

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

October 19, 1977
10:00 a.m. - 12:30 p.m.

PRESENT:

COMMISSION MEMBERS

Dr. R. Cathcart Smith, Chairman
Mr. Howard L. Burns
Mrs. Wanda L. Forbes
Mrs. Nancy D. Hawk
Mr. F. Mitchell Johnson
Mr. T. Eston Marchant
Dr. John M. Pratt
Mr. William F. Prioleau, Jr.
Mr. Alex M. Quattlebaum
Mr. Y. W. Scarborough, Jr.
Mr. J. Clyde Shirley
Mr. Arthur M. Swanson
Mr. T. Emmet Walsh

MEMBERS OF THE PRESS

Mr. Bill Coats
Ms. Warren McInnis
Ms. Marilyn Thompson

GUESTS

Ms. Patricia Cole
Mr. John M. Cooper
Mr. Bernard Daetwyler
Mrs. Jenny Dreher
Dr. William H. Knisely

STAFF

Dr. Howard R. Boozer
Mr. Charles A. Brooks
Mrs. Clara W. Evans
Dr. George P. Fulton
Mr. William C. Jennings
Dr. Frank E. Kinard
Mrs. Ann Shelton
Mr. James L. Solomon, Jr.
Mrs. Gaylon Syrett
Mrs. Judi R. Tillman

I. Approval of Minutes of October 11, 1977, Commission Meeting

It was moved (Quattlebaum) and seconded (Shirley) that the minutes of the October 11, 1977, Commission meeting be approved as written. The motion was adopted.

II. Consideration of Recommendations of Executive Committee on College and University Appropriation Requests

Dr. Smith reported that the Executive Committee had met on October 12 to review and make recommendations on the appropriation requests of the colleges and universities. He noted that the Committee was concerned primarily with requests for special funding under Steps 12 and 13 of the Appropriation Formula. The line item appropriation requests of the Medical University of South Carolina and the USC Medical School, not being developed by Formula, were reviewed in detail. The recommendations of the Commission, as approved on October 19, which will be presented to the Budget and Control Board and the legislative finance committees on October 27, are summarized in Exhibit A. The recommendations of the Executive Committee, and Commission action with respect to each institution's appropriation request, are set forth in detail below.

Maximum Fall Enrollment Increases. Mr. Swanson, Chairman of the Committee on Budget and Finance, reported that the Executive Committee compared actual fall 1977 enrollment increases with those forecast by the institutions a year ago. Although an enrollment increase of 3.5 percent had been forecast, the actual increase was only 1.3 percent (Exhibit B). The Committee attempted to relate this experience to the overall 3 percent enrollment increase forecast by the institutions for the fall of 1978. In view of the important effect which enrollment forecasts have on Formula computations, and bearing in mind the revenue constraints anticipated by the Budget and Control Board for 1978-79, the Committee recommended that the Commission establish the following maximum enrollment increases to be recognized in Formula computations: universities - 1 percent; colleges - 3 percent; and four-year regional campuses - 5 percent.

It was moved (Walsh) and seconded (Quattlebaum) that the recommendations of the Executive Committee, as stated above, be approved. Mr. Burns noted that Winthrop's fall 1977 FTE enrollment represents a 10.5 percent increase over that of fall 1976. He stated that in his view it would be fair and equitable for the maximum enrollment increase for Winthrop to be projected in Formula computations at 5 percent rather than at 3 percent as recommended by the Executive Committee. Mr. Johnson stated that the Executive Committee should not alter the enrollment projections submitted by the institutions, particularly without the knowledge of the administrators of those institutions. Mr. Jennings stated that the staff had communicated with officials at the institutions concerning this matter. Mr. Quattlebaum stated that it was his understanding that, for the purposes of the Formula, the projected FTE enrollments are later adjusted to reflect the actual FTE enrollments. Mr. Jennings stated that while that is true in principle, the Commission has not been in a position to implement that procedure. Mr. Burns stated that a 3 percent maximum increase for 1978-79 would be a hardship for Winthrop College. The motion was amended (Burns) and seconded (Johnson) to provide that Winthrop be permitted, for the purpose of Formula computations, to have a maximum FTE enrollment increase of 5 percent rather than 3 percent for 1978-79.

