

MINUTES OF MEETING
OF
SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

October 15, 1974
10:30 a. m. - 1:00 p. m.

PRESENT

COMMISSION MEMBERS

Mr. Hugh M. Chapman, Vice Chairman
Mr. Howard L. Burns
Dr. Marianna W. Davis
Dr. William C. Draffin
Mr. Gedney M. Howe, Jr.
Gen. Larkin H. Jennings, Jr.
Mr. F. Mitchell Johnson
Mr. Paul W. McAlister
Mr. T. Eston Marchant
Mr. Alex M. Quattlebaum
Mr. Y. W. Scarborough, Jr.
Mr. Fred R. Sheheen
Mr. O. Stanley Smith
Mr. I. P. Stanback
Mr. T. Emmet Walsh
Mr. Othniel H. Wienges

STAFF

Dr. Howard R. Boozer
Mr. Charles A. Brooks
Mr. Horace F. Byrne
Dr. George P. Fulton
Mr. William C. Jennings
Dr. Frank E. Kinard
Mr. Alan S. Krech
Mrs. Rande Lee
Mr. James R. Michael
Mr. James L. Solomon, Jr.
Mrs. Gaylon Syrett

GUEST

Mr. J. Lacy McLean

MEMBERS OF THE PRESS

Mr. Hugh Gibson
Ms. Warren McInnis

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

Mr. Chapman, Vice Chairman, presiding in Dr. Smith's absence, announced that the Executive Committee had met on October 9 to review and make recommendations on the appropriation requests of the colleges and universities. The report of the Committee was mailed to Commission members on October 11. Mr. Chapman stated that, in accordance with the Commission's unanimous decision on July 11, the Committee based its review and recommendations, for all institutions other than the Medical University, solely on appropriation requests computed through the 1975-76 Appropriation Formula. Since computations of Formula Steps 1 through 11 had already been verified by the Commission staff, the Committee concerned itself primarily with the institutions' requests for special funding under

Steps 12 and 13. Lacking a formula, the Medical University's appropriation request was reviewed in detail, line by line. In all cases, careful attention was given to the oral presentations made to the Commission on October 8 by the presidents of the colleges and universities.

The Committee adopted three general principles for use in its consideration of the appropriation requests of all institutions covered by the Formula:

1. Recommend 100% funding of the basic formula (i. e., Steps 1 through 11). ("Basic Educational and General" appropriations in the 1974-75 General Appropriation Act were 95% of Steps 1 through 11. The Commission, in adopting the 1975-76 Formula, introduced more severe student/faculty ratios so as to achieve a 5% basic appropriation reduction in the expectation that no further action need be taken by the 1975 General Assembly.)
2. Recommend for special funding only those special requests which clearly come within the wording and intent of Steps 12 and 13. The increasing tendency of institutions to request special funding for normal operating purposes will, if not discouraged, weaken or destroy the Formula's credibility.
3. Following past practice, if the 1975-76 Formula does not provide funds equal to at least 105% of an institution's total 1974-75 appropriation, recommend an amount equal to the 1974-75 appropriation plus 5%.

Mr. Chapman made the following comments to assist the Commission in understanding or evaluating individual recommendations. He noted that:

- a. Two institutions requested special funding in Step 12 for inflation. If the requests were justified, a case might be made for inflationary increases for all, rather than just two of the institutions. Exhibit A shows, however, that the recommended 1975-76 basic appropriations per student, as determined by Formula for each institution, will exceed the corresponding 1974-75 basic appropriation per student by a sufficient margin.
- b. Several institutions requested special funding under Step 12 for computerization of their management information systems ("M. I. S. "). The Commission is coordinating a joint effort by all public colleges and universities to modernize and upgrade their internal data collection and reporting systems. When the presidents agreed to participate in this joint undertaking, they indicated awareness that it would require expenditures of effort and money on their part. Presumably they share the Commission's view that such expenditures will be justified by their improved abilities to manage their institutions more efficiently. By working together in this way each institution's costs will be much smaller than if it were to proceed alone. In the Executive Committee's view, Steps 1 through 11 of the Formula provide each institution with a lump sum, part of which may be used by the institution, if it should so desire, to provide better information for its management.

The recommendations of the Commission on Higher Education, which will be submitted on October 24 at the joint hearing of the House Ways and Means Committee, the Senate Finance Committee, and the Budget and Control Board, are summarized in Exhibit B. That summary includes for each institution, in addition, the 1974-75 appropriation, the appropriation requested by formula for 1975-76, and the increase recommended by the Commission.

