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University of South Carolina

BOARD OF TRUSTEES

Health Affairs Committee

September 15, 2005

The Health Affairs Committee of the University of South Carolina Board of Trustees met on Thursday, September 15, 2005, at 2:30 p.m. in the Capstone House Campus Room.

Members present were: Mr. Toney J. Lister, Chairman; Mr. Arthur S. Bahnmuller; Dr. C. Edward Floyd; Mr. William W. Jones, Jr.; Ms. Rita M. McKinney; Mr. M. Wayne Staton; Mr. John C. von Lehe, Jr.; Mr. Eugene P. Warr, Jr.; Mr. Herbert C. Adams, Board Chairman; and Mr. Miles Loadholt, Board Vice Chairman. Ms. Darla D. Moore was also present.

Others present were: President Andrew A. Sorensen; Secretary Thomas L. Stepp; Vice President for Research and Health Affairs Harris Pastides; General Counsel Walter (Terry) H. Parham; Vice President for Student Affairs Dennis A. Pruitt; Dean of the School of Medicine Larry R. Faulkner; Executive Dean of the S.C. College of Pharmacy Joseph DiPiro; Dean of the College of Nursing Peggy O. Hewlett; Dean of the College of Social Work Dennis L. Poole; Associate Dean for Academic Affairs, Arnold School of Public Health, Cheryl Addy; Professor in the College of Pharmacy Richard M. Schulz; Director of Sponsored Programs at the Medical University of South Carolina Dillard Marshall; Chief Financial Officer in the Office of Research and Health Sciences and Director of the Sponsored Awards and Management Program Edward Walton; and Director of University Communications, Division of University Advancement, Russ McKinney, Jr.

Chairman Lister called the meeting to order, welcomed those present, and asked everyone to introduce themselves. Mr. McKinney indicated that no members of the media were in attendance.

Chairman Lister stated that the agenda had been posted and the press had been notified as required by the Freedom of Information Act; the agenda had been circulated to the Committee members; and a quorum was present to conduct business.

Chairman Lister directed the attention of the Committee to the agenda and called on President Sorensen who introduced and welcomed the new Dean of the College of Nursing, Peggy O. Hewlett.

Open Session

I. Research Foundations Pilot Program Status Report: Dr. Pastides stated that the Administration had begun the process of executing a directive given by the Board to begin a pilot program which would integrate the research administration and the research leadership of the University and the Medical University of South Carolina (MUSC).

The purpose of the program was to combine the depth of an academic medical center based in Charleston with the depth of a comprehensive research university at Carolina which had Engineering, Public Health and the Humanities. Dr. Pastides stated that together these two institutions would conduct \$400 million in externally sponsored research and programs during the next year. The program would also help provide better service to faculty at the two institutions.

Dr. Pastides indicated that an Memorandum of Understanding had been signed by both USC and MUSC presidents and that federal authorities at the National Institutes of Health had been alerted that the University planned to undergo an integration of the research foundations.

The pilot program would include the following elements:

- S. C. College of Pharmacy - It would be the sponsoring research entity for all research proposals submitted by the South Carolina College of Pharmacy and would provide world class service to the researchers of the pharmacy programs based in Columbia and Charleston.
- MUSC Department of Biostatistics, Bioinformatics and Epidemiology - These departments had volunteered to be part of the pilot program. When faculty from a MUSC department prepared and submitted a grant to a federal agency, that grant would be submitted from the USC Research Foundation as a way to evaluate whether the University could provide high quality service to the MUSC faculty.
- All USC/MUSC Collaborations - All joint faculty proposals, regardless of the departmental or collegiate home, would be submitted by the USC Research Foundation as part of the pilot program.
- HSSC proposals - Health Sciences South Carolina, (HSSC) was a collaborative research organization. Whenever research proposals were administered or funded, the USC Research Foundation will become the sponsoring agency or operational base for those research activities.

Dr. Pastides explained that an advisory committee would be appointed to oversee the program; the committee would consist of administrators and faculty from both institutions. University representatives were Dr. Pastides and Mr. Edward Walton, Chief Financial Officer in the Office of Research and Health Sciences and

Director of the Sponsored Awards and Management Program. Representing MUSC will be Dr. John Raymond, Provost and Vice President for Research and Mr. Dillard Marshall, Director of Sponsored programs.

Dr. Pastides noted that Mr. Marshall and Dr. Raymond would work to get our operations to the point where a faculty member at MUSC would be able electronically to tie into the University's Electronic Research Administration Program and to submit a proposal through the USC Research Foundation without coming to Columbia or otherwise being burdened by the administrative complexities of the pilot program.

Dr. Pastides predicted that there would be an "upswing" of high quality proposals and that the MUSC faculty would be pleased with the service provided.

