VIRGINIA COST STUDY
OF
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

REPORT OF THE
STATE COUNCIL OF HIGHER EDUCATION
to
THE GOVERNOR
and
THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 16

FEBRUARY 1964

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
RICHMOND
1964

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STATE COUNCIL OF HIGHER EDUCATION

Room 301, Finance Building

Richmond, February 25, 1964.

The Honorable Albertis S. Harrison, Jr., Governor of Virginia

Members of the General Assembly, Commonwealth of Virginia

We have the honor and pleasure of submitting herewith the report of the Virginia Cost Study, in response to Senate Joint Resolution No. 20, 1962 Acts of the Assembly. The text and exhibits contained herein represent a progress report on matters studied by the Council and its Advisory Committee on Costs between July 1, 1962 and December 31, 1963.

The text emphasizes that this report contains findings on the first phase of the cost study and, for reasons cited, does not provide complete cost data. We believe, however, that the study has made significant advances in developing comparable fiscal data for colleges in the state system and that the exhibits and graphs will be of widespread interest to legislators and state officials who have a concern for these matters.

We wish to express our particular appreciation to the Chairman and members of the Advisory Committee on Costs, representing the boards and administrations of state institutions of higher learning, the Division of the Budget and the State Auditor. Sincere thanks are also due to the members of the working sub-committees who assisted the Council staff in reviewing and resolving many of the technical problems involved in developing the study.

Respectfully submitted,

WILLIAM HUGH MCFARLANE,

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EXHIBITS AND GRAPHS

INTRODUCTION

Senate Joint Resolution No. 20 of the 1962 General Assembly directed the Council of Higher Education to undertake a comprehensive cost study of programs, functions and activities at publicly-supported institutions of higher learning in Virginia. It was the desire of the General Assembly to have current information on the per student cost of educational programs as related to the fees charged to students for these programs and other student services; and to know the cost of other functions and services performed by said institutions.

At the request of the Council of Higher Education, Dr. G. Tyler Miller, Chairman of the Council of State College Presidents, appointed institutional representatives to an Advisory Committee on the Cost Study. A list of committee members appears in this report as Appendix B. Major General William F. Tompkins, Vice President of the Medical College of Virginia, accepted the chairmanship of the Committee.

At an organizational meeting on May 17, 1962, the purposes, scope and schedule of the study were outlined. Major problems of development were reviewed, and a Steering Committee, with General Tompkins as Chairman, was appointed. Mr. James W. Bailey, Assistant Director of the Council of Higher Education, was designated Director of the Cost Study.

It was agreed by the Advisory Committee that the study would have to be conducted in several phases, because of the magnitude of the task and the need for continuing refinement of procedures for reporting and analysis. Accordingly, it was also agreed that the Committee's first report to the 1964 General Assembly would necessarily have to be in the form of a progress report.

The Steering Committee, whose members are listed in Appendix C, held its first meeting on June 19, 1962. Several technical problems were reviewed and the organization of several sub-committees were announced.

Members of the sub-committees are listed in Appendix C. Each subcommittee held three meetings during the course of the following fiscal year to review the work of the Cost Study staff in formulating study procedures and in accumulating and tabulating financial and educational statistics.

In June 1963, following General Thompkin's retirement as Vice President of the Medical College, Mr. Vincent Shea, Comptroller of the University of Virginia, accepted the chairmanship of the Advisory and Steering Committees. With the employment of Mr. John L. Green on the Council staff, the directorship of the study became his responsibility. The text and tables contained in the document submitted herewith constitute the progress report of the Virginia Cost Study, representing work accomplished between July 1, 1962 and December 31, 1963.

ADVISORY COMMITTEE ON THE VIRGINIA COST STUDY

Summary of Conclusions and Recommendations

1. Because education costing is a task of some complexity, studies in this area must be developed in progressive stages. This report summarizes progress made in the initial stage of the Virginia Cost Study, utilizing data from the fiscal year 1961-62.

2. The major objective of developing comparable unit costs of instruction has not been realized in this report.

3. Two major improvements in state fiscal procedures will be required before further substantial progress can be expected in the Virginia Cost Study. These are (1) uniform coding of income and expenditures in accordance with established budgetary classifications; (2) a method of distributing general institutional expenditures to productive and non-productive functions.

