration on Sept. 19, 2022, and is filled.

Admin's Executive Budget Office (EBO) reviewed the CHE's actual and authorized FTE positions. EBO determined that the CHE currently has 4.82 FTE positions designated to the Ascend program. A portion of the funding associated with these positions partially funds the salaries of some current employees who perform duties for Ascend. Salary expenditures and funding availability are discussed below, under Current Personal Services Funding Availability, and are detailed in Appendix III.

Educator Report Cards

The CHE requested and received one IT Business Analyst II (AM03/Band 6) position and one Database Administrator II (AM43/Band 7) position and $140,000 in the FY2023-24 budget. The CHE established these positions in Strategic Initiatives and Engagement on Aug. 2, 2023, and changed their supervision to the agency's Workforce Development Manager on April 17, 2024. The band 7 position was posted for recruitment in November 2023, but it was not filled. Both positions remain vacant. On May 1, 2024, the CHE indicated to DSHR that the agency decided to outsource the qualitative data collection duties associated with Educator Report Cards to the South Carolina Revenue and Fiscal Affairs Office (RFA). The CHE determined that the agency cannot meet the salary demands to recruit qualified candidates to perform these duties, and outsourcing will be a cost savings. At the time of this report, the CHE had not decided if the agency would need to use any personal services funds appropriated in the FY 2023-24 budget to cover operational costs associated with contracting with RFA. Additionally, the CHE had not decided if the agency would repurpose these vacant positions. The CHE will continue to conduct quantitative data analysis for Educator Report Cards.

Staff Salary Increases

As noted in the SIG report, senior CHE officials indicated that the agency used some unexpended personnel funds for salary increases. According to payroll records, the CHE gave 67 pay increases unrelated to a change in position, between July 1, 2018, and April 4, 2024.

The largest expenditure during this period was for performance increases. The CHE awarded 25 performance increases to 18 employees. State Human Resources Regulations allow an agency to award performance increases at the agency head's discretion, provided the increases do not exceed the maximum of the employees' pay bands.

The CHE also spent approximately $96,016 on salary increases associated with employees who moved into different positions within the agency.

The CHE also awarded approximately $59,400 in bonuses between 2021 and 2024. Before 2021, the CHE awarded only one non-legislated bonus of $3,000 to one employee.

Low or uncompetitive compensation is often a reason for high turnover. However, the CHE's application of various pay mechanisms had no substantial impact on staff retention. The payroll data shows, the CHE spent the most money on combined staff pay increases and bonuses in 2023. As seen in Section Two – Use and Distribution of Vacant FTE Positions, the agency had a 25.97% turnover rate in FY 2022-23, a 7.37% increase over the previous fiscal year's rate of 18.6%. By comparison, the statewide average turnover for all state agencies decreased between FY 2021-22 and FY 2022-23, from 22.6% to 17.87% respectively. Please refer to Appendix II for a summary of pay increases granted between July 1, 2018 and April 4, 2024.

Current Personal Services Funding Availability

Admin analyzed the agency's current appropriations, reviewed the CHE's FY2023-24 payroll records to determine the agency's current and projected payroll expenses for current staff and estimated the cost to fill all vacant FTE positions

Current Appropriations

- Authorized personnel budget: $3,134,530
    - $2,581,239 State
    - $348,562 Other
    - $204,729 Federal
- Authorized FTE positions: 51
    - 47.7 in Administration
    - 3.0 in Licensing
    - 0.3 in State Approving Authority

Current Personnel Expenditures

- Current personnel expenditures based on position funding: $3,215,236
    - This excludes an estimated $312,899 in other payroll expenditures for temporary and temporary grant employees, and potential bonuses and annual leave terminal payouts.
    - Approximately $742,203 of the current payroll expenditures are from special items in the agency's budget (Ascend 60x30, EEDA, State Electronic Library, etc.)

Cost to Fill Current Vacancies

- Funding required to fill all 14 vacancies at the midpoint of the state salary range of each position in their current classification: Approximately $1,075,351

Payroll records indicate that the CHE's current authorized personnel budget does not fully cover the agency's payroll expenses. The agency has some flexibility to help manage this. The President and Executive Director must determine which fiscal actions are necessary to ensure solvency and optimal service delivery. The CHE can shift some excess funds from its operating and fringe accounts to cover salary expenses. The agency may also use carryforward funds from the previous fiscal year. The Appropriations Act allows agencies to transfer FTEs between programs as needed to accomplish their missions, but it is unclear how much, if any, latitude the agency has to transfer funds from its special items to personal services.

For example, the agency is appropriated $750,000 for Ascend 60x30. Based on position funding, $216,975 of Ascend 60x30 funds are being spent on three positions. It is unclear whether more of those funds can be used for personnel.

Without a clear understanding of the CHE's fiscal authority over special budget items or the President and Executive Director's fiscal philosophy, DSHR and EBO cannot estimate how much available funds the CHE has to spend on filling vacant positions. Appendix IV shows the CHE's recurring funds as of June 6, 2024.

Section Four – Organizational Structure

DSHR researched the organizational structures of similar entities in southeastern states focusing on those that serve as policy or coordinating boards and excluding those that serve as governing boards. DSHR determined that Alabama, Kentucky, Missouri, Tennessee, Virginia and West Virginia are appropriately comparable. Based on data available in 2022, the FTE staff size of these states varied from as few as 29 at the Alabama Commission on Higher Education to as many as 114 at the Tennessee Higher

Education Commission. Details about organizational structure and staff sizes for these comparable agencies are in Appendix V.

In 2022, the average and median sizes of these agencies were 71 FTE positions. By comparison, the CHE is authorized to have 51 FTE positions. On April 4, 2024, 46 of these positions were filled. The following table provides a summary of filled positions:

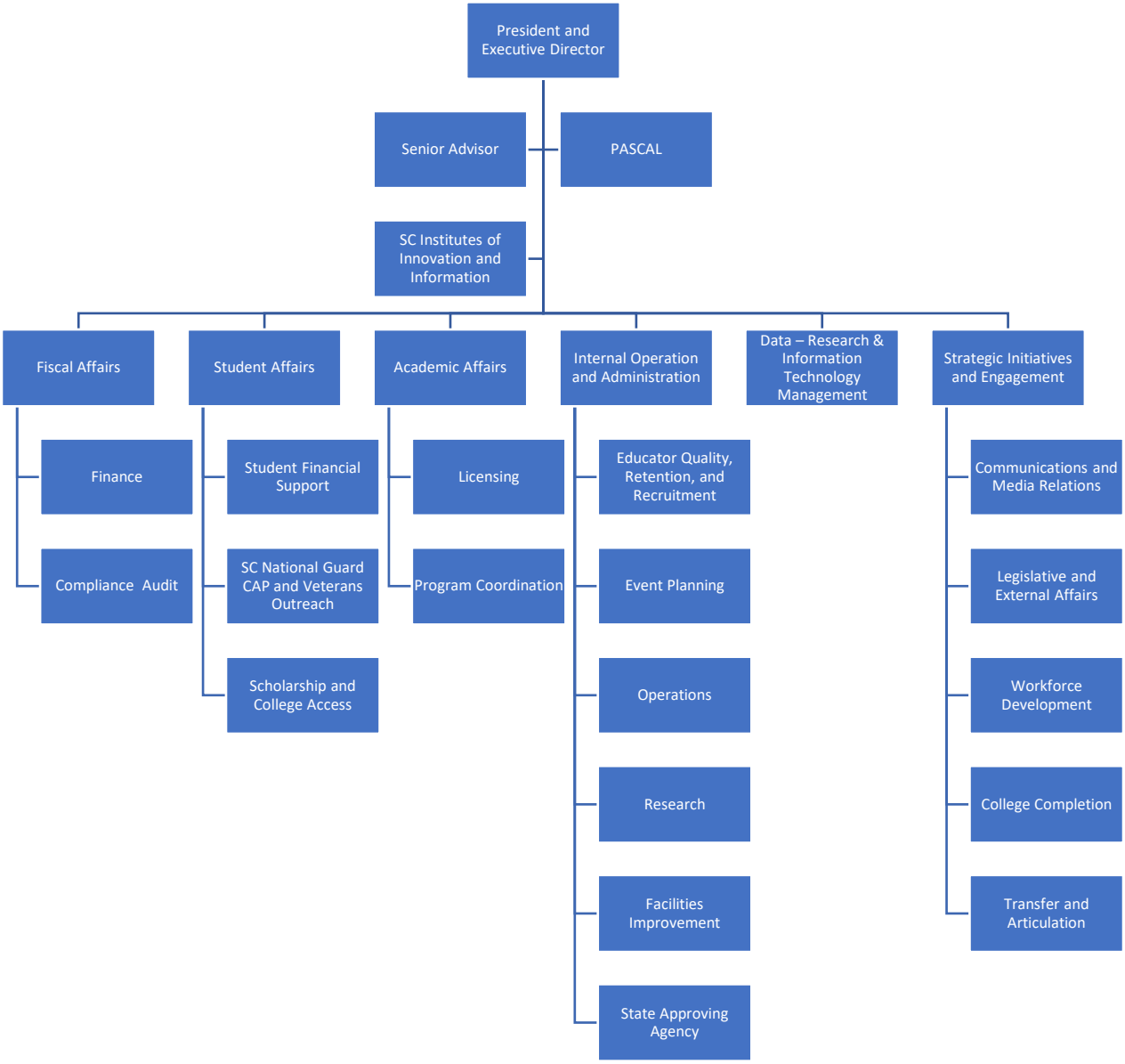
Position Type	**Number of Filled Positions**
FTE	38
TGE	4
Temporary	3
Time Limited Project Employees	1
Total	46

Higher education policy or coordinating boards may perform specific functions related to academic affairs; communications, coordination and planning; institutional oversight and reporting; staffing and personnel matters; and state budgetary and fiscal policy. The comparable states with larger FTE staffs perform more functions than the CHE, which may indicate why those agencies are larger.

In reviewing the divisions of CHE and the responsibilities of each as described by the CHE's public-facing website, DSHR determined that the programs supported by the CHE are similar to those in other states, but there appears to be some overlap of responsibilities between CHE divisions. For example, the Office of Internal Operations and Administration and the Office of Strategic Initiatives and Engagement each "orchestrates programs dedicated to ASCEND 60 x 30 attainment… including Educator Quality, Recruitment and Retention." Additionally, the job posting for the Director of the Office of Academic Affairs and Licensing indicates this role "oversees academic affairs-related task forces and initiatives related to the implementation of the agency's Ascend 60x30 Public Agenda."

Another example of work duplication is both the Chief Financial Officer (CFO) and Deputy Director of Internal Operations and Administration (referred to as the Deputy Director/General Counsel (DD/GC) in the SIG report), are responsible for fulfilling financial responsibilities, including completing financial reports.

The image below depicts the CHE's current organizational structure. The organizational structures of comparable states vary and can be reviewed in Appendix V.



Cross-functional coordination is necessary within an organization; however, the business reason behind how some job functions are assigned and structured across the organization is unclear. DSHR recommends the CHE partner with DSHR to conduct a comprehensive review of position descriptions to help the President and Executive Director inventory work assignments and develop an accurate needs analysis for program areas.

Following this analysis, DSHR recommends the CHE consolidate its divisions to reduce the likelihood of siloed communications and inefficiency that may result from the current organizational structure.

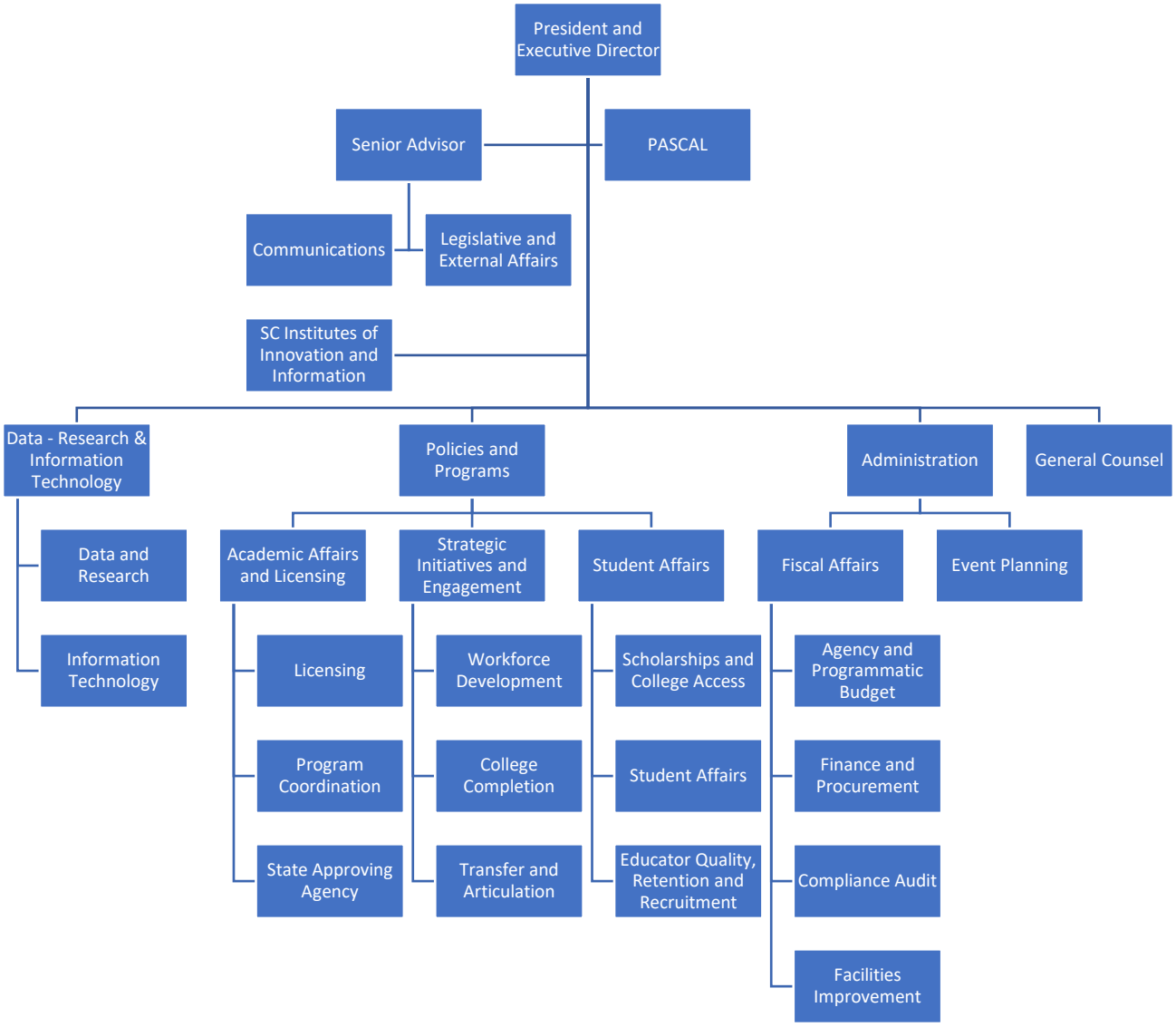
DSHR developed two recommended organizational structures for review by the CHE.