The Recommendations of the Executive Committee, and Commission action with respect to each institution's appropriation request, are set forth in detail below.

Winthrop College - Winthrop College requested \$7,498,290 for 1975-76, including \$681,900 in special funding (Step 12) and \$106,200 in separately budgeted research (Step 13). The Executive Committee recommended \$6,710,190 (Steps 1-11), and recommended against the funds requested in Steps 12 and 13.

It was moved (Sheheen) that the Executive Committee's recommendations be adopted.

Mr. Burns stated that since Winthrop has had a program of research in home economics for a number of years that does not fit the criteria of research in universities, he would request special funding in the amount of \$30,000 for that Step 13 item.

It was moved (Marchant) and seconded (Johnson) that the \$30,000 requested by Winthrop for research in home economics be approved for a one-year program in 1975-76. Mr. Sheheen amended the motion to indicate that all other Executive Committee recommendations be approved. The motion was adopted. The Commission expects to review the results of the one-year home economics research program prior to budgetary recommendations for 1976-77.

Winthrop estimates that its housing operations in 1975-76 will incur a deficit of approximately \$387,500, because a number of its dormitories are vacant. Fees obtained from residents of the occupied dormitories will not cover the costs of operating and maintaining both vacant and occupied dormitories. Since it does not appear feasible to increase further the already high dormitory fees, Winthrop requested special funding under Step 12 to cover the projected deficit. The Commission recommends, however, that Winthrop should receive a special appropriation to cover its dormitory operations deficit, since the vacant dormitories apparently resulted, at least in part, from past legislation which restricted male enrollment. The Commission does not believe that funds for the housing deficit should be included among the appropriations for educational and general purposes.

The Citadel - The Citadel requested \$5,366,016 for 1975-76, including \$911,434 in special funding (Step 12). The Executive Committee reported that special funding requested by The Citadel appeared to be in accord with formula intent. The Executive Committee noted that supplementary R. O. T. C. costs were computed in the uniform manner prescribed by the Commission for all four institutions having R. O. T. C. programs. Special military costs (other than R. O. T. C.) and other special costs peculiar to The Citadel were identified and evaluated. The special engineering supplement was based on the projection of 1.9 FTE engineering faculty in excess of the number of engineering faculty generated under the formula. All of these, plus the amount determined under Steps 1 through 11, result in a total 1975-76 appropriation request exceeding The Citadel's total 1974-75 appropriation by only 1.4%. Following past Commission practice, the Committee recommended a special additional supplement of \$186,373 in order for the 1974-76 request to exceed the 1974-75 appropriation by 5%, for a total appropriation of \$5,503,366. The Committee also expressed concern over declining cadet enrollments and questions whether non-cadet students will continue to attend The Citadel in sufficient numbers to keep future special supplements within reasonable limits.

It was moved (Sheheen) and seconded (Marchant) to accept the Executive Committee's recommendations for The Citadel. The motion was approved.

South Carolina State College - South Carolina State College requested \$6,672,924 for 1975-76, including \$633,503 in special funding. The Executive Committee recommended \$6,422,924, an amount which included all of the institution's special funding requests except an item in the amount of \$250,000 for replacing boilers. The Committee felt that funds for replacing boilers, as well as the \$50,000 building renovation item included by President Nance in his October 8 oral presentation, should be deleted for subsequent submission as capital improvement requests.

It was moved (Sheheen) and seconded (Quattlebaum) that the Executive Committee's recommendations for South Carolina State College stand. The motion was approved.

Later in the meeting, Mr. Jennings called to the Commission's attention, with regrets, an error just discovered in the amount requested in Step 7 for South Carolina State College. The computation of \$1,746,692 was correct, but the 38% maximum limitation would reduce the figure to \$1,400,174. It was moved (Quattlebaum) and seconded (Stanback) that the Executive Committee look into the matter and correct the computation in Step 7, if necessary, for the Commission's final recommendation. The motion was adopted. The final appropriation ultimately adopted for South Carolina State College totaled \$6,240,407, including a recommended supplement of \$164,001 to raise the appropriation to an amount equal to the 1974-75 appropriation level plus 5%.

College of Charleston - The College of Charleston requested \$8,315,953 for 1975-76, including \$630,350 in special funding (Step 12). The Executive Committee recommended \$7,685,603 (Steps 1-11), and did not recommend approval of funds requested in Step 12.

