Date: August 1, 1973

From: Office of the Acting Deputy to the Chancellor for Community Colleges

Subject: Request for Assistance in Developing a New Formula for the Financing of the Operating Costs of Community Colleges

Chapter 708 of the Laws of 1973 states in part, "By December thirty-first, nineteen hundred seventy-three, the State University Trustees shall develop a new formula for the financing of the operating costs of community colleges. Such formula may include maximum limitations, regulations, and incentives to achieve compliance with the code of standards and procedures for community colleges." This same legislation also directs the Trustees to present to the Governor proposed legislation incorporating such formula into the laws for consideration during the 1974 regular session of the Legislature.

On behalf of the Board of Trustees, we are asking your support in developing alternatives to the present formula.

The attached document solicits your recommendations in three areas. The first part requests comments regarding a modification of the existing formula. The second part provides an opportunity to suggest other alternatives to financing which you feel would be appropriate, and the third part requests suggestions of problems which have been identified.

The document is experimental, and it will not be the only means used to elicit input. It provides an initial opportunity for each president to make suggestions regarding the development of a new formula.

In view of our desire to give consideration to each comment and to develop proposed legislation incorporating a new formula by the legislative deadline, it is requested that you return the enclosed document to us within ten days after you have received it. We are very grateful for the full personal attention you provide in completing the attached.

Murray H. Block

Attachment

cc: Chancellor Boyer
Memorandum to Presidents
August 1, 1973

This memorandum addressed to
Presidents, Community Colleges

Copies for information only sent to:
Chancellor Kibbee
Dean McGrath
Instructions

Please respond in the space provided following each question. After each response provide a brief statement giving the rationale for your response. Use additional paper if necessary. An extra working copy is included for your convenience.

Part I

Issues Nos. 1 through 6 pertain to the present formula.

Issue No. 1

The present formula provides basic state support plus additional incentive increments for certain state purposes. It also contains two limitations, (1) a percentage limitation that state aid will not exceed 40 percent of the total operating budget, and (2) a maximum limitation that in each fiscal year the amount of increase or decrease will not exceed $29 per full time equivalent student for non-Full Opportunity Plan (FOP) colleges, and $35 for FOP colleges.

In responding assume the maximum limitation has been eliminated:

(A) Is the percentage limitation on state support of up to one-third for non-FOP colleges and up to 40 percent for FOP colleges a reasonable limitation on state support? __________

If not, what would you suggest?

Rationale:
(B) The basic State support for non-FOP college is $518 per full time equivalent (FTE) student; for FOP colleges it is $621. Is this a reasonable base? _____

If not, what would you suggest?

Rationale:

(C) An additional increment of State financial assistance in the amount of $29 per FTE student for non-FOP colleges and $35 per FTE student for FOP colleges is available if the ratio of full time equivalent students to full time equivalent teachers is no less than 17.0 to 1. Is this a reasonable ratio? _____

If not, what would you suggest?

Rationale:
(D) An additional increment of State financial assistance in the amount of $29 per FTE student for non-FOP colleges and $35 per FTE student for FOP colleges is available if the cost of instruction, as calculated in the annual budget analysis by the State University Trustees, is no less than 50 percent of the total operating budget of the college after deductions of rentals for physical space. Is this a reasonable percent? _______

If not, what would you suggest?

Rationale:

(E) An additional increment of State financial assistance in the amount of $29 per FTE student for non-FOP colleges and $35 per FTE student for FOP colleges is available if the number of full-time day credit students in programs leading to the degree of Associate in Applied Science, or certificates or diplomas, is no less than 50 percent of the total number of full-time day credit students in the college. Is this a reasonable percent? _______

If not, what would you suggest?

Rationale:
(F) An additional increment of State financial assistance in the amount of $29 per FTE student for non-FOP colleges and $35 per FTE student for FOP colleges is available if the financial contribution to the operating cost of the college, by the local sponsoring jurisdiction, is no less than the equivalent in dollars of one-half mill (50¢ per $1,000) as calculated against the total valuation of taxable real property in such jurisdiction as most recently tabulated by the State Board of Equalization and Assessment. Is this a reasonable ratio?

If not, what would you suggest?

Rationale:

(G) An additional incremental aid in the amount of $75 for each full-time disadvantaged day student in non-FOP colleges and $90 for each disadvantaged student in a FOP college, provided the number of full-time disadvantaged day students coming from the sponsorship area as a percentage of full-time day students is no less than the average number of disadvantaged students in the population of the sponsorship area. Is this a reasonable ratio?

If not, what would you suggest?

Rationale:
Issue No. 2

Issue No. 2 is intended to elicit your reactions regarding a fair incremental amount for each of the items C through G in the preceding Issue No. 1. Please indicate in the space immediately to the left of Items C through G what you feel would be a fair increment for each of these items.

If you award differing amounts to the items, would you please indicate below the rationale for the differential?

Rationale:
Issue No. 3

Are there other items which ought to be included in the incremental part of the formula, for example, as the colleges serve a greater diversity of student abilities, should there be an increment to provide for instructional development—improvement of instructional processes to better meet student needs?

Please indicate below additional incremental items which you feel should be included in the formula and your rationale for including such items.

Rationale:
Issue No. 4

Please indicate below items which you feel should be deleted from the formula and your rationale.

Rationale:
Issue No. 5

Are there particular respects in which the present Formula on Limitations unjustly penalizes one college or rewards another?

If so, how does this occur, and what are your suggestions?

