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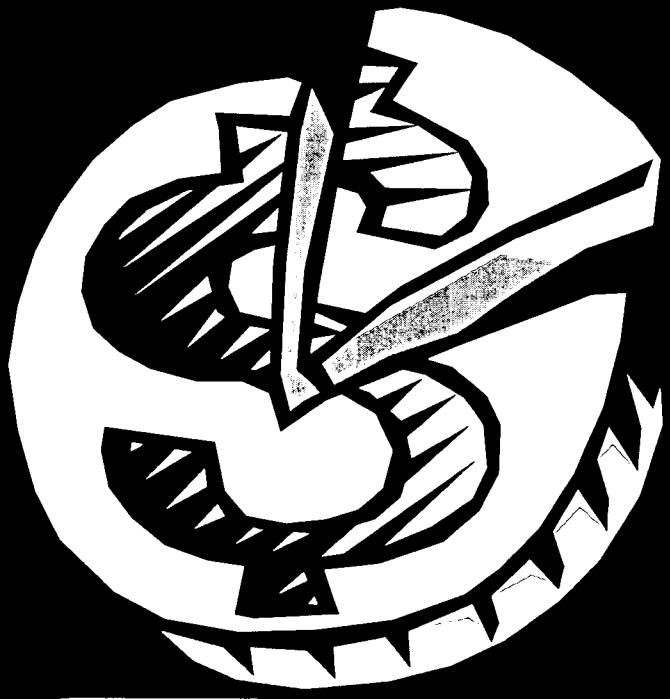
ABSTRACT

This document describes the performance funding mission resource requirements for public institutions of higher education in South Carolina. It opens with sections of the state code, as amended in 1993, that define the annual budget requests of higher education institutions and outline the requirements for performance funding. The guiding principles for a performance-based funding model are listed in table form. An outline is provided of the Mission Resource Requirements Model for 2001-2002. A series of tables then presents data about institutional sectors, student and faculty ratios and faculty salaries, expenditures, facilities maintenance and operations, and funding for some specific programs. Three appendixes contain the numeric calculation for the mission resource requirements, an overview of performance funding, and the allocation plan and methodology for fiscal year 2001-2002. (SLD)

FY 2001-2002 Mission Resource Requirements



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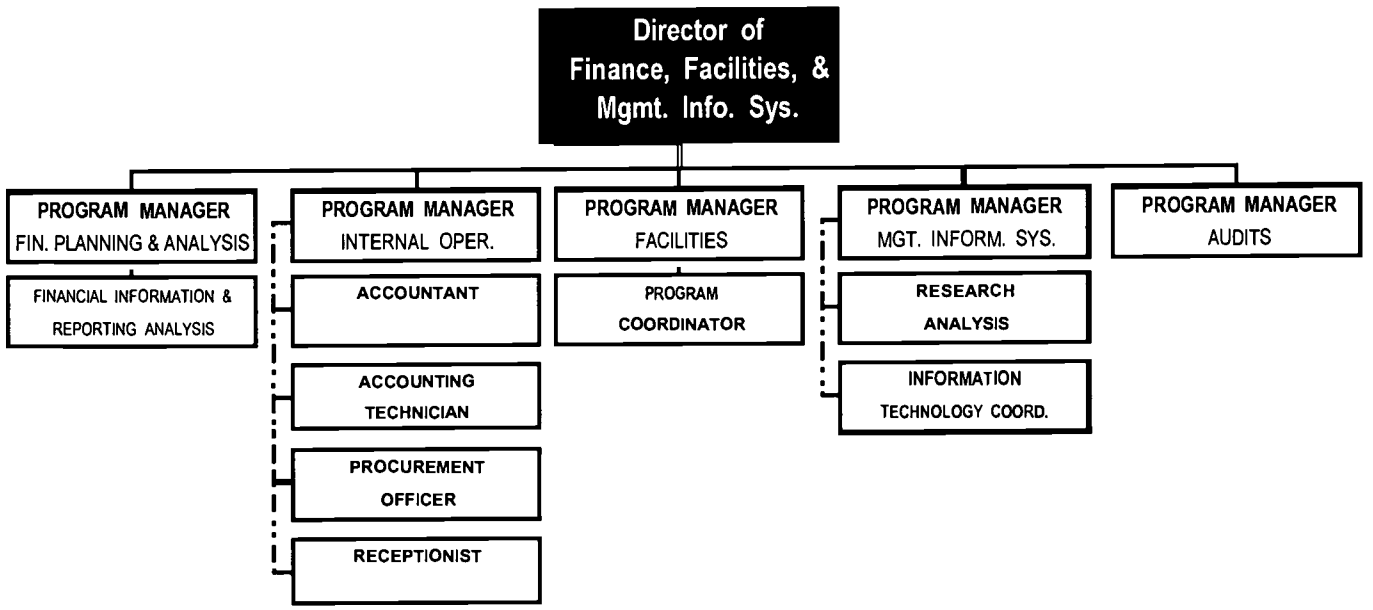
S.C. Commission on Higher Education

Division of Finance, Facilities, And Management Information Systems

Organizational Chart

as of June 1, 2001



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BILL NUMBER: 1195
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SECTION 5. Section 59-103-35 of the 1976 Code, as last amended by Act 178 of 1993, is further amended to read:

Sections 59-103-35. All public institutions of higher learning shall submit annual budget requests to the Commission in the manner set forth in this section. The State Board for Technical and Comprehensive Education shall submit an annual budget request to the Commission representing the total requests of all area-wide technical and comprehensive educational institutions. The budget submitted by each institution and the State Board for Technical and Comprehensive Education must include all state funds, federal grants, tuition, and fees other than funds derived wholly from athletic or other student contests, from the activities of student organizations, from approved private practice plans, and from the operation of canteens and bookstores which may be retained by the institutions and be used as determined by the respective governing boards, subject to annual audit by the State. Fees established by the respective governing boards for programs, activities, and projects not covered by appropriations or other revenues may be retained and used by each institution as previously determined by the respective governing boards, subject to annual audit by the State. The budget request for the public higher education system shall be submitted by the Commission to the Governor and appropriate standing committees of the General Assembly in conjunction with the preparation of the annual general appropriations act for the applicable year.

Performance Funding
Mission Resource Requirements

Supplemental appropriations requests from any public institution of higher education must be submitted first to the Commission. If the Commission does not concur in the requests, the affected institution may request a hearing on the requests before the appropriate committee of the General Assembly. The Commission may appear at the hearing and present its own recommendations and findings to the same committee. The provisions of this paragraph do not apply to any capital improvement projects funded in whole or in part prior to July 30, 1996.

No new program may be undertaken by any public institution of higher education without the approval of the Commission. The provisions of this chapter apply to all college parallel, transferable, and associate degree programs of technical and comprehensive education institutions. All other programs and offerings of technical and comprehensive education institutions are excluded from this chapter.

Excerpts from:

SECTION 6. Section 59-103-45 of the 1976 Code is amended to read:

Section 59-103-45. In addition to the powers, duties, and functions of the Commission on Higher Education as provided by law, the commission, notwithstanding any other provision of law to the contrary, shall have the following additional duties with regard to the various public institutions of higher education . . .

(4)(b)base the higher education funding formula in part on the achievement of the standards set for these performance indicators including base-line funding for institutions meeting the standards of achievement, incentive funding for institutions exceeding the standards of achievement, and reductions in funding for institutions which do not meet the standards of achievement, provided that each institution under the formula until July 1, 1999, must receive at least its fiscal year 1996-1997 formula amount . . .

(d) develop a higher education funding formula based entirely on an institution's achievement of the standards set for these performance indicators, this formula to be used beginning July 1, 1999. This new funding formula also must be contained in regulations promulgated by the commission and submitted to the General Assembly for its review in accordance with the Administrative Procedures Act;

"Mission Resource Requirements Funding Model"

During the process of implementing Performance Funding, the Commission has identified two major components of an overall plan. These components are the determination of a Performance Percentage based on institutional ratings on indicators, and the development of a Resource Allocation Plan (RAP). The first component of the RAP is an estimate of the fiscal needs of the institution, the Mission Resource Requirements Model, which provide funding for those costs associated with Education and General (E & G) activities of the institutions for which the State is responsible.

SECTION 7. Section 59-103-60 of the 1976 Code, as last amended by Act 137 of 1995, is further to read:

Section 59-103-60. The Commission shall make such recommendations to the Governor's Office and the General Assembly as to policies, programs, curricula, facilities, administration, and financing of all state-supported institutions of higher learning as may be considered desirable. The House Ways and Means Committee, the Senate Finance Committee, and the State Budget and Control Board may refer to the Commission for investigation, study, and report any requests of institutions of higher learning for new or additional appropriations for operating and for other purposes and for the establishment of new or expanded programs.