The Committee noted that special funding of libraries will not be required because sufficient funds have been and will be made available through 4.5 years of tuition retention, combined with the generous features of Steps 1 through 11 for libraries in 1975-76. Although the Southern Association of Colleges and Schools does not specify the number of volumes in its accreditation standards, the college will undoubtedly wish to continue to add to its collection. Funds for such acquisitions, even if abnormally large, are made available not only through Formula Step 6 (libraries) but also through other Steps to the extent that the College of Charleston's average faculty salary is lower than at The Citadel. It was also recommended by the Committee that other requests for special funding under Step 12 should be financed through Steps 1 through 11. Although the Committee recognized the desirability of acquiring educational, scientific and marine biology equipment, the above comments concerning the adequacy of Steps 1-11 funding also apply to equipment.

Mr. Johnson requested that Step 7 (Operation and Maintenance of Physical Plant) be adjusted to account for the fact that the year 1971-72 was the first year of funding by the State, when enrollment and facilities were much smaller. He noted that Operation and Maintenance of Physical Plant for the year 1974-75 will be in excess of \$1,700,000. He requested that the maximum under Step 7 of 38% of total instructional costs be applied, increasing the amount to \$1,918,198.

Mr. Jennings stated that the 38% maximum was a cut-off point only, and was not meant to serve as an optional computational procedure. He explained that in the case of large increases in gross square footage of educational space, at a percentage greater than the percentage increase in FTE students, the formula provides that an optional computation may be used for that particular year, with a maximum allowable of 38% of total instructional costs.

Mr. Sheheen suggested that the difference between the \$1,755,474 computed according to Step 7 of the formula and the \$1,918,198 requested by Mr. Johnson -- an additional amount of \$162,724 -- be moved from Step 7 and that it be considered as a request for special funding under Step 12. It was moved (Johnson) and seconded (Howe) that the additional \$162,724 for Operation and Maintenance of Physical Plant be moved to Step 12. The motion was approved.

Mr. Johnson requested additionally that the \$630,000 requested originally by the College of Charleston under Step 12 be reinserted. Mr. Howe noted that, in his opinion, three of those items seemed legitimately to fall within Step 12. It was moved (Howe) and seconded (Johnson) to approve Learning Resources Equipment (\$51,500), Educational and Scientific Equipment (\$119,500), and Marine Biology Laboratory Equipment (\$56,000), for a total of \$227,000 in special funding.

A substitute motion was made (Sheheen) and seconded (Walsh) that the Executive Committee's recommendations, amended by the Commission to include the addition of \$162,724 for Operation and Maintenance of Physical Plant under Step 12, be adopted. The motion was adopted, with 7 voting in favor, 7 opposed, and the Chair casting the deciding vote.

Mr. Johnson requested that he be recorded as saying that the College of Charleston would preserve its right to appeal the Commission's recommendations through the proper procedures.

Francis Marion College - Francis Marion College requested \$4,035,048 for 1975-76, including \$88,522 in special funding (Step 12). The Executive Committee recommended \$3,946,527 (Steps 1-11), stating that it considers all items requested by Francis Marion under Step 12, including the recruiting program entitled "Pee Dee Impact Project," to be encompassed under Steps 1-11. Francis Marion also has a lower faculty salary average than at The Citadel, and has had the benefit of 4.5 years of tuition retention.

It was moved (Walsh) and seconded (Stanback) and unanimously voted to adopt the recommendations of the Executive Committee for Francis Marion College.

Lander College - Lander College requested \$2,586,687 for 1975-76, including \$135,750 for special funding (Step 12). The Executive Committee recommended \$2,450,937 (Steps 1-11), noting that Lander has again requested approval to retain tuition for the third successive year for general operating purposes. Tuition revenues would otherwise be deposited with the State Treasurer for future debt service. The Committee recommended that no other special funding should be authorized for 1975-76. The Commission has agreed, consistent with the procedure followed in the cases of the College of Charleston and Francis Marion College, to recommend full tuition retention by Lander for 1976-77 and one-half tuition retention for 1977-78, for a total of 4.5 years.

It was moved (Walsh) and seconded (Sheheen) and unanimously voted to adopt the recommendations of the Executive Committee for Lander College.