4. In addition to promoting uniform reporting and methods of cost distribution, the next stage of the Virginia Cost Study will prom te detailed analyses of teaching salary costs by area and level of instruction. Depending on the rate of progress achieved in this effort, it may be possible also to develop an initial report on comprehensive unit costs of instruction, combining teaching salary costs and general institutional costs.

5. It is recommended that funds be provided for implementing the established system of uniform classification of income and expenditures.

6. It is recommended that if at all possible, uniform reporting be implemented by July 1, 1964, for all the institutions except V.P.I., William and Mary, Medical College of Virginia, and the University of Virginia, and that the implementation of uniform reporting be completed for all institutions by July 1, 1965.

CHAPTER I

GENERAL FEATURES OF AN EDUCATIONAL COST STUDY

A. *Comparable Reports*

Cost studies of higher education are meaningful only when the data are comparable. Many persons seeking cost information resort to the erroneous expedient of dividing an institution's total expenditures by its total enrollment. The results are not comparable, for two main reasons: (1) institutions of higher learning vary considerably in the number and extent of their functions and programs and, consequently, their gross expenditures are not comparable; (2) general enrollment figures reflect numbers of individuals, which are not comparable nor statistically accurate.

Expenditures must be uniformly related to functions and programs, and a unit of measure related to student credit hours before instructional costs are statistically accurate for purposes of comparison.

In sum, comparable cost information requires, first, uniform analyses of basic financial data and, second, development of comparable units of cost measurement. For these reasons, among others, educational costing is a task of some complexity.

B. *The Value of Cost Studies*

When properly developed and interpreted, educational cost studies can provide objective measures of financial needs in higher education, and promote useful standards for planning, managing and budgeting college operations. Such measures and standards are valuable in the internal management of a single institution, as well as for establishing guidelines for state-level management of an entire system of colleges.

C. *Objectives*

The main objective of an educational cost study is to develop the costs of productive and non-productive functions in a college or university. The functions of higher education are generally classified as follows:

TABLE 1

Productive Functions	Non-Productive Functions
Instruction Organized Research Public Service	Auxiliary Enterprises (dormitories, food services, etc.)

In colleges that operate medical schools, the associated teaching hospitals are also recognized as separate productive functions.

The primary productive function of a college or university is the instruction of students. Accordingly, the typical educational cost study emphasized unit costs of instruction.

Through educational cost studies, costs that are identifiable with other higher educational functions can also be developed. Generally, however, cost information on these other functions is presented in terms of gross expenditures rather than unit costs.

D. *Interpreting an Educational Cost Study*

Many authorities on educational finance have serious reservations about educational costing, since it involves translating an essentially qualitative process into production-line terminology and measurements. With considerable justification, they argue that the teaching of students cannot be so easily measured in terms of dollars and cents.

Further, higher education is not intended to be a profit-making enterprise. Business and industrial cost studies are often motivated by a concern for margins of profit. The major aim of educational cost studies is to assist colleges in getting the most out of their financial resources.

In interpreting cost studies of higher education, therefore, greater weight must often be given to the educational reasons for cost variations, than to the fact that many colleges, especially those in a statewide system, are engaged in a common productive function, or functions. When this is not fully appreciated, summary comparisons of educational costs can be seriously misleading.

Nevertheless, the decision to promote and utilize cost studies for public higher education in Virginia is in line with similar developments throughout the country. Much has been accomplished in the past ten years in refining the basic concepts of educational costing and in improving techniques of analysis. The Virginia Cost Study endeavors to capitalize on the experience of previous efforts.

CHAPTER II

DEVELOPING THE VIRGINIA COST STUDY

A. *Basic Aims*

The primary objective of the Virginia Cost Study is to develop comparable unit costs of instruction at each institution in the state system of higher education. In accordance with the directive of the General Assembly, such unit costs will be related to per-student support derived from various sources, such as students fees and General Fund appropriations.

Cost data on other functions (organized research, public service, teaching hospitals and auxiliary enterprises) will also be determined in the study and reported along with unit costs of instruction.

B. *Interim Results*

Analyses developed during the first 18 months of the study are presented on pages 9 through 22 of this report, utilizing data for the fiscal year ending June 30, 1962—the latest year for which complete data were available in time for inclusion in this report.

It is emphasized that this interim report does not show unit costs of instruction for any institution in the state system. Neither does this report endeavor to present the complete costs for other productive and non-productive functions. The major reason this has not been possible is that neither the State nor the institutions has been uniformly classifying and coding income and expenditures.

