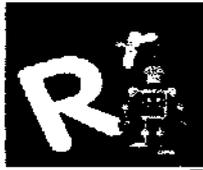


Att. TV



Mission Resource Requirement
(MRR)

Calculation of Funds Needed for Educational
and General (E&G) Operations

SC Public Colleges and Universities

E&G operations exclude auxiliaries (Large Athletics, Food Service, Book Store, Housing, parking, hospitals, and independent operations, etc..)

MRR- 10 Step Calculation

1	Instruction
2	Research
3	Public Service
4	Libraries
5	Student Services
6	Physical Plant
6	<u>Administration</u>
7	Subtotal
9	<u>(Fee Revenue Deduction)</u>
10	Total

It is a way to calculate the Operating needs of the Institution. The MRR was most recently validated by a Higher Education Consulting Group, MGT of America, in 2000. It was determined to be a fair, reasonable, and appropriate calculation of institutional operating need. The first three steps represent the 3 most important functions of an institution – Instruction, Research, and Public Service. The other steps are to support those three functions.

Step 1 - Instruction



- How many students are enrolled?
 - 32
- What level are the students?
 - undergraduate
- In which disciplines are they enrolled?
 - education

In order to begin the calculation for instruction, we need to know how many students are enrolled at the institution, whether they are undergraduate or graduate and in which disciplines they are enrolled. Here, we have 32 students enrolled in teacher education at a teaching sector university.

Step 1 – Instruction (continued)



How Many Faculty do we need to teach these students?

- Student/Faculty Ratios, by discipline:
- Student/Faculty ratio for Education is 16:1

$32 \text{ students} \div 16 = 2 \text{ Faculty Members}$

In order to determine the number of faculty needed to teach the enrolled students, we use student/faculty ratios, by discipline and level. For programs in Education, the student faculty ratio is 16 students to one faculty. In this example, we would need two faculty for the 32 students.

Step 1 – Instruction (continued)



- How much are these faculty going to cost us in salaries and instruction support?

Two Faculty x \$55,696 average salary plus
33% for instruction support = \$147,441
Cost of Instruction

Now we know that we need 2 faculty. How much are they going to cost? We use a survey of national peer institutions, by discipline, to arrive at an average salary for each discipline. The average salary for Education is \$55,696.

In addition to salary costs, there are instructional support costs for each discipline. These costs include costs for small equipment, classroom supplies, departmental research, office support services, and other costs associated with a particular discipline. The instruction support percentage for Education is 33%.

Step 2 - Research



- This step serves as an incentive for institutions to bring research dollars into the State.
- For every \$1 of sponsored research spent by an institution, the MRR provides \$.30

Research is defined as activities specifically organized to produce research outcomes; Examples are individual and project research; research institutes and research centers.

The MRR provides \$.30 for each sponsored research dollar that is expended at the institution. This is meant as an incentive to encourage the institution to bring in additional sponsored research. For example, a \$100,000 research grant would generate \$30,000 in the MRR.

Step 3 – Public Service

- This step serves as an incentive for institutions to obtain non-general fund dollars.
- For every \$1 of sponsored and non-general fund public service expenditures by the institution, the MRR provides \$.25



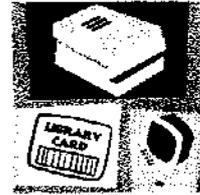
Public Service includes those activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Examples are service programs, conferences, institutes, general advisory services, reference bureaus, and consultation.

The MRR provides \$.25 for each sponsored and non-general fund public service dollar that is expended at the institution.

This is meant to provide an incentive to encourage the institution to bring in additional sponsored public service.

A \$100,000 research grant would generate \$25,000 in the MRR.

Step 4 – Library



- Library costs are calculated by using the national average library expenditures per student for our institutions and their peers, multiplied by the total number of students enrolled in the institution.

For Example, if there were 1000 students at the institution, and the average per student cost is \$406, the MRR would generate \$406,000 for library support.

The costs are calculated from Peer institutional finance data reported to IPEDS.

Step 5– Student Services

- Student services costs are calculated by using the national average student services expenditures per student for our institutions and their peer institutions, multiplied by the total number of students enrolled in the institution.



Student Services includes Admissions, Registration, Counseling and Career Guidance, Student Records, and Financial Aid Administration.

For Example, if the average peer expenditure per student is \$600, this step would generate \$600,000 for 1,000 students.

The amount is calculated from Peer institutional finance data reported to IPEDS.

Step 6 – Physical Plant Operation & Maintenance (O&M)

- O&M of Physical Plant includes costs for plant administration, building maintenance, custodial services, grounds maintenance, and utilities for E&G square footage.



Funding for O&M of Physical Plan is calculated using formulas for physical plant administration, building maintenance, custodial services, grounds maintenance, and utilities for E&G square footage, using Budget and Control Board building replacement costs, type of construction, and average hourly wages for services for the Dept of Labor.

Auxiliary square footage must be self-supporting per state law. State Law also requires that local funding be used for O&M of Plant at 14 of the technical colleges. Only Denmark & TCL have O&M calculated in the MRR

Step 7 – Administration

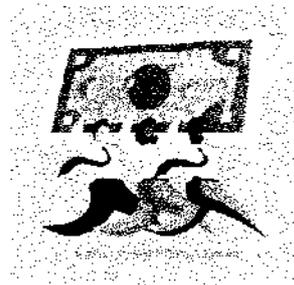
- Administration covers academic and administrative activities that are non-instructional in nature but are integral to the operation of the entire institution.
- This step is 25% of the total of Steps 1-6.



Examples include Museums and galleries, media (audiovisual support), computing support, institutional and academic administration, non-instructional faculty activities, executive management, fiscal operations, general administration and logistical support (safety services, purchasing, transportation, printing, etc.)

Step 8 – Total E&G Costs

This is the sum of steps 1 through 7 and represents the projected total cost of operating the institution.



Step 9 – Revenue Deduction

Here, we subtract the portion of the cost of operations to be provided by student fee revenues.

- 50% in-state undergraduate tuition and fee revenue
- 100% out-of-state undergraduate tuition and fee revenue



This step recognizes that students are responsible for part of the costs of education. Until recently, SC's goal was to provide 80% of the cost of education for in-state students with 20% being provided by student fees. The move to 50% reflects the reality of the funding decreases over the past several years and the resulting shift between funding from state operating appropriations and student fees. (Deduction for two year institutions is 40%, deduction for Medical is 30%, Deduction for graduates is actual revenue.

The tuition and fees revenue deduction is calculated by multiplying the rate (50%) times the E&G costs and multiplying the result by the percentage in-state students. The same calculation is done for out-of-state.

MRR Step 10 –

Total Estimated State Support

Total E&G Costs

- Tuition & Fee Revenues

State Appropriations needed for
E&G Operations



MRR-Summary Example

1) Instruction	\$1,099,959,124
2) Research	87,577,791
3) Public Service	21,077,020
4) Libraries	78,904,694
5) Student Services	149,794,112
6) Physical Plant	151,651,453
7) Administration	412,030,205
8) Total E&G	\$1,999,875,168
9) Revenue Deduction	<u>(861,495,418)</u>
10) Total Operating Need	<u>\$1,138,379,750</u>

Based on the MRR, all higher education institutions need close to \$2 billion to operate. However, we say that approximately 50% of in-state undergraduate tuition and fees and 100% of out-of-state undergraduate tuition and fees should go to offset the cost of education. That leaves us with a request of \$1.1 billion for all higher education institutions in SC.

MRR- 10 Step Calculation