Organizational Structure Recommendation Option #1:

The first combines mission-focused programs and realigns fiscal, administrative and other support roles. To achieve this structure, DSHR recommends the CHE:

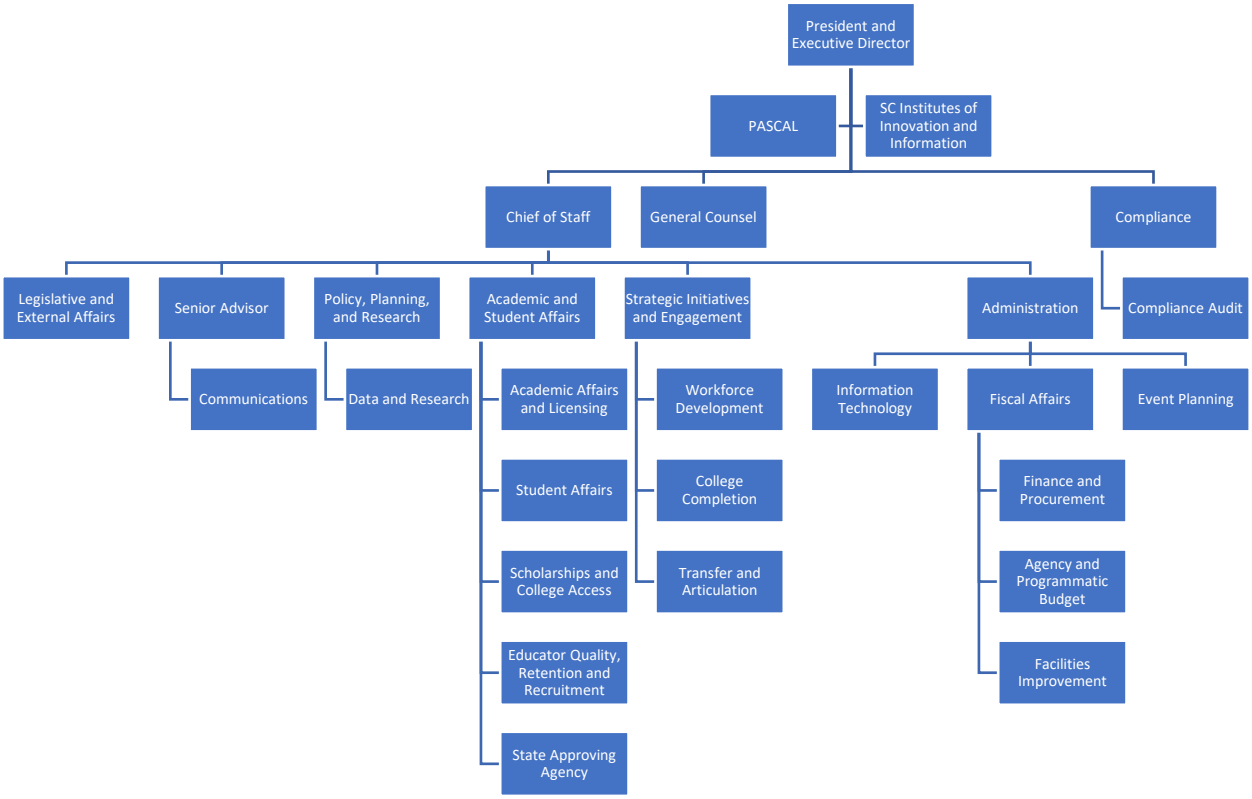
- Combine the mission-focused programs and services under one branch.
- Create distinct Administration and General Counsel divisional areas. Presently, these functions exist under the current Internal Operations & Administration area. Separating this division will create one additional division director role.
- Remove programmatic and human resources functions from Internal Operations & Administration and rename the unit General Counsel. This area will oversee legal review functions of the agency. DSHR recommends the programmatic and human resources functions be aligned as follows:
    - Consider moving the State Approving Agency Program to Academic Affairs. The State Approving Agency Program is responsible for approving and supervising veterans' education programs at in-state postsecondary institutions and career training centers offering education and training to veterans and their eligible beneficiaries.
    - Move event planning to Administration. This role plans and coordinates events for different programs agencywide, routinely procures goods and services and helps draft contracts.
    - Move HR Liaison activities to the Senior Advisor or Administration. The liaison is responsible for completing personnel transaction documents and forwarding them to Admin-HR Shared Services for review, approval and implementation. Although human resources functions can report to an organization's legal office, this is an uncommon practice, as an organization's legal counsel often serves as an independent reviewer and advisor on complex personnel matters but is not responsible for implementing management's decisions on those matters.
    - The CHE has already moved educator quality, retention and recruitment activities to Student Affairs on April 17, 2024. DSHR supports this move.
    - Move research to Data – Research & Information Technology Management.
    - Move the facilities improvement function to Fiscal Affairs.
    - Move procurement duties to Finance, under Fiscal Affairs.
    - Move financial reporting to Fiscal Affairs.
- Move Legislative and External Affairs from Strategic Initiatives and Engagement to the Senior Advisor. As the direct advisor to the President and Executive Director, the Senior Advisor should be abreast of all current and possible legislative and industry changes that impact the agency. As such, it makes sense to shift legislative and external affairs to the Senior Advisor.
- Move Transfer and Articulation to Policies and Programs.
- Increase staffing in Fiscal Affairs to better support the CHE's oversight of over $500 million in state funds. Specifically,
    - Maintain a separation of duties between staff responsible for accounts payable and accounts receivable.
    - Add one additional compliance auditor position: Senior Auditor (AN21/Band 6)
    - Create a defined Budget and Planning organizational unit.
        - One director: Accounting/Fiscal Manager II (AN11/Band 8)
        - One staff member to perform budget development and forecasting duties: Accounting/Fiscal Manager I (AN09/Band 7)
        - Two staff members to perform budget monitoring duties: Audits Manager I (AN23/Band 7) or Accounting/Fiscal Manager I (AN09/Band 7)

The image below illustrates this proposed organizational structure.



Organizational Structure Recommendation Option #2:

Dr. Little has expressed the need for a Chief of Staff who will lead daily programmatic operations, thereby creating capacity for the President and Executive Director to focus on realizing the agency's long-term strategic goals and developing external partnerships. Only seven of approximately 29 states nationwide have a Chief of Staff for their higher education policy and coordinating board. However, DSHR created a second Organizational Structure Recommendation incorporating the Chief of Staff position while following the same strategic alignment of programs included in Option One. The following organizational chart reflects this structure.



In this structure, compliance activities report directly to the President and Executive Director and Legislative and External Affairs reports to the Chief of Staff. Legislative and External Affairs may also report to the President and Executive Director.

Section Five – Compensation for Leadership Positions

The CHE often recruits master- and doctorate-level candidates from local colleges and universities, and indicated to DSHR a desire to pay salaries on par with the colleges and universities. However, other higher education policy or coordinating agencies are the most appropriate matches. Therefore DSHR located and reviewed 2022 salary data for leadership positions in comparable agencies in Alabama, Kentucky, Missouri, Tennessee, Virginia and West Virginia to determine if the salaries of CHE leadership positions were consistent with those in these other agencies. Factors such as geographic location, organizational structure and agency size, skills and experience and job scope were considered when reviewing the compensation data. DSHR found that the CHE's leadership position salaries are comparable to similar positions in other states, as seen in Appendix VI.

DSHR also evaluated where the base annual salaries of the CHE's leadership positions fall within their respective pay bands to determine range penetration. Each position's range penetration is greater than 50%, which indicates that salaries have progressed well into the pay bands assigned to the positions and there is no immediate need to increase compensation for these positions based on their current responsibilities.

DSHR found that the annual salaries of five of the six comparable states' coordinating higher education agencies' presidents were at least 110% lower than the annual salaries of the respective states' highest-paid public institution presidents. The salaries of all six presidents were 22% to 60% above the respective states' lowest-paid public institution presidents.

DSHR recommends the President and Executive Director work with DSHR to review compensation for director- and staff-level positions within six months of receiving this report. This should provide adequate time to determine what organizational structure and job duty changes will be made and determine if any associated salary changes are warranted.

Conclusion

In developing this report, DSHR discovered instances where the CHE relied upon imperfect information to implement previous position and organizational changes. DSHR believes that the CHE will benefit from developing an accurate long-term needs analysis and a transparent and comprehensive approach to position and organizational management to support future requests for positions and funding. The recommendations contained in this report are designed to provide a foundation for CHE to develop this long-term plan for organizational and personnel changes.

Note: The CHE has full authority and responsibility to determine which recommendations, if any, to implement.

Appendices

Appendix I – CHE Job Postings

The chart below shows all job postings in NEOGOV from 2017 through April 4, 2024. The highlighted lines are positions the CHE posted for recruitment multiple times.

Job #	Job Title	Adv. From	Adv. To
70039	Information Systems/Business Analyst III – 60021435	9/22/2017	2/8/2018
114631	Research and Planning Administrator – 60021435	6/23/2021	7/23/2021
96000	Research and Planning Administrator – 60021435	10/8/2019	10/15/2019
76284	Program Coordinator II – 60021430	4/26/2018	10/2/2018
117780	Program Coordinator II – 60021430	8/18/2021	10/15/2021
80243	Program Manager I – 60021445	8/10/2018	8/14/2018
109371	Program Manager I – 60021445	1/28/2021	2/11/2021
80342	Program Manager I – 60021440	8/15/2018	1/24/2019
94873	Program Manager I – 60021440	9/10/2019	10/10/2019
89631	Program Manager I – 60021533	4/30/2019	5/5/2019
122908	Program Manager I – 60021533	11/30/2021	12/15/2021
128272	Program Manager I – 60021533	3/22/2022	4/5/2022
154407	Academic Program Manager (Program Manager I) – 60021533	8/8/2023	8/20/2023
94313	Library Manager II – 60021341	9/26/2019	10/27/2019
100427	Library Manager II – 60021341	2/24/2020	4/24/2020
109805	Library Manager II – 60021341	2/11/2021	3/14/2021
120252	Library Manager II – 60021341	10/13/2021	11/14/2021
120250	Program Manager I – 60021434	10/25/2021	11/12/2021
123799	Program Manager I – 60021434	4/5/2022	4/22/2022
88982	Licensing Program Coordinator II – 61023712	4/12/2019	4/22/2019
120502	Program Coordinator II – 61023712	10/13/2021	10/28/2021
120502	Licensing Coordinator – 61023712	3/14/2024	3/31/2024
71122	Shared Library Services Platform Coordinator – 60021348	12/8/2017	4/23/2018
71123	Project Manager I – 60021347	12/8/2017	12/4/2018
72608	Director of Fiscal Affairs – 60021534	1/4/2018	4/12/2018
80879	Internal Posting - Program Coordinator II – 60021536	8/23/2018	8/27/2018
84162	Shared Library Services Platform Systems Librarian - 60021342, 60021347	12/7/2018	4/17/2019
84701	Program Manager I – 60021446	12/18/2018	4/19/2019
87516	President and Executive Director	3/11/2019	3/31/2019
91996	Program Manager II (Director of Governmental Affairs and Communications) – 61078818	7/3/2019	7/31/2019
92604	Program Manager I (Licensing Manager)-60021653	7/22/2019	8/1/2019
93716	AmeriCorps Director – 61097182	8/14/2019	9/5/2019
97203	Public Information Coordinator – 60021536	11/15/2019	11/22/2019
95263	Program Coordinator II – 61078819	12/9/2019	12/13/2019
99137	Executive Assistant I – 60021446	1/16/2020	2/16/2020
106990	Administrative Manager II – 60021529	10/30/2020	11/6/2020

107125	IT Technician – 60021652	11/25/2020	12/6/2020
107114	Research and Planning Administrator – 61023710	12/11/2020	12/20/2020
107807	Program Manager I – 60021528	12/11/2020	12/31/2020
110578	Program Manager I – 61023714	2/25/2021	3/4/2021
111128	Library Manager II – 60021344	3/15/2021	4/15/2021
114348	Program Coordinator II – 60021436	6/1/2021	6/13/2021
114863	Program Coordinator II – 61023715	6/16/2021	7/1/2021
115108	Director of AmeriCorps Program – 61097182	6/18/2021	7/4/2021
115104	Director of Academic Affairs (Program Manager III) – 60021531	6/25/2021	8/1/2021
115543	Program Coordinator I – 61023713	6/28/2021	7/13/2021
115271	Program Manager I – 60021443	6/29/2021	7/20/2021
115500	Senior Auditor – 60021530	8/6/2021	8/26/2021
119494	Director of AmeriCorps Program	9/22/2021	10/15/2021
60021527	Program Coordinator II (SC National Guard and Veterans Education) - 60021527	9/29/2021	10/27/2021
120498	Strategic Communications Manager – 60021653	10/12/2021	11/2/2021
122372	Administrative Assistant – 60021448	11/17/2021	12/1/2021
128307	ESSER Grant Manager – 60021335	3/30/2022	4/20/2022
122141	Communications Coordinator – 60021536	1/5/2022	1/20/2022
130123	Special Projects Manager – 60021525	5/19/2022	6/9/2022
134902	IT Business Analyst II-60021652	8/1/2022	8/12/2022
136057	Educator Quality, Recruitment, and Retention Manager (Program Manager II)	8/16/2022	8/21/2022
136125	Legislative and External Affairs Manager	8/18/2022	8/23/2022
136646	Program Manager (Academic Program Manager)	8/26/2022	9/30/2022
138109	Events Planner (Administrative Coordinator II) 61128912	9/22/2022	10/12/2022
138148	Administrative Coordinator I	9/29/2022	10/14/2022
138946	College Completion Program Manager I – 61128908	10/10/2022	10/30/2022
139182	IT Business Analyst II – 60021652	10/12/2022	10/18/2022
139574	Senior Research Analyst-60021525	10/20/2022	11/9/2022
139558	Academic Program Manager	10/21/2022	11/10/2022
142734	SC Institutes of Innovation and Information Executive Director	12/22/2022	12/27/2022
142738	Legislative and External Affairs Manager (Program Manager II)	12/22/2022	1/12/2023
142867	College Access Manager	1/9/2023	1/24/2023
141048	Professional Auditor – 61128911	1/10/2023	1/22/2023
143321	AmeriCorps Director	1/11/2023	1/25/2023
143645	Administrative Coordinator II	1/20/2023	2/5/2023
144533	Executive Assistant III - Senior Advisor 60021437	2/3/2023	2/8/2023
146975	Licensing Coordinator (Program Coordinator II)	3/29/2023	4/13/2023
154007	Administrative Coordinator I – 60021433	8/17/2023	8/27/2023
156207	Director of the Office of Academic Affairs and Licensing - 60021531	10/5/2023	11/1/2023
157136	Educator Preparation and Accountability Manager – 61144139	10/23/2023	11/5/2023

159857	Program Coordinator I -60021654	1/4/2024	1/24/2024
161005	Acting Executive Director	1/30/2024	2/12/2024
161005	Agency Head	3/13/2024	4/3/2024
162734	Academic Affairs Coordinator – 60021433	3/14/2024	3/24/2024
162802	Special Projects Coordinator – 61128910	3/20/2024	4/4/2024
AH30-40	Program Assistant		1/0/1900
02736	Administrative Assistant		1/0/1900

Appendix II – Pay Increases

The chart below shows pay increases given between July 1, 2018, and April 4, 2024, unrelated to a change in position.

Action Reason	Number of Increases	Total Increases	Average Increase Amount
Add Job Duty/Resp			
2018	1	$5,000.00	$5,000.00
2019	3	$18,635.00	$6,211.67
2021	1	$8,178.00	$8,178.00
2022	1	$4,076.00	$4,076.00
2023	5	$32,550.00	$6,510.00
Grant Salary Adjustment			
2021	2	$7,757.00	$3,878.50
Performance			
2018	4	$25,494.00	$6,373.50
2019	1	$1,530.00	$1,530.00
2021	3	$20,769.00	$6,923.00
2022	6	$39,140.00	$6,523.33
2023	10	$64,306.00	$6,430.60
2024	1	$5,690.00	$5,690.00
Reclassification Lateral			
2023	2	$12,851.00	$6,425.50
Reclassification Upward			
2019	2	$16,219.00	$8,109.50
2022	3	$41,868.00	$13,956.00
2023	3	$23,454.00	$7,818.00
Retention			
2024	1	$2,274.00	$2,274.00
Salary Increase-Temp Grant			
2019	3	$4,921.00	$1,640.33
2022	3	$4,702.00	$1,567.33
2023	8	$49,125.00	$6,140.63
Special Salary Adjustment			
2020	1	$4,002.00	$4,002.00
2022	1	$34,409.00	$34,409.00
2023	1	$9,450.00	$9,450.00
State Title Change Upward			
2022	1	$9,342.00	$9,342.00
Grand Total	67	$445,742.00	$6,652.87

The chart below shows pay increases associated with employees who moved into different positions within the CHE between July 1, 2018, and April 4, 2024.

Action Reason	# of Increases	Total Increase Amount	Average of Increase Amount
FTE Promotion			
2019	2	$11,900.00	$5,950.00
2020	1	$12,920.00	$12,920.00
2021	2	$8,325.00	$4,162.50
2023	2	$25,081.00	$12,540.50
Reassignment			
2019	1	$400.00	$400.00
2020	1	$7,340.00	$7,340.00
2022	2	$17,198.00	$8,599.00
2023	2	$10,254.00	$5,127.00
Temporary to FTE Position			
2023	1	$2,598.00	$2,598.00
Grand Total	14	$96,016.00	$6,858.29

The chart below shows bonuses paid to employees between 2021 and 2024. Before 2021, the CHE awarded only one non-legislated bonus of $3,000 to one employee.

Employee Group	Funding Not Assigned[6]	# of Funding Not Assigned Bonuses	State Funded	# of State Funded Bonuses	Total Bonuses	Total # of Bonuses
Classified FTE	$8,100	4	$51,300	25	$59,400	29
2021	$5,100	2	$23,300	11	$28,400	13
2022			$7,500	5	$7,500	5
2023	$3,000	2	$16,500	7	$19,500	9
2024			$4,000	2	$4,000	2
Grand Total	$8,100	4	$51,300	25	$59,400	29

[6] The agency did not indicate the funding source for these amounts in the bonus reporting infotype in SCEIS. These could be federal funds, or other funds.

Appendix III – Current Funding Availability

Current Appropriations

- Authorized personnel budget: **$3,134,530**
  - $2,581,239 State
  - $348,562 Other
  - $204,729 Federal
- Authorized FTE positions: **51**
  - 47.7 in Administration
  - 3.0 in Licensing
  - 0.3 in State Approving Authority

Current Personnel Expenditures

- Current personnel expenditures based on position funding: **$3,215,236**.
  - This excludes an estimated $312,899 in other payroll expenditures for temporary and temporary grant employees, or potential bonuses and annual leave terminal payouts.
  - Approximately 23% ($742,203) of the current payroll expenditures are from special items in the agency's budget (Ascend 60x30, EEDA, State Electronic Library, etc.)

Cost to Fill Current Vacancies

- Funding required to fill all 14 vacancies at the midpoint of the state salary range of each position in their current classification: Approximately **$1,075,351**.

Without a clear understanding of the CHE's fiscal authority over special budget items, Admin cannot estimate how much funding the CHE has available to spend on filling vacant positions.