C. *Uniform Financial Reporting*

Much of the initial work of the Cost Study has been devoted to the development of a uniform reporting system. For purposes of the study, Virginia colleges used the following general categories[1] for classifying income and expenditures:

TABLE 2

A. Educational and General	A. Educational and General
Student Fees and Charges	General Administr. & General Exp.
Endowment Income	Instruction and Departmental Res.
Gifts and Grants	Organized Activities
Organized Activities	Libraries
Sales and Services	Maintenance and Operation of the Physical Plant
Other Educational Income	Extension and Public Service
Organized Research	Organized Research
Extension and Public Service	Bond Interest and Sinking Fund
General Fund Appropriations	
B. Medical School Hospitals	B. Medical School Hospitals
C. Auxiliary Enterprises	C. Auxiliary Enterprises
Residential Facilities	Residential Facilities
Food Service	Food Service
Laundry	Laundry
Student Health Service	Student Health Service
Stores and Shops	Stores and Shops
Printing and Publications	Printing and Publications
Student Athletics	Student Athletics
Student Union & Student Activities	Student Union & Student Activities
Electric Service	Electric Service
D. Student Aid	D. Student Aid

(Note: Not all institutions have income or expenditures in every category)

[1] For definitions of these categories, see Appendix D.

This system follows national standards for financial reporting and is generally in accord with activity classifications that have been established in Virginia for state budgeting of higher education.

Variable practices in actual coding, however, still remain to be ironed out. Until these inconsistencies have been eliminated, the financial data needed for cost studies will not be comparable.

It would be a distinct advantage to have uniform classifying and coding of income and expenditures for higher education adopted for official state purposes. If coding methods for cost studies differ from coding methods for budgeting purposes, the accounting problems of the colleges become complicated beyond necessity.

D. *Cost Accounting—Physical Plant Operation*

Once uniform reporting has been fully developed, the next major task of a cost study is to distribute income and expenditures according to functional classifications (instruction, organized research, public service and auxiliary enterprises).

Expenditures which are general in nature must be apportioned to the above functions. For example, the physical plant operation, which serves the entire college, incurs costs that are distributable to one or more of the above functions. Accurate distribution of these costs (which excludes utilities) can best be made through working capital funds.

Since most Virginia colleges do not maintain working capital funds for purposes of costing out physical plant expenditures, the Cost Study staff gave some consideration to developing a general method of apportioning such expenses. The evidence indicates that any general method of apportionment of physical plant costs would be very arbitrary and lead to inaccurate cost data.

If institutions without working capital funds were permitted to adopt them, it is believed that the expense of one or two additional staff members required would be justified by the better management controls that come with the development and use of reliable cost data.

E. *Full-Time Equivalent Students*

Comparable reports on student enrollments are essential to the development of unit costs of instruction and to determining the amount of support provided per student from student fees and from General Fund appropriations. A major development in the Virginia Cost Study has been the inauguration of a method for reporting comparable enrollments, in terms of full-time equivalent (F.T.E.) students.

The basis for computing F.T.E. students in the Virginia Cost Study is the student credit-hour. Credit-hours generally represent the assigned value of instructional courses. Originally developed by colleges as a uniform measure of student achievement, the credit-hour can also measure the instructional "output" of a teaching staff. Accordingly, it provides a comparable basis for counting students and for developing unit costs of instruction.

Data on student credit-hours and F.T.E. students have been accumulated in extensive detail by the Council of Higher Education. These will be utilized in developing unit costs of instruction when comparable financial data become available. (See Exhibits A & B)

F. *Per Student Support*

Under the uniform reporting system developed for the cost study, each college reports the amount of student fees and other charges collected as Educational and General Income. General Fund appropriations for maintenance and operation (also classified as Educational and General income) are similarly reported.

Using these reports of Educational and General income, together with computations of F.T.E. student enrollments, the Cost Study has developed the amount of support per student provided by General Fund appropriations for maintenance and operation. (See Exhibits C & D)

G. *Auxiliary Enterprises*

In a number of Virginia colleges, surplus earnings from auxiliary enterprises are used to support Educational and General expenditures. In the fiscal year ending June 30, 1962, this support amounted to approximately $1.2 million for all colleges reporting surplus earnings. (See Exhibits E & F)

It should be observed again, however, that most colleges do not distribute plant maintenance costs to all of the auxiliary enterprises. Accordingly, the extent to which surplus earnings from auxiliary enterprises covered the physical plant costs chargeable to them cannot be determined under present reporting procedures, or without an accurate method of cost accounting for physical plant operations.

