

**WEST VIRGINIA  
SECRETARY OF STATE  
KEN HECHLER  
ADMINISTRATIVE LAW DIVISION**

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JAN 27 2 55 PM '97  
OFFICE OF THE SECRETARY OF STATE  
WEST VIRGINIA

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE  
AND  
FILING WITH THE LEGISLATIVE OVERSIGHT COMMISSION ON  
EDUCATIONAL ACCOUNTABILITY**

AGENCY: University System Board of Trustees TITLE NUMBER: 128

CITE AUTHORITY: WV Code 18B-3-3a

AMENDMENT TO AN EXISTING RULE: YES \_\_\_\_\_ NO XX

IF YES, SERIES NUMBER OF RULE BEING AMENDED: \_\_\_\_\_

TITLE OF RULE BEING AMENDED: \_\_\_\_\_

IF NO, SERIES NUMBER OF RULE BEING FILED PROPOSED: 19

TITLE OF RULE BEING PROPOSED: Community and Technical College  
Budgeting Process

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE OVERSIGHT COMMISSION ON EDUCATIONAL ACCOUNTABILITY FOR THEIR REVIEW.



Signature  
Dr. Charles W. Manning  
Chancellor

## **Series 19: Community and Technical College Budgeting Process Summary**

The purpose of this rule is to implement the provisions of W. Va. Code §18B-3-3a(d), which requires that both higher education governing boards establish by joint legislative rule a formula for the allocation of community and technical college education funds to control accounts of individual University System and State College System community and technical colleges. Additionally, the rule shall include uniform guidelines for reporting student enrollments, and establishing costs, reimbursements and revenues for community and technical colleges located on the campus of another state institution of higher education.

## FISCAL NOTE FOR PROPOSED RULES

Rule Title: Series 19: Community and Technical College Budgeting Process

Type of Rule       X   Legislative                   Interpretive                   Procedural

Agency University System of West Virginia Board of Trustees

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Personal Services					
Current Expense					
Repairs and Alterations					
Equipment					
Other					

2. Explanation of above estimates

There are no additional costs because this process will be handled by existing staff of the institutions.

3. Objectives of these rules

The Board of Trustees will use this process to allocate funds for the delivery of community and technical college programs.

4. Explanation of Overall Economic Impact of Proposed Rule

A. Economic Impact on State Government

N/A


B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

N/A

C. Economic Impact on Citizens/Public at Large

N/A

Date: December 2, 1996

  
Signature of Agency Head or Authorized Representative

**TITLE 128  
LEGISLATIVE RULE  
UNIVERSITY SYSTEM OF WEST VIRGINIA  
BOARD OF TRUSTEES  
SERIES 19**

**TITLE:                   COMMUNITY AND TECHNICAL COLLEGE BUDGETING  
PROCESS**

**SECTION 1.           GENERAL**

- 1.1    Scope -                   This rule sets forth the process for the allocation of funds; establishing guidelines for reporting student enrollments; determining costs, reimbursements and revenues for community and technical colleges located on the campuses of four-year institutions.
  
- 1.2    Authority -                W. Va. Code §18B-3-3a(d)
  
- 1.3    Filing Date -
  
- 1.4    Effective Date -

**SECTION 2.           PURPOSE**

- 2.1    The Board of Trustees will utilize this process to allocate funds for the delivery of community and technical college education to those community and technical colleges located on campuses of four-year institutions.

**SECTION 3.           IMPLEMENTATION**

- 3.1    Senate Bill 547 from the 1995 legislative session and Senate Bill 591 from the 1996 legislative session each singled out community colleges as separate components in the allocation of resources. These bills require that both higher education governing boards identify the state funding allocated to each community and technical college. Senate Bill 591 further requires that the Board of Directors and the Board of Trustees establish by joint legislative rule a formula for the allocation of community and technical college education funds to control accounts of individual State College System and University System community and technical colleges. Additionally, the rule shall include uniform guidelines for reporting student enrollments, and establishing costs,

reimbursements and revenues for community and technical colleges located on the campus of another state institution of higher education.

