

MINUTES OF MEETING  
OF  
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

June 2, 1977  
10:30 - 11:30 a.m.

PRESENT:

COMMISSION MEMBERS

Dr. R. Cathcart Smith, Chairman  
Mr. Arthur J. H. Clement, Jr.  
Mrs. Wanda L. Forbes  
Mr. F. Mitchell Johnson  
Mr. T. Eston Marchant  
Mr. William F. Prioleau, Jr.  
Mr. Y. W. Scarborough, Jr.  
Mr. I. P. Stanback  
Mr. Arthur M. Swanson  
Mr. T. Emmet Walsh

GUESTS

Mr. John M. Cooper  
Mr. Bernard Daetwyler  
Dr. Marianna W. Davis  
Mr. G. William Dudley, Jr.  
Mr. Joseph Jenkins  
Mr. L. Roger Kirk  
Mr. George Leventis  
Mr. J. Lacy McLean  
Miss Frances H. Miller  
Mr. David Novack  
Dr. Robert H. White

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  
Mr. Alan S. Krech  
Mr. Cannon R. Mayes  
Mr. James R. Michael  
Mrs. Ann Shelton  
Mr. Joe Syiek  
Mrs. Gaylon Syrett  
Mrs. Judi Tillman

MEMBER OF THE PRESS

Ms. Audreyole McCants

I. Approval of Minutes of May 6, 1977, Commission Meeting

It was moved (Scarborough) and seconded (Clement) that the minutes of the May 6, 1977, Commission meeting be approved as written. The motion was adopted.

II. Consideration of 1978-79 Appropriation Formula

Mr. Swanson, chairman of the Committee on Budget and Finance, reported that the committee, at the request of Dr. Smith, had prepared a draft 1978-79 Appropriation Formula (Exhibit A) which was transmitted to the Commission by memorandum dated May 18. He stated that although the committee made a detailed review of the 1977-78 Formula (adopted by the Commission on June 10, 1976), in the opinion of the committee, normal updating and minor editing should suffice for 1978-79. Major differences between the two are summarized below:

1. The Formula and CHE Report divisor for determining FTE master's level students is increased from 10 to 11 credit hours in accordance with Commission action taken on June 10, 1976 (see minutes of meeting, June 10, 1976, p. 219).

2. Projection of teaching faculty salaries from 1976-77 to 1977-78 was recommended at 6.7% (the percentage increase contained in the 1977 General Appropriation Bill). Projection from 1977-78 to 1978-79, 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 1976 ratios of the South Carolina institutions, as reported in their CHE Reports, were compared with the corresponding ratios of the 1977-78 Appropriation Formula. This comparison clearly indicated that some increases and decreases should be made in Formula ratios. The committee recommended that the Commission adopt the changes summarized in Exhibit B (and embodied in the 1978-79 Formula draft).

4. Since the current and projected rate of inflation, as measured by the GNP deflator, is between 5% and 6%, the committee recommended that the allowance for operation and maintenance of plant be increased by 6% per year.

5. Discussions with the State Division of Research and Statistical Services, the South Carolina Electric and Gas Company, and the Carolina Pipeline Company indicate general agreement that increases of 8% per year are reasonable expectations for coal, electricity, and oil, whereas a 20% annual increase is expected for gas. The committee recommended adoption of these percentages for Formula Step 7b.

6. Rather than to provide an extra step in the Formula at this time, the committee suggested that the amounts calculated by the State Auditor for fringe benefits be added to the amounts computed by Formula in order to determine the 1978-79 appropriations to be recommended by the Commission.

The committee recommended approval of the draft 1978-79 Formula, as discussed above.

Mr. Clement inquired concerning whether or not the committee, in preparing the draft Formula for 1978-79, took the following matters into consideration: (1) surplus funds accumulated by State agencies by duplicating funds from State and Federal sources; (2) reports concerning appropriations based on half-credit for contact hours in physical education and in remedial courses, unless credit hours are awarded toward a degree for such courses; and (3) the report in a recent issue of The Chronicle on Higher Education that certain colleges and universities in Tennessee, in order to secure increased appropriations, permit a large number of academically ineligible students to attend. He asked if the committee checked into these matters and, if it did not, if it has an explanation for avoiding such issues.

Mr. Swanson stated that Step 10 of the Formula provides for unrestricted income from the Federal Government to be deducted from each institution's appropriation. Mr. Jennings stated that certain State institutions have followed the policy over the years of giving half-credit in actual credit hours toward a degree for required physical education courses, while others have discontinued this practice. In order to make the Formula equitable, it was amended to provide half-credit for those institutions that award no credit hours for physical education courses. He stated that because a number of institutions offer remedial work that requires faculty participation, it

was agreed among the institutions and the staff of the Commission that it would be reasonable to allow half-credit for contact hours of remedial instruction actually performed by the faculty. He noted that the amount is a negligible portion of the total appropriation and is considered by the institutions to be fair.