CHAPTER III

FURTHER DEVELOPMENT OF THE VIRGINIA COST STUDY

A. *Summary of Progress to Date*

The initial stages of this cost study have been largely developmental in nature. Progress has been made in constructing a uniform chart of accounts and in determining comparable reporting procedures for enrollment.

B. *The Next Stage*

As the study moves into the next stage of development, major attention will be given to eliminating inconsistencies in fiscal reporting, and to developing feasible methods of distributing expenditures according to functional classifications.

Also, study procedures will be subjected to further refinement, leading to a two-step development of unit costs of instruction. The first of these will be an endeavor to develop unit costs of instruction based on teaching salaries. The second will be the development of comprehensive unit costs of instruction which will involve all operating expenditures distributable to instruction.

C. *Teaching Salary Costs*

In developing unit costs based on teaching salaries, faculty service must be identified by function and their salaries distributed accordingly. Procedures have been developed and tested for reporting faculty service so that cost distributions can be made. A copy of this faculty service report form can be found in Appendix E. Some minor refinements still need to be made before this form can be used by all of the institutions.

This phase of the study must also define instructional areas and levels that are comparable for all institutions. Generally, it has been found that comparable costs can be developed for certain broad areas of instruction (such as liberal arts, natural sciences, engineering, education, etc.), provided an analysis is also made by levels of instruction—i.e., lower level (freshman and sophomore), upper level (junior and senior) and graduate level.

D. *Comprehensive Unit Costs*

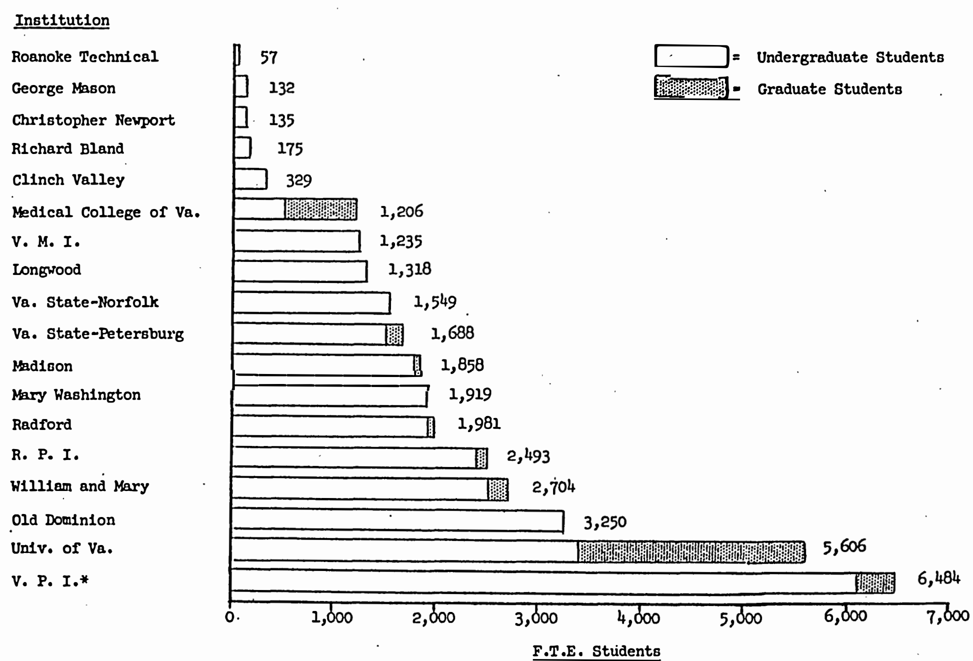
The final stage of a cost study is to develop unit costs of instruction which include all operating expenditures. These are usually reported in three parts: (1) direct costs, based on teaching salaries; (2) indirect costs, based on general institutional expenditures (administration, libraries, physical plant, instructional supplies, etc.); and (3) total unit costs, combining the direct and indirect unit costs.

VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING FULL-TIME EQUIVALENT GRADUATE AND UNDERGRADUATE STUDENTS

1961-62 Fiscal Year

EXHIBIT A



* Includes 185 F.T.E. Undergraduate students at Danville Branch College.

