

Presentation to the Senate Subcommittee on Enterprise Division
bill – April 10, 2013

Chairman Cleary,

Senator Davis,

Senator Fair,

Senator Lourie

Senator McGill

And Mr. Parks,

I appreciate having the opportunity to speak with you today about a matter of great importance to Clemson and to the people of South Carolina. I'd like to express our thanks to Senator Leatherman for appointing this subcommittee to study the Clemson University Enterprise Act, and also to each of you for serving in this capacity.

In my 14 years of service as Clemson President this is our most important legislation we have brought to the General Assembly.

My goal today is to set the stage for why this initiative is important and to make a case for your support of the legislation – which we believe will help Clemson serve the state more effectively.

For 125 years, Clemson has been a good steward of the resources trusted to us – starting with the land and funds left to us by Thomas Green Clemson: Simply put, we have done what he asked us to do – build a great university and increase the prosperity of the state.

Today, we are being asked to do more than ever for South Carolina: We're educating more South Carolinians, creating more jobs; generating more of our own resources and working more closely with the private sector to help our industries thrive in a global economy.

We gladly accept these challenges. We want to do more for South Carolina, because that's why we exist. At the same time,

we know that resources are scarce and demands on state funding are increasing. So we must make every dollar count. We must continue to find ways to do more with less. We also need to be more successful in generating revenues through research, private-sector partnerships or private donors. We must be nationally competitive in recruiting top talent into our state – world-class faculty and professional staff whose skills and expertise often don't fit neatly into traditional state job classifications. We need to be more responsive to the needs of industry – and that means **WE** have to move at **THEIR** pace.

To meet all of these challenges, we need more management tools in our toolbox, and this legislation will provide those tools.

The enterprise act creates a new university/state partnership to streamline many of the time-consuming and duplicative processes we face. Nowhere is this more evident than in capital projects, where approval processes add a minimum of six months to a construction project – 12 months is more common,

and 18 months is not unusual. And as we all know – time is money.

At the same time, we believe the legislation strikes the right balance between regulatory reform and accountability. We remain committed to maintaining full accountability not only to this body but also to the many other constituents who are investing in Clemson – students, families, private donors and industry partners.

At its very core, the enterprise act is about reducing the cost of government and being more responsive to opportunities. In today's world, that's just good business.

This is not a new concept for Clemson. When the General Assembly granted Clemson regulatory flexibility to develop CU-ICAR, we delivered. With the legislature's considerable support, we developed this state's most innovative and

successful university research park in record time – with full accountability to all investors, completely open competitive bid processes and direct oversight by the state engineer’s office. As a result of the confidence you placed in Clemson, CU-ICAR has been cited as a national best practice and recognized for minority-owned business participation and environmental sustainability.

The enterprise act would make the CU-ICAR model the rule rather than the exception. It would become a systematic enabler for Clemson to deliver what the state and our partners are asking for.

The legislation would create a new division within Clemson University – an enterprise division – which would include units that need to operate like businesses or activities where we interact with the private sector. Examples would be CU-ICAR, athletics or student housing. It would specifically exclude our core undergraduate educational mission.

This is not a new idea for the state or for higher education. The enterprise division is modeled after the Medical University of South Carolina's very successful hospital authority, which the General Assembly approved more than a decade ago.

However, there is one important difference: Rather than establish a separate authority, this bill would create a new division within Clemson University – and that difference was intended to address any concerns about accountability and transparency.

Because these operations continue to reside under the Clemson umbrella, they remain subject to the S.C. Freedom of Information Act; their transactions will continue to be posted on our spending transparency website; the salaries of any enterprise employees earning over \$50,000 will still be publicly available; capital projects will continue to require a competitive bid process; and every action taken by the Board of Trustees regarding enterprise activities will be done in a public session

and entered into the public record – as is the case now.

It's also important to recognize that there are many things the enterprise legislation won't do. As I said earlier, it won't impact our core undergraduate education programs. It won't affect faculty tenure, review and promotion procedures that are governed by the faculty manual. It won't change restrictions on land-use land. It won't eliminate the competitive bid process for capital projects. And, most importantly, it does not contradict the will of Thomas Green Clemson.

My final point is this: Clemson University has demonstrated its commitment to efficiency and sound business practices. As I said at the outset, we have been good stewards of resources entrusted to us – whether that means state appropriations, federal grants, tuition or privately generated revenue.

Our administrative costs per student are roughly half of what they are at Georgia Tech and about a third lower than N.C. State's. We have cut administrative positions by nearly 12 percent since the recession of 2008, and we are among the 20 percent of universities achieving the "financially sound" rating based on a financial sustainability assessment tool developed by Bain and Company. And when the state has trusted us with regulatory reform – as was the case with CU-ICAR -- we have delivered.

We are asking for your support of this legislation because we believe that it is critical to our continued success and competitiveness in today's higher education environment.

We believe that Clemson University has earned this vote of confidence and if given this opportunity will continue to make you proud of the work that we can do together to move South Carolina forward.

We're happy to answer questions.