Mr. Clement stated that a recent report by the U.S. Civil Service Commission indicates that many members of minority groups graduate from colleges unqualified for employment. He commented that such persons often conclude that they are unable to find employment because of their race when in a major number of instances it is due to lack of qualifications. He expressed the view that such factors should be emphasized as the Commission considers the Appropriation Formula.

Dr. Smith stated that the decision of whether or not an institution accepts certain students or offers remedial work must be made by that institution's board of trustees rather than the Commission.

On invitation from the Chairman, Mr. Bernard Daetwyler, Vice President for Finance of the University of South Carolina, stated that most Federal grants contain an item called "indirect cost reimbursement" to cover maintenance, utilities, and administrative costs connected with the project funded by the grant. The Legislative Audit Council recently discovered that certain State agencies have received duplicate indirect cost reimbursement funds through regular State appropriations. He stated that to his knowledge no State college or university has received duplicate funds. The budgeting procedure followed by the University of South Carolina provides for inclusion of indirect cost reimbursement with the other estimated amounts of funds to be received by USC. The Budget and Control Board and the General Assembly are therefore aware of and take into consideration indirect cost reimbursement funds in developing their recommendations for appropriations for USC each year. Mr. Daetwyler noted that as a result of the Legislative Audit Council's findings all State agencies and institutions are required to deposit indirect cost reimbursement funds in the State Treasury. He expressed the view that institutions that have properly budgeted these funds in the past should receive legislative relief in the future by being permitted to retain indirect cost reimbursement in the same manner as they retain student fees. Dr. Smith requested an indication from the institutions if they would like assistance from the Commission in this regard.

At Dr. Smith's request, Mr. John M. Cooper, staff member of the Legislative Audit Council, stated that the Council received complete cooperation and information from USC and that, as Mr. Daetwyler stated, USC has estimated its indirect cost reimbursement funds each year, has fully informed the Legislature of the amount of these funds, and has budgeted them so that they offset the need for additional State appropriations. He noted that USC was the only institution of higher education the Audit Council selected for its sample investigation. The report of the Audit Council recommended that the General Assembly establish a committee to work with the State Auditor's Office and the Legislative Audit Council in considering the matter of indirect cost reimbursement funds. He stated that the Audit Council would welcome suggestions or comments from Commission members.

It was moved (Swanson) and seconded (Walsh) that the 1978-79 Appropriation Formula as recommended by the Committee on Budget and Finance be adopted. The motion was approved.

Mr. Clement stated that he could not understand why the Commission would want to avoid the responsibility of incorporating into the Formula an explanation concerning indirect cost reimbursement funds. He stated that in his opinion the Commission abdicates its responsibility to protect the taxpayers of South Carolina when it fails to act on a situation such as this. Mr. Clement reiterated the statement he made on November 5, 1976 (see minutes of meeting, November 5, 1976, pp. 250-51), that the Commission has not followed its policy of directing students who need remedial courses to technical institutions rather than to colleges or universities. Mrs. Forbes stated that this has been a concern of hers also, but she does not believe the Commission is able to change the situation at this point.

Mr. Jennings distributed a summary of 1977-78 Appropriations (Exhibit C). Mr. Prioleau stated that after all the innuendos and charges made in the past, it is interesting to note the comparison of percentages of Formula based on Budget and Control Board recommendations and the percentages as passed by the Legislature. He noted that the percentages for the established colleges and universities were changed only slightly by the General Assembly; in the case of the Aiken, Coastal, and Spartanburg regional campuses of USC, however, the General Assembly significantly increased the amounts recommended by the Budget and Control Board. He stated that, at the expense of the more established institutions in the State, the regional campuses are moving up in the interest of politics. He requested that the minutes reflect his remarks.

### III. Consideration of Budget Review Schedule

Mr. Jennings stated that Commission members were provided copies of the proposed budget review schedule (Exhibit D), which is essentially identical to the schedule followed in 1976. At the request of the Budget and Control Board that the Commission make an effort to expedite receipt of university budgets, inquiries were made and this was found to be impractical. There is, therefore, no objection from the Budget and Control Board staff to the proposed schedule. It was moved (Scarborough) and seconded (Marchant) that the proposed budget review schedule be approved. The motion was adopted.