Rationale:
Issue No. 6

Are there particular characteristics of your college, or your locality, which the present Formula on Limitations does not take into account? ________

If so, what are those characteristics, and what are your suggestions?

Rationale:
Part II

Issues Nos. 7 through 13 pertain to the development of a new formula.

Issue No. 7

In designing a new formula, it is assumed that the three major sources of operating revenue will continue to be derived from state, local, and student tuition sources.

(A) In developing a new formula, would you recommend that the State's share be

1. a fixed amount of dollars?

2. a fixed base but with additional variable increments for incentives?

3. a variable amount of dollars?

Rationale:

(B) Would you recommend that the local share be

1. a fixed amount of dollars?

2. a variable amount of dollars?

Rationale:
(C) Would you recommend that the chargeback feature to other counties be

1. a fixed amount of dollars?

2. a variable amount of dollars depending on costs of the college?

3. optional, depending upon local negotiated agreements?

Rationale:

(D) Would you recommend that the student's share be

1. a fixed amount of dollars?

2. a variable amount of dollars?

3. a variable amount of dollars with an upper limitation?

Rationale:
Issue No. 8

Assuming some combination of state, local, and student revenue, approximately what percent of the total operating budget should each contribute?

State percent: _____

Local percent: _____

Student percent: _____

Rationale:

Issue No. 9

What limitations, if any, should be placed on state support?

Rationale:
Issue No. 10

What limitations, if any, should be placed on local support?

Rationale:

Issue No. 11

At present sponsors are permitted to chargeback to other counties an amount equal to the sponsor's share per FTE costs for each resident attending from that county. This allows wide variation of chargeback costs and can result in sponsoring counties with low FTE costs paying higher costs for their residents who attend other community colleges. It can also result in sponsoring counties with high FTE costs paying lower costs for their residents who attend other community colleges.

What limitation, if any, should be placed on chargeback to other counties?

Rationale:
Issue No. 12

At present, there are two limitations governing the maximum amount of revenue from student tuition. These are: tuition revenue cannot be more than one-third of the operating budget; tuition may not exceed the tuition charges of the state-operated campuses for their freshman and sophomore students. Should these limitations be retained? __________

What other limitations should be added?

Rationale:
Issue No. 13

Suggest a formula for financing the operating budgets for the community colleges.

Rationale:
Part III

Issues Nos. 14 through 29 pertain to problem items identified from the field.

Issue No. 14

It has been suggested that there is insufficient incentive in the formula to develop high cost career programs. Is this a problem?

If so, what do you recommend?

Rationale:

Issue No. 15

It has been suggested that the formula does not provide for enrollment short falls. Is this a problem?

If so, what do you recommend?

Rationale:
Issue No. 16

It has been suggested that there should be a provision for a contingency fund. Is the lack of a contingency fund a problem? _____

If so, what do you recommend?

Rationale:


Issue No. 17

It has been suggested that the lack of provision for carrying over surpluses is a problem. Is this a problem? _____

If so, what would you recommend?

Rationale:
Issue No. 18

It has been suggested that there are no incentives for management economies. Is this a problem? ______

If so, what would you recommend?

Rationale:

Issue No. 19

It has been suggested that the present Formula on Limitations causes some colleges to spend more money than they otherwise would spend. Is this true? ______

If so, how does it occur, and what are your suggestions?

Rationale:
**Issue No. 20**

It has been suggested that capital equipment should not be included in the operating budget. Is this a problem?

Rationale:

**Issue No. 21**

It has been suggested that there is a need to clarify additional items that can be included in the operating budget. Is this a problem?

If so, what would you recommend?

Rationale:
Issue No. 22

It has been suggested that there is a need to make special provisions in an operating formula to provide for the necessity of renting facilities. Is this a problem? ______

If so, what would you recommend?

Rationale:

Issue No. 23

It has been alleged that the full-opportunity provision in the law, whereby the ceiling on State aid can be at 40 percent rather than one-third, was originally understood to be a state guarantee of 40 percent, whereas some full-opportunity colleges still receive substantially less than 40 percent. Has this understanding or misunderstanding been a problem? ______

Assuming that the legislature might want to continue to limit the state's liability, how should that limitation be designed?

Rationale:
Issue No. 24

If there are other items which are a problem relating to the financing formula of community colleges, would you please identify them below, recommend a solution, and provide a rationale for the recommendation?

Rationale:
Issue No. 25

It has been suggested that the authority and responsibility of the boards of trustees of community colleges are uncertain and need to be clarified. Is this a problem? ______

If so, what would you recommend?

Rationale:

Issue No. 26

It has been alleged that the campuses of some colleges are underbuilt, and unable to secure funds or construction authorizations from their sponsors, and that others are relatively overbuilt. Should the new legislation do something about this? ______

If so, what are your suggestions?

Rationale:
Issue No. 27

It has been suggested that State University of New York should have the power to cause initiation of both programs and facilities at community colleges. Do you agree? 

What would you recommend?

Rationale:

Issue No. 28

If there are other items which you feel are problems related to community college operations, would you please identify them below, recommend a solution, and provide a rationale for the recommendation.

Rationale:
Issue No. 29

This questionnaire, or some comparable method of inquiry, might be used to assemble facts and opinions from other sources. Can you recommend improvements?

Rationale:

* * * * *

Completed by ____________________________ Title_____________________

Thanks for your help on this first go-around. Please return this document to:

Murray H. Block
Acting Deputy to the Chancellor for Community Colleges
State University of New York
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Albany, New York 12210