S.C. C.H.E. Guiding Principles for a Performance-Based Funding Model

Characteristic	Summary Description of Principles
A. Goal-Based	The funding model should incorporate and reinforce the broad goals of Act 359 and the Commission on Higher Education for the state's system of colleges and universities as expressed through approved missions, quality expectations and performance standards.
B. Mission-Sensitive	The funding model should be based on the recognition that different institutional missions (including differences in degree levels, program offerings, student readiness for college success and geographic location) require different rates of funding.
C. Adequacy-Driven	The funding model should determine the funding level needed by each institution to fulfill its approved mission.
D. Size-Sensitive	The funding model should reflect the impact that relative levels of student enrollment have on funding requirements.
E. Responsive	The funding model should reflect changes in institutional workloads and missions as well as changing external conditions in measuring the need for resources.
F. Adaptable to Economic Conditions	The funding model should have the capacity to apply under a variety of economic situations, such as when the state appropriations for higher education are increasing, stable or decreasing.
G. Concerned with Stability	The funding model should not permit shifts in funding levels to occur more quickly than institutional managers can reasonably be expected to respond.
H. Simple to Understand	The funding model should effectively communicate to key participants in the state budget process how changes in institutional characteristics and performance and modifications in budget policies will affect funding levels.

S.C. C.H.E. Guiding Principles for a Performance-Based Funding Model

Characteristic	Summary Description of Principles
I. Equitable	The funding model should provide both horizontal equity (equal treatment of equals) and vertical equity (unequal treatment of unequals) based on size, mission and growth characteristics of the institutions.
J. Adaptable to Special Situations	The funding model should include provisions for supplemental state funding for unique activities that represent significant financial commitments and that are not common across the institutions.
K. Reliant on Valid & Reliable Data	The funding model should rely on data that are appropriate for measuring differences in funding requirements and that can be verified by third parties when necessary.
L. Flexible	The funding model should be used to estimate funding requirements in broad categories; it is not intended for use in creating budget control categories.
M. Incentive-Based	The funding model should provide incentives for institutional effectiveness and efficiency and should not provide any inappropriate incentives for institutional behavior.
N. Balanced	The funding model should achieve a reasonable balance among the sometimes competing requirements of each of the criteria listed above.

Outline of the
Mission Resource Requirements Model
2001-2002

Step 1: Instruction

All student credit hour activity, including summer school, will be used to determine projected enrollment levels by discipline. Undergraduate enrollment will be compared to the institutionally projected levels as approved by the Commission (from respective strategic plans). For institutions in the Research and Teaching Universities sectors, ***increases in undergraduate enrollment above two percent (2%) of the Commission approved levels will not be funded***. Also, decreases up to two percent (2%) will not result in funding reductions. Decreases of more than two percent (2%) will result in reductions. There are no limitations on enrollment changes at the graduate level or for the two-year institutions. The projected enrollment will be converted to a number of needed faculty based on student/faculty ratios. The resulting number of faculty will be multiplied by regional average salaries, by discipline, by sector. Also, an estimation of employer contribution will be made in order to provide for the employer=s share of certain taxes, insurance premiums, and retirement contributions. The projection of these costs will be calculated using a percentage which will be developed in conjunction with the State Office of Human Resources, and the State Budget Division of the Budget & Control Board. Finally, instructional support will be calculated based on respective percentages for each discipline. The combination of projected faculty costs, and projected instructional support will be total instructional costs.

Instruction Step Continued:

INSTRUCTION - The credit hours included in instruction are the three-year rolling averages for the years, Fall 1998, Spring 1999, and Summer 1999; Fall 1999, Spring 2000, and Summer 2000; Fall 2000, Estimated Spring 2001, and Estimated Summer 2001. The salary data is from the College and University Personnel Association (CUPA) as of Fall 1998 for institutions in the region, and SREB Faculty Salary Averages for the Two-Year Regional Campuses and Technical Colleges and inflated by 2000-2001 S.C. Cost of Living percent increase. The credit hours included are from Commission on Higher Education Management Information System (CHEMIS) and verified by the institutions. The student/faculty ratios that are used are the ratios from the previous funding formula. Fringe Benefits will be funded at 26% of calculated faculty salaries.

Step 2: Research

30% of FY 1999-2000 sponsored research expenditures at the institutions.

Step 3: Public Service

25% of FY 1999-2000 sponsored public service and sponsored non-general fund public service expenditures at the institution.

Step 4: Libraries

This category includes library activities which support the academic functions of the institution. This Step is computed by using expenditures per headcount student from the most recent available IPEDS data (1998-99). The computation will be based on economies of scale. See Table 6.

Step 5: Student Services

This Step is computed by using the expenditures per headcount student from the most recent available IPEDS data (1998-99). The computation will be based on economies of scale. See Table 6.

Step 6: Physical Plant

Physical plant costs are generated using formulas for physical plant general services (insurance and administration of physical plant), building maintenance, custodial services, grounds maintenance, and utilities. These formulas consider the building values based on the replacement costs of E&G buildings (using values established by the State Property Management Office); maintenance costs based on type of construction; custodial services costs based on average hourly costs for service wages and the E&G square footage of buildings; and grounds maintenance including average hourly costs for service wages (*using data from the Department of Labor, Bureau of Labor Statistics, Office of Monthly Industry Employment*) and the total number of acres of regularly maintained areas.

Step 7: Administration

These costs include those activities which are non-instructional in nature, but are integral to the operation of the institution. Examples include institutional and academic administration, non-instructional faculty activities, academic and institutional support. This Step is funded at 25% of MRR steps 1-6 (Instruction, Research, Public Service, Libraries, Student Services, and Physical Plant).

Step 8: Total Education & General Cost

This amount is the summation of steps one through seven, and represents the projected total costs of operation for the institutions.

Step 9: Revenue Deduction

This step of the model is required as recognition of the fact that some of the costs are supported by academic fee revenues from the students. The total E&G cost amount must be reduced by these student revenues in order to determine the amount of support required from the State. The **Target Revenue** is an amount based on the E&G costs as determined in the above steps 1-8. The Target Revenues for four-year institutions will be 20% for in-state undergraduate and graduate students, and 100% for out-of-state undergraduate and graduate students. For two-year institutions, the target levels will be 15% for in-state undergraduate students, and 100% for out-of-state students. There will be an exception to these percentages for the State=s two medical institutions. This exception is appropriate as recognition of the high costs associated with medical education. For these institutions, the respective percentages will be 20% for in-state undergraduate and graduate students, and 75% for out-of-state medicine and dentistry students. The deduction amount will be 100% of the target student revenues plus 50% of the difference between target and any actual revenues above 110% of the target. The target will be index for resident students to the percent of the MRR that is funded.

Actual Revenue (Academic Fees) - The institutions submit annually to the CHE staff a listing of all fees assessed to the students. This complete listing is referred to as tuition and fees. Some of the tuition and fees, such as plant improvement fees, capital fees, fee waivers, and others are deducted from the total tuition and fees amount. The resulting amount is referred to as Academic Fees. The CHE staff along with the institutions= finance staff have agreed on items that are appropriate for deduction from tuition and fees. Once the academic fees are determined, the deducted amount will be the target student revenues, and any actual revenues above 110% of the target student revenues. If actual revenues are less than the target student revenues, then the revenue deduction will be the target student revenue amount. No more than 100 percent of actual graduate student revenues are deducted.

Revenue Step Continued:

In 1999-2000 the revenue step began the phase-in from the target fees to actual fees. This phase-in will be completed in 2001-2002. In 1999-2000 and 2000-2001, the MRR deducts 100% of the target revenue plus 50% of the difference between target and any actual academic revenues above 110% of the target student revenues and in 2001-2002 the MRR will deduct 100% of the actual academic fees. The current MRR model which was approved by CHE in May 1997 uses a three year average of actual fees in the revenue step.

Step 10: State Support Needs Amount

This amount represents the identified need which should be provided by the State in support of E&G activities. The amount is determined by reducing the total E&G costs (step 8) by the revenue deduction amount (step 9).

