



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION
PUTLEDGE BUILDING
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COLUMBIA, S. C. 29201

HOWARD R. BOOZER
EXECUTIVE DIRECTOR

May 19, 1976

TELEPHONE
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MEMORANDUM

TO: Members, Commission on Higher Education

FROM: Budget and Finance Committee

SUBJECT: Recommended Appropriation Formula for 1977-78

As requested by Commission Chairman R. Cathcart Smith, the Budget and Finance Committee has prepared a draft 1977-78 Appropriation Formula which it now recommends for adoption by the Commission.

The Committee made a detailed review of the 1976-77 Formula, which was adopted by the Commission on June 5, 1975. In the course of this review we identified some areas needing revision. We were assisted in this regard by suggestions for improvement made by the presidents of the colleges and universities, Commission members and staff, and others. Enclosure A consists of copies of the presidents' replies to Dr. Boozer's February 5 memorandum; copies of the latter were sent to all Commission members and to others.

During the Committee's deliberations we took note of the large gap between the Commission's 1976-77 recommendations based on the Formula (\$132.6 million) and the relevant provisions for 1976-77 in the 1976 Appropriation Bill as passed by the House (\$109.7 million). We believe that the likelihood of meaningful appropriation increases in 1977-78 for the colleges and universities would be enhanced, and that the Commission's credibility would be improved, if the Formula were to be tightened up so as to produce reasonable increases over actual 1976-77 appropriations.

Copies of the 1976-77 Formula (Enclosure B) and of the recommended draft 1977-78 Formula (Enclosure C) are also provided. Major differences between the two are summarized below, along with our reasons for recommending the changes:

1. You may recall that last year a careful comparison was made of South Carolina's full-time equivalent (FTE) enrollment computation factors with those employed in other Southern states. The results of this comparison are summarized on Enclosure D. You will note that South Carolina's factor for determining FTE undergraduate students is similar to that employed by most Southern states. The South Carolina factors for determining FTE graduate students are, however, different from most. As a result of this comparison, South Carolina's divisor for determining FTE doctoral students was changed last year from 6 to 9 credit hours.

We now recommend that the Formula and CHE Report divisor for determining FTE master's level students be changed from 9 to 12 credit hours, thereby relating the South Carolina policy more directly to actual practice in South Carolina as well as making it more compatible with the policies followed by other Southern states and by the Southern Regional Education Board.

2. Projection of teaching faculty salaries from 1975-76 to 1976-77 is recommended at 5% (which is the percentage increase contained in the House version of the 1976 Appropriation Bill). Projection from 1976-77 to 1977-78, as in the current Formula, provides only for merit increases of 2.5% because any general increase for that year will be appropriated separately by the General Assembly.

3. The Committee considers it essential to have realistic Formula student/faculty ratios which are reasonably in line with prevailing practice in South Carolina and elsewhere. Actual fall 1975 ratios of the South Carolina institutions, as reported in their CHE Reports, were compared with the corresponding ratios of the 1976-77 Appropriation Formula. This comparison clearly indicated that a number of increases and some decreases should be made in Formula ratios. The Committee recommends that the Commission adopt the changes summarized on Enclosure E (and embodied in the 1977-78 Formula draft.) A comparison of the recommended 1977-78 ratios with actual fall 1975 ratios is made on Enclosure F.

4. In Step 7, the Committee recommends smaller annual increases in the allowances for operation and maintenance of physical plant and for utilities, reflecting abatement in inflation and smaller energy cost increases.

In the 1976-77 Formula annual increases for operation and maintenance of plant were allowed at 8% for 1974-75, 8% for 1975-76, and 8% for 1976-77. In the 1977-78 Formula we recommend 8% for 1975-76, 6% for 1976-77 and 6% for 1977-78.

Also in the 1976-77 Formula annual increases for utilities were allowed at 15% for 1975-76 and 15% for 1976-77. In the 1977-78 Formula we recommend 8% for 1976-77 and 8% for 1977-78.

5. The Committee believes that Step 10 badly needs improvement in the method of dealing with student fees in order to assure that each institution contributes a fair and equitable share of its student fee income as a partial offset to State appropriations.

The Council of Presidents recommended on April 30 (see Enclosure G) that per student ceilings of \$250 for colleges and \$325 for universities be placed on the amounts of student fee income to be deducted in Step 10. Unfortunately, in the Committee's opinion, this does not specify a reasonable level of contributions from all institutions and does not, therefore, produce inter-institutional equity.