University of South Carolina (Main Campus) - The University of South Carolina requested a total appropriation for 1975-76 for its main campus in the amount of \$55,440,150, including \$5,009,137 for special funding (Step 12) and \$1,424,990 for research (Step 13). The Executive Committee recommended approval of special funding in the amount of \$1,664,632. This includes the \$807,158 previously projected for the new medical school. Among the items recommended were \$300,000 for continuation of the model school program, \$100,000 for continuation of the drug education program, and \$107,474 for R. O. T. C. costs other than salaries. The \$300,000 recommended for law library volumes

represents the third and final increment of an agreed \$900,000 program; additional law library acquisitions should be financed through Steps 1-11. The only other Step 12 item recommended was \$50,000 in additional start-up funds for a graduate program in criminal justice, subject to Commission approval of the proposed program; the balance of the needed funds should be generated through Formula Steps 1-11 by students in the program. No special funds are recommended for starting a school of public health beyond the \$100,000 already appropriated; projected enrollments should generate adequate funding through Steps 1-11. The proposed honors program, and master's program in media arts, should also be covered by Steps 1-11. Special funding for completion of the purchase of U.S.C.'s computer was not recommended; annual allocation by the university of an appropriate portion of the proceeds of Steps 1-11 will enable it to finance the purchase program already under way.

The Executive Committee noted its view that \$150 per FTE graduate student is a reasonable allocation for special research programs at the universities. This is in addition to the funds generated by the formula for research related to instruction. The Committee recognized as an exception to this general principle the fact that the General Assembly had historically made special appropriations for a few specific research institutes, bureaus, and programs prior to the commencement of formula budgeting. The Committee strongly recommended, however, that no further exceptions be made, and that special appropriations for the bureaus, etc., which have heretofore been singled out not go beyond the amounts appropriated for 1974-75.

Mr. Marchant requested an adjustment in Steps 1-3, in light of a change in the student/faculty ratio from 11 to 1 to a ratio of 6 to 1 for the School of Public Health. It was moved (Marchant) and seconded (Johnson) that the Commission approve such an adjustment, which would generate an additional \$117,178 in Steps 1-11 (Basic Educational and General). The motion was adopted.

Responding to a question, Mr. Jennings explained that since liberal arts master's degree programs usually have a ratio of 11 to 1 and scientific programs have a ratio of 6 to 1, the 6 to 1 ratio would appear to be more appropriate for the School of Public Health. He suggested that the Formula Committee, in its review of next year's formula, take this problem under advisement to see what the correct ratio should be.

Mr. Marchant asked that four items requested by U.S.C. in Step 12 be reinserted: Graduate School of Criminal Justice (\$200,000 in lieu of the \$50,000 recommended by the Executive Committee); Inflation (\$607,505); Purchase of a Computer (\$1,600,000); and NCHEMS - M.I.S. Project (\$537,000). Additionally, Mr. Marchant requested that an adjustment be made to Step 13. It was moved (Marchant) and seconded (Stanback) that the Commission approve a \$200 per-student appropriation for General Research for U.S.C.'s Main Campus.

A substitute motion was made (Walsh) and seconded (Sheheen) that the Executive Committee recommendations, with the change heretofore mentioned concerning the School of Public Health, be adopted.

An amendment to the motion was made (McAlister) and seconded (Marchant) to increase the \$150 per-student figure to \$200 per-student for General Research under Step 13. The motion was not adopted, with 8 opposing and 5 in favor.

Mr. Walsh's substitute motion was approved, with 10 voting in favor and 3 opposed, Mr. Marchant casting a dissenting vote.

University of South Carolina Regional Campuses - The University of South Carolina requested for its regional campuses a total appropriation for 1975-76 of \$7,559,123, including \$1,621,790 in special funding. The Executive Committee recommended special funding totaling \$649,145 under Step 12. This includes \$125,000 for extra costs related to upper level courses at Aiken. It also includes \$238,614 for extra costs of upper level courses at Coastal and \$285,531 for extra costs of upper level courses at Spartanburg. In the latter two instances the amounts recommended were computed at half the additional amount which each institution would receive under the formula if it were a fully separate and complete four-year college. Funds generated under the formula by students in the Lancaster/TEC nursing program make special funding unnecessary. Computer-related costs are chargeable to Formula Steps 1-11.

It was moved (Marchant) and seconded (Howe) to reinsert the full amount requested for the regional campuses.

A substitute motion was made (Sheheen) and seconded (Wienges) that the Executive Committee's recommendations be adopted. The motion was adopted, with Mr. Marchant casting a dissenting vote.

Mr. Marchant requested that he be recorded as saying that U. S. C. would preserve its right to appeal the Commission's recommendations through the proper procedures.