Appendix IV – FY2024 – CHE Recurring Fund as of June 6, 2024

For recurring General Funds, the CHE has proviso authority to carry forward the balance of funded program 9600.15000X000 SREB. Agencies are allowed to carry forward up to 10% of their original budget. The funded programs shown in red on the following page do not have special carryforward authority, although the X in the funded program does designate them as a special item. They are separate lines the Appropriations Act. During the budget year, agencies cannot transfer budget out of these programs; however, agencies can make journal entries to move actual expenses, not budget. When the Comptroller General's Office calculates the 10% carryforward, all the balances are swept to a single generic-funded program and moved to the next fiscal year. At this point, the funds may be used at the agency's discretion.

Funded Program - Bud		Original Budget	Budget Adjustments	Current Budget	YTD Actual Expense	Balance Before Commitments	Commitments and Other Transactions	Remaining Balance	Special Carryforward?
0100.010000.000	ADMINISTRATION	$2,868,348.00	$3,073,023.19	$5,941,371.19	$3,243,424.52	$2,697,946.67	$515,004.16	$2,182,942.51	
1000.450000X000	Performance Funding	$1,397,520.00	$0.00	$1,397,520.00	$1,397,520.00	$0.00	$0.00	$0.00	
1000.550000X000	State Electronic Lib	$164,289.00	$0.00	$164,289.00	$19,224.56	$145,064.44	$0.00	$145,064.44	
1001.350000X000	EPSCOR	$161,314.00	$0.00	$161,314.00	$161,314.00	$0.00	$0.00	$0.00	
1002.250000X000	Academic Endowment	$160,592.00	$0.00	$160,592.00	$78,326.00	$82,266.00	$9,867.00	$72,399.00	
1002.400000X000	African American Loa	$119,300.00	($30,116.00)	$89,184.00	$89,184.00	$0.00	$0.00	$0.00	
1003.150000X000	University Cntr of G	$1,969,899.00	$0.00	$1,969,899.00	$1,969,899.00	$0.00	$0.00	$0.00	
1004.100000X000	Greenville TC-Univer	$594,390.00	$0.00	$594,390.00	$594,390.00	$0.00	$0.00	$0.00	
2607.000000.000	Licensing	$47,972.00	$0.00	$47,972.00	$54,132.81	($6,160.81)		($6,160.81)	
4500.050000X000	EEDA	$1,180,576.00	$0.00	$1,180,576.00	$1,010,711.67	$169,864.33	$0.00	$169,864.33	
4500.200000X000	Gear Up	$177,201.00	($177,201.00)	$0.00		$0.00		$0.00	
4500.550000X000	ASCEND 60 X 30	$750,000.00	$0.00	$750,000.00	$505,526.50	$244,473.50	$4,226.00	$240,247.50	
9500.050000.000	STATE EMPLOYER CONTR	$1,043,555.00	$56,768.00	$1,100,323.00	$815,684.78	$284,638.22	$0.00	$284,638.22	
9600.150000X000	SREB Contract Progra	$6,585,183.00	$3,679,572.00	$10,264,755.00	$6,082,517.50	$4,182,237.50	$149,002.50	$4,033,235.00	Y
9600.170000X000	EDUCATIONAL ENDOWMEN	$24,000,000.00	$0.00	$24,000,000.00	$21,977,584.50	$2,022,415.50	$0.00	$2,022,415.50	

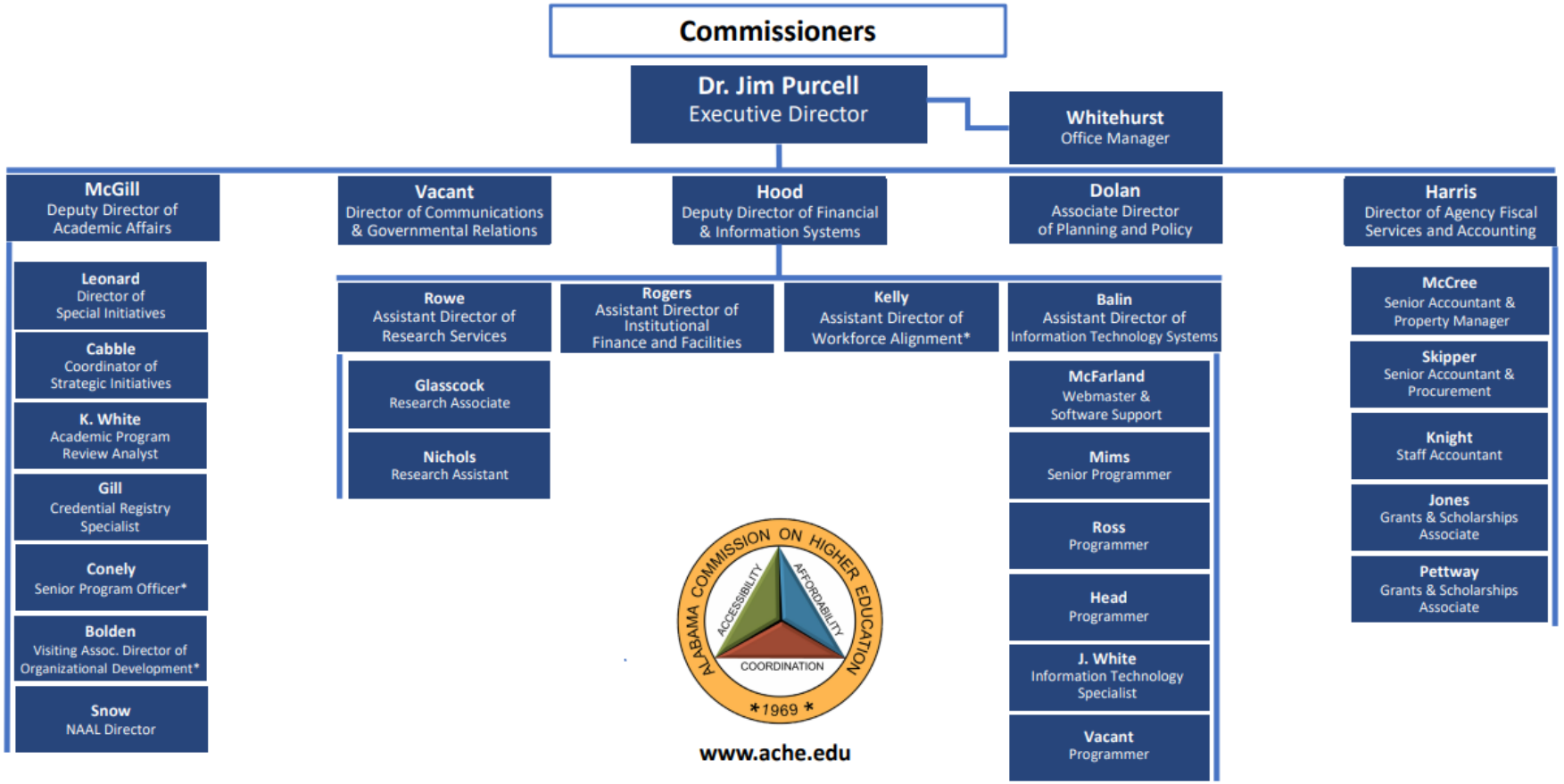
		$41,220,139.00	**$6,602,046.19**	**$47,822,185.19**	**$37,999,439.84**	**$9,822,745.35**	**$678,099.66**	**$9,144,645.69**	

Appendix V – Other States' Divisional Structures

Alabama Commission on Higher Education

The Alabama Commission on Higher Education, a statewide 12-member lay board appointed by the Governor, Lieutenant Governor and Speaker of the House and confirmed by the Senate, is the state agency responsible for the overall statewide planning and coordination of higher education in Alabama, the administration of various student aid programs and the performance of designated regulatory functions. The agency has 29 FTEs. The following chart details the organizational structure for the Alabama Commission on Higher Education.

Alabama Commission on Higher Education •Organizational Structure (as of April 2024)



*Part-Time or Hourly

Kentucky Council on Postsecondary Education

The Council on Postsecondary Education is a coordinating board overseeing Kentucky's state universities and the Kentucky Community and Technical College System. The Council also licenses nonprofit and for-profit higher education institutions to operate in Kentucky. Each division reports directly to the President. The agency has 90 FTEs. The divisions are:

- Academic Affairs
- P-20 Policy and Programs
- Chief of staff
- Finance and Administration
- General Counsel

Note: No organizational structure for the Kentucky Council on Postsecondary Education was available.

Missouri Department of Higher Education and Workforce Development

The Coordinating Board for Higher Education appoints a Commissioner to oversee the Missouri Department of Higher Education and Workforce Development. The agency has 60 FTEs. The divisions are:

- Office of Operations
- Office of Postsecondary Policy
- Office of Workforce Development
- Office of Performance & Strategy
- Office of Communications and Outreach
- Office of the General Counsel

Note: No organizational structure for the Missouri Department of Higher Education and Workforce Development was available.

Tennessee Higher Education Commission

Formed in 1967, the Tennessee Higher Education Commission is the state's higher education coordinating board and is responsible for administration of the outcomes-based funding formula, approval of all new academic degree programs, development of the state master plan for higher education, serving as the hub for postsecondary data analysis and research, authorization and regulation of proprietary institutions and serving as the state approving agency for veteran education benefits. The agency has 114 FTEs. The divisions are:

- Academic Affairs and Student Success
- Access and Outreach
- Finance and Administration
- Legal and External Affairs
- Policy, Planning, and Research

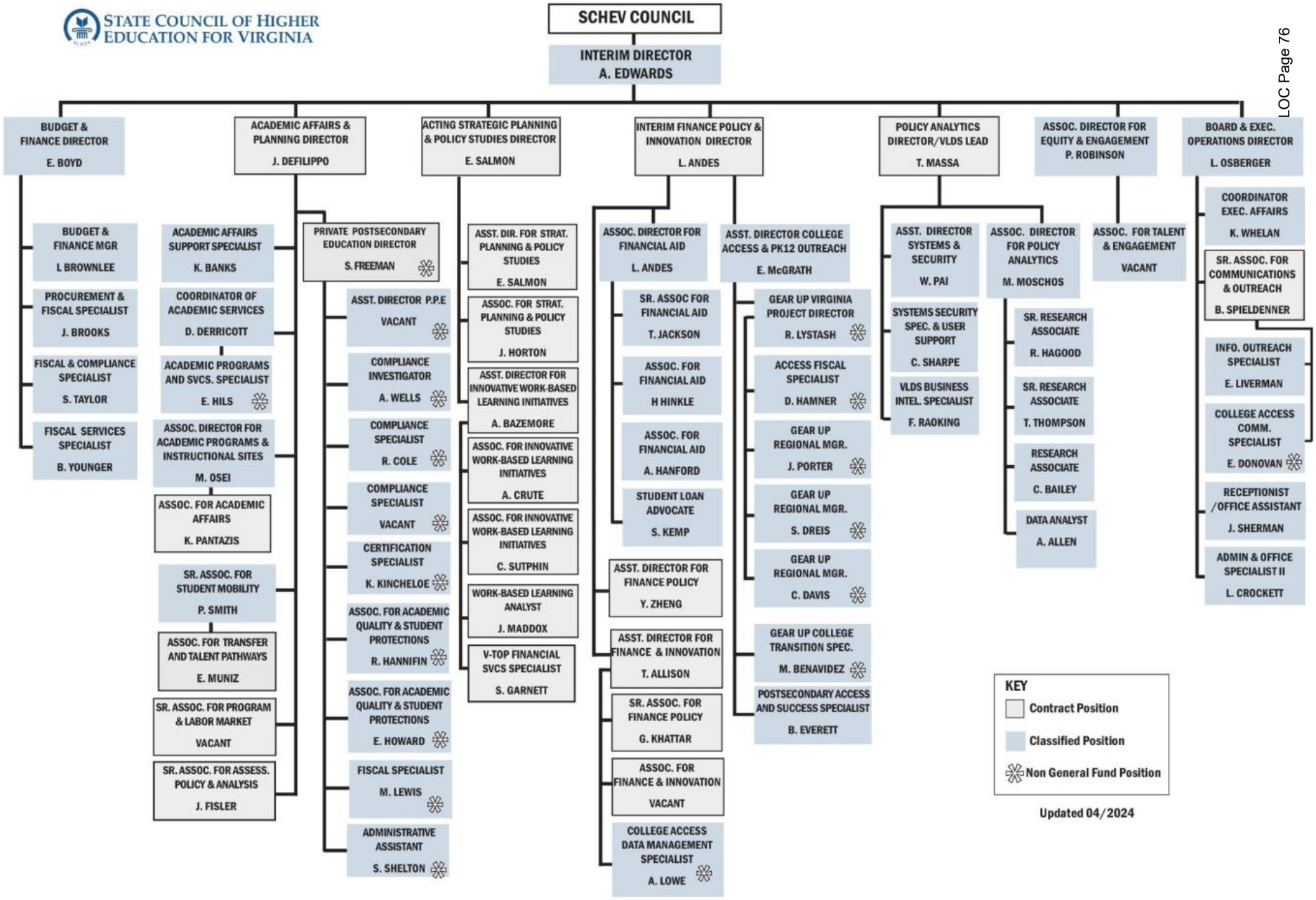
- Student Aid and Compliance

Note: No organizational structure for the Tennessee Higher Education Commission was available.

State Council of Higher Education for Virginia

The State Council of Higher Education for Virginia (SCHEV) is the Commonwealth's coordinating body for higher education. The agency has 50 FTEs. The following chart details the organizational structure for the State Council of Higher Eduction for Virginia.

STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA



West Virginia Higher Education Policy Commission

The Commission develops and oversees a public policy agenda for West Virginia's four-year colleges and universities. Comprised of a 10-member board, the Commission works with institutions on accomplishing their missions and carrying out state procedures. A source of support for institutions and students, the Commission's work includes academic affairs, administrative services, finance and facilities, financial aid, health sciences, human resources, legal services, policy and planning, science and research, and student affairs. The agency has 81 FTEs. The divisions are:

- Academic Affairs
- Finance and Facilities
- Financial Aid
- Health Sciences
- Human Resources
- Legal
- Research and Analysis
- Science and Research
- Student Affairs
- Veteran's Education and Training

Note: No organizational structure for the West Virginia Higher Education Policy Commission was available.

Appendix VI – Comparable Salary Data

South Carolina Commission on Higher Education Base Annual Salaries as of May 1, 2024	
Executive Director or Equivalent	$192,408
Academic Officer	
Finance Officer	$122,116
Government Relations Officer[7]	$127,732
Communications Officer[8]	$127,732
Research Officer	
Equity and Diversity Officer	
General Counsel	$132,959
Technology Officer	$123,552
Overall Agency Size (# of FTEs)	38
# of Fiscal/Accounting Employees	5

[7] The CHE's Office of Strategic Initiatives and Engagement Director oversees this function. Their salary is represented in this chart.

[8] The CHE's Office of Strategic Initiatives and Engagement Director oversees this function. Their salary is represented in this chart.

Comparable Agencies	Alabama Commission on Higher Education	Kentucky Council on Postsecondary Education	Missouri Dept of Higher Education & Workforce Development	Tennessee Higher Education Commission	State Council of Higher Education for Virginia	West Virginia Higher Education Policy Commission	Average	Median	Minimum	Maximum
Executive Director or Equivalent	$280,413	$360,000	$186,700	$229,587	$220,056	$291,379	$261,356	$255,000	$186,700	$360,000
Academic Officer	$162,774	$135,000	$110,911	$145,175	$174,314	$145,000	$145,529	$145,088	$110,911	$174,314
Finance Officer	$162,774	$135,000	$121,474	$202,976	$152,978	$139,400	$152,434	$146,189	$121,474	$202,976
Government Relations Officer	$151,149	$95,000	$86,616	$165,525	$83,387	Not Reported	$116,335	$95,000	$83,387	$165,525
Communications Officer	$151,149	$96,737	$87,170	Not Reported	$91,350	$90,500	$103,381	$91,350	$87,170	$151,149
Research Officer	$137,544	$80,000	$92,298	$163,777	Not Reported	$126,750	$120,074	$126,750	$80,000	$163,777
Equity and Diversity Officer	$151,149	$75,000	$74,641	$132,042	$111,055	Not Reported	$108,777	$111,055	$74,641	$151,149
General Counsel	Not Reported	$135,000	$100,348	$199,750	Not Reported	$112,000	$136,775	$123,500	$100,348	$199,750
Technology Officer	$107,427	Not Reported	$55,959	$145,069	$136,748	Not Reported	$111,301	$122,088	$55,959	$145,069
Overall Agency Size (# of FTEs)	29	90	60	114	50	81	71	71	29	114
# of Fiscal/Accounting Employees	6	5	Not Reported	Not Reported	5	8	6	6	5	8

SOUTH CAROLINA OFFICE OF THE INSPECTOR GENERAL: PROGRAM PERFORMANCE AND MANAGEMENT REVIEW: SC COMMISSION ON HIGHER EDUCATION

State of South Carolina
Office of the Inspector General

SENT VIA ELECTRONIC MAIL

November 22, 2023 OIG File No: 2023-6271-I

The Honorable Jeffrey E. "Jeff" Johnson
Chairman, House Legislative Oversight Committee
228 Blatt Building
Columbia, South Carolina 29201

The Honorable Timothy A. "Tim" McGinnis
Chairman, House Education and Cultural Affairs Subcommittee
530D Blatt Building
Columbia, South Carolina 29201

RE: Program Performance and Management Review: SC Commission on Higher Education

Dear Chairman Johnson and Chairman McGinnis:

The South Carolina Office of the State Inspector General (SIG) originally initiated a performance review on 3/24/23 of the SC Commission on Higher Education (CHE) for program effectiveness and efficiency based on a legislative request received by the SIG.