Table 1

Institution/Sector Grouping

Sector I – Research Universities

Clemson University
USC-Columbia (Includes Medical School)
Medical University of South Carolina

Sector II – Teaching Universities

The Citadel
Coastal Carolina University
College of Charleston
Francis Marion University
Lander University
South Carolina State University [1]
USC-Aiken
USC-Spartanburg

Sector III – Regional Campuses

USC-Beaufort
USC-Lancaster
USC-Salkehatchie
USC-Sumter
USC-Union

Sector IV – Technical Colleges

Aiken	**Orangeburg-Calhoun**
Central Carolina	**Piedmont**
Denmark	**Spartanburg**
Florence-Darlington	**Tech. Coll. of the Lowcountry**
Greenville	**Tri-County**
Horry-Georgetown	**Trident**
Midlands	**Williamsburg**
Northeastern	**York**

[1] Offers Ed.D in Education Administration

Table 2

Sector I - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios

Discipline	CIP Code	Student-Faculty Ratios					Faculty Salaries	Instructional Support Percentage
		Remedial	Undergraduate	Masters	First Prof.	Doctoral		
Agricultural Bus. & Production	0100	14	15	6		3	$67,833	42%
Agricultural Sciences	0200	14	15	6		3	63,570	42%
Forestry, Conservation, & Nat. Re	0300	14	15	6		3	60,955	53%
Architecture	0400	14	14	6		6	58,490	28%
Area Studies	0500	14	20	12		6	58,208	22%
Marketing Operations	0800	14	24	17		12	50,060	29%
Communications	0900	14	16	9		5	55,486	28%
Computer & Info. Tech.	1100	14	24	9		7	79,808	57%
Teacher Education	1300	14	22	12		9	60,019	33%
Industrial Education	1313	14	13	13		10	57,437	59%
Practice Teaching	1399	14	12	12		12	52,884	35%
Engineering	1400	14	20	12		6	80,209	59%
Engineering	1417	14	20	12		6	75,439	44%
Engineering Rel. Technologies	1500	14	20	12		6	59,918	59%
Foreign Languages	1600	14	16	9		5	50,208	25%
Clinical Sciences-Medicine	1810.5*	14	2	2	2	2	106,545	38%
Pharm-D	1882*	14	3	3	3	3	69,301	60%
Graduate Medicine	1883*	14	2	2	2	2	106,727	35%
Graduate Medicine	1883.5*	14	2	2	2	2	106,727	35%
Graduate Dentistry	1884*	14	2	2	2	2	89,019	35%
Pharm. Residents	1885*	14	2	2	2	0	69,301	60%
Home Economics	1900	14	15	12		12	56,557	32%
Law	2200	14	21	21	21	21	109,375	31%
Intl. Legal Studies	2200	14	0	12	21	0	75,524	31%
Letters	2300	14	18	11		5	51,950	17%
Gen. Liberal Studies	2400	14	20	12		6	56,688	15%

Table 2

Sector I - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios

Discipline	CIP Code	Student-Faculty Ratios					Faculty Salaries	Instructional Support Percentage
		Remedial	Undergraduate	Masters	First Prof.	Doctoral		
Library Science	2500	14	17	13		11	57,947	25%
Life Sciences	2600	14	23	9	9	7	65,322	64%
Mathematics	2700	14	23	9		7	68,247	20%
Military Technology	2900	14	10	0		0	42,785	45%
Interdisciplinary	3000	14	17	12		6	59,102	27%
Parks, Recreation, Leisure	3100	14	17	8		8	54,889	38%
Philosophy & Religion	3800	14	18	11		5	58,132	17%
Physical Science	4000	14	25	10	10	8	71,392	56%
Textile Science	4099	14	9	5		3	75,151	85%
Psychology	4200	14	24	13		7	64,741	35%
Protective Services	4300	14	19	14		14	61,139	22%
Public Affairs	4400	14	20	12		6	56,084	17%
Social Work	4407	14	18	15		15	57,680	22%
Social Sciences	4500	14	20	12		6	65,645	22%
Visual & Performing Arts	5000	14	13	8		8	53,466	28%
Allied Health Sciences	5100	14	6	7	7	8	59,811	30%
Speech Pathology/Audiology	5102	14	9	6		6	56,583	23%
Dental Basic Science	5104	14	0	3	3	3	86,979	64%
Dental Clinical Science	5105	14	0	3	3	3	89,019	39%
Medical Technology	5110	14	7	7		7	58,483	38%
Medical Basic Science	5113	14	3	3	3	3	70,767	64%
Medical Basic Science (USC)	5113.5*	14	3	3	3	3	89,936	64%
Medical Clinical Science	5114	14	2	2	2	2	106,727	38%
Nursing	5116	14	7	7		7	55,830	38%
Pharmacy	5120	14	13	7	7	8	69,301	58%
Public Health	5122	14	17	8		8	72,113	23%
Nurse-Midwifery	5198	14	2	2		0	53,726	35%
Business & Management	5200	14	24	17		12	96,050	29%

* Dummy codes - set up for calculation purposes only

Table 3
Sector II - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios

Discipline	CIP Code	Student-Faculty Ratios				Faculty Salaries	Instructional Support Percentage
		Remedial	Undergraduate	Masters	Doctoral		
Agricultural Bus. & Production	0100	15	12	10		$51,872	32%
Forestry, Conservation, & Nat. Re:	0300	15	12	10		46,822	32%
Area Studies	0500	15	20	12		48,364	22%
Marketing Operations	0800	15	24	17		65,610	29%
Communications	0900	15	16	11		46,937	28%
Computer & Info. Tech.	1100	15	20	9		60,076	57%
Teacher Education	1300	15	20	12	9	50,756	33%
Industrial Education	1313	15	10	12		53,242	59%
Practice Teaching	1399	15	15	15		46,825	35%
Engineering	1400	15	16	10		62,497	59%
Engineering Rel. Technologies	1500	15	16	10		49,845	59%
Foreign Languages	1600	15	18	10		45,440	25%
Home Economics	1900	15	12	10		43,782	32%
Letters	2300	15	19	12		46,973	17%
Gen. Liberal Studies	2400	15	19	12		53,412	15%
Library Science	2500	15	18	11		43,000	25%
Life Sciences	2600	15	19	8		50,310	64%
Mathematics	2700	15	23	10		49,726	20%
Military Technology	2900	15	12	0		52,913	45%
Interdisciplinary	3000	15	20	12		58,405	27%
Parks, Recreation, Leisure	3100	15	12	10		48,583	32%
Philosophy & Religion	3800	15	19	12		51,382	17%
Physical Science	4000	15	19	10		52,688	56%
Psychology	4200	15	23	13		53,663	35%
Protective Services	4300	15	16	14		51,154	22%
Public Affairs	4400	15	20	12		48,430	17%
Social Work	4407	15	15	12		49,780	22%
Social Sciences	4500	15	20	12		52,376	22%
Visual & Performing Arts	5000	15	13	8		46,252	28%
Allied Health Sciences	5100	15	8	6		49,345	38%
Speech Pathology/Audiology	5102	15	8	6		52,361	23%
Medical Technology	5110	15	6	0		46,214	38%
Nursing	5116	15	6	6		47,170	38%
Business & Management	5200	15	24	17		66,397	29%

Table 4
Sector III - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios					
		Student-Faculty Ratios		Faculty	Instructional Support
Discipline	CIP Code	Remedial	Undergraduate	Salaries	Percentage
Area Studies	0500	15	20	$45,919	22%
Marketing Operations	0800	15	24	45,919	29%
Communications	0900	15	12	45,919	28%
Computer & Info. Tech.	1100	15	18	45,919	57%
Teacher Education	1300	15	16	45,919	33%
Engineering	1400	15	25	45,919	59%
Foreign Languages	1600	15	17	45,919	25%
Letters	2300	15	17	45,919	17%
Gen. Liberal Studies	2400	15	22	45,919	15%
Library Science	2500	15	18	45,919	25%
Life Sciences	2600	15	17	45,919	64%
Mathematics	2700	15	18	45,919	20%
Interdisciplinary	3000	15	17	45,919	27%
Parks, Recreation, Leisure	3100	15	12	45,919	32%
Philosophy & Religion	3800	15	17	45,919	17%
Physical Science	4000	15	16	45,919	56%
Psychology	4200	15	24	45,919	35%
Protective Services	4300	15	25	45,919	22%
Public Affairs	4400	15	18	45,919	22%
Social Sciences	4500	15	18	45,919	22%
Visual & Performing Arts	5000	15	12	45,919	28%
Nursing	5116	15	7	45,919	38%
Public Health	5122	15	17	45,919	64%
Business & Management	5200	15	18	45,919	29%

