



FACT SHEET

South Carolina Policy Council

1323 Pendleton St., Columbia, SC 29201 • 803-779-5022 • scpolycouncil.com

Higher Education in South Carolina: Cut Administrative Costs and Focus on Student Performance

While South Carolinians can take pride in our state's higher educational system, costs and tuition have skyrocketed in recent years, even as graduation rates remain below 40 percent. At the same time, South Carolina's leading universities have been drawn away from their core mission and increasingly become conduits for the Legislature's economic development plans. The solution is to refocus on student performance, cut administrative costs and look to innovative technology that will improve both access and affordability.

Higher Ed Spending Has Increased 77 Percent Over 10 Years

Overall spending for the state's 10 public institutions has increased 77 percent over the past 10 years (FY01-2002 to FY10-2011). During the same period, General Fund appropriations have declined from \$546 million to \$327 million. But combined Federal Fund and Other Funds (derived from fines and fees) appropriations have jumped from \$1.35 billion to \$3.02 billion – a 124 percent increase. (Source: [State Budget Documents](#))

Tuition rates have also increased rapidly over the past 10 years, with a 133 percent increase for in-state students and a 110 percent increase for out-of-state students. The College of Charleston had the highest in-state increase: 173 percent. S.C. State had the “lowest” in-state increase at 110 percent. In-state tuition increases outpaced out-of-state tuition increases at 8 of 13 campuses. (Source: [Commission on Higher Education](#))

Administrative costs have risen substantially, with a 60 percent increase from FY02-2003 to FY07-2008 (latest data available). During the same period, the proportion of administrative to instructional spending also increased: from 15.5 cents spent on administration for every dollar spent on instruction to 18.0 cents spent on administration for every dollar spent on instruction. (Source: [ACTA](#) and [IPEDS](#))

Debt and capital spending has also skyrocketed. As of FY08-2009, the state's 10 public universities and 16 technical colleges had accumulated \$1.162 billion in debt: \$354 million in general obligation bonds and \$808 million in revenue bonds and notes. Current and future interest payments for this debt come to about \$500 million. Thus, total higher-ed debt, plus interest, exceeds \$1.5 billion. (Source: State [CAFRs](#))

4-Year Graduation Rate Less Than 40 Percent

The 4-year graduation rate at the state's public higher educational institutions is 38.8 percent. The six-year rate is 60.5 percent. Seven schools had a 4-year graduation rate of less than 50 percent.¹ Five

¹This is for nine public institutions, as data for the Medical University of South Carolina is not available. All graduation rates are based on freshman class entering 2003. The state's 10 public higher-educational institutions are: The Citadel, Clemson, Coastal Carolina, The College of Charleston, Francis Marion, Lander, MUSC, S.C. State, USC, and Winthrop.

schools had a 6-year graduation rate of less than 50 percent. (Source: [Commission on Higher Education](#))

Lack of Focus on Core Mission

As mentioned above, spending increases on administrative and capital costs have far outpaced spending increases in instructional costs. Another reason non-instructional spending is so high is because schools are increasingly being used as conduits for government-driven economic development programs, such as the S.C. Centers of Economic Excellence (Endowed Chairs) Program. Cloaking economic development spending as higher-ed funding fosters a [lack of accountability](#) and insulates ineffective projects from private sector benchmarks.

Lack of Accountability

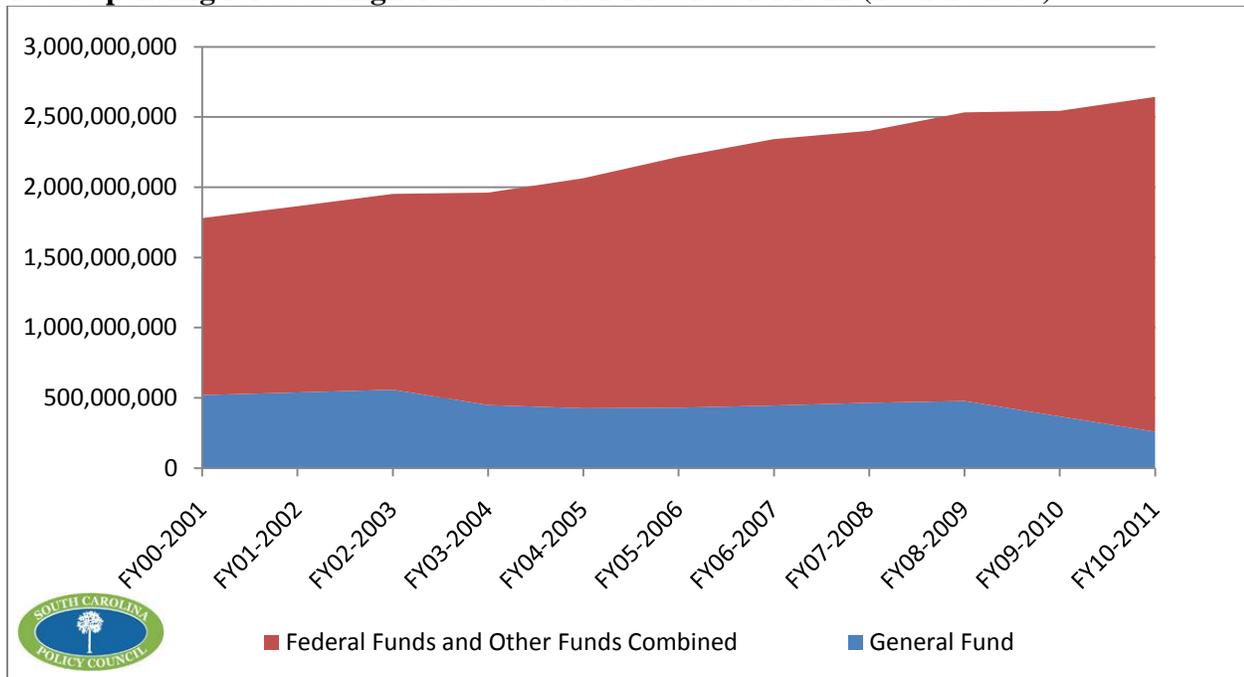
The [S.C. General Assembly](#) exercises a great deal of influence over the state's higher-educational system, appointing 78 percent of higher-ed board trustees at the state's public universities and colleges. As such, South Carolina is one of only three states (along with Minnesota and North Carolina) in which the majority of public higher-educational board trustees are directly appointed by the Legislature instead of the governor.