NOTE: Detailed figures supporting this graph can be found in Exhibit B.
Computed F.T.E. Students are not the same as the number of individual student registrations.

VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
STUDENT CREDIT HOUR AND F.T.E. STUDENT ANALYSIS

1961-62 Fiscal Year

EXHIBIT B

Institution & Division	Undergraduate Student Credit Hours	Undergraduate F. T. E. Students	Graduate Student Credit Hours	Graduate F. T. E. Students	Total F.T.E. Students Undergraduate and Graduate
University of Virginia	101,975	3,399	52,964	2,207	5,606
Medical College of Virginia*	23,220	516	24,840	690	1,206
Virginia Polytechnic Inst.*	275,099	6,113	13,342	371	6,484
William and Mary:	75,757	2,525	4,288	179	2,704
Virginia Military Inst.	37,057	1,235	....		1,235
Virginia State-Petersburg	45,378	1,513	4,201	175	1,688
Mary Washington	57,558	1,919	....		1,919
Radford**	58,082	1,936	1,073	45	1,981
Madison	53,798	1,793	1,559	65	1,858
Longwood	39,144	1,305	300	13	1,318
Old Dominion*	146,268	3,250	....		3,250
Richmond Professional Inst.	74,775	2,423	1,683	70	2,493
Virginia State-Norf.	46,470	1,549		....	1,549
George Mason	3,960	132	....		132
Clinch Valley	9,870	329			329
Richard Bland	5,250	175			175
Christopher Newport	4,050	135			135
Roanoke Technical*	2,565	57	....		57
Totals, All Colleges		30,304		3,815	34,119

* On the quarter hour system.
** Radford is on quarter system, but credit hours are reported on semester basis.

NOTE: F.T.E. students have been computed on basis of using 30 semester or 45 quarter student credit hours for one undergraduate F.T.E. student and 24 semester or 36 quarter student credit hours for one graduate F.T.E. student. These computed F.T.E. students are not the same as the number of individual student registrations.

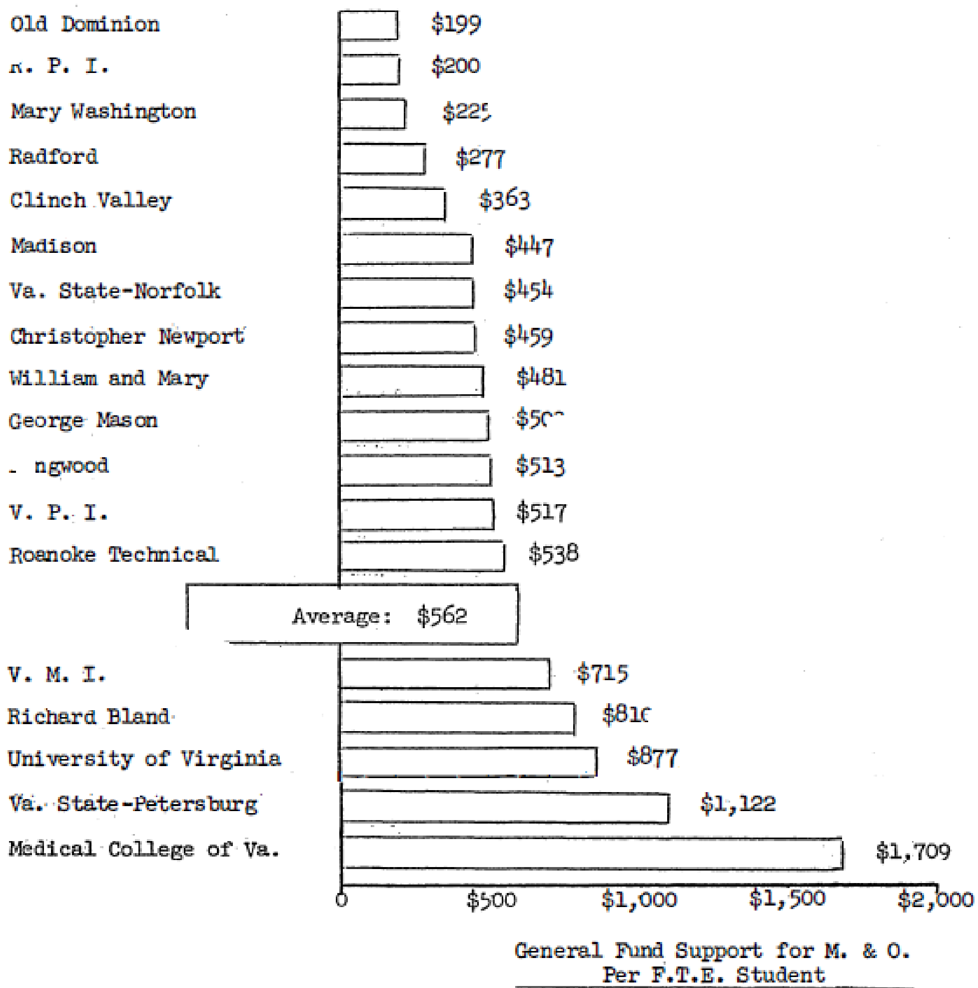
VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