Table 5
Sector IV - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios

Discipline	CIP Code	Student-Faculty Ratios		Faculty Salaries	Instructional Support Percentage
		Remedial	Undergraduate		
Agricultural Bus. & Production	0100	14	15	$45,919	42%
Agricultural Sciences	0200	14	15	45,919	42%
Forestry, Conservation, & Nat. Res.	0300	14	15	45,919	42%
Marketing Operations	0800	14	18	45,919	29%
Communications	0900	14	12	45,919	28%
Communications Tech.	1000	14	12	45,919	28%
Computer & Info. Tech.	1100	14	18	45,919	57%
Personal & Misc. Services	1200	14	18	45,919	22%
Teacher Education	1300	14	16	45,919	33%
Engineering	1400	14	16	45,919	59%
Engineering Rel. Technologies	1500	14	16	45,919	59%
Foreign Languages	1600	14	17	45,919	25%
Vocational Home Ec.	2000	14	18	45,919	22%
Law	2200	14	18	45,919	22%
Letters	2300	14	17	45,919	17%
Gen. Liberal Studies	2400	14	17	45,919	17%
Life Sciences	2600	14	17	45,919	64%
Mathematics	2700	14	18	45,919	20%
Interdisciplinary	3000	14	17	45,919	27%
Parks, Recreation, Leisure	3100	14	12	45,919	22%
Developmental	3200	14	14	45,919	25%

Table 5
Sector IV - Student/Faculty Ratios & Faculty Salaries

A. Instructional Cost Rates and Ratios					
Discipline	CIP Code	Student-Faculty Ratios		Faculty Salaries	Instructional Support Percentage
		Remedial	Undergraduate		
Citizenship Activity	3300	14	17	45,919	27%
Interpersonal & S	3500	14	17	45,919	27%
Philosophy & Religion	3800	14	17	45,919	17%
Physical Science	4000	14	16	45,919	56%
Science Technologies	4100	14	16	45,919	56%
Psychology	4200	14	24	45,919	35%
Protective Services	4300	14	18	45,919	22%
Public Affairs	4400	14	18	45,919	22%
Social Sciences	4500	14	18	45,919	22%
Construction Trades	4600	14	12	45,919	59%
Mechanics & Repairers	4700	14	12	45,919	59%
Precision Prod. Workers	4800	14	12	45,919	59%
Transportation Workers	4900	14	12	45,919	59%
Visual & Performing Arts	5000	14	12	45,919	28%
Allied Health Sciences	5100	14	7	45,919	38%
Business & Mgt.	5200	14	18	45,919	29%
Occupational Training (SBTCE)	59101*	14	15	22,960	58%
Apprenticeship (SBTCE)	59102*	14	15	22,960	58%
Industrial Training (SBTCE)	59103*	14	15	22,960	58%
Sponsored Training (SBTCE)	59104*	14	15	22,960	58%
Adult Basic/GED (SBTCE)	59105*	14	15	22,960	58%
Supervised Fire Training (SBTCE)	59106*	14	15	22,960	58%
Vocational Educational Training (SE	59107*	14	15	22,960	58%

* Dummy codes - set up for calculation purposes only

Table 6

Expenditures per headcount student

(using the most recent available IPEDS data, 1998-99)

The computation will be based on economies of scale

	1st 1,500	2nd 1,501 to 5,000	3rd 5,001 to 10,000	4th 10,000 or greater
Student Services				
Land Grant (Clemson Univ)	$985	$965	$946	$926
Health Cntrs (M.U.S.C.)	1,158	1,135	1,112	1,089
Univ. with Med (USC-Columbia)	774	759	743	728
Sector II	1,057	1,036	1,015	994
Sector III	1,031	1,010	990	969
Sector IV	569	558	546	535
Libraries				
Land Grant (Clemson Univ)	$838	$821	$804	$788
Health Cntrs (M.U.S.C.)	2,076	2,034	1,993	1,951
Univ. with Med (USC-Columbia)	739	724	709	695
Sector II	490	480	470	461
Sector III	412	404	396	387
Sector IV	127	124	122	119

Table 7

2001-2002

Formula for Operation and Maintenance of Plant

I. **GENERAL SERVICES = SW ([FTES + (2 x FTEE)] x 3.90) + (E & G RCB x .0028)**

Definitions of terms used in the formula:

1. **SW** is the average hourly earnings for services (adjusted for February, 1999, as published by the Department of Labor, Bureau of Labor Statistics, Office of Monthly Industry Employment. SW = $14.17 for FY 2001-2002 calculations.
2. **FTES** is the full-time equivalent students determined in step 2.
3. **2** is for two (2) semesters
4. **FTEE** is the full-time employees (all employees, not just E&G) enrolled in the State Retirement System as of January 1, 2000.
5. **3.90** is the estimated administrative cost.
6. **RCB** is the estimated cost to replace the building at the time of inventory. Include the cost of connecting utilities, foundations, and fixed equipment. Institutions will report the replace cost valuation as determined by the Property Management Office of the Division of General Services. The RCB values are established through appraisal, used for State insurance purposes. **E & G RCB is the estimated educational and general cost of the building.**
7. .0028 represent insurance factor on building.

II. **BUILDING MAINTENANCE = MCF x E & G RCB**

Definitions of terms used in the formula:

1. **MCF** is the maintenance cost factor, based on type of construction, as shown below:

	Wood Frame Construction (2)	Masonry-Wood Construction (3)	Masonry-Concrete (4)
Air Conditioned	1.90%	1.45%	1.25%
Non-Air Conditioned	1.75%	1.30%	1.10%

2. **E & G RCB** is the educational and general replacement cost of buildings as calculated in the formula for Physical Plant General Services.

Table 7

2001-2002

Formula for Operation and Maintenance of Plant

III. **CUSTODIAL SERVICES* = SW x I x (E&GSF/22,400)x 2,080 x 1.2**
Definitions of terms used in the formula:

1. **SW** is the average hourly earnings for services (adjusted) for February 2000, as published by the Department of Labor, Bureau of Labor Statistics, Office of Monthly Industry Employment. (See II.)

2. **I** represents labor and material inflation factor. For fiscal year 2001-2002, this factor is 3.00%.

3. **E&GSF** is the total educational and general square feet (E & G square footage plus the common space associated with E & G) of educational, general, and service buildings.

4. **22,400** is the estimated number of square footage maintained by 1 person per year.

5. **2,080** is the number of hours worked in one year based on 40 hours per week.

6. **1.2** is the vacation and sick time factor.

IV. **GROUNDS MAINTENANCE = SW (.70P + 122L + .50E)**

Definitions of terms used in the formula:

1. **SW** is the average hourly earnings for services (adjusted) for February, 2000, as published by the Department of Labor, Bureau of Labor Statistics, Office of Monthly Industry Employment. (SW = $14.17)

2. **P** is the total linear feet of perimeter of all campus buildings including academic, office, service, administration, etc.

3. **.70** hour to maintain 1 foot of perimeter with shrubs.

4. **L** is the total number of acres of lawns and regularly maintained areas (malls, flower beds, parking lots, sidewalks, streets, etc.). Exclude all buildings, street areas, and areas covered under organized activities (i.e., college farms).

5. **122** represents the number of hours to maintain 1 acre of lawn per year.

6. **E** is the Fall Semester Headcount Enrollment (Use headcount enrollment during fall 1998, fall 1999, and fall 2000 to compute a three year average of fall semester headcount enrollment.

V. **UTILITIES** - For utilities, add the actual 1999-2000 expenditures for utilities plus 1.00% per year up to 2001-2002.

TABLE 8

Formula for Operation and Maintenance of Plant

Definitions

I. **Physical Plant General Services** - Salaries, wages, supplies, travel, equipment, and other operating expenses to carry out the duties of physical plant administration, planning, and general services. Examples of the activities included are:

1. **Administration** - Salaries, wages, travel, equipment, and other operating costs required to administer one or more functional units of the Physical Plant.

2. **Planning** - Salaries, wages, travel, equipment, and other costs required to prepare architectural and engineering plans and specifications, for the expansion, renovation, and rehabilitation of physical plant facilities, excluding fees for new construction.

3. **Other General Services, including -**

(a) Acquisition and repair of general classroom and laboratory furniture. Does not include office furniture.

(b) Central receiving and store of supplies and equipment.

(c) Safety, including fire, occupational, radiation, health and sanitation safety.

(d) Garbage and trash disposal.

3. **Other General Services Continued, including -**

(e) Hauling, moving and storing.

(f) Property Insurance.

(g) Truck and automobile expense in general service of the institution.

II. **Building Maintenance** - Costs, including salaries, wages, supplies, materials, equipment, services, and other expenses, necessary to keep building in good appearance and usable condition and prevent the building from deteriorating once it has been placed in first class condition for that type and age of building. Does not include Auxiliary Enterprise buildings. Building Maintenance includes minor repairs and alterations, costs of materials, hire of personnel, and other necessary expenses for the repair and/or painting of the following: roofs, exterior walls, foundations, flooring, ceilings, partitions, doors, windows, plaster, structural ironworks, screens, window shades, Venetian blinds, plumbing, heating and air conditioning equipment within or a part of the building, electric wiring, light fixtures (including the replacement of lamps), washing of all outside window surfaces, built-in shelving and other related items.