The SIG initiated the review under its authority found in SC Code of Laws, §1-6-30 (4), which provides for the SIG to receive complaints from any individual, including those employed by any agency, alleging fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, and wrongdoing in an agency. The scope and objectives of this review were to examine six, discrete issues involving program and personnel management during the period of fiscal year (FY) 2018-19 through FY 2022-23.

On 7/26/23, the SIG presented an initial draft to the CHE of the investigative findings for discussion. By letter dated 8/8/23, the SIG notified the CHE that Dr. Monhollon and the deputy director disclosed confidential content from the draft report during public testimony before the Educational and Cultural Affairs Subcommittee of the House Legislative Oversight Committee (HLOC) in violation of South Carolina Code of Laws, §1-6-50 (C).[1] By letter dated 8/22/23, the HLOC requested that the SIG conduct a management review of the CHE.

[1] Text messages referenced in the 8/8/23 letter.

The investigation conducted pursuant to the HLOC request incorporated the following areas into the initial, narrower scope for the period FY 2018-19 through the present.

- Organizational culture;
- Organizational structure and chain-of-command;
- Utilization and distribution of full-time equivalent (FTE) positions;
- Managerial practices and decision-making processes, employee corrective action procedures;
- Employee complaint and grievance processes; and
- Employee turnover trends.

Based upon analysis of HLOC hearing testimony, the SIG deemed that a full financial management review of CHE's business practices and financial projections should be included within the "managerial practices and decision-making processes" part of the HLOC request.

Reviews and investigations by the SIG are conducted in accordance with professional standards set forth by the Association of Inspectors General's *Principles and Standards for Offices of Inspector General*, often referred to as the "Green Book." This review used the preponderance of evidence standard.

Executive Review

The SIG conducted more than 106 interviews of current CHE staff, former staff, and commissioners and reviewed relevant records provided by the CHE, including employee exit interviews and an internal employee engagement survey, as well as survey results provided by the HLOC. In addition, the SIG conducted an employee climate survey and interviewed state officials responsible for statewide human capital management and budgetary/financial matters with the Division of State Human Resources (DSHR) and the Executive Budget Office (EBO), both of the Department of Administration (DOA).

The identities of persons interviewed who provided information alleging fraud, waste, abuse, mismanagement, misconduct, violations of state or federal law, or wrongdoing may be confidential in the absence of a written waiver, pursuant to South Carolina Code of Laws, §1-6-100 (A). As a result, the SIG endeavors to protect the identities of persons interviewed, and, therefore, attribution for a source of information is generally masked. The SIG, however, ensures sources who provided information in the report are persons in an authoritative position to know about the matter that was reported and may be representative of others interviewed.

The following review sets forth the SIG's findings and recommendations for use in addressing operational and policy deficiencies.

Background

The CHE, established in 1967, serves as the coordinating board for South Carolina's 33 public institutions of higher learning (IHLs). In addition to partnering with institutions to deliver an effective statewide higher education system, the CHE acts both as an oversight entity on behalf of the General Assembly and an advocate for the citizens of South Carolina as they seek opportunities to improve their lives, and the lives of their families through higher education.

The CHE is governed by a 15-member board of commissioners (Commission) per South Carolina Code of Laws, §59-103-10. The governor, with advice and consent of the senate, appoints eight members and seven members are appointed by the governor upon the recommendation of the legislative delegation from the respective congressional district. At the time of this review, 12 of the 15 positions were filled, and the SIG interviewed 11 of the 12 current CHE commissioners.

The South Carolina Code of Laws contains various provisions regarding the CHE, including:

- Proviso 3.1, FY 2022-23 General Appropriations Bill, Part 1B, provides that the CHE is required to conduct an annual verification and audit of IHLs that receive lottery funds on a rotational basis not to exceed three years. It also required that the CHE provide a report to the EBO, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee by October 1st of each year summarizing, by institution, how lottery funds were expended in the prior fiscal year, issues and concerns as well as institution responses to those issues and concerns discovered as a result of the commission's verification and/or audit activity during the prior fiscal year.
- South Carolina Code of Laws, §59-150-350 *et seq* designates the role of the CHE in the management, appropriation, and uses of the Education Lottery Account.
- South Carolina Code of Laws, §59-26-35, South Carolina Educator Preparation Report Card (2022), provides that the CHE, with the assistance of South Carolina Department of Education, the State Board of Education, and the Center for Research on Teacher Education, is required to form a commission to assess the state's data infrastructure and publish a report card evaluating educator preparation programs before November 1st of each year.
- South Carolina Code of Laws, §59-103-45 provides that the CHE shall establish procedures for the transferability of courses at the undergraduate level between two-year and four-year institutions or schools.
- South Carolina Code of Laws, §59-103-60 provides that CHE shall make recommendations to the Governor's Office and the General Assembly as to policies, programs, curricula, facilities, administration, and financing of all state-supported IHLs as may be considered desirable.
- South Carolina Code of Laws, §59-29-130, commonly known as the Reinforcing College Education on America's Constitutional Heritage Act (REACH Act), provides that public IHLs must require that each undergraduate student complete three semester hours in fields of study related to American government or history that include as part of the curriculum certain foundational documents. The CHE is required to ensure compliance and report its findings to the General Assembly.
- Proviso 3.5 (12), FY 2022-23 General Appropriations Bill, Part 1B provided funding for need-based grants for students with intellectual disabilities in the College Transition Program Scholarships program.

The CHE approved a statewide public agenda for higher education in 2017, identifying a broad set of goals and objectives for the state's system of higher education. In 2020, the CHE convened the South

Carolina Higher Education Advisory Committee (HEAC) to further develop recommendations for this statewide public agenda. Based on the work of the HEAC, the CHE established strategic timelines and milestones, identified necessary staff and fiscal resources, and developed processes for engaging stakeholders in pursuit of public agenda objectives. The resulting Public Agenda Implementation Plan, ASCEND 60x30, adopted by the CHE in February 2021, served as a strategic blueprint, communication strategy, and umbrella term that encompassed CHE's statutory mandates to guide the Commission and CHE staff in achieving student success.

One of ASCEND 60x30's primary goals is to have 60% of South Carolinians achieve some level of post-secondary educational attainment by the year 2030.

SIG Analysis

The SIG examined CHE managerial practices and the effect of those practices on the organization, its culture, its personnel, its productivity, and the programs administered by the CHE, including programs mandated by statute or proviso. The specific areas and issues examined by the SIG were audits of lottery funds in IHLs, the accumulation of lottery funds, College Transition Program Scholarships, academic programs, the South Carolina Educator Preparation Report Card, employee turnover and FTE vacancies, employee relations, State Transfer and Articulation Action Plan, African-American Loan Program, the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), internal organization and operations, space utilization and telecommuting, technology, REACH Act, segregation of duties regarding the Office of Fiscal Affairs, and Commission oversight.

Audit of Lottery Funds in IHLs

The CHE was required, per Proviso 3.1, to audit IHLs on a rotational basis every three years and submit a report by October 1st of each year. In its 2018 report, "South Carolina's Use of Educational Lottery Account Funds," the Legislative Audit Council (LAC) revisited its 2014 report which recommended that the CHE implement a program to review the scholarships it disburses to higher education institutions to ensure that scholarships are properly distributed to students by the institutions. The LAC's 2018 report confirmed that the 2014 recommendation was implemented.

The CHE advised the SIG that 55 IHLs received lottery funds during FYs 2020-21 through 2022-23, but no more than 13 audits were completed during the period. In order to meet the three-year audit cycle the CHE needed to average 18 audits per FY. CHE officials explained that staffing shortfalls prevented completion of the required audits.

One CHE employee advised only one audit was completed during FYs 2020-21 through 2022-23, while seven others were being rushed to completion since the start of the SIG investigation. Another employee reported seven audits were completed. Two other officials advised 11 audits were completed. A senior official stated, *"I think the previous year there's like 1 or 2… it wasn't good… it was not good."* A SIG review of CHE documentation indicated 13 audits were completed, leaving 76% unaudited during the previous three FYs.

The following five IHLs were audited during FY 2020-21: the University of South Carolina - Columbia, the University of South Carolina - Lancaster, the University of South Carolina - Salkehatchie, the University of South Carolina - Sumter, and the University of South Carolina – Union. One IHL, Midlands Technical College, was audited during FY 2021-22. The following seven were audited in FY

2022-23: Aiken Technical College, Bob Jones University, Denmark Technical College, Morris College, Northeastern Technical College, Trident Technical College, and Williamsburg Technical College.

Proviso 3.1 provided that the verification and audit was to be funded from appropriated lottery funds. At the close of FY 2022-23, the CHE accumulated $152,895,827 in appropriated lottery funds. The executive director advised that use of a contracted audit firm had not been contemplated.

CHE officials advised that the CHE was tardy in its submission of a verification and audit report to the EBO, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee. The SIG determined the FY 2022-23 report was received by the EBO on 10/3/23.

The SIG received no reports that alleged systemic mismanagement affecting lottery disbursements to students; nevertheless, the failure to conduct timely audits created a risk of fraud.

The SIG determined through interviews conducted of the Commission that key members of the Commission's finance committee were unaware that only 13 of the 55 (24%) required audits were conducted by the agency over the three-year period of FYs 2021-2023.[2] Most commissioners stated they received the necessary financial information as needed to carry out their duties as CHE commissioners. All commissioners agreed with the use of available funds to hire an external audit firm to complete the required audits of the IHLs.

Finding 1a: The SIG determined the CHE failed to conduct annual rotational verifications and audits of all IHLs that received lottery funds during the period of FYs 2020-21, 2021-22, and 2022-23 in violation of Proviso 3.1, which not only created a risk of fraud, but also hampered the agency's ability to acquire the information to forecast lottery scholarship needs.

> **Recommendation 1a:** The SIG recommends that the CHE contract with an external audit firm to conduct annual verifications and audits of IHLs that received lottery scholarship funds.

Finding 1b: The SIG determined the CHE failed to submit a verification and audit report to the EBO, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee by 10/1/23 in violation of Proviso 3.1. This finding is mitigated by the EBO's receipt of the CHE's report on 10/3/23.

> **Recommendation 1b:** The SIG recommends that the CHE implement internal controls to ensure timely submission of the annual verification and audit report to the EBO, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee by October 1st of each year.

Enclosed for reference are the following documents CHE submitted to the General Assembly:

- Appendix A – FY 2022-23 Lottery Expenditure, Verification, and Audit Report
- Appendix B – FY 2021-22 Lottery Expenditure, Verification, and Audit Report
- Appendix C – FY 2020-21 Lottery Expenditure, Verification, and Audit Report

[2] There were 56 institutions for FY 2022-23.

Accumulation of Lottery Funds

The LAC found that the General Assembly appropriated Education Lottery Account funds for the following programs:

- Scholarships, grants, and tuition assistance;
- Technology upgrades for IHLs;
- Higher Education Excellence Enhancement Program;
- State Board for Technical and South Carolina Technical College System;
- Partnership Among South Carolina Academic Libraries;
- Southern Regional Education Board Program and Assessments;
- Carolina Career Clusters Grant;
- School bus purchases and leases;
- Reading Partners;
- State library aid to county libraries;
- School for the Deaf and the Blind for technology, and bus purchases and leases; and
- Department of Alcohol and Other Drug Abuse Services for gambling addiction services.

The executive director identified the administration of lottery scholarships as the CHE's first priority. Through the program's three largest scholarship funds, the Legislative Incentive for Future Excellence (LIFE), the Palmetto Fellows, and the Helping Outstanding Pupils Educationally (HOPE), $278,981,728 were disbursed to students in FY 2022-23.

CHE officials advised that the end-of-FY (EOY) cash balance of CHE lottery funds totaled $152,895,827 at the close of FY 2022-23. Table A illustrates the amounts of lottery funds appropriated for the three largest lottery-funded scholarship programs.

Table B sets forth the accumulation of all appropriated lottery funds during the period FY 2017-18 through FY 2023-24, including the three largest lottery-funded programs. The following data were provided by the EBO, drawn from CHE submissions.

Table A

Lottery Funding Breakdown by Palmetto, Life, and Hope Scholarship							
	FY2017-18	FY2018-19	FY2019-20	FY2020-21*	FY2021-22	FY2022-23	FY2023-24
Appropriated							
Palmetto	$51,927,301	$55,362,716	$61,809,959	$61,809,959	$71,173,280	$72,139,864	$67,328,890
Life	$221,843,614	$230,056,162	$240,102,429	$240,102,429	$236,771,166	$235,150,272	$201,194,944
Hope	$14,458,578	$15,563,241	$14,557,008	$14,557,008	$10,371,104	$10,904,039	$12,574,147
Disbursed							
Palmetto	$54,390,453	$59,868,605	$63,058,503	$66,563,386	$62,541,084	$60,401,023	N/A
Life	$207,239,651	$223,280,225	$222,143,027	$224,640,006	$212,347,447	$206,010,462	N/A
Hope	$9,391,051	$10,357,954	$10,074,336	$10,447,345	$11,548,207	$12,570,243	N/A
*Because of the COVID-19 pandemic, appropriations were frozen at the level of the previous FY.							

Table B

Total Lottery Funds (CHE)							
	FY2017-18	**FY2018-19**	**FY2019-20**	**FY2020-21**	**FY2021-22**	**FY2022-23**	**FY2023-24**
Appropriated	$327,548,223	$346,289,987	$363,233,522	$360,646,175	$407,969,301	$434,540,449	$407,148,578
Disbursed	$307,538,761	$337,884,344	$340,206,098	$346,586,113	$377,290,967	$386,141,058	N/A
Carry-Forward (prior year)	$9,363,710	$27,250,667	$35,656,310	$58,683,733	$72,743,795	$103,422,129	$151,821,520
Year End Cash Balance	$27,315,547	$35,826,273	$59,107,360	$73,380,228	$104,341,745	$152,895,827	N/A
Residual Cash without Budget	$ 64,880	$ 169,963	$ 423,627	$ 636,433	$ 919,616	$ 1,074,307	N/A

At the end of FY 2022-23, the CHE had an EOY cash balance of $152,895,827. However, the CHE only carried forward $151,821,520 in its budget due to $1,074,307 being unallocated as a result of factors such as refunds from IHLs for overpayments. These refunds occurred at different points throughout the year, meaning that CHE could not accurately project how much was received. Therefore, the residual cash does not have budget authorization, meaning that CHE was unable to expend the residual cash without approval from the EBO or the General Assembly. The CHE provided no documentation it sought budget authorization from the EBO or the General Assembly to utilize the residual cash balance.

According to CHE officials, the accumulation of lottery funds was caused by flawed projections in estimating the needs of the three largest scholarship programs. The factors causing the flawed projections included an inaccurate model and insufficient data that would normally be derived from the annual verifications and audits. The EBO and a senior CHE official advised that lottery funds were appropriated based on CHE's projections. Notwithstanding the accumulation of appropriated lottery funds beginning in FY 2017-18, the CHE requested additional lottery fund appropriations from the General Assembly in each succeeding FY until December 2022 when the CHE first notified the EBO that the CHE's projections for necessary funding for the Palmetto Fellows, LIFE, and HOPE scholarships were inaccurate. Modifications were made to the model in the fall 2022 and summer 2023. As a result, the CHE required a lesser appropriation for FY 2023-24.

A CHE official stated, the "*model has over-estimated funding needed over the past three years... and has approximately $77 million in carryforward [sic] related to LIFE*." The failure to complete verifications and audits, as referenced above, may have contributed to flawed lottery projections. Despite evidence of modeling and/or data flaws beginning in FY 2017-18, the projections have not been corrected to date.

The SIG determined the knowledge of the accumulating lottery funds carried forward each fiscal year was general in nature among the CHE commissioners. The commissioners received quarterly budget reports that set forth various financial information, to include the carry-forward funds.

Based on the information reviewed, the SIG identified no eligible student applicant who was denied a lottery-funded scholarship.

Finding 2: The SIG determined that the CHE's inaccurate budget projections of appropriated lottery funds during the period FYs 2018-19 through 2022-23, resulted in a waste of $152,895,827 intended for scholarship recipients attending South Carolina colleges and universities. Instead of identifying alternatives to utilizing the lottery funds the CHE continued to accumulate unspent lottery funds through flawed modeling and projections.

Recommendation 2a: The SIG recommends the CHE return excess appropriated lottery funds, which were derived from flawed projections during the period FY 2018-19 through 2022-23, to the General Assembly.

Recommendation 2b: The SIG recommends the CHE use an external subject matter expert to assess and correct the model used to project anticipated scholarship needs upon which budget requests for appropriated lottery funds are based.

College Transition Program Scholarships

The General Assembly appropriated lottery funds in succeeding General Appropriations Bills for need-based grants and lottery funded scholarships for in-state students who could receive up to $5,000 per semester at five eligible IHLs regardless of financial need under the College Transition Program Scholarship initiative. Table C depicts College Transition Program Scholarship funding.