GENERAL FUND SUPPORT FOR MAINTENANCE AND OPERATION PER F.T.E. STUDENT

1961-62 Fiscal Year

EXHIBIT C



NOTE: Detailed figures supporting this graph can be found in Exhibit D.

VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

COMPUTATION OF GENERAL FUND SUPPORT PER F.T.E. STUDENT*

1961-62 Fiscal Year

Exhibit D

Institution	F. T. E. Student Enrollment	General Fund Appropriation For M. & O.	Capital Outlay For Books	Total General Fund Appropriation	General Fund Support Per F.T.E. Student
Univ. of Va.	5,606	$ 4,884,567	$ 34,003	$ 4,918,570	$ 877
M.C.V.	1,206	2,056,044	5,000	2,061,044	1,709
V.P.I.	6,484	3,332,633	19,939	3,352,572	517
Wm. & Mary	2,704	1,291,135	9,992	1,301,127	481
V.M.I.	1,235	867,005	16,118	883,123	715
Va. State-Ptsbg.	1,688	1,893,609	725	1,894,334	1,122
Mary Washington	1,919	417,337	15,294	432,631	225
Radford	1,981	545,316	4,018	549,334	277
Madison	1,858	814,863	15,000	829,863	447
Longwood	1,318	664,638	11,552	676,190	513
Old Dominion	3,250	645,710	....	645,710	199
R.P.I.	2,493	498,124	....	498,124	200
Va. State-Norf.	1,549	703,265	666	703,931	454
George Mason	132	66,398	....	66,398	503
Clinch Valley	329	119,456	....	119,456	363
Richard Bland	175	141,741	....	141,741	810
Christopher Newport	135	62,000	....	62,000	459
Roanoke Technical	57	30,660	....	30,660	538
Totals	34,119	$19,034,501	$132,307	$19,166,808	....
Average					562

* General Fund support in this case includes all General Fund money used for maintenance and operation of the colleges; excluded are maintenance and operation funds for the University of Virginia Extension Division, the V.P.I. Agricultural Extension and Experiment Station and Engineering Experiment Station, and Medical School Hospitals.

VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

CONSOLIDATED STATEMENT OF EXPENDITURES*

For the Fiscal Year Ending June 30, 1962

Exhibit E

Education and General		
General Administration and General Expense	$ 4,539,565	8.8%
Instruction and Departmental Research	22,828,416	44.2
Organized Activities Related to Educ. Departments	1,420,262	2.8
Libraries	1,800,488	3.5
Maintenance and Operation of Physical Plant	6,027,184	11.6
Extension and Public Service	5,548,350	10.8
Organized Research	9,131,559	17.8
Bond Interest and Sinking Fund	300,109	.5
Total, Educational and General Expenditures	51,595,933	100.0
Medical School Hospitals	16,766,211	100.0
Auxiliary Enterprises		
Residential Facilities	2,441,525	20.8
Food Service	5,528,544	47.3
Laundry	469,413	4.0
Student Health Service	566,375	4.8
Stores and Shops	1,197,004	10.3
Printing and Publications	229,269	1.9
Student Athletics	520,140	4.4
Student Union and Student Activities	375,580	3.2
Electric Service	386,576	3.3
Total, Auxiliary Enterprises	11,714,426	100.0
Student Aid	2,987,969	100.0
Commonwealth Funds	72,694,622	87.5
Institutional Funds	10,369,917	12.5
Grand Total, All Expenditures	83,064,539	100.0

* Total income exceeds total expenditures by $10,377 because of modified accrual system of accounting used by the Medical College of Virginia

VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF INCOME*
For the Fiscal Year Ending June 30, 1962