TABLE 8

Formula for Operation and Maintenance of Plant

Definitions

III. **Custodial Services** - Costs including salaries, wages, supplies, materials, equipment, services, and other expenses necessary to keep the buildings in a clean and sanitary condition. Does not include Auxiliary Enterprise buildings. These services include care of the foors, stairways and landings, and restrooms; cleaning chalk boards, inside of windows, walls, and room furniture and fixtures; assigned dusting, removal of waste paper and refuse and other related duties.

Common operations include: Mopping, sweeping, waxing, renovating of floors (sanding and refinishing of floors are excluded); dusting, polishing of furniture and fixtures such as Venetian blinds, partitions, pictures, maps, radiators, etc.; cleaning of chalk boards, chalk trays, erasers, and replacement of chalk; washing and dusting of walls, cleaning and disinfecting commodes and urinals, cleaning and washing other fixtures, walls and partitions, and replenishing supplies for restrooms; emptying and cleaning the waste receptacles, and dusting and cleaning of windows, and other glass surfaces; and sweeping and cleaning of entrances, and opening and/or closing of buildings, doors, and windows.

IV. **Grounds Maintenance** - Costs including salaries, wages, supplies, materials, equipment, services, and other expenses relating to the upkeep of all lands designated as campus property (improved and unimproved) not occupied by actual buildings, including any court, patio, and/or garden or court enclosed by buildings. Grounds Maintenance begins after the site improvements are complete.

Phases of Grounds Maintenance are:

1. Land Improvements
   (a) Permanent - Lawns, trees, shrubs, etc.
   (b) Seasonal - Flowers, bulbs, etc.

2. Circulation Systems
   (a) Vehicular - Streets and roads - improved and unimproved; parking areas - improved and unimproved; traffic controls - signal lights, signs, and barriers.
   (b) Pedestrian - Walks and paths - improved and unimproved.

3. Other Activities
   (a) Campus lighting
   (b) Irrigation systems
   (c) Nonstructural improvements - walls, fences, fountains, campus furniture, others.
   (d) Ancillary enterprises - nursery, greenhouse -areas for special academic study.

V. **Utilities** - All costs of purchase, manufacture and delivery of utility services, including: electricity, steam heat, water (hot, cold or chilled), sanitary sewers, and gas for heating, cooling and lighting. Does not include costs of utilities for Auxiliary Enterprises. Supportable estimates may be included for new buildings, or for buildings which have been out of service, or otherwise not included in prior years.

TABLE 8

Formula for Operation and Maintenance of Plant

Definitions

VI. **Savings Realized From Energy Conservation**-Budget Carry Forward Proviso

A proviso was attached to the FY 95 budget and later codified as Section 48-52-635 of the Act: "Section 48-52-635. Pursuant to Section 48-52-630, an agency's savings realized in the prior fiscal year from implementing an energy conservation measure as compared to a baseline energy use **as certified by the State Energy Office**, may be retained and carried forward into the current fiscal year. This savings, as certified by the State Energy Office, must first be used for debt retirement of capital expenditures, if any, on the energy conservation, after which time savings may be used for agency operational purposes and where practical, reinvested into energy conservation areas. The agency must report all actual savings in the energy portion of its annual report to the State Budget and Control Board." The projected annual savings produced by an energy conservation measure would be added to the utility cost factor for a specified number of years. The adjustment period would be determined by the lesser of:

the projected life of measure or

the simple payback period plus five years.

The maximum adjustment period would be 10 years after implementation of measure.

TABLE 9

CHE 150 REPORT

Definitions

Research - This category should include all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Subject to these conditions, it includes expenditures for individual and/or project research as well as those of institutes and research centers. This category does not include all sponsored programs (training grants are an example) nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this category under the circumstances described above. Expenditures for departmental research that are separately budgeted specifically for research are included in this category.

Public Service - This category should include funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

Clarification of :

Research & Public Service issues:

1. No expenditures of State funds are to be included in the Research or Public Service expenditures.

2. Expenditures from Research and/or Public Service sponsored programs must have a sponsor (i.e. Federal Government, Local Government, private industry, private foundations, voluntary agencies.)

3. There are two basic types of instruments – grants and contracts – used by sponsors to fund extramurally sponsored programs. The institution must have a grant or contract to support the Research or Public Service program expenditures.

4. Expenditure detail must be submitted with the annual 150 report to receive matching funds. The detail should list the account number, the program name, the sponsor, and the expenditure amount. The detail should support the amount of research and Public Service expenditures reported on the CHE 150 report.

5. Funds received from other State agencies are not includable for matching purposes even if the original funds are non-State, unless documentation can be provided which clearly supports the fact that the funds were received by the other agency with the intention of passing those funds through to the reporting institution. For example, the grant proposal of the other agency should specifically name the reporting agency as a subrecipient, or subcontractor, for a particular portion of the grant. If the non-State funds are passed through another institution, documentation should be provided from the other institution as to how the funds are to be divided and claimed for formula matching purposes.

TABLE 9

CHE 150 REPORT

Definitions

6. Funds paid to subcontractors are not includable as expenditures.

7. Equipment donations for a specific project are includable as expenditures for matching purposes. Donations for general improvement should not be included. General equipment donations that is used for a specific research project can be claim only.

8. In no instance can the primary recipient and a subrecipient report the same expenditures.

Another clarification for Research:

1. Funds paid to subcontractors are **not** includable as expenditures. For example: an institution obtains a grant and pays XYZ company (or agency, or non-S.C. entity) to perform a segment of the grant work, then that portion of the grant is not includable for formula matching purposes. If an institution is the sub-recipient of funds, then that institution can only claim those expenditures if that institution was specifically named as the end user (i.e.: subcontractor) of those funds in the grant proposal. For example: P University obtains a grant and pays Q University to perform a segment of the research, P **cannot** claim the expenditure, and Q **can** claim the expenditures **only** if they were specifically named in P's grant proposal.

Clarification of :

Credit Hours for Developmental Courses:

1. Credit hours for developmental courses should be reported as one-half of the weekly contact hours.

   a. No remediation credit hours will be funded for Group I institutions.

   b. No remediation credit hours above the 1993-94 formula baseline will be funded at Group II institutions.

2. Credit hours for required physical education (specifically required at The Citadel, but not counted toward graduation credit) should be reported as one-half of the weekly contact hours.

3. The projected spring 2001 credit hours are to be calculated as follows:
   a. Compute the percent change from fall 99 to spring 2000.
   b. Multiply the fall 2000 credit hours by the result of 3a. plus 1
      (fall 2000 x (__% + 1)) = projected spring 2001

4. The projected summer 2001 credit hours are to be calculated as follows:
   a. Actual credit hours produced for summer 2000.

TABLE 9

CHE 150 REPORT

Definitions

Developmental and Physical Education Credit Hours:

1. Include one half of the weekly contact hours as credit hours for developmental (not credited toward degree) courses. Include one half of the weekly contact hours as credit hours for required physical education (not credited toward degree) courses.

2. With the exception of Francis Marion, Lander, South Carolina State University, and USC-Spartanburg no remediation credit hours will be funded for Group I and Group II institutions.

3. No remediation credit hours above the 1993-94 formula baseline will be funded at Francis Marion, Lander, South Carolina State University, and USC-Spartanburg.