Table C

FY	Proviso	Amount appropriated	Amount expended	Percentage expended	Carry-forward
FY 2021-22	Proviso 3.5 (14)	$750,000	$295,000	39.3%	$455,000
FY 2022-23	Proviso 3.5 (12)	$4,105,597	$820,000	20%	$3,285,597
FY 2023-24	Proviso 3.6 (11)	$4,105,597	N/A	N/A	N/A

The executive director advised that he believed the program was successful, and he relied on the division director to report whether there were any problems or issues with the program. He explained that appropriated funds for the program were received on a recurring basis, and CHE played no active role in advertising the program.

Finding 3: The SIG determined that the CHE expended only 39.3% of College Transition Scholarship Program appropriated lottery funds in FY 2021-22 and 20% in FY 2022-23, resulting in the mismanagement of funds acquired through Proviso 3.5 (FY 2021-22) and Proviso 3.5 (FY 2022-23) that resulted in the waste of $3,740,597.

> **Recommendation 3:** The SIG recommends that the CHE return to the General Assembly $3,740,597 in unused appropriated lottery funds.[3]

[3] These funds are included in the $152,895,827 addressed in **Finding 2**.

Academic Programs

The South Carolina Code of Laws, §59-103-60 requires that the CHE make recommendations to the Governor's office and the General Assembly as to programs, curricula, facilities, administration, and financing of all state-supported institutions as may be considered desirable. This is a core function of the CHE. [SIG emphasis]

CHE officials and a CHE commissioner advised that reviews of programs of state-supported institutions continued under the current leadership, but complained that the executive director and deputy director de-emphasized the reviews resulting in a watering-down of holding institutions accountable. One CHE commissioner stated, "*I wouldn't say we're rubber stamps, but there's definitely a lot of peer pressure to go along and get along…*"

The South Carolina Code of Laws, §59-103-35 states, "…no new program may be undertaken by any public institution of higher education without the approval of the commission." The SIG assessed that the CHE acts as a major internal control activity in South Carolina for assessing the necessity and merit of new academic programs at IHLs.

In June 2018, the CHE developed the Policies and Procedures for New Academic Programs, Program Modifications, Program Notifications, Program Terminations, and New Centers for SC Public Colleges and Universities. The policy states, "…new academic program approval is one of the important functions a higher education coordinating agency performs."

Along with an internal CHE staff review, the CHE relied on the Advisory Committee on Academic Programs (ACAP) to make recommendations regarding new academic program approval. The ACAP was made up of chief academic officers from different IHLs across the state. When describing the ACAP, one CHE official stated, "*I don't want to say it's a rubber stamp, but we've never had – in my experience there, and just 'rumor mill' – we've never had a provost necessarily not approve.*"

CHE staff members stated to the SIG that while the ACAP always provided feedback on new academic programs and regularly recommended revisions, there was an unspoken agreement not to outright deny a new academic program because these chief academic officers were peers at various IHLs.

The SIG reviewed documentation that the CHE executive director provided to the Office of the Governor on 9/1/23 regarding the approval of new academic programs. The SIG determined that for the five-year period of FYs 2018-19 through 2022-23 the CHE received 214 requests for approval for new academic programs by IHLs. The CHE approved 211 (98.6%) of the requests and the remaining three requests were withdrawn by the IHL that made the initial proposal, effectively resulting in a 100% approval rate for new academic programs.

The SIG assessed that the CHE oversaw a lengthy approval process for new academic programs at IHLs. Before the new program was sent to the full CHE for approval, it experienced significant revisions. CHE staff, the ACAP, and a CHE subcommittee called the Committee on Academic Affairs and Licensing prompted these revisions. This review process fulfilled the CHE's statutory obligation regarding the oversight of new academic programs proposed by IHLs.

The executive director stated that he had faith that institutions only proposed programs that were necessary and appropriate. He offered that he was an ***"apostate"*** in that he did not consider academic

program review a top CHE priority. [SIG emphasis] The SIG noted that §59-103-60 required recommendations regarding programs and curricula et al "as may be considered desirable." As a result, the CHE appears to have some discretion in its role of program review. However, interviews conducted of CHE commissioners identified concerns about asking "tough questions" when discussing new academic programs for approval.

Finding 4: The SIG determined that CHE de-emphasized accountability in reviews of programs in violation of South Carolina Code of Laws, §59-103-60.

> **Recommendation 4**: The SIG recommends that the Commission publish policy to clarify its interpretation of the legislative intent of CHE's mandated review of programs and curricula et al "as may be considered desirable."

South Carolina Educator Preparation Report Card

The South Carolina Code of Laws, §59-26-35 required the CHE to form a commission to assess the state's data infrastructure and publish the South Carolina Educator Preparation Report Card evaluating educator preparation programs before November 1st of each year. The CHE did not publish the Report Cards that were due 11/1/22 and 11/1/23.

The General Assembly did not authorize FTEs and funding for the Report Card for FY 2022-23, but six FTEs were authorized and $750,000 was appropriated to fund the ASCEND 60x30 initiative for FY 2022-23, the duties of which could include the Report Card. As of 10/1/23, two of the six positions remained unfilled, and CHE expended only $156,451 of the $750,000 appropriated. Carry-forward funds associated with the ASCEND 60x30 program totaled $593,549. A senior CHE official advised that the CHE did not contemplate out-sourcing tasks associated with the Report Card or using ASCEND 60x30 funds to develop the online dashboard for the Report Card.

In the FY 2023-24 budget plan, the CHE requested $210,000 in recurring personnel funds in connection with the Report Card. In addition, the CHE requested $80,000 in recurring appropriations for operational costs and a non-recurring appropriation of $350,000 to pay the DOA Division of Technology Operations and other vendors to develop the online dashboard for the Report Card.

Finding 5a: The SIG determined the CHE failed to timely publish the South Carolina Educator Preparation Report Card on 11/1/22 in violation of South Carolina Code of Laws, §59-26-35. This finding is mitigated in that the requirement was imposed by law in May 2022 and the Report Card was first due on 11/1/22.

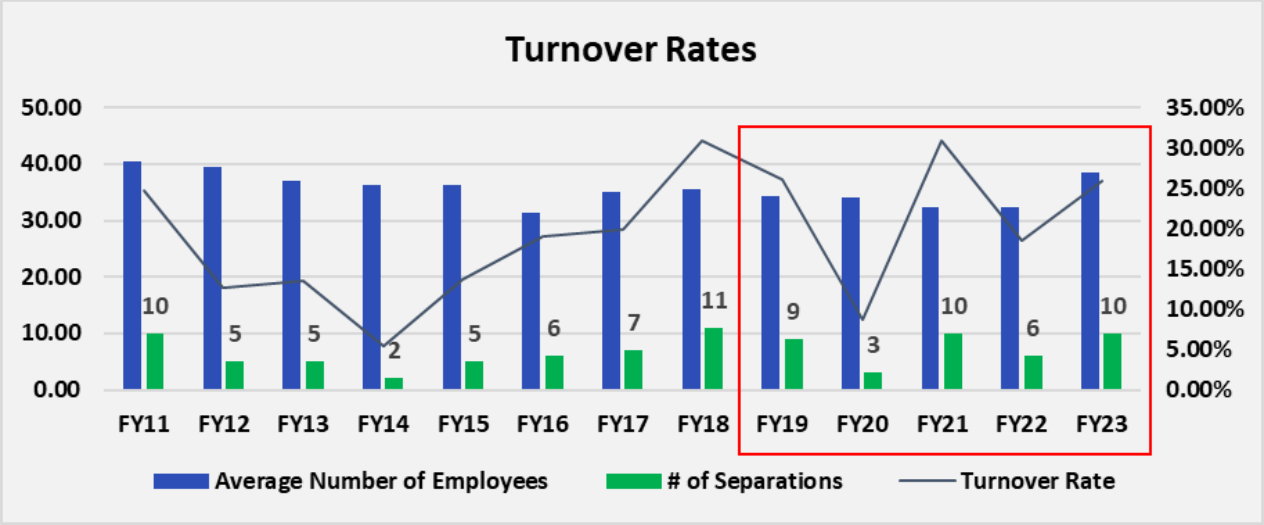
Finding 5b: The SIG determined the CHE failed to timely publish the South Carolina Educator Preparation Report Card on 11/1/23 in violation of South Carolina Code of Laws, §59-26-35.

> **Recommendation 5:** The SIG recommends that CHE establish internal controls to ensure timely publication of the South Carolina Educator Preparation Report Card.

Employee Turnover and Full-time Equivalent Vacancies

CHE documentation reflected that the total number of separations for FY 2018-19 through FY 2022-23 was 38. Table D, below, shows the turnover rates from FY 2010-11 through FY 2022-23.

Table D



During the FY 2018-19 through FY 2022-23 period, the CHE's turnover rate was 22%, compared to the average statewide government agency turnover rate of 19% for the same timeframe. The SIG conducted a limited sampling of six executive branch agencies with a similar composition of employees from data provided by the DSHR. The sampling demonstrated that the CHE had the third-highest annual turnover rate among the six agencies.

Of note, however, was the departure of seven African-American employees in the last year out of a total of ten employee separations. The ten separations constituted nearly 24% of the staff, in FY 2021-22 and FY 2022-23. Five of the seven African-Americans voluntarily separated and attributed their separation, in part, to their perception of racial discrimination, particularly a belief that each was passed over for promotion that benefitted a white employee.

The funded staffing level (FSL) for the CHE during FY 2021-22 was 43, including the executive director. The CHE and other state officials advised that the CHE averaged roughly 11 vacancies during the period FY 2018-19 through FY 2022-23. This number excluded an unclassified position that has been vacant since 2010. CHE positions were funded via a variety of sources, including general funds and federal grant funds. Some positions were allocated among multiple funding sources. For example, an assistant director's salary was 18% general funds, 30% federal funds, and 52% licensing revenue funds.

Despite having eight vacancies in FY 2021-22, including seven vacancies that exceeded 12 months, the CHE requested and received appropriated funds for six additional FTEs beginning in FY 2022-23 and two more FTEs in FY 2023-24.

Since June 2019, the CHE had 15 different positions vacant for one year or more. Of those 15 vacancies, ten were filled and five remained vacant as of 6/30/23. Thirteen of the vacancies were at least partially funded by state appropriated funds.

Based on data provided by the DSHR, the SIG assessed that the CHE received approximately $1,328,792.50 in state appropriated funds for the 13 different positions that were vacant for one year or more from 6/30/19 until 6/30/23.

Table E reflects the job class title, pay band, the minimum months the each of the 13 positions were vacant during the period 6/30/19 through 6/30/23, and the estimated appropriated funds received for the positions. The estimate does not include appropriated funds received for fringe benefits associated with each position, which typically constituted an additional 35% to 40%, thereby increasing the total received to an estimated $1,793,869.88. Table F depicts vacancies.

Table E

Job Class Title	Pay Band	Months Vacant from 6/30/2019 to 6/30/2023	Estimated State Appropriate Funds Received
ASST DIRECTOR-EXEC COMP	H03B	48	$161,460.90
PROGRAM MANAGER II	BAND 08	36	$185,903.00
PROGRAM MANAGER II	BAND 08	36	$126,896.56
PROGRAM MANAGER II	BAND 08	36	$185,903.00
PROGRAM COORDINATOR II	BAND 06	35	$126,855.58
INFO SYSTEMS/BUSINESS ANALYST III	BAND 07	25	$92,041.42
PROGRAM MANAGER I	BAND 07	24	$100,427.00
PROGRAM COORDINATOR II	BAND 06	23	$81,325.58
PROGRAM MANAGER I	BAND 07	16	$44,460.46
PROGRAM MANAGER III	BAND 09	12	$73,421.00
SENIOR IT CONSULTANT	BAND 07	12	$49,594.00
PROGRAM MANAGER I	BAND 07	12	$ 54,974.00
PROGRAM COORDINATOR II	BAND 06	12	$ 45,530.00
		Total:	**$1,328,792.50**

Table F

EOY Snapshot	Vacancies	FSL	Vacancies as percentage of FSL	Average length of vacancies*	Number of positions vacant ≥12 months
6/30/19	12	43	28%	23.08 months	7
6/30/20	10	43	23%	32.30 months	7
6/30/21	14	43	33%	24.86 months	7
6/30/22	8	43	19%	45.87 months	7
6/30/23	11	49	22%	19.36 months	5
			Average = 25%		

*Vacancy beginning in 2010 not included.

In addition, the SIG noted that a detailed organizational chart provided to HLOC as part of the HLOC's study of the CHE included 13 temporary positions for expired grants that had not been filled since during or about 2014.

Senior CHE officials stated to the SIG that unexpended personnel funds for vacant positions were used to fund salary increases of CHE staff and other general operating costs. These officials also stated that if vacant positions were filled, the CHE would not have sufficient personnel funds available without using carry-forward funds. Referring to a scenario where all vacant positions were filled, a senior official stated the following:

> *"In the short term we would use carry-forward, longer term is we'd go to the General Assembly with our hand out and say that our operating cost - here's the data - has been insufficient over the last ten years…"*

A review of DOA salary records indicated that, as of 9/15/23, ten CHE employees, including the executive director, received annual salaries in excess of $100,000, 19.6% of the CHE's FTEs. Numerous employees expressed concerns to the SIG about perceived inequities in the allocation of salary increases [see the section on "Employee relations" below for additional context].

CHE commissioners commented broadly on the agency's staffing needs and vacancies. Several commissioners knew of the ongoing FTE vacancies, while others believed that the current workload of the agency did not support filling the vacant FTEs. One commissioner remarked, "…*each meeting saw new staff being introduced*." Other observations made by commissioners of the agency included, "*…doesn't know what Rusty Monhollon does to team build…*"; "*…need to review the employee climate survey results and address the internal employee concerns…*"; and "*…a sense of alarm in staff turnover…*"

Finding 6: The SIG, through coordination with the DSHR, determined that the CHE mismanaged its FSL by seeking increases to its FSL at a time when FTE vacancies remained unfilled over multiple FYs constituting waste of an estimated $1,793,869.88.

> **Recommendation 6:** The SIG recommends that the CHE cause an assessment of its personnel needs be conducted and adjust its budget requests accordingly.

Employee Relations

Senior CHE officials advised that the results of an internal employee survey conducted in May 2023 suggested the existence of a morale problem. As a result, initiatives were implemented to improve employee relations. These initiatives included a retreat for senior staff, establishment of an employee relations committee, hosting DSHR training regarding the grievance process, and hiring a human resources (HR) liaison. Earlier, a 'fun' committee was established for planning and hosting "fun days."

The SIG reviewed and analyzed the results of the CHE-administered employee survey and an HLOC survey, then administered an independent survey of current and former employees. The response rate to the SIG survey was 98% (53/54) for current employees and 54% (14/26) for former employees contacted by the SIG. A sample of SIG survey results for current CHE employees may be found in Table G. The entire survey is located at CHE Current Employees Survey Results.

Table G

Results of Current CHE Employee Climate and Management Performance Survey administered by the SIG [4]	Strongly Agree or Agree	Neither Agree nor Disagree	Strongly Disagree or Disagree
I am proud to work for the CHE	60%	27%	13%
Morale at the CHE is good	30%	27%	43%
I am satisfied with the CHE leadership and the status of the agency	45%	23%	32%
The CHE is free of discrimination	32%	26%	42%
Personnel policies are applied consistently across employees	21%	30%	49%
I am fearful of retribution if my identity is disclosed if I speak to the SIG	43%	13%	44%

Analysis of the SIG-administered survey to the current staff indicated employees were proud to work for the CHE and were generally confident in leadership at the division level, but cited a trust deficit at the executive level. The trust deficit included reports of poor vertical and horizontal communication, lack of accountability for favored employees who failed to follow internal procedures, and a loss of focus regarding CHE's core business functions established in state law. [SIG emphasis]

A sample of SIG survey results for former CHE employees may be found in Table H. The entire survey is located at CHE Former Employees Survey Results.

Table H

Results of Former CHE Employee Climate and Management Performance Survey administered by the SIG[5]	Strongly Agree or Agree	Neither Agree nor Disagree	Strongly Disagree or Disagree
I was proud to work for the CHE	21.5%	21.5%	57%
Morale at the CHE was good	0%	14%	86%
I was satisfied with the CHE leadership and the status of the agency	7%	0%	93%
The CHE was free of discrimination	7%	7%	86%
Personnel policies were applied consistently across employees	7%	7%	86%
I would recommend working at CHE to a friend or colleague	7%	7%	86%

[4] There were 53 responders to the CHE Current Employees Climate and Management Performance Survey.
[5] There were 14 responders to the CHE Former Employees Climate and Management Performance Survey.

In contrast, analysis of the SIG-administered survey to the former staff indicated employees were not proud to work for the CHE and would not recommend working at the CHE to a friend or colleague. Former employees were not confident in leadership at the division level, and expressed a lack of transparency, accountability for favored employees who failed to follow internal procedures, favoritism, poor communication, as well as noted instances of alleged discrimination, and several grievance complaints.

In addition, the SIG interviewed all 54 on-board employees and 11 former employees.[6] Certain themes emerged from the interviews, particularly interviews of minority employees. The themes included reports of unequal treatment of employees involving, in some cases, a perception of disparate treatment on the basis of race. Seven of the ten employees who separated during FY 2022-23 were African-Americans, and 74% of current and former African-American FTE employees interviewed by the SIG indicated that they have witnessed or experienced racial discrimination while employed at the CHE. Of all current FTEs interviewed, 55% indicated they observed or experienced discrimination.