In addition, a meeting would be held with the USC Foundation on September 23rd. The administration will be meeting with attorneys to discuss legal factors related to this organization's serving as the sponsoring research organization and to help ensure that the National Institutes of Health and other federal agencies will recognize the USC Research Foundation during the pilot program as the sponsoring entity for MUSC faculty. Dr. Pastides stated the targeted date for the opening of the pilot program was November 1, 2005.

It was asked whether the proposed merger of the research foundations would consist of appointees from each institution who were different from the initial proposal. Dr. Pastides responded that the initial proposal would have moved toward a comprehensive integration sooner. This modification would allow the University to enter a pilot program in order to demonstrate our advocacy and capacity to handle the work. The research foundation board will not be reconstituted as the authority at this point; however, if the pilot program was successful, a request will be presented to the Board for a full integration of the two research foundations.

Mr. Hubbard commented that research funding was considered in the rankings of institutions; he asked how the funds would be allocated in a joint program.

Dr. Pastides responded that each board would maintain the ability to monitor the progress of their institution. He stated that a majority of the major public comprehensive research universities in the United States already had a combination of a deep long standing academic health center and a comprehensive broad based flagship university.

President Sorensen stated that the combined revenues would be reported to the National Institutes of Health; however, separate amounts would also be reported for each of the participating institutions. The total combined revenue for this year was \$346 million, of which, \$180 million was credited to MUSC and \$166 million to USC.

Ms. Moore inquired whether both institutions would return to the Board for approval of a more comprehensive combination once approval of the pilot program had been rendered. Dr. Pastides responded "yes" and that it would be a "hard edge quantitative and qualitative evaluation" and, at some point, the governing boards of USC and MUSC would need to meet for additional action.

Mr. Staton asked about allocations to MUSC and USC and indirect cost recovery. Dr. Pastides advised that the budget would be pre-allocated and would demonstrate to both universities where the money should flow. Indirect cost recovery would be allocated in the conventional way as it was currently; MUSC and USC had a slightly different negotiated rate with the government. For every direct dollar attributed and allocated to USC, the University would receive 45.5 percent in indirect cost recovery; for every dollar allocated to MUSC by virtue of an integrated research proposal, they would receive their negotiated rate. Dr. Pastides stated that as the two institutions integrated more comprehensively, MUSC and USC would have to negotiate with the federal government for a blended rate, hopefully a more favorable one.

Mr. Lister stated that this report was received as information.

II. S.C. College of Pharmacy Memorandum of Understanding: Mr. Lister called on Dr. Pastides and Dr. DiPiro.

Dr. Pastides reported on the Memorandum of Understanding (MOU) between USC and MUSC. This MOU would formalize the affiliation between the two Colleges of Pharmacy.

Dr. Pastides stated that Dr. DiPiro would present a progress report. He commended Dr. DiPiro's heroic leadership for being able to "begin to turn the hearts and minds in the most favorable direction." In addition, Dr. DiPiro brought admirable personal qualities to the enterprise and would continue to gain the trust of the faculty, students and other constituents of the pharmacy community.

Dr. DiPiro expressed his gratitude for being selected as the new Executive Dean of the S.C. College of Pharmacy. He reported that the first class of the integrated program would begin in Fall 2006 on both campuses.

MUSC and USC faculty had held several retreats to develop an integrated harmonized curriculum. In addition, an application process had been implemented and students had begun to apply online for this combined program. In this application process, students were asked for their preference of campus and the College would meet their preference based on the availability of space on each campus; the class size would remain the same as it was currently. He stated that an Admissions Committee will begin the process of selecting students for the first S.C. College of Pharmacy class.

Dr. DiPiro reported that there was ongoing joint research planning and scientists from MUSC and USC had met and were planning to meet again to discuss further collaborative opportunities.

Dr. DiPro stated that the largest issue to address was accreditation. Currently, both colleges were accredited and the University had been in communication with the Accreditation Council for Pharmacy Education. He stated that it was the intent of both institutions to maintain separate accreditations until at least 2010. During that time, the University would request a parallel accreditation for the South Carolina College of Pharmacy.

Dr. DiPiro further noted that MUSC and USC were on a cycle for re-accreditation in 2006-07. The administration had received preliminary communication from the Accreditation Council for Pharmacy Education that they would allow a phase out procedure during the next four years.

Mr. Lister asked whether the University would have to share in the building costs for the Charleston campus and vice versa. Dr. Sorensen stated that a proposal would be made to the panel of the Life Sciences initiative for the construction of a bioengineering building on the MUSC campus. The estimated cost of the building would be between \$45 million - \$50 million. USC and Clemson University would each contribute \$2.5 million and share the facility with MUSC.

Mr. Jones moved to approve the Memorandum of Understanding as submitted in the materials for this meeting. Mr. von Lehe seconded the motion. A vote was taken, and the motion carried.

There were no other matters to come before the Committee, and Chairman Lister declared the meeting adjourned at 4:15 p.m.

Respectfully submitted,

Thomas L. Stepp
Secretary