TABLE 10

Funding Medical and Dental Education:

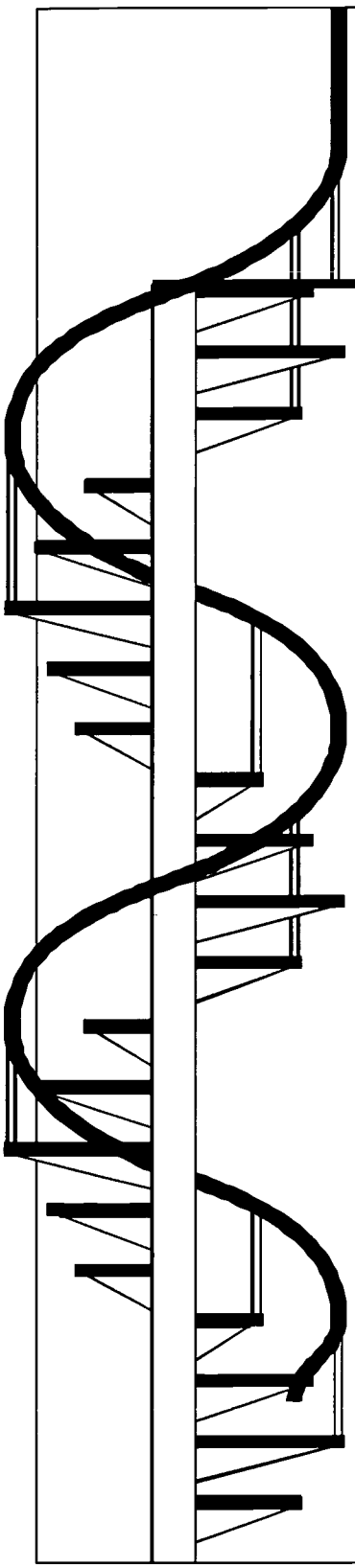
Current fall headcount enrollment for medicine and dentistry is funded. This is broken down into Clinical Science and Basic Science using 70% of total headcount enrollment as clinical science and 30% as basic science. Use the 70/30 split regardless of whether or not you have actual headcount by clinical and basic. The split is based upon AMA funding standards adopted when the formula was first developed.

When computing FTE for the medical institutions, use normal divisors for all credit hours except medicine and dentistry. For these disciplines, replace the credit hour data with the headcount data based upon the 70/30 split noted above. Do not include residents and interns in the FTE count.

Residents and Interns are funded at .4 of a headcount for regular graduate medical doctors (all of MUSC's and USC's are funded like this) and.6 per headcount for family practice residents (only AHEC has some of these). The rationale for this methodology is the graduate medical doctors spend only .4 of the time receiving instruction (.6 for family practice which is more intensive) and the rest of the time they provide service.

Formula salaries for medicine and dentistry are in the formula on a 12-month basis.

Appendix 1

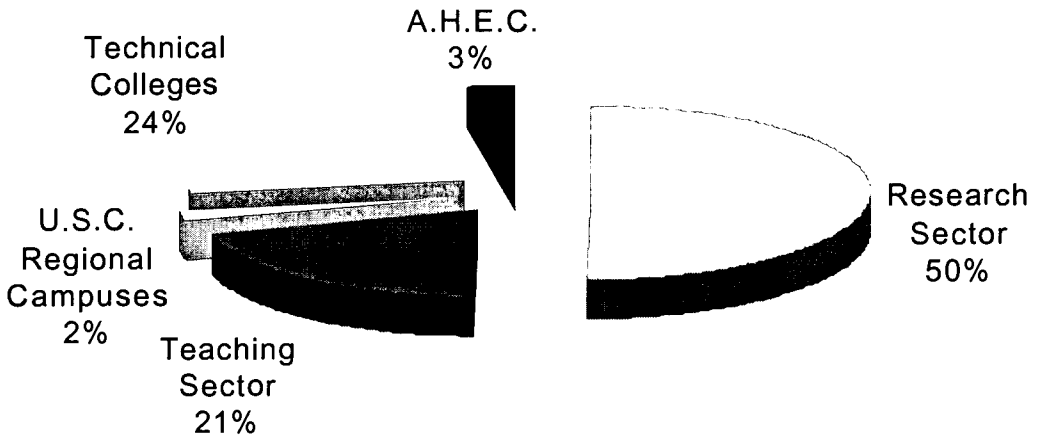


MRR Numeric Summary, by Step

1. Instruction	$ 836,214,913
2. Research	64,563,258
3. Public Service	21,571,259
4. Libraries	69,894,416
5. Student Services	122,185,111
6. Physical Plant	136,764,222
7. Administration	326,765,958
8. Subtotal – E & G	1,577,959,137
9. Revenue Deduction	314,423,685
10. Total – E & G	$ 1,263,535,452

Appendix 1

Mission Resource Requirements
By Sector Percent



FY 2001-2002 MISSION RESOURCE REQUIREMENTS (MRR)

MGT of America recommendations incorporated

(Recommendation #1 not incorporated. The Student/Faculty Ratio recommendation will be deferred for 1 year)

	Step 1	Step 2	Step 3	Step 4	Step 5
Sector/Institution	Instruction	Research	Public Service	Libraries	Student Services
Research Universities					
Clemson	$113,254,614	$15,752,642	$2,092,928	$13,702,440	$16,106,090
USC - Columbia (Includes Med. S	171,254,573	18,841,709	9,747,884	16,722,131	17,514,113
Medical University of SC	107,216,966	27,840,647	5,433,335	5,912,310	3,297,907
Subtotal	391,726,153	62,434,998	17,274,146	36,336,881	36,918,110
Teaching Universities					
The Citadel	16,264,053	61,176	362,082	1,912,290	4,125,083
Coastal Carolina Univ.	18,634,557	354,560	150,264	2,227,462	4,804,953
College of Charleston	43,911,349	780,667	329,470	5,428,661	11,710,397
Francis Marion Univ.	14,026,491	917	113,877	1,827,935	3,943,117
Lander Univ.	10,700,758	5,399	60,985	1,362,141	2,938,333
S.C. State Univ.	22,728,847	650,990	970,307	2,246,510	4,846,042
U.S.C. - Aiken	12,684,122	79,617	528,880	1,556,142	3,356,821
U.S.C. - Spartanburg	14,615,295	85,686	465,863	1,816,090	3,917,566
Winthrop Univ.	22,481,930	71,411	900,764	3,511,889	6,053,566
Subtotal	176,047,401	2,090,420	3,882,490	21,889,120	45,695,879
U.S.C. Regional Campuses					
Beaufort	2,653,964	9,337	66,431	463,775	1,160,562
Lancaster	2,368,551	24,953	169,554	385,632	965,016
Salkehatchie	1,901,745	0	55,298	348,827	872,913
Sumter	3,457,321	3,551	47,380	507,859	1,270,879
Union	719,579	0	75,960	152,852	382,501
Subtotal	11,101,161	37,841	414,623	1,858,944	4,651,872
Technical Colleges Sector					
SBTCE (Technical Coll. totals)	237,080,826	0	0	7,783,535	34,646,186
SUBTOTALS	815,955,541	64,563,258	21,571,259	67,868,479	121,912,047
AHEC	20,259,372	0	0	2,025,937	273,064
TOTALS	$836,214,913	$64,563,258	$21,571,259	$69,894,416	$122,185,111

Appendix 1

FY 2001-2002 MISSION RESOURCE REQUIREMENTS (MRR)

MGT of America recommendations incorporated

(Recommendation #1 not incorporated. The Student/Faculty Ratio recommendation will be deferred for 1 year)

	Step 6	Step 7	Step 8	Step 9	Step 10
Sector/Institution	Physical Plant	Administration	Subtotal	Revenue Deduction	Total (Step 8 minus Step 9)
Research Universities					
Clemson	$26,798,524	$46,926,809	$234,634,045	$55,300,302	$179,333,743
USC - Columbia (Includes Med. Sc	35,930,958	70,973,725	340,985,093	60,602,894	280,382,199
Medical University of SC	15,972,995	41,418,540	207,092,699	30,635,992	176,456,707
Subtotal	78,702,477	159,319,074	782,711,838	146,539,189	636,172,649
Teaching Universities					
The Citadel	5,907,585	7,158,068	35,790,338	14,408,443	21,381,895
Coastal Carolina Univ.	4,110,290	7,570,521	37,852,606	12,538,792	25,313,814
College of Charleston	9,130,028	17,822,643	89,113,215	36,443,642	52,669,574
Francis Marion Univ.	4,602,376	6,128,678	30,643,391	7,108,114	23,535,277
Lander Univ.	3,407,599	4,618,804	23,094,019	5,589,954	17,504,065
S.C. State Univ.	6,708,732	9,537,857	47,689,283	13,892,947	33,796,335
U.S.C. - Aiken	2,968,527	5,293,527	26,467,634	5,809,835	20,657,799
U.S.C. - Spartanburg	3,190,321	6,022,705	30,113,527	6,762,221	23,351,306
Winthrop Univ.	8,834,401	10,463,490	52,317,449	11,212,207	41,105,242
Subtotal	48,859,859	74,616,292	373,081,461	113,766,155	259,315,307
U.S.C. Regional Campuses					
Beaufort	436,712	1,197,695	5,988,476	1,026,544	4,961,932
Lancaster	1,050,035	1,240,935	6,204,676	919,107	5,285,570
Salkehatchie	1,127,062	1,076,461	5,382,307	647,426	4,734,880
Sumter	1,116,266	1,600,814	8,004,069	1,344,078	6,659,991
Union	371,088	425,495	2,127,476	282,693	1,844,783
Subtotal	4,101,163	5,541,401	27,707,004	4,219,848	23,487,156
Technical Colleges Sector					
SBTCE (Technical Coll. totals)	2,669,598	76,975,264	359,155,408	49,898,493	309,256,915
SUBTOTALS	134,333,097	316,452,031	1,542,655,712	314,423,685	1,228,232,027
	Admin. Supp.				
AHEC	2,431,125	10,313,927	35,303,425		35,303,425
TOTALS	$136,764,222	$326,765,958	$1,577,959,137		$1,263,535,452