Mr. Walsh objected, stating that in his view the fundamental and primary duty of the Commission is to examine enrollment figures projected by each institution and evaluate them according to what those institutions have projected in past years as compared to actual enrollments. Mr. Burns stated that, for the record, Winthrop's projections for the past several years have been quite accurate. The amended motion was approved. The original motion that the recommendations of the Executive Committee, as amended, be approved was adopted.

Mr. Prioleau suggested that the staff make an effort to develop a compensation factor for underestimates in enrollment. Mr. Burns suggested that the Commission recommend to the Legislature that it consider making adjustments in future enrollment projections to reflect actual enrollments. It was moved (Prioleau) and seconded (Johnson) that the Commission recommend that the Legislature consider the matter of funding adjustment, based on actual FTE enrollments. Mr. Walsh disagreed, stating that in his opinion such action would result in recruiting by the institutions for the purpose of increasing fall enrollments. He suggested that actual fall and spring FTE enrollments be averaged to determine fair actual enrollments. Mr. Prioleau withdrew his motion and suggested that the staff develop a recommendation for the Commission to consider at a future meeting.

The Citadel - The Citadel requested \$7,746,193 by Formula for 1978-79, including \$5,761,830 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$424,954 was requested for military college costs (costs unique to a military institution); \$180,899 for faculty salaries in excess of Winthrop's average faculty salary; \$406,613 for plant maintenance and operation costs in excess of Formula entitlement; and \$250,000 to replace the dining hall air-conditioning system.

The Executive Committee recommended approval of \$7,089,580, including \$5,761,830 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), the Committee recommended approval of \$424,954 for military college costs and \$180,899 for faculty salaries. Special funding for plant maintenance costs in excess of Formula entitlement was not recommended. Replacement of the dining hall air-conditioning system was not recommended for funding; the Committee recommended, however, that the project be brought to the attention of the Budget and Control Board by the Commission and submitted by the institution as a capital improvement request through regular procedures. It was moved (Walsh) and seconded (Forbes) that the recommendations of the Executive Committee be approved. The motion was adopted.

South Carolina State College - S.C. State College requested \$8,924,593, including \$7,589,722 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$134,255 was requested for extra counseling and guidance costs and \$214,000 for additional costs for the operation of the Felton Laboratory School. In addition, the College requested that in computing its 1978-79 Formula entitlement it be permitted, as in 1977-78, to deduct educational and general revenue of \$75 per FTE student (\$150 per FTE out-of-state student) rather than the \$200 per FTE student (\$400 out-of-state) prescribed for colleges by the Formula.

The Executive Committee recommended approval of \$8,924,593, including \$7,589,722 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$134,255 was recommended for extra counseling and guidance costs and \$214,000 for operation of the Felton Laboratory School. The Committee recommended that the College be permitted to deduct educational and general revenue of \$75 per FTE student (\$150 per FTE out-of-state student). It was noted that President Nance has agreed to submit within six months a proposed plan for phasing from \$75 to \$200 in the future.

Mr. Walsh stated that in his view, if the Commission is going to continue to follow the Formula, adherence to the rules and regulations of the Formula must be maintained. Mrs. Forbes read the following statement:

"Last week, Dr. Smith, in response to your invitation, I came to listen to the deliberations of the Executive Committee, and my reaction was then and my conviction is now that there is a matter of principle involved here, and that if we are going to continue to fund by Formula and make it work, adherence to the rules that govern all the institutions must be expected of all the institutions. We agreed that there is flexibility in the Formula and special needs are always considered and fully explored by the Commission and its staff with every institution. We do have a competent and professional staff employed to provide us with information and facts on which we can make forthright and intelligent decisions. The Formula was designed to keep subjective decision making out of the process as

