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University of South Carolina

Board of Trustees

Ad Hoc Advisory Committee on Finance – Called Meeting

April 15, 2020

The Ad Hoc Advisory Committee on Finance of the University of South Carolina Board of Trustees met at 1:30 p.m. on Tuesday, April 15, 2020, via conference call anchored from Room 206B of the Osborne Administration Building.

Committee members participating via telephone were Mr. Mack I. Whittle Jr., Chair; Mr. Robert F. Dozier Jr.; Ms. Rose Buyck Newton; Mr. Hubert F. Mobley, Board Vice Chair; and Mr. John C. von Lehe Jr., Board Chair. Dr. C. Dorn Smith III was unavailable to participate.

Other Trustees participating by telephone were Mr. C. Dan Adams; Mr. Chuck Allen, Mr. J. Edgerton Burroughs, Mr. A. King Dixon II, Dr. C. Edward Floyd, Mr. William C. Hubbard, Mr. Richard A. Jones Jr., Mr. Toney J. Lister, Ms. Molly M. Spearman, Mr. Eugene P. Warr Jr., Mr. Miles Loadholt, Ms. Leah B. Moody, and Mr. Thad H. Westbrook.

Also participating by telephone were USC Columbia Faculty Senate Chair Dr. Mark G. Cooper and USC Columbia Student Government President Ms. Issy Rushton.

Participating in person were President Robert L. Caslen Jr., Secretary J. Cantey Heath Jr., Executive Vice President and Chief Financial Officer Ed Walton, Assistant Vice President and Chief of Staff Division of Administration and Finance Joe Sobieralski, Interim Chief Communications Officer and Director of Public Relations Jeff Stensland, and Office of the Board of Trustees staff member Delphine Bigony.

Also participating by telephone were President's Chief of Staff Mark D. Bieger, Presidential Fellow Susan C. Bon, Senior Associate Vice President for Student Affairs and Academic Support Stacey Bradley, President and CEO, USC Foundations Jason Caskey, Chief Audit Executive Pamela A. Dunleavy, Associate Vice President for Finance and Budget Kelly Epting, Interim Executive Vice President for Academic Affairs and Provost Tayloe Harding, Executive Communications Director Sally McKay, Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt, Special Assistant to the President James Smith, and Director of Athletics Ray Tanner.

OPEN SESSION

I. Call to Order

Chair Whittle called the meeting to order and welcomed everyone. He asked those in the room to introduce themselves after which Secretary Heath confirmed those participating by telephone. Mr. Stensland introduced members of the press participating by telephone as follows: Jessica Holdman with the *Post and Courier*, Tyler Fedore with *The Daily Gamecock*, Lucas Duprile with *The State Newspaper*, and Steve Berkowitz with *USA Today*.

Chair Whittle stated notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been provided to the Committee; and a quorum was present to conduct business.

II. Coronavirus Impact on the University

President Caslen briefed the Committee on the Coronavirus impact on the University. Decisions were based on four guiding principles: 1) the health, welfare and safety of students, faculty and staff; 2) the need to limit and mitigate spread of the virus; 3) maintaining academic excellence and integrity; and 4) the long term stability of the University. Initial decisions to

extend spring break and go online for two weeks were based on models developed by the Arnold School of Public Health's epidemiologists. Subsequent decisions were to extend online to the end of the semester and throughout the summer. He stated an Emergency Management Team was created to identify decision points and make recommendations for his consideration. President Caslen noted the Board of Trustees' and faculty support of administration's direction and focus was critical.

Currently, there are 53 reported COVID-19 cases involving students, faculty, and staff. Ninety-six students remain in campus housing; 7,754 staff across the University System are working from home; and 821 are working on campus. Nearly 100% of spring classes were converted to online delivery with minimal disruptions. Spring Commencement has been delayed until August. Camps, conferences, and events scheduled throughout the summer have been cancelled; and summer classes will be online. Projected lost revenue resulting from the spring/summer COVID-19 impact is \$20 – 40 million. Spring refunds totaling \$15 million are in process and should be completed by April 22.