Appendix 1

FY 2001-2002 MISSION RESOURCE REQUIREMENTS (MRR)

MGT of America recommendations incorporated

(Recommendation #1 not incorporated. The Student/Faculty Ratio recommendation will be deferred for 1 year)

	Step 1	Step 2	Step 3	Step 4	Step 5
Sector/Institution	Instruction	Research	Public Service	Libraries	Student Services
Technical Colleges Sector					
SBTCE (Technical Coll. totals)	237,080,826	0	0	7,783,535	34,646,186
Aiken	8,292,031	0	0	292,142	1,308,890
Central Carolina	9,317,712	0	0	296,540	1,328,592
Chesterfield-Marlboro	3,796,196	0	0	133,181	596,691
Denmark	4,374,355	0	0	154,136	690,576
Florence-Darlington	16,628,954	0	0	457,218	2,048,480
Greenville	38,518,947	0	0	1,235,710	5,578,802
Horry-Georgetown	14,346,269	0	0	457,052	2,047,736
Midlands	35,037,565	0	0	1,235,710	5,406,911
Orangeburg-Calhoun	9,140,869	0	0	234,351	1,049,968
Piedmont	15,004,060	0	0	474,808	2,127,290
Spartanburg	13,149,329	0	0	374,369	1,677,291
Technical Coll. of the Lowcountry	5,376,900	0	0	225,432	1,010,005
Tri-County	14,520,122	0	0	456,347	2,044,576
Trident	33,798,499	0	0	1,235,710	5,396,897
Williamsburg	2,313,998	0	0	79,460	356,004
York	13,465,022	0	0	441,370	1,977,476

Appendix 1

FY 2001-2002 MISSION RESOURCE REQUIREMENTS (MRR)

MGT of America recommendations incorporated

(Recommendation #1 not incorporated. The Student/Faculty Ratio recommendation will be deferred for 1 year)

	Step 6	Step 7	Step 8	Step 9	Step 10
Sector/Institution	Physical Plant	Administration	Subtotal	Revenue Deduction	Total (Step 8 minus
Technical Colleges Sector					
SBTCE (Technical Coll. totals)	$2,669,598	$76,975,264	$359,155,408	$49,898,493	$309,256,915
Aiken	0	2,702,246	12,595,309	1,527,057	11,068,252
Central Carolina	0	2,992,923	13,935,767	1,549,047	12,386,720
Chesterfield-Marlboro	0	1,270,466	5,796,535	692,686	5,103,849
Denmark	1,637,947	1,714,254	8,571,268	1,565,435	7,005,833
Florence-Darlington	0	5,228,254	24,362,905	2,897,904	21,465,001
Greenville	0	12,495,999	57,829,458	9,467,551	48,361,907
Horry-Georgetown	0	4,540,332	21,391,389	3,839,596	17,551,793
Midlands	0	11,487,549	53,167,735	6,487,055	46,680,680
Orangeburg-Calhoun	0	2,905,351	13,330,539	1,601,588	11,728,951
Piedmont	0	4,696,785	22,302,943	3,217,041	19,085,902
Spartanburg	0	4,068,176	19,269,164	2,657,653	16,611,511
Technical Coll. of the Lowcountry	1,031,651	1,910,997	9,554,985	1,287,657	8,267,328
Tri-County	0	4,636,504	21,657,548	2,848,687	18,808,862
Trident	0	11,148,752	51,579,857	7,041,493	44,538,365
Williamsburg	0	799,805	3,549,267	458,763	3,090,504
York	0	4,376,872	20,260,739	2,759,282	17,501,457

Appendix 1

Appendix 2

Performance Funding

During the 1996 Legislative session, the General Assembly passed Act 359, referred to as the "Performance Funding Legislation." Act 359 changed how funding for public higher education would be determined. The Act identified four distinct groups of institutions and defined respective missions for each group. The Act mandated that 37 quality indicators would be used to rate the institutions' performance, and that beginning in 1999-2000 all of the funding for the institutions would be based on this performance evaluation system. Pursuant to Act 359, the Commission on Higher Education developed a plan of implementation for performance funding that is outlined below:

The Plan. The plan consists of two major components: 1) a determination of financial need for the institutions and 2) a process for rating each institution's performance on each indicator.

1. The determination of need identifies the total amount of money the institution should receive based on nationally comparable costs for institutions of similar mission, size and complexity of programs. The result is the Mission Resource Requirement (MRR) for the institution.

2. The performance rating is determined by whether or not the institution meets, exceeds, or does not meet goals for each indicator. For some indicators, the institutions propose goals subject to the Commission's approval. For others, the goals are established by the Commission on Higher Education as criteria which an institution should meet. Each year, the institution is rated on its success in meeting each goal. The institution with the higher score receives a proportionally greater share of its Mission Resource Requirement.

Implementation. The plan as outlined above was developed in 1996-97 and modified in 1999 and in 2001. The original plan was used to distribute $4.6 million for FY 1997-98, $14.5 million in FY 1998-99, and $33.1 million in FY 1999-2000. Beginning in FY 2000-2001, all general operating funds have been allocated based on the two-part performance funding model outlined above.

Further Information. Full information about performance funding is available on the Commission on Higher Education's web site (www.che400.state.sc.us), including each public college or university's performance on the performance indicators. A complete display of comparative performance data is also available on the website and in the annual publication **A Closer Look at Public Higher Education in South Carolina**.

Appendix 2

Performance Funding

A SUMMARY OF MAJOR PROVISIONS OF ACT 359

Excerpts from:

S. C. COMMISSION ON HIGHER EDUCATION SPECIAL REPORT NO. 1, JULY 1996

The legislation established the goal of higher education in the state "to be a global leader in providing a coordinated, comprehensive system of excellence in education by providing instruction, research, and life-long learning opportunities which are focused on economic development and benefit the State of South Carolina."

The missions for the four sectors of higher education are:

RESEARCH UNIVERSITIES

? College-level baccalaureate education, master's, professional, and doctor of philosophy degrees which lead to continued education or employment
? Research through the use of government, corporate, nonprofit-organization grants, or state resources, or both
? Public service to the State and local community

FOUR-YEAR COLLEGES AND UNIVERSITIES

? College-level baccalaureate education and selected master's degrees which lead to employment or continued education, or both, except for doctoral degrees currently being offered.
? Limited and specialized research
? Public service to the State and local community