- 3.2 The data used in the Resource Allocation Model (RAM) shall be identified as community and technical college funding or other. For example, the base budget shall be divided into two components: 1) the community and technical college component and 2) the four-year baccalaureate component. Additional funding provided to the colleges and universities shall be applied to those base budgets on a uniform basis.
- 3.3 Funds identified for community and technical college education per the RAM (and where appropriate, adjusted for the Resource Allocation Policy) shall be reserved for use by community and technical college programs after deduction of indirect costs such as student services, physical plant operations and maintenance, administrative costs and other non-distributable academic support costs.
- 3.4 The amount of state appropriated funds identified for community and technical colleges that are part of a four-year institution will be based on full-time equivalency (FTE) enrollment in community and technical college programs beginning with Fall 1995 and updated annually. FTE enrollments will be verified annually through an independent audit.
- 3.5 For the purpose of calculating FTE for community and technical colleges that are part of a four-year institution, students enrolled in the following will be designated as community and technical college enrollment.
  - 3.5.1 **Career and Technical Education** - All students enrolled in certificate and associate degree programs that prepare students for immediate employment. These include programs from which students may exit into the work place or continue studies toward a higher level degree.
  - 3.5.2 **Transfer Education** - All students enrolled in associate degree programs that are designed to prepare students for transfer to other programs of study.
  - 3.5.3 **Developmental/Remedial Education** - All students who failed to meet the college admission requirements for baccalaureate programs as defined in Series 44 of the State College System Rules. All students pursuing or planning to pursue transfer or career and technical education programs (as defined previously) who enroll in courses or programs designated as developmental/remedial education. Those students admitted to baccalaureate programs and enrolled in a required developmental course or courses to remove a deficiency are not to be

identified as community and technical college students.

- 3.5.4 **Undecided/Undeclared Major** - All students having designated themselves as an undeclared two-year major. Undeclared students not identified will be counted as either baccalaureate or community and technical college enrollment based on the overall proportion of students falling into the two categories at a particular institution.
- 3.6 Higher Education Resource Fee (HERF), other student fees (including operating fees), and faculty improvement fees will be deposited into baccalaureate and community and technical college accounts based on the number of FTE students in each area as defined by Section 3.5 of this rule. In addition, income from federal, state and local grants and public service education will be credited to the appropriate area.
- 3.7 Tuition and registration fees collected for the payment of debt service and capital construction needs shall not be distributed on a pro-rata basis. Other special fees collected for health services, student activities, student recreation programs, athletics or any other extracurricular activity shall be retained in control accounts for the use of the institution as a whole and for the purpose collected.
- 3.8 All costs designated specifically for the community and technical college or the baccalaureate programs of an institution shall be charged directly to the respective budget. All other costs shall be pro-rated as defined in Section 3.5 of this rule.
- 3.9 The provost for the community and technical college and the chief financial officer of the institution shall jointly agree on criteria utilized to assign overhead costs to the community and technical college.
- 3.10 The president, in consultation with the provost for the community and technical college and the academic vice president, shall determine priorities for the spending of direct instruction related funds. Those funds allocated for community and technical colleges shall support that mission and those allocated for baccalaureate programs shall serve that mission.
- 3.11 Special revenues, fees and grants shall be dedicated to the portion of the student body paying those fees, when appropriate, in order to meet the Boards' directives regarding collection of such revenues.
- 3.12 A process to determine if appropriated funds are being expended as defined in this rule will be established and implemented beginning with fiscal year 1998.

**Title 128**  
**Legislative Rule**  
**University System of West Virginia Board of Trustees**  
**Series 19: Community and Technical College Budgeting Process**

Changes Resulting from Comments Received:

Section 3.4

- A requirement for an independent audit was added to verify FTE enrollments.

Section 3.9

- A provision was added to include the provost of the community and technical college in the process of determining overhead costs for the community and technical college.

Section 3.19

- A provision was included requiring a process to be in place for FY 98 to determine if funds were expended as defined in the rule.



Community and Technical College  
 Campus Box 183  
 P.O. Box 1000  
 Institute, WV 25112-1000  
 Telephone: (304)766-3118  
 FAX: (304)766-4105

TO: Jim Skidmore, FAX 558-1646  
 FROM: Torri Lilly *Torri Lilly*  
 DATE: December 19, 1996  
 RE: Comments on Series 19

Following are some observations and concerns that I have about Series 19:

1. 3.2 Indirect costs should be specific: for instance in student services—community college students are not eligible for athletics, will the CTC have to pay for this service and others that it does not use? Will physical operations, library, and other support costs be charged at the rate the CTC is funded? For instance, if 33 percent of the total college enrollment is in the community college, will we pay 33 percent for indirect costs of services that we do use?
2. 3.4, 3.4.3 Will the baccalaureate program pay the community college for four-year students in developmental education courses?
3. 3.8 S.B. 547 states that "[a]ll administrative, programmatic and budgetary control over community and technical education within the district shall be vested in the administrative head [provost]. . . ." If the president determines the priorities for the spending of direct instruction-related funds as stated in series 19, then the provost does not have budgetary control. 3.8 should read that "the provost of the community and technical college shall determine priorities for the spending of direct instruction-related funds."

If you have any questions, please let me know.

Many thanks.

c: Dr. Bilicic  
 Mr. Harbert



Community and Technical College

West Virginia University Institute of Technology

Office of the Provost

**TO:** Dr. Charles Manning

**FROM:** Martha Shouldis, <sup>MS</sup> Provost

**DATE:** January 8, 1997

**RE:** Comments on Draft of Series 19 - Community and Technical College Budgeting Process

I have reviewed the draft of Series 19 and would offer the following comments regarding the draft. First, under the introduction to Section 3 - Implementation it is noted that Senate Bill 595 requires that "The Board of Directors and the Board of Trustees established by joint legislative rule a formula for allocation of community and technical college education funds . . ." This Series 19 is a Board of Directors document. Can it be assumed that the Trustee institutions will follow the same legislative rule?