The Committee recommends uniform fee deductions of \$300 per FTE student for universities and \$200 per FTE student for colleges. Since university regional campus fees for educational purposes are at the university level, \$300 is also recommended for the regional campuses. Also, since out-of-State fees are about double those for South Carolina students, we recommend that the uniform \$300 or \$200 fee per FTE student be doubled for the predicted percentage of out-of-State students when computing Step 10. Enclosure H compares the recommended uniform basis with student fees actually included by the institutions in Step 10 of their 1976-77 Formula computations.

The Commission staff has calculated for the Committee the approximate effects which adoption of the above changes would have had on the Commission's 1976-77 recommendations, which were based on the 1976-77 Formula. Column 8 of a schedule entitled "Tentative 1977-78" (see Enclosure I) shows the results of these calculations. The total of column 8 (\$119.3 million) is 8.8% higher than the total of column 3 (\$109.7 million), the House version of the 1976 Appropriation Bill.

The staff has also calculated in column 9 the additional amounts yielded by the recommended 1977-78 Formula in the event of an average 3% increase in fall 1977 enrollments. In this event, the institutions would be entitled to approximately \$122.8 million, an 11.9% increase over the House's 1976 Appropriation Bill. We consider this to be a reasonable increase, taking into account inflation, salary increases, and modest enrollment growth.

The Committee will be pleased to elaborate on its recommendations at the June Commission meeting. Copies of this report and attachments are being furnished to the presidents, to Budget and Control Board members, to legislative education committee chairmen, and to you, well in advance of the meeting. Committee members will welcome comments from interested parties prior to the meeting; please forward these to Dr. Boozer for staff analysis and compilation.

M. Calhoun Colvin
J. Clyde Shirley
Arthur M. Swanson

/rm

Enclosures

cc: Presidents, Public Colleges and Universities
The Honorable James B. Edwards
The Honorable Rembert C. Dennis
The Honorable J. Ralph Gasque
The Honorable F. Julian LeMond
The Honorable Henry Mills
The Honorable Grady L. Patterson, Jr.
The Honorable Eugene C. Stoddard
Mr. P.C. Smith
Dr. Howard R. Boozer

SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

1977-78 APPROPRIATION FORMULA

For equitable sharing of state taxpayer support for South Carolina's public colleges and universities. Realistic lump-sum appropriations are computed impartially by using actual enrollments, proven student/faculty ratios, uniform salary assumptions, and justifiable average percentages to cover the agreed functions of the institutions.

1. Estimate the number of student credit hours to be produced, by level of instruction and academic area, during the fall 1977 semester. Half credit for physical education and remedial contact hours may be included instead of credit hours. (See CHE Report 14)
2. Divide undergraduate credit hours by 15

professional (law)	"	"	"	15
master's level	"	"	"	12
and doctoral	"	"	"	9

 to determine the number of FTE (Full Time Equivalent) students to be taught. (See CHE Report 3)
3. To find the number of FTE teaching faculty positions required, divide the number of FTE students at each level and in each academic area by an appropriate student/faculty ratio (see attachment). Ratios for remedial instruction may be based on own experience (and should be indicated by footnote).
4. Compute the cost of teaching faculty salaries as follows:
 - (a) Of the total number of FTE teaching faculty (other than ROTC) positions required, determine the proportion to be filled by teaching assistants. (Use the proportion shown on fall 1975 CHE Report 9, unless justification for a different proportion is presented). Multiply the number of FTE teaching assistants required by \$6,037 (Clemson's 1975-76 average 9 months FTE teaching assistant salary) plus improvements of 5% for 1976-77 and 2.5% for 1977-78.
 - (b) Multiply the remaining number of FTE teaching faculty (other than ROTC) positions required

by \$17,276 (Clemson's 1975-76 average 9 months salary for all main campus teaching faculty except student assistants) plus improvements of 5% and 2.5% for main campus operations of the two universities, or

by \$15,310 (Winthrop's 1975-76 average 9 months teaching salary) plus improvements of 5% and 2.5% for colleges and four-year regional campus, or

by \$12,158 (General Studies' 1975-76 average 9 months teaching salary) plus improvements of 5% and 2.5% for two-year regional campuses. (See CHE Report 10)
 - (c) ROTC faculty salaries may be computed at Step 4 (b) rates for purposes of calculating Steps 5, 6 and 8, but may not be included in Step 4.