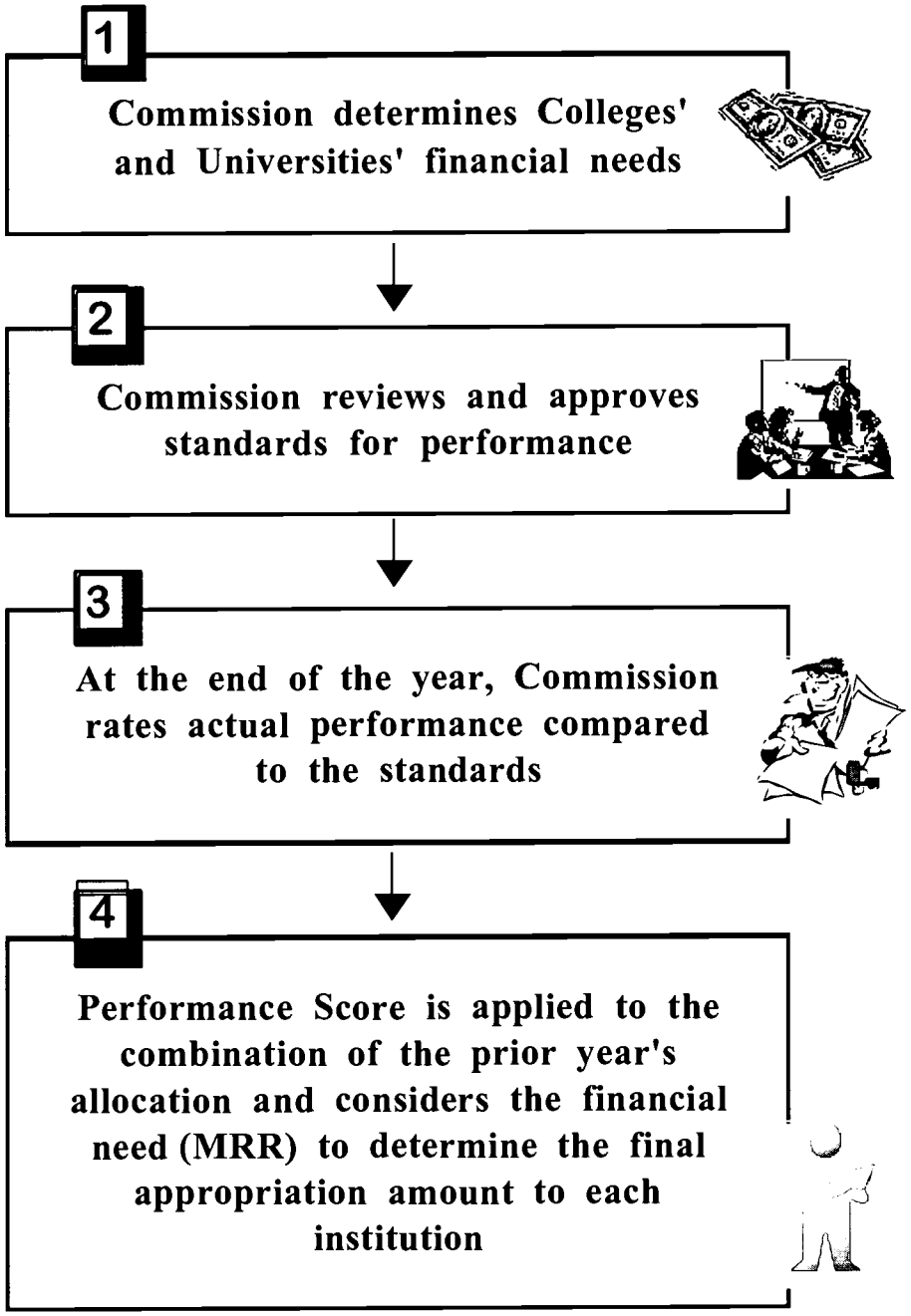
TWO-YEAR INSTITUTIONS- BRANCHES OF U.S.C.

? College-level pre-baccalaureate education necessary to confer associates' degrees which lead to continued education at a four-year or research institution
? Public service to the State and local community

STATE TECHNICAL AND COMPREHENSIVE EDUCATION SYSTEM

? All post-secondary vocational, technical, and occupational diploma and associate degree programs leading directly to employment or maintenance of employment and associate degree programs which enable students to gain access to other post-secondary education

Overview of Performance Funding Process



Appendix 2

Higher Education
PERFORMANCE INDICATORS

The Legislation set 37 performance indicators, divided into 9 categories, to determine the quality of higher education at the colleges and universities. Provided below are the indicators and respective categories.

PERFORMANCE INDICATORS

I. MISSION FOCUS

A. Expenditure of funds to achieve institutional mission
B. Curricula offered to achieve mission
C. Approval of a mission statement
D. Adoption of a strategic plan to support the mission statement
E. Attainment of goals of the strategic plan

II. QUALITY OF FACULTY

A. Academic and other credentials of professors and instructors
B. Performance review system for faculty to include student and peer evaluations
C. Post-tenure review for tenured faculty
D. Compensation of faculty
E. Availability of faculty to students outside the classroom
F. Community or public service activities of faculty for which no extra compensation is paid

III. INSTRUCTIONAL QUALITY

A. Class sizes and student/teacher ratios
B. Number of credit hours taught by faculty
C. Ratio of full-time faculty as compared to other full-time employees
D. Accreditation of degree-granting programs
E. Institutional emphasis on quality teacher education and reform

IV. INSTITUTIONAL COOPERATION AND COLLABORATION

A. Sharing and use of technology, programs, equipment, supplies, and source matter experts within the institution, with other institutions, and the business community
B. Cooperation and collaboration with private industry

V. ADMINISTRATIVE EFFICIENCY

A. Percentage of administrative costs as compared to academic costs
B. Use of best management practices
C. Elimination of unjustified duplication of and waste in administrative and academic programs
D. Amount of general overhead costs

VI. ENTRANCE REQUIREMENTS

A. SAT and ACT scores of student body
B. High school standing, grade point averages, and activities of student body
C. Post-secondary non-academic achievement of student body
D. Priority on enrolling in-state students

VII. GRADUATES' ACHIEVEMENTS

A Graduation rate
B. Employment rate for graduates
C. Employer feedback on graduates who were employed or not employed
D. Scores of graduates on post-graduate professional, graduate or employment-related examinations and certification tests
D. Number of graduates who continue their education
F. Credit hours earned of graduates

VIII. USER-FRIENDLINESS OF INSTITUTION

A. Transferability of credits to and from the institution
B. Continuing education programs for graduates and others
C. Accessibility to the institution of all citizens of the State

IX. RESEARCH FUNDING

A. Financial support for reform in teacher education
B. Amount of public and private sector grants

Appendix 3

The Allocation Plan for FY 2001-2002

As part of the FY 2001 allocation plan currently in place, $1.8 million was set aside for performance improvement. Each institution that scored less than an "exceeds standard" was eligible to apply for use of those funds on a non-recurring basis. Therefore, that $1.8 million will also be available for FY 2002. The allocation plan for FY 2002 allocates the $1.8 by performance and will remain within sectors.

The details of the plan for the fiscal year beginning July 1, 2001 are as follows.

1. The Plan subjects all funds to the performance indicators.
2. The Plan uses the scores and rating system as determined by the Planning and Assessment (Performance Funding) Committee. The Committee's scores will be applied to both the current and previous year's appropriation.
3. In the event of a reduction in current year's appropriations, each institution will receive its pro rata share of the reduction, as defined by the legislature. (If the appropriation reduction is 10%, then each institution will be reduced by 10%, unless the General Assembly dictates exemptions or exceptions.)
4. The appropriations will be allocated as follows:

Previous year's Appropriation

- *In order to receive the previous year's appropriation, institutions must score an achieves or higher on their performance rating.*
- *An institution scoring less than "achieves" will be subject to the disincentives included in the current allocation plan.*
    - *Three percentage of its appropriation will be deducted for a "does not achieve" and five percentages for "substantially does not achieve"*
    - *The disincentive funds will be added to the current year's appropriation for distribution to the institutions.*

Current Year's Appropriation

- *Current year's appropriation is defined as the "new dollars" appropriated by the legislature;*
- *Plus the disincentives from institutions that scored less than "achieve."*

Allocation Methodology for FY 2001-2002

(Illustration Purposes Only,
State Appropriation have not been determined yet)

Illustration based on the requested appropriation of $21,716,174 million and $1,858,584 reallocation of previous year performance improvement dollars, totaling $23,574,758.

All funds are subject to performance

- **Prior years' appropriation are subject to the "Disincentives" included in current allocation plan.**
- **New appropriations are subject to the "Allocation Plan".**

The plan is outlined below:

Calculations to Determine Performance Funding

- **Mission Resource Requirement (MRR)**

	Example Total	Example Institution
Step 1. Calculate the MRR per institution.	**$1,260,865,854** [1]	**$23,535,277**
Step 1A. Calculate each institution's percent of MRR to total MRR	100.00%	1.87%
Step 1B. FY 2000-2001 State Appropriation *(minus FY 2000-2001 performance improvement)*	$ 779,347,830	$ 16,336,020
Step 2. Allocate "new money" by the MRR. ("new money" is defined as funds over FY 2000-2001 Appropriation. This is the dollars available for performance funding)	$ 23,754,758	$ 440,046

[1] *Does not include technical colleges Operations & Maintenance*

- **Performance Funding**

Step 3. Apply performance scores to new dollars (Allocated by MRR – Step 2)		$ 378,439 (86%)
Step 4. Residual Dollars If dollars in Step 2 are not sufficient to fund Step 3, then pro-rate. Residual dollars remaining after application of performance scores to new dollars are allocated within sector, to institution.	$ 1,816,623	$ 44,255

- **Total Appropriation** [2]

Institution's previous year's appropriation (minus previous year performance improvement dollars) plus performance funding (Step 3) plus residual (Step 4)	$ 802,922,588 63.68% Funding	$ 16,758,714 71.21%

Prior Year's Appropriation	$ 779,347,830	$ 16,336,020
Total Increase	$ 23,574,758	$ 422,694
Minus Previous Year's (FY 2001) Performance Improvement	$ 1,858,584	
Increase	$ 21,716,174	

[2] Any reductions by the Legislation will be applied to Total Appropriation.

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