The second area of concern involves the role of the provost in determining indirect cost charge-backs. I note that Section 3.8 of the draft rule spells out that "The president, in consultation with the provost for the community and technical college and the academic vice president, shall determine priorities for spending of direct instructional related funds." Section 3.7 merely indicates that "All other costs shall be prorated as defined in Section 3.4 of this rule" and does not direct who shall be involved in determining equitable distribution of indirect costs. In looking at my notes from the committee meetings where the original community and technical college resource allocation model was drafted, that type of language was recommended. I therefore would recommend similar wording for Section 3.7 as is found in 3.8 to assure that the provost has a role in setting priorities for the use of indirect funds to meet common campus needs. In talking to a number of my colleagues who serve at component institutions, it is evident that many of them have not been given an active role in determining how funds collected in support of community and technical college education, both direct and indirect, are utilized to support the mission of the community and technical college. The addition of such language would provide support for such involvement on the campuses which I believe is consistent with the intent of the law.

Lastly, there is no system identified to determine if the intent of Series 19 has been followed. I would suggest that an additional compliance section be added to Series 19 to indicate that the regular audit process will include checks to assure compliance with the regulations. I would propose that this be included as part of the regular audit process.

Please contact me should you have any questions regarding my comments.

c: Dr. John Carrier

Dr. Frank Gilmore

Mr. James Skidmore

DEC 23 1996



# FAIRMONT

STATE COLLEGE

December 16, 1996

*Office of the President*

Mr. Ken Heckler  
Secretary of State  
Building 1, Suite 157K  
1900 Kanawha Blvd., East  
Charleston, WV 25305-0770

Dear Mr. Heckler:

As Fairmont State College's new President, I would like to express my concern with Series 19 of the State College System Rules regarding the budgeting process for community colleges that operate within four-year undergraduate institutions. Senate Bills 547 and 591 require that the State College System Governing Board identify state funding allocated to each community college. Fairmont State College is ready to comply with Senate Bills 547 and 591, yet Series 19 asks us to do something that is impractical and perhaps even impossible to implement. Specifically, in Series 19 item no. 4, the second sentence reads "the institution will be asked to add to their mid-year financial report an itemization of the community and technical college expenditures with the overhead isolated from the direct expenditures." We strongly urge that this sentence be omitted as our direct expenditures for Fairmont's Community and Technical College cannot effectively be isolated from other expenditures.

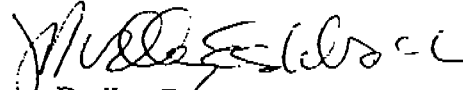
I came to Fairmont from the State University of New York, a university system that was clearly over-campused and over-built. Within eleven miles of my four-year SUNY undergraduate campus was a SUNY two-year institution. Because of the desire and need to achieve greater efficiencies, plans had been underway for years to merge the two SUNY colleges. Nonetheless, a merger of SUNY schools which makes fiscal sense has proven not to be *politically* possible. Consequently, each institution, the two-year and the four-year school, had separate administrations (two distinct CEO's, two sets of vice presidents, registrars, budgets, etc.). Because of the difficulty of merging institutions, the State University of New York in general faces an uncertain future, and New York State taxpayers will continue to balk at the need to fund separate institutions with duplicative functions. By contrast, here in West Virginia, we currently achieve economies at colleges such as Fairmont State where a two-year technical and community college component is literally embedded within the overall college program. We do not and cannot isolate or separate classes and functions for the community college, nor would it be desirable to do so. This requirement would have us establish separate and duplicative structures resulting in a great inefficiency.

The existing structure in which Fairmont State College has both two-year and four-year programs and consolidated budgets is consistent with the type of administrative cost reductions mandated by recent legislation and is certainly in keeping with what the West Virginia taxpayer would want. Our current model is progressive, one that could be adopted by other state college and university systems. It discourages the polarization of students and the development of an academic caste system. That is, when two year program students are brought into an administratively separate organizational unit at a four year institution, the students are often perceived as lesser academic beings. Perhaps more importantly, the immersion of two year students in the total academic and administrative fabric of the college encourages articulation into four year programs.

In sum, I urge you to reject Series 19 of the State College System Rules, *Community and Technical College Budgeting Process*, or at minimum delete item no. 4 requiring that institutions isolate out and itemize community and technical college expenditures.

Thank you for the opportunity to respond during this 30-day public comment period.

Sincerely,



Janet Dudley-Eshbach  
President

JDE/djr

cc: Chancellor Clifford Trump  
Dr. Frederick Schaupp