Employees stated that much of the turnover at the CHE could be attributed to low morale caused by poor leadership, including poor vertical communication. With respect to communications with staff regarding employee perceptions of bias or discrimination, the executive director stated,

> *"I probably have – I don't know who has those perceptions. So – I mean – who are you suggesting that I go talk to? I've talked to – I – I make it a point to try to talk to everyone on staff on a regular basis – say 'Hello,' 'How are you?' – 'What's going on?' – 'Sorry your football team lost' - umm, you know, those kind of things. But, have I gone – umm – to this person and asked, you know, 'Do you think there's bias [or] discrimination here?' I'm not sure I'm going to get an honest answer, quite frankly."*

Many also cited pay inequities, and some believed the reported pay inequities were attributable to disparate treatment on the basis of race. Senior CHE officials explained that pay inequities were caused, in part, by the competitive market that necessitated higher salaries to fill vacancies.

Generally, employees were happy with the CHE's robust telecommuting program, but the SIG assessed that poor vertical and horizontal communication could be attributed, in part, to the limited face-to-face collaboration caused by telecommuting. In addition, the separation of divisions between the Lady Street and Stoneridge Drive office locations may exacerbate the communication deficit. One senior CHE official stated, "*Instead of being separated by hallways, you're now separated by highways*."

Finding 7: The SIG determined that CHE employee relations were negatively affected by poor communication and the perception of disparate treatment on the basis of race.

> **Recommendation 7:** The SIG recommends that the CHE senior managers undergo sensitivity training and examine internal processes to ascertain a way forward.

[6] The number of interviews of on-board employees exceeded the FSL due to interviews conducted of temporary grant employees, many of whom worked from home via telecommuting with limited interaction with other CHE staff and leadership.

State Transfer and Articulation Action Plan

Per South Carolina Code of Laws, §59-103-45 (1), the CHE was required to establish procedures for the transferability of courses at the undergraduate level between two-year and four-year institutions or schools. In 2009, the CHE established procedures to facilitate the transfer of credits among IHLs, but impediments remained, particularly from two large public IHLs. Proviso 117.135, FY 2023-24 General Appropriations Bill provided that the CHE was required to work with the technical college system and public IHLs to implement the six recommendations of the South Carolina State Transfer Task Force's State Transfer and Articulation Action Plan by 4/30/24.

In response to the recommendations, the CHE coordinated the formation of the Statewide Transfer Council. The Statewide Transfer Council was comprised of a leadership team and four working groups focused on implementing the South Carolina State Transfer Task Force's action plan. The Statewide Transfer Council included the CHE, the South Carolina Technical College System (SCTCS), Clemson University, the University of South Carolina - Columbia (USC), other public four-year universities, and a handful of independent IHLs in the state.

In September 2023, however, the SCTCS initiated independent efforts to effect a transfer and articulation agreement between the SCTCS, USC, and Clemson University. An SCTCS official stated that the SCTCS, USC, and Clemson moved forward independently on creating a transfer and articulation agreement due to stalled efforts by the CHE and the Statewide Transfer Council. An SCTCS official further advised that the CHE did not play a significant role in drafting the new proposed transfer and articulation agreement between the three agencies.

An SCTCS official stated that a change in personnel responsible for handling transfer and articulation at the CHE created concern that momentum implementing the State Transfer Task Force's State Transfer and Articulation Plan would stall. Multiple CHE officials stated that moving transfer and articulation responsibilities from the Division of Academic Affairs and Licensing (AAL) to the newly created Division of Strategic Initiatives and Engagement (SIE) contributed to delays in executing the recommendations.

On October 31, 2023 the CHE published the Statement of Commitment to Develop a Comprehensive Statewide Transfer Agreement. The statement of commitment included the signatures of 26 presidents and chancellors of public IHL's in South Carolina.

It was alleged that the CHE used a third-party entity to review courses at two-year technical colleges for academic credit at four-year colleges and universities. The SIG determined the CHE collaborated with the State Higher Education Executive Officers Association (SHEEO) and the John N. Gardner Institute for Excellence in Undergraduate Education (JNGI) to facilitate a state transfer task force, which included more than 30 key South Carolina transfer-related personnel from the state's two-year technical colleges, public four-year colleges and universities, and independent colleges. Additionally, the SIG confirmed that SHEEO and JNGI merely facilitated supporting the CHE and the state transfer task force and did not utilize a third-party entity to review courses at two-year technical colleges for academic credit at four-year colleges and universities.

Finding 8: The SIG determined that the CHE did not use a third-party entity to review courses at two-year technical colleges for academic credit at four-year colleges and universities. However, the SIG

determined that the CHE was slow to respond in bringing together a comprehensive transfer and articulation agreement. This resulted in the SCTCS and two of the three research universities seeking their own transfer and articulation agreement. Subsequently, the CHE developed another agreement with 26 separate IHLs.

> **Recommendation 8:** The SIG recommends that the CHE should establish achievable and measurable milestones in order to implement the six recommendations of the South Carolina State Transfer Task Force by 4/30/24.

African-American Loan Program

Proviso 11.2 of the FY 2022-23 General Appropriations Bill provided $87,924.10 for South Carolina State University and $31,376 for Benedict College in student loans to promote recruitment of public education teachers. Benedict College has not requested the funds since FY 2017-18. The SIG confirmed with Benedict College that the program was no longer in operation at the college.

The General Appropriations Bill has appropriated $31,375.90 to Benedict College for the African-American Loan Program every year since FY 2018-19. The total dollar amount that has not been disbursed equals $156,879.50. Table I depicts African-American Loan Program funding.

Table I

FY	Total	Proviso 11.2 Percentage	Benedict College's Allotment
2018-19	$119,300	26.3%	$31,375.90
2019-20	$119,300	26.3%	$31,375.90
2020-21	$119,300	26.3%	$31,375.90
2021-22	$119,300	26.3%	$31,375.90
2022-23	$119,300	26.3%	$31,375.90
Total			**$156,879.50**

Proviso 11.2 also states that the CHE "*shall act as the monitoring and reporting agency for the African-American Loan Program*." The SIG assessed that the CHE did not adequately monitor the African-American Loan Program, leading to $156,879.50 in state appropriated funds going unspent from FY 2018-19 through FY 2022-23.

Finding 9: The SIG determined that funding for FYs 2018-19 through 2022-23 appropriated for the African-American Loan Program at Benedict College was not disbursed by the CHE and constituted mismanagement and a lack of program and budget oversight required by Proviso 11.2 that resulted in the waste of $156,879.50.

> **Recommendation 9:** The SIG recommends that the CHE return $156,879.50 to the General Assembly.

GEAR UP Program

The U.S. Department of Education's GEAR UP program was a federal discretionary grant program designed to increase the number of low-income students who are prepared to enter and succeed in post-secondary education. The program provided six-year or seven-year cohort grants and scholarships for low-income students. CHE was last approved to administer a GEAR UP program in FY 2017-18.

A senior CHE official advised that CHE last applied for the GEAR UP grant, albeit unsuccessfully, in or about FY 2020-21 after a failed FY 2018-19 application. Notwithstanding its dormancy in South Carolina, CHE received $177,201 in general fund appropriations each FY during the period FY 2018-19 through FY 2022-23 for a total of $886,005.

At the end of FY 2022-23, the CHE carried forward more than $3,924,514 and lapsed $254,709. CHE officials attributed part of the carry-forward to unused GEAR UP funds.

Finding 10: The SIG determined that repeated budget requests for GEAR UP funds, which the CHE received funding for FYs 2018-19 through FY 2022-23, constituted waste, mismanagement and a lack of program and budget oversight of $886,005.

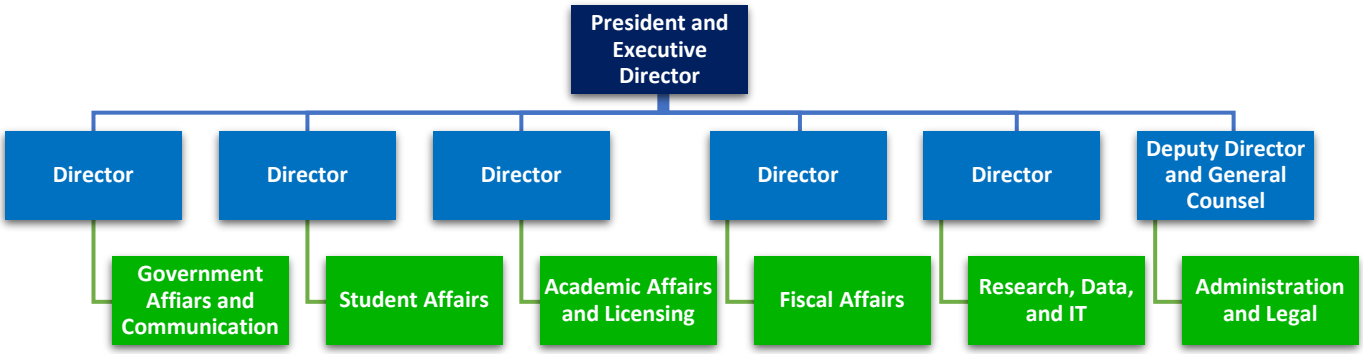
> **Recommendation 10:** The SIG recommends that the CHE return $886,005 to the General Assembly.

Internal Organization and Operations

In FY 2021-22, the CHE organizational structure consisted of six divisions: 1) government affairs and communication, 2) student affairs (SA), 3) AAL, 4) fiscal affairs (FA), 5) research, data and IT, and 6) administration and legal. The senior staff included the position of Deputy Director/ General Counsel (DD/GC), which was created in November 2020.

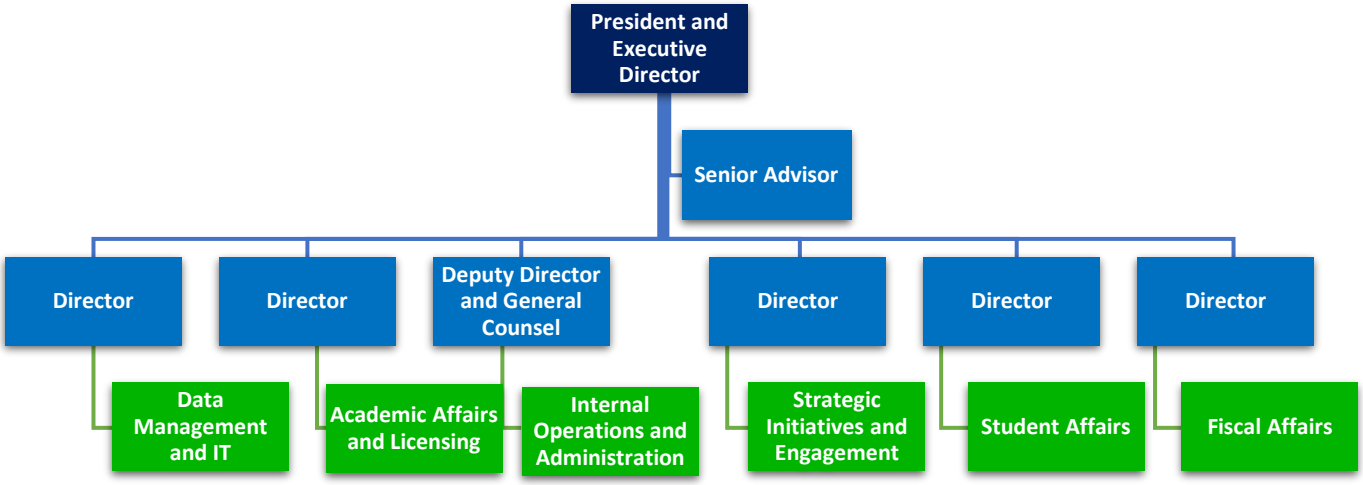
The FY 2021-22 organizational structure is depicted in Table J.

Table J



In FY 2022-23, the CHE was reorganized to include the revised structure of two divisions and an executive staff position as depicted in Table K.

Table K



The reorganization was comprised of six divisions: 1) data management and IT; 2) AAL; 3) internal operations and administration (IOA); 4) SIE; 5) SA; and 6) FA.

Government Affairs and Communication was renamed as SIE, and Administration and Legal was moved into IOA, which was led by the DD/GC. In addition to the reorganization, the DD/GC and the IOA and Data Management and IT divisions relocated during or about October 2023 to newly leased space at the Stoneridge Drive office building.

The six divisions were supervised by directors, who received salaries ranging from $107,686 to $137,924, with the exception that IOA was supervised by the DD/GC. Each division had an average of about seven FTE and temporary grant subordinates.

In addition, the executive director created a senior advisor position, supervising two employees. The position's duties included supporting the executive director in managing stakeholder relationships, policy development, strategic initiatives, and special projects, as well as tracking the progress of and ensuring project completion.

The executive director advised that the reorganization followed the General Assembly's appropriation for FY 2022-23 of $750,000 and the authorization of six new FTE positions to implement the ASCEND 60x30 initiative (discussed above). The new funding, along with funding for the South Carolina Educator Preparation Report Card, increased the CHE's FY 2021-22 complement from 43 FTEs to 51 FTEs over FY 2022-23 and FY 2023-24, with the increased positions primarily assigned to the newly-created SIE in support of ASCEND 60x30. The executive director advised he used the new positions to create the SIE as an outward-facing effort to help drive student success, but only two positions were filled and $156,451 of the $750,000 was expended.

One of the primary goals of ASCEND 60x30 was to have 60% of South Carolinians attain some level of higher education by the year 2030. In February 2021, the CHE reported that South Carolina's current education attainment rate was 46.8%. The CHE stated in its February 2021 report that it would "regularly*"* report to the Commission on the state's progress in increasing educational attainment. An EBO official stated that the CHE has not provided any metrics to the EBO regarding the success or progress of the ASCEND 60x30 initiative since 2021.

Interviews and the review of internal surveys indicated that a significant portion of the staff did not support the reorganization. Many staff members complained that the reorganization was not explained to the staff and was primarily designed to provide senior staff positions for favored employees, although the SIG notes that the reorganization did not create additional divisions. The executive director also stated that the plan was discussed in several staff meetings.

The employee concerns included the creation of the senior advisor position at a $105,000 annual salary, the DD/GC position at a $99,620 (now $126,628) annual salary, and the creation of the SIE director position at a $121,650 annual salary, whose qualifications were questioned by several employees. Some staff expressed concern that the non-mandated ASCEND 60x30 initiative diminished focus on the CHE's statutorily-required core business functions.

Prior to the restructuring, the executive director advised that he supervised internal operations from his office, which he deemed to be inefficient and prevented him from focusing on the vision and major initiatives of the agency. Subsequently, he created the IOA to take on day-to-day operational responsibilities.

The deputy director's line authority was limited to supervision of the IOA even though the deputy director's title suggested supervision over all components, including AAL, SA, and FA. Division directors were not rated by the deputy director, and both the executive director and the deputy director explained that they believed division directors would resist being rated and supervised by the deputy director. The SIG assessed that the deputy director's assignment as head of IOA and the physical

separation from AAL, SA, and FA caused by relocation to Stoneridge Drive are likely to further dilute the deputy director's authority.

As the director of IOA, the deputy director supervised HR functions while also serving as the general counsel. Employees expressed concern that employee HR complaints were received by the dual-hatted deputy director. In response, the executive director hosted training by DSHR regarding employee HR complaints to explain that complaints should be submitted directly to DSHR. In addition, the executive director's 2021 evaluation indicated that the deputy director was responsible for the CHE's budget, even though the deputy director was outside the finance director's chain-of-command. EBO staff advised, however, that the deputy director deferred when asked questions about the budget in an October 2023 meeting. Employees stated there was confusion about roles and responsibilities within the CHE.

The SIG assessed that the deputy director was interposed for nearly every transaction between division directors and their rating official, the executive director. Division directors said the interposition created confusion about the chain-of-command.

Employees consistently expressed frustration that the divisions operated as silos with little cross-talk or collaboration, even though division programs often complemented programs contained in other divisions. Of current FTE employees, 75% complained about poor communication and silos. According to division directors, their meetings, chaired by the executive director, did not include discussion of division-level initiatives and activities to promote inter-division communication, collaboration, and de-confliction. One survey comment stated, *"Everyone hoards information and resources and no one wants to collaborate."*

A senior official advised that one example of siloed operations occurred when a division director published material externally without coordinating with the communications officer. In another example, a division director, in the presence of the executive director and deputy director, announced at a division director meeting an internal procedure change regarding the approval process for publishing reports. The division director instructed his/her peers to direct any questions about the new 21-step approval process to a subordinate of the division director, accepting questions only from the deputy director.

Employees also expressed frustration over processes that they considered unreasonably burdensome, including travel and supply paperwork. Employees complained that all requests for office supplies and travel must be approved by the deputy director, which causes weeks of delay. For example, an employee said his/her request for replacement staples, which cost less than ten dollars, required filling out three different forms. One employee stated, *"We are murdering ourselves with process."* A senior CHE official stated requests required only one form, possibly two at most.

SIG analysis of interviews demonstrated that eighty-two and one-half percent (82.5%) of current FTE employees interviewed believed the CHE was mismanaged; 57.5% indicated they perceived a troubled organizational culture and structure; and 55% of the employees indicated they believed the CHE was poorly led.[7]

[7] The SIG notes that interview responses differed from survey responses, such as those shown in Table G. During interviews, the confidentiality protections provided by statute were expressly provided to interviewees, which the SIG believes enhances candor.