### IV. Report from Ad Hoc Committee on Optometry

Dr. Smith stated that, as a result of the April 8 decision of the Board of Trustees of MUSC against further participation in the development of a tri-state school of optometry, he appointed an ad hoc committee, composed of Mrs. Forbes, Mr. Shirley, and Mr. Walsh (acting as chairman), to consider the position of the Commission and its responsibility to Georgia, North Carolina, and the Southern Regional Education Board in the matter. Mr. Walsh reported that the committee met in Spartanburg on May 26 and formulated a resolution on optometric education in South Carolina. Copies of the proposed resolution and information concerning the application for a planning grant were distributed (Exhibit E). The committee made the following recommendations to the Commission:

(1) that the Commission on Higher Education accept and endorse the findings of the "Assessment of Need," as reported by the Task Force on Optometric Education on April 7, 1977, and by this action restate its desire to have South Carolina participate in a tri-state regional school of optometry with Georgia and North Carolina;

(2) that the Commission on Higher Education extend the planning for this interstate project by making application for, and accepting if awarded, a planning grant from federal and/or other non-state sources that could result in but does not mandate the implementation of the tri-state regional school of optometry;

(3) that the Commission on Higher Education seek endorsement of the need through appropriate action by the General Assembly during the 1978 legislative session;

(4) if detailed planning does support the feasibility and desirability of establishing a regional school in South Carolina, that the Commission on Higher Education recommend to the General Assembly in 1978 that South Carolina be advanced as the host state for the tri-state regional school of optometry.

Mr. Walsh stated that these actions would not constitute a commitment on the part of South Carolina to serve as the host state. If planning funds are obtained, those funds would be used for validating the need for a tri-state regional school and for other planning functions. Mrs. Forbes stated that she and Mr. Shirley concur in the proposed resolution of the committee. She noted that it would be an innovative approach to regional planning and would benefit not only South Carolina but other Southeastern states. It was moved (Walsh) and seconded (Clement) that the recommendations of the committee be approved. The motion was adopted. Mr. Walsh suggested that copies of the recommendations be forwarded to representatives of the Southern Regional Education Board and higher education agencies in Georgia and North Carolina.

Mr. Clement asked how the committee resolved the decision of MUSC not to participate further in the development of the school, and how it resolved the division between the professions of optometry and ophthalmology. Mr. Walsh stated that Federal requirements have been revised in recent weeks which permit the Commission to apply for planning funds, whereas earlier regulations required that an educational institution prepare and submit the application. The determination of a location for the tri-state school may be made at a later date. He stated that the committee made no attempt to resolve the problems between optometry and ophthalmology but confined its examination to whether or not the assessment of need was valid.

#### V. Report on Institutional Cooperation in Sumter and Spartanburg

Dr. Kinard presented the fourth consecutive semi-annual report on cooperative institutional arrangements in Sumter and in the Spartanburg area (Exhibit F), in accordance with Commission action taken on June 5, 1975 (see minutes of the meeting, June 5, 1975, pp. 135-36). He noted that future reports in this series will be required on an annual rather than a semi-annual basis, as agreed upon at the January 7, 1977, Commission meeting. The next report will be submitted in June, 1978. No action was required by the Commission concerning this matter.

#### VI. Consideration of Date for July Meeting at Winthrop College

Dr. Smith suggested, and it was agreed, that the next Commission meeting, to be held at Winthrop College, be scheduled for Thursday, July 7, beginning at 11:00 a.m. Dr. Kinard stated that the quarterly meeting of the Standing Committee on Academic Program Development will be held in conjunction with that meeting at Winthrop. Committee members will be notified later concerning the time of the meeting.

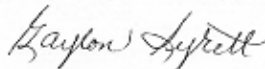
VII. Other Business

Mr. Michael reported that S.251, the Senate version of the Lake Bill, passed the Senate with a number of amendments, one of which significantly altered the thrust of the original bill. As passed, the Commission would have 53 fully participating members including 18 appointed by the Governor with the consent of the Senate, the presidents of the 34 public postsecondary institutions, and one representative from the State Board for Technical and Comprehensive Education. The House Education and Public Works Committee recognized that the structure is unwieldy and is prepared to offer amendments when S.251 comes up for consideration in the House. Before debate began, however, a point of order that S.251 should be referred to the House Ways and Means Committee was sustained, based on the cost of increased membership. A number of House members have indicated intent to move for recall from the Ways and Means Committee before the end of the legislative session.

Mr. Clement expressed appreciation for the photographs of Commission members and Governor Edwards, taken at the luncheon at the Governor's Mansion on April 7, and provided by the Governor's Office.

On motion made (Marchant) and seconded (Clement) and unanimously voted, the meeting was adjourned at 11:30 a.m.

Respectfully submitted,



Gaylon Syrett  
Recording Secretary