

RECOMMENDATIONS OF THE COMMITTEE ON BUSINESS AND FINANCE
FOR THE 1984-85 APPROPRIATION FORMULA

1. STUDENT FACULTY RATIOS

Over the past several months the staff has corresponded with 35 national accrediting agencies to determine if any of them suggested student/faculty ratios in their accreditation proceedings. Of those contacted, only eight agencies reported student/faculty ratios as a criterion for accreditation (see Table 1). In most instances, the accrediting agency recommended minimum and maximum ratios rather than actual ratios. A comparison of these with the ratios in the 1983-84 Appropriation Formula indicates that the Formula ratios currently used are reasonable. The Committee also reviewed Fall 1982 student/faculty ratios at all South Carolina public colleges and universities (Table 2) and recommends that for 1984-85 student/faculty ratios remain the same as those in the 1983-84 Appropriation Formula.

2. FACULTY SALARY AVERAGES

Faculty salary averages from peer institutions are collected every other year for use in the Appropriation Formula. In the alternating years, these salary averages are increased by the percent of increase in State employee salaries. The Committee recommends that the 1983-84 Formula faculty salary averages be increased for 1984-85 by the percent used for base pay and performance incentives included in the 1983-84 Appropriation Bill currently in the Legislature. This would be an increase of 5%.

3. ECONOMIES OF SCALE

The Committee discussed ways in which economies of scale could be included in the Formula, but believes that under present funding practices (less than full-formula funding) no action should be taken to adjust for economies of scale at this time.

4. REVENUE STEP

The Committee reviewed an analysis of college and university revenues and expenditures (see Table 3). Even though the analysis indicated that the percentage of student fees and other revenues, in most instances, is more than 17% (excluding S.C. State) used in the Formula, the Committee believes that the 17% established last year is a desirable goal to strive for and recommends that no changes be made (excluding S.C. State).

The current revenue step of the Formula requires South Carolina State to deduct 5% of the cost of Educational and General (E&G) operations (step 14) for student fees. This percent was established last year based on 1980-81 data. The data for 1981-82 indicates that student fees are now at 6%. Also, South Carolina State raised student fees by \$60 in 1981-82 and another \$60 in 1982-83. Of this \$120 increase, \$81/student goes for E&G operations. This is a 40% increase over the amount for E&G two years ago. Although we may not be able to raise S.C. State to 17%, the Committee recommends that for 1984-85 their deduction be increased to 7% and reviewed again next year. Copies of "Analysis of Required Student Fees" for 1980-81 through 1982-83 are attached (Tables 4A, 4B, and 4C) for your information.

5. DEAD ZONE

The original intent of the "Dead Zone" was to be used in conjunction with the enrollment adjustment proviso in the Appropriation Bill. This proviso was in the 1981-82 Appropriation Bill passed by the House and Senate, but was vetoed by the Governor. A copy of the proviso for USC (Table 5) is attached. Using the Dead Zone, if USC-Columbia's enrollment increased or decreased 517 FTE students or fewer from the 20,690 FTE students in the Bill, no increases or decreases in funding would be made. Increases or decreases above 517 FTE students would be adjusted at the rate of \$3,396/FTE student. Since the adjustment proviso was

not in the 1982-83 Appropriation Act and has not been included in the 1983-84 Appropriation Bill, the Committee does not believe that a Dead Zone is applicable at this time. The Committee recommends, however, that the staff continue to study the possible use of adjusting factors to lessen the financial impact of declining enrollment on the public senior colleges and universities.

6. PERFORMANCE INCENTIVES

The Committee reviewed the performance incentive plan for Tennessee colleges and universities and recommended that the Commission request that the Academic Affairs Committee evaluate this and/or other plans as a possible means of encouraging innovations and the future development of high technology programs in South Carolina. The Academic Affairs Committee is currently working on this project.

7. GRADUATE CREDIT HOURS

The present procedure for counting graduate credit hours at the master's or doctoral level is determined by student level, rather than course level. For example, a PhD candidate taking courses in a discipline in which a doctoral degree is not offered would have those credit hours counted at the doctoral level since they apply toward the doctorate he is pursuing. Some concern has been expressed that the reporting of these credit hours at the doctoral level in a discipline in which no doctoral degree is awarded is misleading. The Committee believes that graduate courses should be counted at the student level rather than the course level and recommends no change in current procedure. Table 6 is an analysis of the impact of these procedures on the funding for USC-Columbia and Clemson.