



SOUTH CAROLINA COMMISSION ON HIGHER EDUCATION

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May 16, 1975

MEMORANDUM

TO: Members, Commission on Higher Education

FROM: Budget and Finance Committee and Ad Hoc Committee

SUBJECT: Recommended Appropriation Formula for 1976-77

As requested by Commission Chairman R. Cathcart Smith at the March 6 meeting of the Commission, the Commission's Budget and Finance Committee and the Ad Hoc Committee appointed by the Chairman have jointly prepared a draft 1976-77 Appropriation Formula. The members of the two Committees listed at the end of this memorandum, unanimously recommend the draft for adoption by the Commission.

The Committees' deliberations began with a detailed review of the 1975-76 Formula, which was adopted by the Commission on July 11, 1974. We concluded that the basic structure and content of the Formula, which has been under continuous development and refinement by the colleges and universities and the Commission since early 1971, are sound.

As in prior years, however, some areas needing revision or clarification were identified. This was accomplished by considering carefully the suggestions for improvement made by the presidents of the colleges and universities, Commission members and staff, and others. We paid particular attention to the views of the presidents, as expressed in their replies to the January 24 memorandum of Executive Director Howard R. Boozer. A "capsule summary" of their replies (Enclosure A) is furnished for your convenient reference, along with copies of their letters (Enclosure B) and Dr. Boozer's memorandum (Enclosure C).

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Copies of the 1975-76 Formula (Enclosure D) and of the draft 1976-77 Formula (Enclosure E) are also provided. Major differences between the two are summarized below, along with our reasons for recommending the changes:

1. Prior to 1970, full-time equivalent (FTE) enrollments at South Carolina public colleges and universities were determined by dividing undergraduate semester credit hour production by 15 and graduate credit hour production by 9. Commencing with 1970, based on a recommendation of a consulting firm, FTE graduate students have been determined by dividing master's level credit hour production by 9 and doctoral level credit hour production by 6. Implementation of this change required somewhat arbitrary decisions to assure uniform identification and reporting because many graduate courses serve both master's and doctoral candidates.

Discussions with coordinating/governing board staff members in other states, and with personnel of the National Center for Higher Education Management Systems (NCHEMS), the National Association of College and University Business Officers (NACUBO), and the Education Commission of the States (ECS) raised doubts as to the appropriateness and equity of the 1970 changes. Consequently, a careful comparison was made of South Carolina's FTE enrollment computation factors with those employed in other Southern states. The results of this comparison are summarized on the enclosed table (Enclosure F). 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, quite different.

We recommend that the Formula and CHE Report divisor for determining FTE doctoral students be changed back from 6 to 9 credit hours, thereby relating the South Carolina policy more directly to actual practice as well as making it more comparable to the policies followed by other states.

2. Projection of teaching faculty salaries from 1974-75 to 1975-76 is recommended at 6% (3.5% for general increases, plus 2.5% for merit increases). Projection from 1975-76 to 1976-77 should provide only for merit increases of 2.5% because general increases for that year will be appropriated separately by the General Assembly. The above percentages were supplied by the Budget and Control Board staff.

3. We recommend that teaching faculty salaries for the four-year colleges be based on actual salaries at Winthrop, thereby recognizing the highest average salary of all colleges having the normal faculty rank structure from instructor through full professor. The Citadel's average faculty salary is not representative because faculty below the rank of assistant professor are not employed.

4. We recommend that the Coastal and Spartanburg branches of the University of South Carolina be permitted to use for 1976-77 the Formula factors applicable to four-year colleges, thereby completing the two-year "phase in" to senior college funding begun in 1975-76. We recommend, however, that the Aiken branch continue, for Formula purposes, to be included with the remaining regional campuses and that it be permitted to request sufficient special funding under Step 12 to bring it half way between two-year regional campus and senior college funding. This procedure for Aiken would be consistent with the Commission's transitional funding recommendations for Coastal and Spartanburg in 1975-76.

5. A new Step 4 (c) is recommended in order to provide an improved funding mechanism for ROTC support. References to ROTC have been deleted from Steps 3 and 12, and an appropriate student/faculty ratio is indicated. The effect is less ROTC support for the two universities and more support for The Citadel.

6. Under Step 7, the Committees recommend reducing annual increases for plant operation and maintenance expenditures (other than for utilities) back to 8% from the 10% which was allowed in 1975-76 for higher utility costs. In addition, the maximum allowance of 36%, which was in effect prior to 1975-76, should be reduced to 31% for 1976-77 because utilities constitute approximately 15% of total plant operation and maintenance expenditures.

Utility costs would, we believe, be better provided for by establishing a new Step 7 (b) based on actual 1974-75 costs of fuel oil, electricity, coal, and gas used for heating, cooling, and lighting. Procedures for projection to 1976-77 and adjustment for rapid plant expansion are included. No maximum is suggested.

7. Responding to requests for clarification of intent and separation of continuing and one-time expenditures, Step 12 has been completely rewritten.

8. Although many presidents would prefer no changes, or some reductions, in student/faculty ratios, the Committees consider it essential to have realistic Formula ratios which are reasonably in line with prevailing practice in South Carolina and elsewhere. Actual 1974-75 student/faculty ratios of the South Carolina institutions, as reported in their CHE Reports, were compared with the corresponding ratios of the 1975-76 Appropriation Formula. This comparison (Enclosure G) clearly indicates that a number of increases should be made. The Committees urgently recommend that the Commission adopt the changes summarized on Enclosures H and I (and embodied in the 1976-77 Formula draft).

The Committees will be pleased to elaborate on their recommendations at the June Commission meeting. Copies of this report and attachments are being furnished to the presidents, Senator Dennis, Representative LeaMond, and State Auditor Smith, as well as to you, well in advance of the meeting. Committee members will welcome comments from interested parties prior to the meeting.

Hugh M. Chapman, Chairman
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Alex M. Quattlebaum
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cc: Presidents, Public Colleges and Universities
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Honorable F. Julian LeaMond
Mr. P. C. Smith
Dr. Howard R. Boozer