Clemson University - Clemson University requested \$31,420,442 for 1975-76, including \$2,958,102 in special funding and \$874,900 for research. The Executive Committee recommended approval of special funding under Step 12 in the total amount of \$669,658, of which \$198,826 is for R. O. T. C. costs other than salaries. Although \$55,000 is recommended for continued in-service agricultural training during 1975-76, the Committee suggested that in subsequent years funding for this program be requested by Clemson in its agricultural public service budget. Continuing the three-year textile equipment modernization project approved last year, the Committee recommended approval of the second increment which amounts to \$302,000, including cost escalation. The Committee also recommended a special textile department

supplement of \$113,832, which is based on the projection of 3.4 FTE textile science faculty in excess of the number of textile science faculty generated under the formula. Other items requested under Step 12 are, in the Committee's judgment, chargeable to Steps 1 - 11. With respect to the \$809,526 requested for extension and public service, it appeared to the Committee that the bulk of this amount represents ongoing activities currently accounted for by Clemson in its instruction and departmental research accounts. Proposed new activities, such as "Project Outreach," if implemented, might be categorized and separately accounted for as extension and public service activities. The Committee pointed out that Clemson's most recent CHE Report 101 (for 1972-73) indicates that extension and public service expenditures amounted to about 1% of its total educational and general expenditures.

Separately budgeted research requests under Step 13 were recommended by the Executive Committee to the extent of \$666,550. This includes \$228,900 representing \$150 per FTE graduate student. It also includes the four historically recognized separate research programs, but with State appropriations for these purposes maintained at the 1974-75 level. The Committee believes that any additional separately budgeted research expenditures should be covered by the \$150 appropriation per graduate student and/or by the lump sum provided under Steps 1-11.

It was moved (McAlister) and seconded (Marchant) that Clemson's requests be restored.

A substitute motion was made (Sheheen) and seconded (Walsh) that the Executive Committee recommendations totaling \$28,923,648 be adopted. The motion was approved, with 10 voting in favor and 3 opposed, Mr. McAlister casting a dissenting vote. Mr. McAlister requested that he be recorded as saying, "Clemson is doing what is required of it. We believe the General Assembly knows what is required of Clemson and wants it to continue its official role in education and public service. Clemson intends to honor its obligation to fulfill its responsibilities and will take whatever action is necessary to do so. I give notice that Clemson preserves all its rights, legal and otherwise."

Medical University of South Carolina - The Medical University of South Carolina requested a total appropriation of \$45,884,494, with \$29,383,643 for the Academic Division, \$11,500,000 for the Hospital and Clinics Division, \$1,530,851 for the Consortium of Community Hospitals, and \$3,470,000 for the Statewide Family Practice Residency Program. The Executive Committee recommended a total appropriation of \$42,871,380, which is \$3,013,114 less than requested by the institution. The larger recommended reductions were \$364,859 in Administration and General, \$1,431,337 in Educational Programs, and \$683,986 for the Consortium of Community Hospitals. The first two reductions involve questions concerning the feasibility of employing as many qualified personnel as rapidly as indicated. The third relates to the availability of Federal funds. The Committee pointed out that the total appropriation it recommended for the Medical University included an increase of \$5,186,054

for all activities other than the Statewide Family Residency Program.

Dr. Draffin expressed concern that the reduction of educational programs in the School of Medicine would prevent certain areas of the clinics from being advanced as rapidly as had been hoped. He noted also that the funds involved in the Consortium of Community Hospitals are on a contractual basis, with approximately two-thirds federal funds and one-third to be provided by M. U. S. C., making the State appropriated money necessary for the acquisition of federal funds. He stated that the reduction in requested funds would limit M. U. S. C.'s ability to carry out the consortium program.

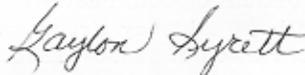
Mr. Sheheen stated that the Executive Committee's recommendation was based on very specific facts with respect to the Consortium of Community Hospitals, and if the Committee was in error, the Commission should be advised. According to the justification which was sent to the Budget and Control Board, federal funds would be available through 1977. The Executive Committee's decision was that there should not be duplication of State and federal funds, but it was not the intention of the Committee to cut short funds for Consortium of Community Hospitals.

It was moved (Walsh) and seconded (Sheheen) to adopt the recommendations of the Executive Committee, provided however that the Executive Committee will check with Dr. Draffin and M. U. S. C. to ascertain that the recommended amount will provide full implementation of the Consortium. The motion was approved. Further consideration resulted in a final recommendation, concurred in by Dr. Draffin and M. U. S. C., of \$43,181,860 as indicated in Exhibit B.

Gen. Jennings stated that, as a new member of the Commission, he was impressed by the integrity of the members and by the Executive Committee. He commended them on the manner with which they acted in the best interest of the State, over and above any admiration they might have for a particular institution.

The meeting was adjourned at 2:00 p. m.

Respectfully submitted,



Gaylon Syrett
Recording Secretary