5. For the two universities add 40%, for the colleges add 35%, and for regional campuses add 30% of total teaching salary requirements to provide for instructional costs other than teaching salaries (i.e., "teaching faculty support"), such as non-teaching portions of deans' and department heads' salaries, secretaries and clerks, non-teaching graduate assistants, supplies, equipment, travel, telephone, etc. Teaching faculty salaries plus teaching faculty support equal total Instructional costs.
6. Add 10% of total Instructional costs (as determined in Step 5) to cover Libraries, including acquisitions and operations.
7. (a) Add the average of three years' (1973-74, 1974-75, and 1975-76) actual expenditures for Operation and Maintenance of Plant (other than utilities) plus 8% for 1975-76, 6% for 1976-77, and 6% for 1977-78. If during 1976-77 or 1977-78 the gross square footage of educational and general buildings increases at a faster rate than FTE student enrollments, add such incremental percentage to that year's allowance for general cost increases. Total allowable expenditures for Operation and Maintenance of Plant (other than utilities) may not exceed 31% of total Instructional costs.

(b) Add the actual 1975-76 expenditures for utilities (fuel oil, electricity, coal and gas for heating, cooling and lighting) plus 8% per year. If during 1976-77 or 1977-78 the gross square footage of educational and general buildings increases at a faster rate than FTE student enrollments, add such incremental percentage to that year's 8% allowance for general cost increases.
8. Add 26% of total Instructional costs to cover General Administration, Student Services, General Institutional Expense, Organized Activities Related to Educational Departments, and Extension and Public Service.
9. Add the amounts calculated in Steps 4, 5, 6, 7 and 8 to determine the costs of basic Educational and General operations of each university main campus, each college, and the regional campus system.
10. Compute the required student fee income deduction for Educational and General purposes at \$300 for each FTE university or regional campus student and \$200 for each FTE college student, the amount per FTE to be doubled for the predicted percentage of out-of-state students. To this add the estimated revenue from sales and services and anticipated income from federal or local governments to be received in support of 1977-78 Educational and General operations.
11. Subtract the amount computed under Step 10 from the corresponding amount computed under Step 9. This determines the lump-sum state appropriation requested for basic Educational and General operations, subject to adjustment for actual fall 1977 enrollments.
12. Special funding over and above that provided under Step 11 may be requested for continuing or one-time non-capital expenditures such as:

(a) Continuing: Justifiable incremental costs of continuing special situations in which the institution is not free to discontinue or curtail costly services or those required by the State (e.g., Citadel's necessary extra costs resulting from being a military college; S.C. State's necessary costs in excess of student fees and other income for operating the Felton Laboratory School; and S.C. State's necessary costs of special remedial counseling and guidance).

(b) One-time: Justifiable net (i.e., after deducting related revenues), major one-time costs such as the previously agreed extra costs of new programs approved by the Commission on Higher Education, special startup costs of new colleges if not covered by tuition retention, and amounts (in excess of those reasonably covered by Step 6, or by special startup costs, or by tuition retention) needed to bring library collections up to minimum accreditation standards. Note that equipment for new buildings is explicitly included in each permanent improvement project approved by the Budget and Control Board; redress for deficiencies should be sought through the same channels.

13. Separate funding may also be requested for Separately Budgeted Research, including operation of special bureaus and institutes and the universities' general research supplement of \$250 per FTE graduate student. These requests should be listed individually and justified fully. New programs require approval of the Commission. (Expenditures for Sponsored Research and Other Sponsored Programs may not be included, since these are required to be self-supporting.)

STUDENT/FACULTY RATIOS FOR USE WITH
1977-78 APPROPRIATION FORMULAUndergraduate

Liberal Arts (including Social Sciences)	20:1
Sciences (including Mathematics)	22:1
Architecture	16:1
Fine Arts	13:1
Teacher Education (including Physical Education)	22:1
Teacher Education - Practice Teaching	10:1
Agriculture (including Forestry)	20:1
Engineering	16:1
Home Economics	14:1
Social Work	20:1
Criminal Justice	20:1
Nursing	7:1
Nursing Associate	9:1
Pharmacy	18:1
Business Administration (including Economics)	22:1
Textile Science	10:1
Library Science	18:1
Speech Pathology and Audiology	13:1
Military Science (ROTC)	12:1
Laboratory Technology	20:1
Public Health	20:1

Master's and Professional

Liberal Arts (including Social Sciences)	11:1
Sciences (including Mathematics)	8:1
Architecture	9:1
Fine Arts	8:1
Teacher Education	12:1
Agriculture (including Forestry)	11:1
Engineering	9:1
Home Economics	9:1
Law	28:1
Criminal Justice	13:1
Social Work	15:1
Library Science	9:1
Nursing	7:1
Business Administration (including Economics)	13:1
Textile Science	5:1
Speech Pathology and Audiology	7:1
Pharmacy	9:1
Public Health	20:1