nearly as possible and to provide equitable distribution of funds available to higher education. If we have a dilemma here, and I feel we do, it is one which brings us to the point of deciding (1) whether we will continue to allow other exceptions besides those exceptional situations already provided for in the Formula, and (2) how we can attempt to defend a double standard in the light of the needs of all the institutions, recognizing taxpayers, as well as educational institutions, are having to bite the bullet economically at this time. I think we should certainly commend the boards of trustees of South Carolina State College and The Citadel and all the institutions for progress which has been made -- The Citadel, for instance, for bringing its faculty salary schedule in line, and that was phased in and is being phased in with all the other public institutions; and South Carolina State with the fees allocation more nearly reflecting the practice of the other institutions. I feel that these efforts should be expected and continued, not deferred."

Mr. Quattlebaum stated that in his opinion the Executive Committee acted wisely in allowing South Carolina State to have one year in which to approach the problem in a reasonable way. He stated that because the Formula is regimented, special treatment for special problems falls only under Step 12, and in his view the Committee was correct to recommend that the \$75 maximum be continued for one year, with the stipulation that President Nance make a thorough study of the situation and report back to the Commission within six months as to the best method to use in the future. Mr. Shirley agreed that South Carolina State has a unique problem. It was moved (Marchant) and seconded (Pratt) that the recommendations of the Executive Committee be approved. The motion was adopted.

Winthrop College - Winthrop requested \$8,682,036 by Formula for 1978-79, including \$7,785,426 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$40,000 was requested for the University Affiliated Facilities Program of South Carolina; under Separately Budgeted Research (Step 13), \$30,000 was requested for home economics research.

The Executive Committee recommended approval of \$8,411,799, including \$7,515,189 in Basic Educational and General (Steps 1-11); \$40,000 under Step 12; and \$30,000 under Step 13. It was moved (Swanson) and seconded (Walsh) that the recommendations of the Executive Committee be approved. The motion was adopted.

College of Charleston - The College of Charleston requested \$10,053,111 by Formula for 1978-79, including \$8,885,283 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$17,100 was requested for the HELIX Long Range Planning project; \$30,000 for a new Charleston Consortium MPA program; \$16,925 for individualized instruction in Spanish; \$117,786 for energy-saving equipment; and \$27,000 for two new surveillance cameras.

The Executive Committee recommended approval of \$9,699,093, including \$8,678,976 in Steps 1-11. Under Step 12, \$17,100 was recommended for the HELIX Long Range Planning project; \$17,000 for the Consortium MPA program; and \$27,000 for surveillance cameras. The Committee noted that the energy-saving equipment is a capital project and should be brought to the attention of the Budget and Control Board by the Commission and submitted by the

College of Charleston through regular procedures as a capital improvement project. It was moved (Walsh) and seconded (Shirley) that the recommendations of the Executive Committee be approved. The motion was adopted.

Francis Marion College - Francis Marion requested \$4,775,889 by Formula for 1978-79, including \$4,310,702 in Basic Educational and General (Steps 1-11). Under Separately Budgeted Research (Step 13), \$21,284 was requested for the "Institute for Economic Development of the Pee Dee."

The Executive Committee recommended approval of \$4,708,074, including \$4,264,171 in Steps 1-11. The Committee noted that in October, 1976, the Commission recommended special funding of half of the first year's estimated cost of Francis Marion's new program, "Institute for Economic Development of the Pee Dee"; the remainder was to be covered by the participants. Commission approval of the new program was given on December 2, 1976, subject to the understanding that full coverage of future years' costs would be obtained from the participants and other non-State sources. The Committee recommended against special funding for 1978-79. Mr. Johnson stated that, although some preliminary work has been done by Francis Marion faculty members, the program has not actually been initiated. It was moved (Walsh) and seconded (Shirley) that the recommendations of the Executive Committee be approved. The motion was adopted.

Lander College - Lander requested \$3,459,802 by Formula for 1978-79, including \$3,099,343 in Basic Educational and General (Steps 1-11). The Executive Committee recommended that the requested amount be approved. It was moved (Walsh) and seconded (Burns) that the recommendations of the Executive Committee be approved. The motion was adopted.