Senior staff advised initiatives were implemented to encourage collaborative communication, including a team-building retreat for division directors, but the communication deficits contributed to the perception of a disengaged executive leadership team.

Finding 11a: The SIG determined the CHE's *de facto* chain-of-command was inconsistent with the organizational structure and contributed to operational inefficiency.

> **Recommendation 11a:** The SIG recommends that the CHE's organization chart accurately reflect the intended chain-of-command organizational structure.

Finding 11b: The SIG determined that there was an appearance of conflicting interests created by placing HR functions underneath the DD/GC.

> **Recommendation 11b:** The SIG recommends that HR functions be separated from the DD/GC's chain-of-command.

Space Utilization and Telecommuting

In July 2021, the DSHR approved CHE Policy HR-507 – Telecommuting Policy, its corresponding agreement and application documents, and a return-on-investment business case showing a projected cost savings of $99,068. The savings were primarily derived from savings on leased space and reduced annual costs to desktop support and landline telephone services. As of 8/11/23, twenty-nine (29) employees were approved for telework, each having an approved agreement, application, and safety checklist on file at the CHE. Twenty-six (26) were FTEs and three (3) were temporary grant employees that handled military veteran education and training.

Consensus emerged among all interviewees that telecommuting served as a highly effective tool for recruitment and retention. They unanimously expressed that it enabled the CHE to maintain and enhance work efficiencies, effectiveness, and a healthy work-life balance. Additionally, a significant majority stated that they would separate from the CHE if telecommuting was not an option.

Notwithstanding widespread employee support for the telecommuting program, staff members advised that the executive director frequently waived a CHE policy that established a telework eligibility threshold at twelve months of satisfactory employment. Staff cited the executive director's frequent policy waivers for new employees as an example of inequitable treatment and management of staff. The executive director advised that he followed the policy, which permitted waivers. A senior staff member advised that division directors filtered requests, and the executive director "almost always" approved requests supported by division directors that were forwarded for the executive director's review. The senior staff official stated that one employee's application for hire was conditioned on the approval of telecommuting, and the executive director approved the request. The SIG assessed that the frequent waiving of the policy undermined the perception of its fairness.

An 8/14/23 CHE memorandum stated that the Lady Street space was comprised of nineteen offices. In addition, carrels using dividers created other work station space. The SIG observed the Lady Street office space and found it to be crowded with excess furniture and equipment, resulting in a cluttered and uninviting appearance. See photographs of office space at 1122 Lady Street appended hereto.

The SIG observed that as many as five offices and meeting spaces were used for storage purposes, including file boxes and surplus equipment. Some of the file boxes contained student transcripts from closed institutions. A senior official stated that a purchase order was approved to digitize a portion of the stored files. The SIG assessed, however, that storage of the files and surplus equipment in the Lady Street space was inefficient, when secure, less-expensive off-site storage could have created usable office space at Lady Street. The SIG also assessed that by stacking storage boxes filled with files on top of each other, the CHE was exposing its staff to a safety risk.

In order to alleviate crowded conditions, the CHE contracted for an annex at 220 Stoneridge Drive, Columbia, SC, which the CHE began to occupy during or about October 2023.

The SIG identified the following breakdown of the 26 FTEs telecommuting agreements by division and executive staff in Table L.

Table L

Division	FTE Telecommuters	FTE Vacancies
Student Affairs	6	1
Data Management and IT	3	1
Academic Affairs and Licensing	6	5
Fiscal Affairs	4	1
Internal Operations and Administration	2	2
Strategic Initiatives and Engagements	4	1
Senior Advisor	1	0
Total	**26**	**11**

Finding 12a: The SIG determined that the CHE's implementation of its telework policy, taken in isolation, appeared cost-effective and beneficial to employees, but the program was inefficient.

Finding 12b: The SIG determined that the CHE's space cost was inefficient, because 70.2% (26/37) of the onboard FTEs were in a telecommuting status, while Lady Street office space was underutilized.

Finding 12c: The SIG determined that the CHE's practice of storing paper files was a safety risk to personnel.

> **Recommendation 12:** The SIG recommends that the CHE conduct a space efficiency study and address the safety concerns.

Technology

CHE officials advised that the use of office and meeting space to store files was necessary because files had not been digitized. A senior official advised that a plan had been initiated to digitize the files, contained student personally identifiable information, but employees said that the CHE was slow to adopt technological solutions to make the CHE processes in several program areas more efficient.

For example, employees indicated that approximately 4,500 Palmetto Fellows lottery scholarship applications were received annually in paper form, consisting of about 20,000 pages. A CHE employee stated that information from the paper application was manually entered into an Excel spreadsheet and compared to information electronically submitted by the applicant's high school guidance counselor for verification purposes. The student's application information was manually entered into the CHE Management Information System. After entry, the applicant and universities to which the student applied were manually notified by email that the application was approved for the scholarship, then applications were alphabetized, filed, and stored for five years.

A CHE official stated that two individuals were responsible for manually entering all Palmetto Fellows lottery scholarship applications. The official also stated that this process took approximately 20 minutes to complete each application from start to finish.

Later in the process, the student created a web form to inform the CHE what college the student selected, then CHE employees manually keyed in the school code, producing 3,000 more sheets of paper which were printed and filed with each application.[8]

Employees advised a new system to automate the processing of scholarship applications has been in the procurement process since 2021 due to a lack of collaboration between CHE divisions. The new system will improve Palmetto Fellows processing, scholarship appeal processing, and all college access event registration and data elements.

The CHE's legacy IBM AS400 servers were unable to directly receive information from IHLs that use newer programming language. The CHE uses COBOL, a much older computer language that requires an interface to migrate data from the IHLs. A contracted systems analyst was paid $60 per hour to migrate the data.

Finding 13a: The SIG determined that the CHE's storage of paper files in Lady Street office and meeting space was inefficient.

Finding 13b: The SIG determined that the Palmetto Fellows scholarship program paper-based application process was inefficient.

Finding 13c: The SIG determined that the CHE's reliance on a COBOL-based data system was inefficient. Due to the CHE's lack of collaboration between divisions, moving to a more efficient data system was significantly delayed.

[8] The 4,500 applications ended in about 3,000 scholarship disbursements because some applicants chose to attend IHLs out-of-state.

Recommendation 13: The SIG recommends that the CHE conduct an efficiency study to assess the feasibility of technology upgrades.

REACH Act

In December 2021, the CHE published REACH Act Guidelines to IHLs through direct correspondence and by posting the guidelines on its website. The CHE's AAL conducted a compliance review of all syllabi and syllabi templates submitted by IHLs. During the review, two instances of noncompliance were identified and rectified. On 4/29/22, the CHE submitted its compliance report to the General Assembly. A senior official advised that the 2023 annual report, which is due 12/31/23, will be delayed until approximately February 2024 due to the separation of the Director of AAL.

To ensure continued compliance, the CHE advised that AAL conducts a sample review of ten syllabi or 10% (whichever is larger) per institution prior to the start of a new academic year.

The SIG determined that the CHE established an adequate audit review process to ensure continued compliance with the REACH Act.

Finding 14: The SIG determined that the CHE established an adequate audit review process to ensure continued compliance with the REACH Act. **No further action is required.**

Office of Fiscal Affairs - Segregation of Duties

The CHE engaged with the DOA for $100,000 annually in a shared services arrangement per a 7/8/19 Memorandum of Agreement to administer the human resources needs of the CHE. The agreement also referenced that the DOA would provide administrative services that included finance and accounting services in the form of:

- Accounts payable processing and support;
- Human resources recruitment, selection, classification and compensation, employee relations, benefits and payroll processing, reporting, training and guidance;
- Budgetary services in the form of monthly operating statements and budget guidance; and
- Procurement services in the form of purchasing solicitations, purchase order creation, procurement guidance and reporting; and assistance in the completion of year-end reporting packages and administrative reports.

According to a CHE official, there were three employees assigned finance duties: the finance director, the accounts payable (AP) clerk, and the accounts receivable (AR) clerk. According to the finance director, the CHE's undocumented business continuity plan involved cross-training the AP and AR clerks, with the finance director as the internal control when one of the clerks was required to perform both duties because of illness, vacation, or separation.

The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework* (2013), section "Segregating Duties" recommends dividing or segregating duties to reduce the risk of error or inappropriate or fraudulent actions among responsibilities for recording, authorizing, and approving transactions, and handling the related assets.

The SIG assessed that combining the duties of AP and AR personnel would compromise internal controls designed to prevent fraud and expose the CHE to an increased fraud risk.

In the CHE's FY 2022-23 Budget Report, the CHE reported total funds and programs of $50,472,730, with funding sources that included state general, revenue, Education Investment Act & Trust, and federal funds. During FY 2022-23, appropriated lottery funds separately amounted to $ 434,540,449.

The SIG assessed that two front line FTEs and one supervisory FTE responsible for all CHE finance matters created a risk of error and fraud when total funds entrusted to the CHE were $485,013,179. [9]

Finding 15: The SIG determined that internal controls would be compromised and increase the fraud risk if the plan to combine AP duties and AR duties occurs.

> **Recommendation 15:** The SIG recommends that the CHE coordinate with DSHR to increase finance staffing capacity and establish internal controls that ensure segregation of duties between AP and AR personnel; and ensure a mitigation strategy is implemented and approved by the Office of Comptroller General.

[9] CHE 8/8/23 Presentation to the HLOC – Responsibilities and Functions of FA.

Commission Oversight

The Commission utilized a subcommittee process to conduct its work. This is an effective format to utilize the strengths of each commissioner in order to bring forward a final product for discussion and consideration by the full commission.

The principal subcommittees were the Finance and Facilities, Academic Affairs and Licensing, and the Strategic Initiatives and Engagement subcommittees that generally aligned to the agency's divisions by the same name. These subcommittees are at the forefront of the agency's core mission.

The SIG found that the commissioners relied upon the executive director to address the day-to-day operations of the agency and provide the necessary information to the commissioners in order for each to make an informed decision as a deliberative body and authority.

The SIG identified gaps in the dissemination of information by the executive director to key subcommittees as it related to financial and audit matters. The SIG determined that the majority of the commissioners were not kept informed of the accumulated lottery funds that totaled more than $152 million. The SIG further determined that key finance committee members were not aware of the agency's failure to conduct lottery scholarship verifications and audits of the lottery funds as required.

CHE commissioners were aware of the agency's May 2023 internal climate survey results and that morale among CHE employees was low. However, the commissioners were unaware that seven of ten employees separated during FY 2022-23 were African-American, and that funds intended for vacant positions were used for salary increases for on-board employees.

The Commission rated the executive director at the Exceeds level for FY 2019-20, FY 2020-21, FY 2021-22, and FY 2022-23 as depicted in Table M.

Table M

Annual Objectives/Rating: Exceeds (E), Meets (M)	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Leadership	E	E	E	E
Strategic Planning	E	E	E	E
Customer Focus	E	E	E	E
Workforce Focus / Human Resources	E	E	E	M
Process Management/Continuous Improvement	E	E	E	E
Financial Management	E	E	E	E
Overall Rating	**E**	**E**	**E**	**E**

Finding #16: The SIG determined that the executive director did not inform the Commission of significant developments occurring in the agency.

Conclusion

Senior executives and agency heads face many challenges with the multiple dimensions of leading executive branch agencies in state government. Most, if not all, default to focusing on their individual strengths and training while delegating areas in which they are not proficient to their subordinates.

Management is often assessed in the following dimensions: operational management, fiscal management, and human capital management. In many of these dimensions, the CHE has been found deficient.

In **operational management**, the CHE failed to conduct statutorily-mandated verifications and audits of lottery fund use at public institutions, creating a risk of fraud. The CHE also failed to timely complete the South Carolina Educator Preparation Report Card. The executive director acknowledged statutorily-mandated academic program reviews have been de-emphasized in favor of ASCEND 60x30. Vertical and horizontal communication was inadequate, and the *de facto* chain-of-command was inconsistent with the published organizational chart.

The CHE's **fiscal management** failed to correct a flawed model for projecting lottery fund disbursements resulting in an accumulation of $152,895,127 at the close of FY 2022-23.

Over the course of several years, the CHE received $886,005 for the dormant GEAR UP program and lapsed $254,708.82. The CHE mismanaged appropriations for the African-American Loan Program intended for Benedict College in the amount of $156,879.50. The CHE received appropriations of $1,793,869.88 during the period 6/30/2019 through 6/30/2023 for FTE positions that remained vacant for one year or more. Senior CHE officials acknowledged that insufficient budgeted funds were available to fund all currently vacant positions in the event they were filled. In addition, the integration of AP and AR duties in the plan created a risk of fraud.

The CHE's **human capital management** reflected an average vacancy rate of 25% during the period FY 2018-19 through FY 2022-23, with many of the absences extending for prolonged periods.

While turnover was a concern as it was for many state agencies, the separation of ten employees in FY 2022-23, seven of whom were African-Americans, was noteworthy, especially when 74% of current and former African-American FTE employees interviewed by the SIG indicated that they have witnessed or experienced discrimination while employed at the CHE.

Leadership may be assessed in terms of the executive's success in inspiring, motivating, and earning the respect of subordinates. Fifty-five percent (55%) of the current FTE employees interviewed indicated the CHE was poorly led. The SIG assessed that the CHE leadership lacked imagination in failing to consider out-sourcing certain tasks - at least in the short term - for the lottery verification and audit program, the South Carolina Educator Preparation Report Card, and some ASCEND 60x30 tasks when vacancies inhibited task program implementation. In addition, CHE leadership lacked imagination in freeing up Lady Street office space for productive use.

President Dwight D. Eisenhower identified five traits of a successful leader:

1. Leaders select the right people for the team.
2. Leaders have the moral courage to put their own jobs "on the line."

3. Leaders empower their subordinates.
4. Leaders **decide.**
5. Leaders **must take accountability** for their actions.

Lieutenant General (U.S. Army ret.) Harold "Hal" Moore identified four principles for successful leaders:[10]

1. A leader can do one of two things – inspire confidence or infect the organization with pessimism and indecision.
2. There is always one more thing a leader can do to improve a situation. Stated another way, "What am I not doing that I should be doing?"
3. The only wrong when nothing is happening is there is nothing happening – "Do Something."
4. Leaders trust their instincts.

The SIG assessed that the CHE requires significant introspection to attain mission effectiveness and efficiency.

The SIG is grateful to the CHE leadership, staff and commissioners for the courtesies extended to the SIG during this review.

Sincerely,

Brian D. Lamkin
State Inspector General

cc: The Honorable Wes Hayes, Chairman, SC Commission on Higher Education
Rusty L. Monhollon, Ph.D., President and Executive Director, SC Commission on Higher Education
The Honorable Thomas C. Alexander, Chairman, Senate Legislative Oversight Committee
Trey Walker, Chief of Staff, Office of the Governor
Melanie Barton, Deputy Chief of Staff and Senior Education Advisor, Office of the Governor

Report updated 2/23/24 to include SC Commission on Higher Education's Response

[10] In 1965, then Lt. Colonel Hal Moore, U.S. Army, 1st Battalion, 7th Cavalry, led the first major battle of American forces in Vietnam, popularized in the 2002 movie, "We Were Soldiers."

ENDNOTES

[1] https://www.scstatehouse.gov/sess125_2023-2024/appropriations2024/tap1a.htm#s11
[2] June 5, 2023, Minutes and Video. See archived video at 00:04:45-00:05:10.
[3] June 5, 2023, Minutes and Video. See archived video at 00:43:29-00:43:56.
[4] https://sacscoc.org/institutions/?state=SC&results_per_page=25&curpage=1&status=Accredited%2CCandidate
[5] June 5, 2023, Minutes and Video. See archived video at 00:04:45-00:05:10.
[6] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (June 5, 2023), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on," and under "Meetings and Agency Presentations," (accessed [date of most recent visit to link]). https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Meeting%20Packet%20Final%206.5.23.pdf. Hereinafter, "June 5, 2023, (Meeting Packet).
[7] Ibid.
[8] June 5, 2023, Minutes and Video. See archived video at 00:16:26-00:16:43.
[9] July 21, 2023, Minutes and Video. See archived video at 04:47:35-04:48:10.
[10] June 5, 2023, Minutes and Video. See archived video at 00:04:45-00:04:58.
[11] https://che.sc.gov/about-commission-higher-education
[12] May 9, 2023, Minutes and Video. See archived video at 00:12:55-00:13:14.
[13] May 9, 2023, Minutes and Video. See archived video at 01:01:29-01:01:56.
[14] S.C. Code Section 59-103-15.
[15] S.C. Code Section 59-103-15(A)(1)
[16] May 9, 2023, Minutes and Video. See archived video at 00:12:55-00:13:14.
[17] May 9, 2023, Minutes and Video. See archived video at 00:19:58-00:20:23.
[18] May 9, 2023, Minutes and Video. See archived video at 00:14:54-00:15:06.
[19] Dr. L. Jeffrey Perez was selected by the Board of Commissioners as the next president and executive director at its June 6, 2024, meeting.
[20] June 5, 2023, Minutes and Video. See archived video at 03:55:24-03:55:39.
[21] June 5, 2023, Minutes and Video. See archived video at 03:56:32-03:57:14.
[22] S.C. Code Section 59-103-10.
[23] S.C. Code Section 59-103-10; 59-103-15
[24] S.C. Code Section 59-103-10.
[25] https://che.sc.gov/sites/che/files/Documents/The%20Commission%20Board/Commissioner_Contact_Sheet_Term%20List_MarchUpdate.pdf
[26] S.C. Code Section 59-103-10.
[27] Ibid.
[28] June 5, 2023, (Meeting Packet)
[29] Ibid.
[30] S.C. Code Section 59-13-90
[31] June 5, 2023, Minutes and Video. See archived video at 00:52:12-00:52:55.
[32] June 5, 2023, Minutes and Video. See archived video at 00:53:19-00:54:29.
[33] June 27, 2023, Minutes and Video. See archived video at 04:13:59-04:14:21.
[34] December 11, 2023, Minutes and Video. See archived video at 00:12:59-00:14:06.
[35] Fiscal Year 2024-2025 Appropriations Bill H. 5100 3.6. (LEA: FY 2024-25 Lottery Funding)
[36] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (June 5, 2023), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on," and under "Meetings and Agency Presentations," (accessed [date of most recent visit to link]). https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Meeting%20Packet%20Final%206.27.23.pdf. Hereinafter, "June 27, 2023, (Meeting Packet).
[37] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 5
[38] Ibid.
[39] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 7
[40] June 27, 2023, Minutes and Video. See archived video at 03:21:10-03:21:27
[41] https://www.che.sc.gov/che-data-and-reports [Data aggregated from agency Statistical Abstract reports]
[42] https://www.che.sc.gov/students-families-and-military/scholarships-and-grants-sc-residents

[43] https://che.sc.gov/sites/che/files/Documents/CHE%20Data%20and%20Reports/Statistical%20Abstracts/2023_CHE_Statistical_Abstract2024Update.pdf. Page 128

[44] S.C. Code Section 59-104-20.