Doctoral

Liberal Arts (including Social Sciences)	5:1
Sciences (including Mathematics)	6:1
Teacher Education	7:1
Agriculture (including Forestry)	5:1
Engineering	6:1
Business Administration (including Economics)	7:1
Textile Science	3:1

FULL-TIME EQUIVALENT (FTE) ENROLLMENT COMPUTATIONS
USED BY SOUTHERN PUBLIC SENIOR COLLEGES AND UNIVERSITIES

	Undergraduate Credit Hours <u>= 1 FTE Student</u>	Graduate Credit Hours <u>= 1 FTE Student</u>
Alabama	15	12 (Master's) or 9 (Doctoral)
Arkansas*	15	15
Florida	15	12
Georgia	16 2/3	16 2/3
Kentucky*	15 or 16	12
Louisiana	15	9
Maryland**	15	15
Mississippi#	12 or more	9 or more
North Carolina#	12 or more	9 or more
South Carolina	15	9 (Master's) or 6 (Doctoral)
Tennessee	15	12
Texas##	15	12 (Master's) or 9 (Doctoral)
Virginia	15	12
West Virginia	15	12

* Prefers to avoid FTE's by reporting only headcount and credit hour production.

** For some studies. Officially determines FTE's by headcount (Full-time plus 1/3 Part-time)

A Full-time student taking 12 or more credit hours (9 or more for graduate studies)= 1 FTE; Part-time students convert proportionately to fractional FTE's.

For "in-house studies". Officially determines FTE's by dividing total fiscal year credit hour production (including summer) for all levels by 30.

1/30/75

(Source: January 1975 telephone poll of state coordinating agencies)

Recommended Changes in Formula Student/Faculty Ratios

	<u>1976-77</u>					<u>1977-78</u>				
	<u>Under-graduate</u>		<u>Masters</u>		<u>Doctoral</u>	<u>Under-graduate</u>		<u>Masters</u>		<u>Doctoral</u>
Agriculture	17	-	9	-	4	20	-	11	-	5
Architecture	12	-	7			16	-	9		
Sciences	19	-	7	-	4	22	-	8	-	6
Business	22	-	12	-	5	22	-	13	-	7
Education	22	-	12	-	6	22	-	12	-	7
Practice Teaching	9					10				
Engineering	12	-	7	-	5	16	-	9	-	6
Fine Arts	12	-	7			13	-	8		
Pharmacy	14	-	7			18	-	9		
Public Health	13	-	7			20	-	20		
Laboratory Technology	7					20				
Law			25					28		
Library Science	20	-	10			18	-	9		
Textile Science	11	-	6	-	4	10	-	5	-	3
Social Work	20	-	11			20	-	15		
Criminal Justice			11			20	-	13		
Nursing Associate	7					9				
Nursing (BA and Masters)	7	-	7			No change				
Liberal Arts	20	-	11	-	5	"		"		
Home Economics	14	-	9			"		"		
Speech Pathology and Audiology	13	-	7			"		"		
Military Science	12					"		"		

Lander

COLLEGE

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Office of The President

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April 30, 1976

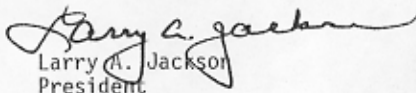
Dr. Howard Boozer
Executive Director
Commission on Higher Education
1429 Senate Street
Columbia, South Carolina 29201

Dear Howard:

At the Council of Presidents today we unanimously recommended to the Commission on Higher Education the following statements. These are our recommendations regarding Step 10 and conforms to the present CHE format:

10. Estimate the amount of student fee income (other than for debt service and student activities), any excess of summer school revenue over incremental summer school expenditures, miscellaneous revenue from sales and services, and income from federal or local governments to be received in support of 1976-77 Educational and General operations. (1977-78)
11. Unassigned generated income as defined in Step 10 above is to be subtracted from the costs of basic Educational and General operations determined in Step 9, subject to the restriction that the maximum amount to be subtracted shall not exceed \$250 for the colleges and \$325 for the universities. This determines the lump sum state appropriation requested for basic Educational and General operations, subject to adjustment for actual fall 1976 enrollments. (1977)

Sincerely,


Larry A. Jackson
President

LAJ:h1b

cc: Council of Presidents
Billy Dawson