University of South Carolina Regional Campuses - The University of South Carolina requested under Steps 1-11 (Basic Educational and General) \$2,423,523 for USC-Aiken; \$2,458,939 for USC-Coastal; \$3,357,818 for USC-Spartanburg; and \$3,804,689 for the two-year regional campuses. In addition, under Special Funding (Step 12), USC requested the following amounts for additional faculty salaries: USC-Aiken - \$68,640; USC-Coastal - \$35,756; USC-Spartanburg - \$17,618; and USC-Two-year Regional Campuses - \$161,983.

The Executive Committee recommended the following amounts under Basic Educational and General (Steps 1-11): \$2,362,912 for USC-Aiken; \$2,458,939 for USC-Coastal; \$3,294,629 for USC-Spartanburg; and \$3,804,689 for the two-year regional campuses. The Committee recommended disapproval of the amounts requested for additional faculty salaries. The Committee stated that Steps 1-11 of the Formula produce lump sums large enough to cover substantial faculty salary increases if the administrations should desire to use the lump sums in that manner. It was moved (Marchant) that the recommendations of the Executive Committee be disapproved. The motion was not seconded. It was moved (Swanson) and seconded (Prioleau) that the recommendations of the Executive Committee be approved. The motion was adopted.

University of South Carolina - Columbia Campus - USC requested \$54,493,459 by Formula for 1978-79, including \$46,974,260 under Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$494,780 was requested for additional faculty salaries; \$348,000 for the law library; and \$300,000 for an energy conservation system. Under Separately Budgeted Research (Step 13), \$100,000 was requested for the Bureau of Governmental Research and Service; \$55,000 for the Bureau of Business Research; \$95,000 for the Bureau of Archeology and Anthropology; \$50,000 for the Social Problems Research Institute;

and \$934,250 for General Research.

The Executive Committee recommended \$53,086,746, including \$46,568,327 under Basic Educational and General (Steps 1-11). The Committee recommended, under Special Funding (Step 12), \$150,000 for the law library. Under Separately Budgeted Research (Step 13), \$100,000 was recommended for the Bureau of Governmental Research and Service; \$55,000 for the Bureau of Business Research; \$95,000 for the Bureau of Archeology and Anthropology; \$50,000 for the Social Problems Research Institute; and \$926,250 for General Research. The Committee noted that the energy control system for building operations is a capital project and should be brought to the attention of the Budget and Control Board by the Commission and submitted by USC through regular procedures as a capital improvement project. It was moved (Swanson) and seconded (Shirley) that the recommendations of the Executive Committee be approved. The motion was adopted.

Clemson University - Clemson requested \$30,685,306 by Formula for 1978-79, including \$26,308,597 in Basic Educational and General (Steps 1-11). Under Special Funding (Step 12), \$51,232 was requested for In-service Training in Agriculture; \$249,135 for Extension and Public Service; and \$98,694 for Teaching and Research in Water and Sewage. Under Separately Budgeted Research (Step 13), \$303,000 was requested for Engineering Research; \$99,000 for Textile Research; \$66,000 for Sciences Research; and \$321,750 for General Research.

The Executive Committee recommended approval of \$30,408,563, including \$26,207,621 under Steps 1-11. Under Step 12, the Committee recommended approval of \$50,000 for In-service Training in Agriculture; \$200,000 for Extension and Public Service; and \$98,694 for Teaching and Research in Water and Sewage. Under Step 13, \$183,600 was recommended for Engineering Research; \$95,000 for Textile Research; \$65,000 for Sciences Research; and \$320,750 for General Research. It was moved (Marchant) and seconded (Johnson) that the recommendations of the Executive Committee be approved. The motion was adopted.

Medical University of South Carolina - MUSC requested \$51,678,767 for 1978-79, in accordance with Budget and Control Board instructions and in collaboration with the Budget and Control Board staff. The Executive Committee recommended approval of the amount requested and, in addition, \$3,000,000 for needed improvements at the University Hospital. It was moved (Swanson) and seconded (Quattlebaum) that the recommendations of the Executive Committee be approved. The motion was adopted.