Solutions

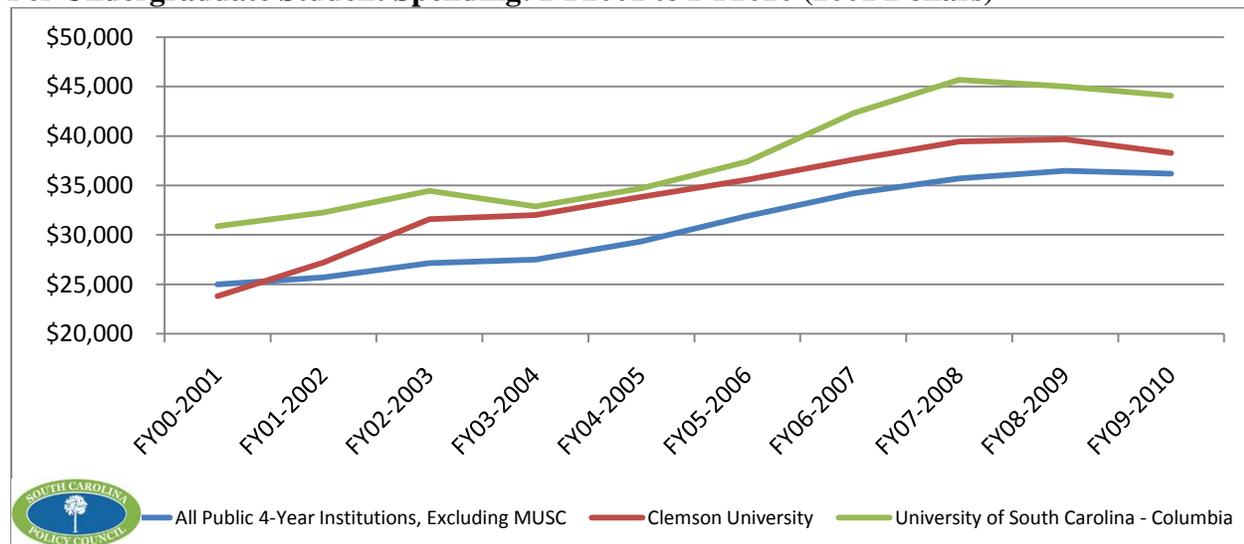
As any university president would acknowledge, higher-educational institutions should be seedbeds of innovation and creativity. But innovation shouldn't be confined to the classroom or the laboratory, it should also animate university leaders and administrators. Cutting-edge solutions that would reduce costs, increase student access and bring accountability to public universities and colleges include:

- *Increasing executive authority and improving accountability.* The governor should be granted additional appointment powers over higher-ed trustee boards. The Commission on Higher Education should also be given additional oversight over individual boards.
- *Investing in distance/virtual education programs.* Doing so would reach more students at a lower cost. Such programs would also reduce the need for new classrooms, dorms and other facilities.
- *Cutting administrative costs.* Institution-wide reviews should aim to eliminate duplication and provide for interdepartmental and intercampus cooperation. According to the American Council of Trustees and Alumni (ACTA), universities in several states (North Carolina, Arizona, Pennsylvania and California) have eliminated redundancy and increased academic offerings by combining departments into multi-disciplinary units and even forming academic consortia *across* campuses.
- *Strengthening core curricula requirements.* None of South Carolina's public colleges and universities requires students to take economics while neither Clemson nor the Citadel requires American history. Strengthening core curricula requirements will elevate standards statewide, as well as help students obtain the education they need as citizens in a representative democracy.
- *Focusing on education – not economic development.* The purpose of the university system is not to create jobs – a challenge better left to the free market – but to educate students. Cuts to higher-ed funding should begin by eliminating taxpayer subsidies for economic development initiatives, such as the nanotech and hydrogen fuel cell research projects at USC.

Total Spending for S.C. Higher Education: FY2001 to FY2011 (2001 Dollars)



Per Undergraduate Student Spending: FY2001 to FY2010 (2001 Dollars)



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