[45] https://www.che.sc.gov/che-data-and-reports (CHE Statistical Abstracts (2007-Current)

[46] Ibid.

[47] Ibid.

[48] \1\For public institutions, in-district tuition and required fees are used. Data are for the entire academic year as defined by the institution and are average charges for full-time students. In-state tuition and fees were weighted by the number of full-time-equivalent undergraduates, but were not adjusted to reflect the number of students who were state residents. Out-of-state tuition and fees were weighted by the number of first-time freshmen attending the institution in fall 2020 from out of state. Institutional room and board rates are weighted by the number of full-time undergraduate students. Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Current dollars have not been adjusted to compensate for inflation. Some data have been revised from previously published figures. Detail may not sum to totals because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2019 and Fall 2020, Institutional Characteristics component; and Spring 2020 and Spring 2021, Fall Enrollment component. (This table was prepared February 2022.)

[49] https://nces.ed.gov/

[50] SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2019 and Fall 2020, Institutional Characteristics component; and Spring 2020 and Spring 2021, Fall Enrollment component. (This table was prepared February 2022.) https://nces.ed.gov/

[51] https://www.census.gov/content/dam/Census/library/publications/2023/acs/acsbr-017.pdf

[52] June 5, 2023, Minutes and Video. See archived video at 00:22:12-00:22:32.

[53] https://crsreports.congress.gov/product/pdf/IF/IF10158#:~:text=In%20AY2017%2D2018%2C%2069%25,owed%20an%20average%20of%20%24185%2C100.&text=Over%20the%20past%2015%20years,behalf%20of%2042.8%20million%20students.

[54] July 7, 2023, Minutes and Video. See archived video at 03:40:02-03:40:29.

[55] Ibid.

[56] June 5, 2023, (Meeting Packet). Slides 53-55.

[57] https://www.che.sc.gov/sites/che/files/Documents/Students%2C%20Families%2C%20Military/Scholarships/UPDATED_PFS_QA_October2022.pdf

[58] June 27, 2023, Minutes and Video. See archived video at 03:24:55-03:25:09.

[59] https://www.che.sc.gov/students-families-and-military/scholarships-and-grants-sc-residents.

[60] Ibid.

[61] https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/CHE%20Response%20Letter%2010.20.23.pdf. Question 32.

[62] Ibid.

[63] Ibid.

[64] Ibid.

[65] Ibid.

[66] June 27, 2023, Minutes and Video. See archived video at 03:25:54-03:26:47.

[67] https://www.che.sc.gov/sites/che/files/Documents/Students%2C%20Families%2C%20Military/Scholarships/UPDATED_PFS_QA_October2022.pdf

[68] Ibid.

[69] May 9, 2023, Minutes and Video. See archived video at 00:34:46-00:35:11.

[70] June 27, 2023, Minutes and Video. See archived video at 01:05:06-01:05:49.

[71] June 27, 2023, Minutes and Video. See archived video at 03:12:01-03:12:09.

[72] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (June 5, 2023), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on," and under "Meetings and Agency Presentations," (accessed [date of most recent visit to link]). https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Meeting%20Packet%20Final%206.27.23.pdf. Hereinafter, "June 27, 2023, (Meeting Packet). Slides 66.

[73] SIG_Review_of_CHE_Revised_2.23.24.pdf (sc.gov). Page 26-27.
[74] Ibid.
[75] April 23, 2024, Minutes and Video. See archived video at 01:11:45-01:12:05
[76] August 8, 2024, Minutes and Video. See archived video at 00:47:26-00:47:45
[77] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[78] August 8, 2024, Minutes and Video. See archived video at 00:49:24-00:49:32
[79] August 8, 2024, Minutes and Video. See archived video at 00:55:04-00:56:23
[80] June 5, 2023, Minutes and Video. See archived video at 03:32:32-03:34:16
[81] https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/CHE%20Response%20Letter%2010.20.23.pdf
[82] https://www.scstatehouse.gov/sess125_2023-2024/appropriations2023/tap1a.htm#s11
[83] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[84] S.C. Code Section 59-103-20
[85] S.C. Code Section 59-103-15; 59-103-25
[86] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (June 5, 2023), under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on," and under "Correspondence," (accessed [date of most recent visit to link]). https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/CHE%20Response%20Letter%2010.20.23.pdf. Hereinafter, "Letter from the CHE in response to member questions (October 20, 2023). Question 8.
[87] S.C. Code Section 59-103-90
[88] Letter from the CHE in response to member questions (October 20, 2023). Question 11.
[89] Ibid.
[90] Ibid.
[91] Ibid.
[92] June 5, 2023, Minutes and Video. See archived video at 03:33:59-03:34:16.
[93] June 27, 2023, Minutes and Video. See archived video at 03:27:24-03:27:35.
[94] https://ed.sc.gov/data/information-systems/power-school/
[95] June 27, 2023, Minutes and Video. See archived video at 03:27:21-03:27:44
[96] Ibid.
[97] June 27, 2023, Minutes and Video. See archived video at 01:05:06-01:05:44
[98] June 27, 2023, Minutes and Video. See archived video at 00:54:30-00:55:57
[99] June 27, 2023, Minutes and Video. See archived video at 01:28:54- 01:30:41
[100] Ibid.
[101] June 27, 2023, (Meeting Packet). Page 50.
[102] June 27, 2023, Minutes and Video. See archived video at 01:31:49-01:31:56
[103] June 27, 2023, Minutes and Video. See archived video at 00:10:20-00:10:46
[104] Ibid.
[105] June 27, 2023, Minutes and Video. See archived video at 00:11:14-00:11:53
[106] June 27, 2023, Minutes and Video. See archived video at 00:14:13-00:14:46
[107] https://www.scstatehouse.gov/coderegs/Chapter%2062.pdf
[108] June 27, 2023, Minutes and Video. See archived video at 02:11:07-02:11:43
[109] https://che.sc.gov/sites/che/files/Documents/CHE%20Data%20and%20Reports/Statistical%20Abstracts/2023_CHE_Statistical_Abstract.pdf
[110] Letter from the CHE in response to member questions (October 20, 2023). Question 16.
[111] SC Code Section 59-103-35
[112] SC Code Section 59-103-35
[113] Letter from the CHE in response to member questions (October 20, 2023). Question 16.
[114] Ibid.
[115] https://www.che.sc.gov/sites/che/files/Documents/CHE%20Data%20and%20Reports/Statistical%20Abstracts/2023_CHE_Statistical_Abstract.pdf
[116] May 9, 2024, Minutes and Video. See archived video at 00:07:09-00:07:35
[117] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (May 9, 2024)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on" and under

"Meetings and Agency Presentations" https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Meeting%20Packet%205.9.24.pdf. Agency Presentation Slide 14. Hereinafter, "May 9, 2024, (Agency Presentation).
[118] This number represents an approximate percentage of adults 25-64 years of age who do not have a high school diploma or only have a high school diploma. SCDE's data comes from the American Community Survey 2017-2021.
[119] Ibid.
[120] May 9, 2024, Minutes and Video. See archived video at 00:31:18- 00:31:53
[121] Ibid.
[122] May 9, 2024, Minutes and Video. See archived video at 00:33:06-00:33:39
[123] May 9, 2024, Minutes and Video. See archived video at 00:07:41-00:08:05
[124] 01:04:34-01:04:45
[125] https://www2.ed.gov/programs/gearup/index.html
[126] Ibid.
[127] April 23, 2024, Minutes and Video. See archived video at 01:06:22-01:07:18
[128] April 23, 2024, Minutes and Video. See archived video at 01:04:11-01:04:28
[129] April 23, 2024, Minutes and Video. See archived video at 01:05:32-01:05:57
[130] April 23, 2024, Minutes and Video. See archived video at 01:07:24-01:07:42
[131] Ibid.
[132] Ibid.
[133] The findings in the *State Inspector General Findings* section are taken directly from the State Inspector General's Program Performance and Management Review: SC Commission on Higher Education.
[134] S.C. House of Representatives, House Legislative Oversight Committee, "Committee letter to the Office of the State Inspector General (August 22, 2023)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on" and under "Correspondence" https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Committee%20Letter%20to%20Inspector%20General.pdf. Hereinafter, "Committee letter to the Office of the State Inspector General (August 22, 2023)".
[135] Ibid.
[136] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[137] April 23, 2024, Minutes and Video. See archived video at 00:05:31-00:06:30.
[138] Ibid.
[139] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[140] Ibid.
[141] S.C. House of Representatives, House Legislative Oversight Committee, "CHE Letter to the State Inspector General (February 22, 2024)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on" and under "Correspondence" https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Correspondence/2024-02%20-22_IG_Official_Response_Final.pdf. Hereinafter, "CHE Letter to the State Inspector General (February 22, 2024)".
[142] April 23, 2024, Minutes and Video. See archived video at 00:13:30-00:13:50
[143] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[144] Ibid.
[145] May 9, 2024, Minutes and Video. See archived video at 00:35:13-00:35:39
[146] Ibid.
[147] April 23, 2024, Minutes and Video. See archived video at 00:33:40-00:34:14
[148] https://www.scstatehouse.gov/sess125_2023-2024/appropriations2023/tap1b.pdf
[149] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[150] April 23, 2024, Minutes and Video. See archived video at 00:06:08-00:06:18
[151] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[152] April 23, 2024, Minutes and Video. See archived video at 00:27:01-00:27:34
[153] April 23, 2024, Minutes and Video. See archived video at 00:28:22-00:28:39
[154] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[155] April 23, 2024, Minutes and Video. See archived video at 00:46:24-00:47:25
[156] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[157] June 27, 2023, Minutes and Video. See archived video at 00:10:20-00:10:30
[158] Ibid.
[159] May 9, 2023, Minutes and Video. See archived video at 00:19:58-00:20:23

[160] May 9, 2023, Minutes and Video. See archived video at 00:40:01-00:40:16
[161] May 9, 2023, Minutes and Video. See archived video at 00:54:26-00:54:41
[162] Ibid.
[163] Ibid.
[164] Ibid.
[165] Ibid.
[166] May 9, 2023, Minutes and Video. See archived video at 00:58:11-01:00:06
[167] Ibid.
[168] June 5, 2023, Minutes and Video. See archived video at 01:00:15-01:04:14
[169] June 5, 2023, (Meeting Packet). Slide 44.
[170] S.C. Code Section 59-103-10 (1)
[171] June 5, 2023, Minutes and Video. See archived video at 01:39:19-01:40:22
[172] S.C. Code Section 59-103-15
[173] June 5, 2023, Minutes and Video. See archived video at 03:31:39-03:34:16
[174] S.C. Code Section 59-103-90
[175] June 27, 2023, Minutes and Video. See archived video at 00:54:33-00:55:01
[176] https://che.sc.gov/sites/che/files/Documents/The%20Commission%20Board/Committee%20Charters/5.CAAL%20Charter_Signed.pdf
[177] S.C. Code Section 59-103-10
[178] https://www.che.sc.gov/about-commission-higher-education
[179] https://che.sc.gov/sites/che/files/Documents/Meetings/Meetings%202023/Board%20of%20Commissioners/September/6.03.B.CTP_Scholarship_Report.pdf
[180] Ibid.
[181] June 27, 2023, Minutes and Video. See archived video at 04:41:43-04:47:13
[182] Ibid.
[183] Ibid.
[184] S.C. Code Section 59-103-40
[185] https://www.che.sc.gov/about-commission-higher-education
[186] June 27, 2023, Minutes and Video. See archived video at 00:59:37-01:00:46
[187] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[188] SC Code Section 59-103-35
[189] Letter from the CHE in response to member questions (October 20, 2023). Question 16.
[190] Ibid.
[191] June 5, 2023, Minutes and Video. See archived video at 00:10:13-00:10:58
[192] June 27, 2023, Minutes and Video. See archived video at 00:10:01-00:11:10
[193] May 9, 2024, Minutes and Video. See archived video at 00:32:36-00:33:54
[194] July 21, 2023, Minutes and Video. See archived video at 05:07:53-05:09:32
[195] June 27, 2023, Minutes and Video. See archived video at 03:26:47-03:28:15
[196] Ibid.
[197] Letter from the CHE in response to member questions (October 20, 2023). Question 32.
[198] Ibid.
[199] Ibid.
[200] Ibid.
[201] https://www.scstatehouse.gov/sess125_2023-2024/appropriations2023/tap1b.pdf
[202] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[203] June 27, 2023, (Meeting Packet). Slide 54.; https://che.sc.gov/sites/che/files/Documents/CHE%20Data%20and%20Reports/Statistical%20Abstracts/2023_CHE_Statistical_Abstract2024Update.pdf. Page 17.
[204] S.C. Code Section 59-103-20(d)
[205] June 27, 2023, Minutes and Video. See archived video at 01:15:49-01:15:59
[206] June 27, 2023, Minutes and Video. See archived video at 01:17:02 -01:17:35
[207] Ibid.
[208] June 5, 2023, Minutes and Video. See archived video at 00:16:26-00:16:43
[209] S.C. Code Section 59-103-165 through 59-103-190
[210] Ibid.
[211] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf

[212] CHE Letter to the State Inspector General (February 22, 2024)
[213] December 11, 2023, Minutes and Video. See archived video at 00:12:59-00:13:12
[214] Ibid.
[215] April 23, 2024, Minutes and Video. See archived video at 00:12:41-00:14:20
[216] Ibid.
[217] S.C. House of Representatives, House Legislative Oversight Committee, "Meeting Packet (August 8, 2023)," under "Committee Postings and Reports," under "House Legislative Oversight Committee," under "Higher Education, Commission on" and under "Meetings and Agency Presentations" https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Meeting%20Packet%20Final%208.8.23.pdf. Page 66.
[218] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[219]August 8, 2023, Minutes and Video. See archived video at 04:28:19-04:30:14
[220] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 32.
[221] Ibid.
[222] Ibid.
[223] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page27
[224] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 9, 15
[225] May 9, 2023, (Meeting Packet). Slide 45.
[226] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 33.
[227] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 25
[228] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 27
[229] August 8, 2023, Minutes and Video. See archived video at 00:46:13-00:46:21
[230] April 23, 2024, Minutes and Video. See archived video at 01:08:35-01:12:41
[231] Ibid.
[232] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf. Page 27
[233] August 8, 2023, Minutes and Video. See archived video at 00:47:26-00:47:51
[234] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf Page 17
[235] S.C. House of Representatives, House Legislative Oversight Committee, "Agency Law Change Recommendations," under "Committee Postings and Reports" under "House Legislative Oversight Committee," under "Higher Education, Commission on" and under "Reports, Recommendations, and Implementation" https://www.scstatehouse.gov/CommitteeInfo/HouseLegislativeOversightCommittee/AgencyWebpages/CommissiononHigherEducation/Reports%20&%20Audits%20-%20Reports%20and%20Reviews/2023-06-02_IRFI_CHE_Law_%20Recommendations_FINAL_reduced_list.pdf. Hereinafter, "Agency Law Change Recommendations".
[236] Ibid.
[237] https://oig.sc.gov/sites/oig/files/Documents/Reports/2023/SIG_Review_of_CHE_Revised_2.23.24.pdf
[238] December 11, 2023, Minutes and Video. See archived video at 00:14:28-00:16:16
[239] December 11, 2023, Minutes and Video. See archived video at 03:02:23-03:03:04
[240] https://www.che.sc.gov/che-data-and-reports
[241] Ibid.
[242] Ibid.
[243] Ibid.