USC Medical School - The University of South Carolina requested \$3,038,934 for its Medical School for 1978-79. The Executive Committee recommended that the requested amount be approved. It was noted that the amount includes \$2,435,171, which is the State's scheduled 1978-79 share in the 1974 grant application to the Veterans Administration, and \$603,763, which represents the State's 1978-79 share of a 1977 supplementary grant application, already approved by the Budget and Control Board. It was moved (Walsh) and seconded (Swanson) that the recommendations of the Executive Committee be approved. The motion was adopted.

Mr. Burns expressed appreciation for the detailed materials provided by the staff. He commented that the information contained in those materials was helpful to him in his efforts to evaluate the budget requests of MUSC and

USC Medical School. Dr. Pratt noted that Dr. Fulton was of great assistance to MUSC as it prepared its appropriation request for 1978-79.

Tuition Retention - The Executive Committee recommended that the Commission renew its request to the Budget and Control Board and the General Assembly that adequate funding be provided to the College of Charleston, Francis Marion, and Lander so that those institutions will be able to use tuition income for financing needed capital projects. Funding in accordance with the Formula would, in the Committee's view, be both adequate and equitable. This should permit implementation of the Commission's previous recommendation that these institutions deposit all tuition income with the State Treasurer for servicing institution bonds. It was moved (Swanson) and seconded (Walsh) that the recommendation of the Executive Committee be approved. The motion was adopted.

Mr. Prioleau stated that it is important that the Commission stress the point that it is an advocate not only of higher education but of education per se in South Carolina. He commented that higher education and secondary education are partners and must function as partners; if one falls, the other falls. The position that higher education profits at the expense of secondary education is erroneous. He noted that there is only one source of funds -- federal and State tax revenue -- and that appropriations for higher education are not taken from sources for secondary education. He stated that at every opportunity, such as at the Budget and Control Board hearing on October 27, the Commission should make the point that it is not requesting funds to penalize the secondary education system. Dr. Smith concurred. Dr. Boozer commented that it is a matter of "both/and" rather than "either/or."

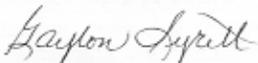
Mrs. Hawk stated that Commission members need information with which to counter attacks from members of their own legislative delegations. She stated that she often hears the statement that South Carolina was at one time 49th in the nation concerning appropriations for education but has now moved to a higher position compared with other states. She noted that this is an erroneous idea, and that South Carolina remains near the bottom nationally with reference to the amount it spends per capita on higher education. She stated that in her opinion it is important that legislators are made aware of this fact, and requested that Commission members be provided figures with which to refute such an idea.

Mrs. Hawk stated further that members of her own legislative delegation have inquired of her concerning the Commission's position on the proposed restructuring of the Commission, and have indicated that they have not heard from Commission members about this matter. She commented that if the Lake Bill (S.251) is approved, the Commission virtually will be destroyed. She requested that a formal statement reflecting the position of the Commission be drawn up and presented to the Legislature. Dr. Smith stated that the Commission has addressed itself to this matter during the past year. Dr. Pratt noted that several Commission members appeared before the House and Senate education committees. Mr. Walsh suggested that Mrs. Hawk be provided a copy of the formal position which was adopted by the Commission on April 7, 1977. He noted that he personally had written to several members of the General Assembly concerning the Bill.

Mr. Shirley stated that the Lake Bill was not intended to weaken the Commission but to give the Commission the power it needs to carry out its responsibilities. He noted that South Carolina is a legislative State, and few legislators are willing to give up power voluntarily. Dr. Smith suggested that this subject be discussed further at the Commission meeting on November 4.

On motion made (Shirley) and seconded (Quattlebaum) and unanimously voted, the meeting was adjourned at 12:30 p.m.

Respectfully submitted,



Gaylon Syrett
Recording Secretary