President Caslen stated the two key questions guiding next steps are 1) When is it acceptable to bring students back on campus? and 2) What are the enrollment, financial and other consequences of each possible course of action? Possible impacts on the fall are being considered holistically, first from a health and safety perspective, then from an operational perspective, and from there moving toward financial, reputational, and other impacts. "We cannot allow the pandemic to deter or overtake our strategic planning efforts," he said. A Future Planning Group led by Executive Vice President and CFO Ed Walton, Interim Provost Tayloe Harding, Vice President of Student Affairs Dennis Pruitt, and Athletics Director Ray Tanner was created to analyze, plan, and establish a process that examines future University

System scenarios for the Fall of 2020 and beyond. More importantly, this effort will provide a framework and a process so that he and the Board of Trustees may make informed decisions. The seven subgroups within the Future Planning Group Structure address public health and medical aspects; admissions and enrollment; academics and research; financial implications; risk management and public health safety; communications; and athletics. A link to the Future Planning Group tracks issues, challenges, and the latest reports. President Caslen stated the long-term strategy of the University must remain intact. As such, the Strategic Plan is being finalized and will serve as guidance for the future of the University, post-pandemic.

President Caslen stated the University's cash position is strong. The impacts of not having resident students for the spring and summer have been quantified and are covered with existing reserves and Federal support. Enrollment management is critical both in retaining current students and in developing relationships with students that have accepted offers of admission. The University is an urban campus and almost half the students enrolled are from out-of-state. Cost control measures involve placing holds on the Campus Village Project and deferring other capital and maintenance projects, renegotiating food service contracts, strategic hiring, reduction in temporary non-faculty positions, elimination of overtime, and review of consulting contracts.

President Caslen reviewed federal, state, and donor funding support. Across the system, the University is estimated to receive \$35 million from the CARES Act, of which \$21.4 million would be for the USC Columbia campus. The U.S. Department of Education has issued guidance that the first half of these funds would support emergency aid for students and the remaining half would go toward institutional support. He said though other CARES Act money would be disbursed by the Governor for education, it is expected those funds

would support K-12 students and schools. Regarding private support, the Student Emergency Relief Fund has raised more than \$170,000 towards a \$400,000 goal, and the Employee Emergency Relief Fund has raised more than \$14,500.

President Caslen reviewed the mid-term focus on operations and finances that would help form planning assumptions used to develop courses of action in bringing students back on campus. He stated first and foremost is the health and safety of students, faculty, and staff. Brand protection and academic delivery are key factors. Conversations with the Southeastern Conference and the NCAA related to the football season are ongoing, and any decisions related to fall football would be made in conjunction with the Southeastern Conference.

President Caslen stated, “The cure cannot be worse than the disease. We cannot lose sight of the strategic horizon coming out of COVID-19, and the University’s Strategic Plan will help guide that. There are opportunities for revenue sources, and as a flagship university, we must have the agility to find students where they are and deliver online education to them.” Ms. Moody asked if the University has tested its capability for transitioning its curriculum to online learning in August should the COVID-19 pandemic continue. President Caslen stated the University’s broadband capability has stood up to the recent demand. The University is working with three different providers and three connectivity pipes are being used, which creates three redundancies. He said the bigger issue is broadband receptiveness among the students. Ms. Spearman stated broadband receptiveness is a huge problem in rural areas across the state. Though providers such as Verizon and AT&T provide free and discounted service, they do not serve certain rural areas. Students are having to rely on Wi-Fi buses deployed to rural areas. She suggested the Electric Cooperatives who serve rural areas across the State could be instrumental in bringing highspeed internet to those areas. A partnership with the

University would help significantly in the Department of Education's efforts to lobby the State Legislature to improve broadband infrastructure in order to provide E-Learning in rural areas. Ms. Moody suggested appointing an ad hoc committee of the Board to look at ways the University can work with state government, businesses, and local municipalities to take online delivery of education to the next level. President Caslen advised an Online Committee headed up by Dean Susan Elkins has been formed to take Palmetto College to the next level by developing a systemwide online program. He stated Mayor Benjamin and the presidents of South Carolina State University and Benedict College have expressed interest in the University's future planning model with respect to online learning. The University wants to be collaborative in sharing the challenges we are facing and how those challenges are being addressed. Dr. Cooper stated the President and his team have done an exceptional job of including faculty participation in the Futures Planning Group. "There has been an unprecedented level of transparency and collaboration on key issues," he said.

In addressing questions related to enrollment, Dr. Pruitt reported student enrollment looks very good for the summer. Enrollment has slowed down slightly for the fall, which is not unexpected given the circumstances. System campus enrollment is consistent with USC Columbia, and online delivery of education is going well.

Chair Whittle stated this report was received as information.

III. ADJOURNMENT

There being no further business to discuss, Chair Whittle adjourned the meeting at 2:30 p.m.

Respectfully submitted,



J. Cantey Heath, Jr.
Secretary