Exhibit F

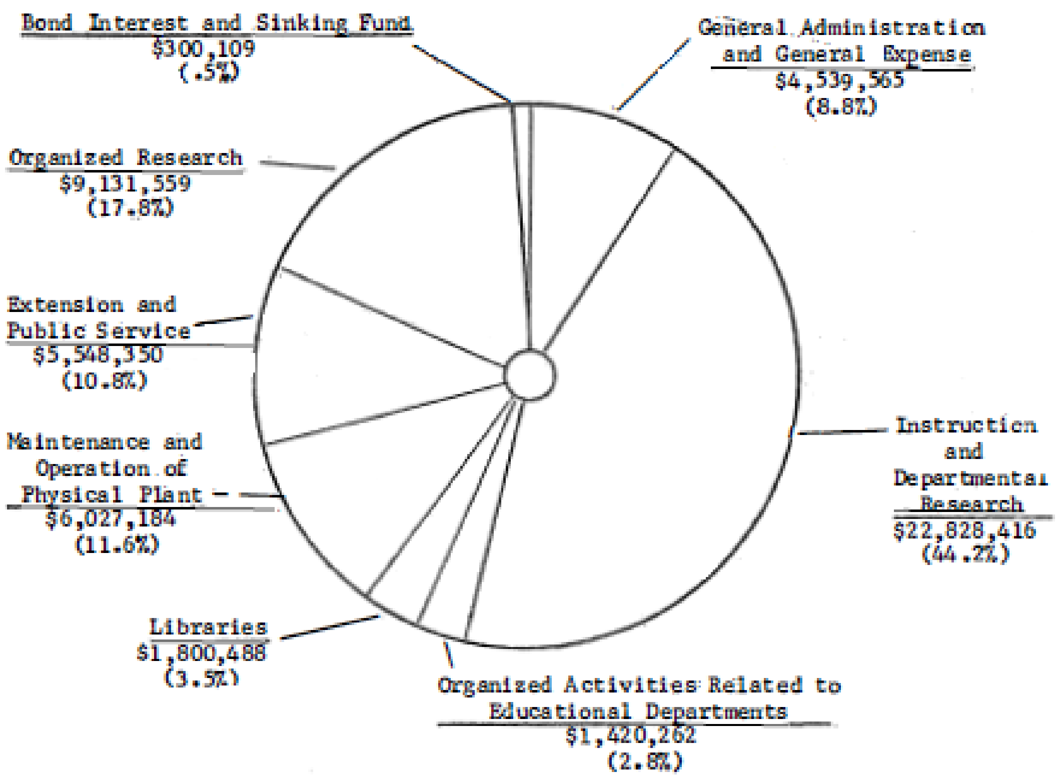
Educational and General		
Student Fees and Charges	$12,558,230	25.0
Endowment Income	772,468	1.5
Gifts and Grants	976,128	2.0
Organized Activities Related to Educ. Departments	1,031,328	2.0
Sales and Services of Educ. Departments	272,303	.5
Other Educational Income	1,129,017	2.2
Organized Research	7,315,519	14.5
Extension and Public Service	2,728,717	5.4
General Fund Appropriations:		
Maintenance and Operation	19,034,501	37.8
Capital Outlay Books	132,307	.3
University Extension	138,000	.3
Agricultural Extension	2,518,645	5.0
Agricultural Experiment Station	1,704,949	3.4
Engineering Experiment Station	69,650	.1
		100.0
Medical School Hospitals	16,755,910	100.0
Auxiliary Enterprises		
Residential Facilities	3,231,980	24.9
Food Service	5,819,360	44.9
Laundry	509,784	3.9
Student Health Service	484,724	3.8
Stores and Shops	1,279,044	9.9
Printing and Publications	264,047	2.0
Student Athletics	519,899	4.0
Student Union and Student Activities	358,245	2.8
Electric Service	482,192	3.8
Total, Auxiliary Enterprises	12,949,275	100.0
Student Aid	2,987,969	100.0
Commonwealth Funds	72,710,755	87.5
Institutional Funds	10,364,161	12.5
Grand Total, All Income	83,074,916	100.0

* Total income exceeds total expenditures by $10,377 because of modified accrual system of accounting used by the Medical College of Virginia

VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF EDUCATIONAL AND
GENERAL EXPENDITURES
1961-62 Fiscal Year

GRAPH 1

Total Expenditures: $51,595,933



VIRGINIA COST STUDY

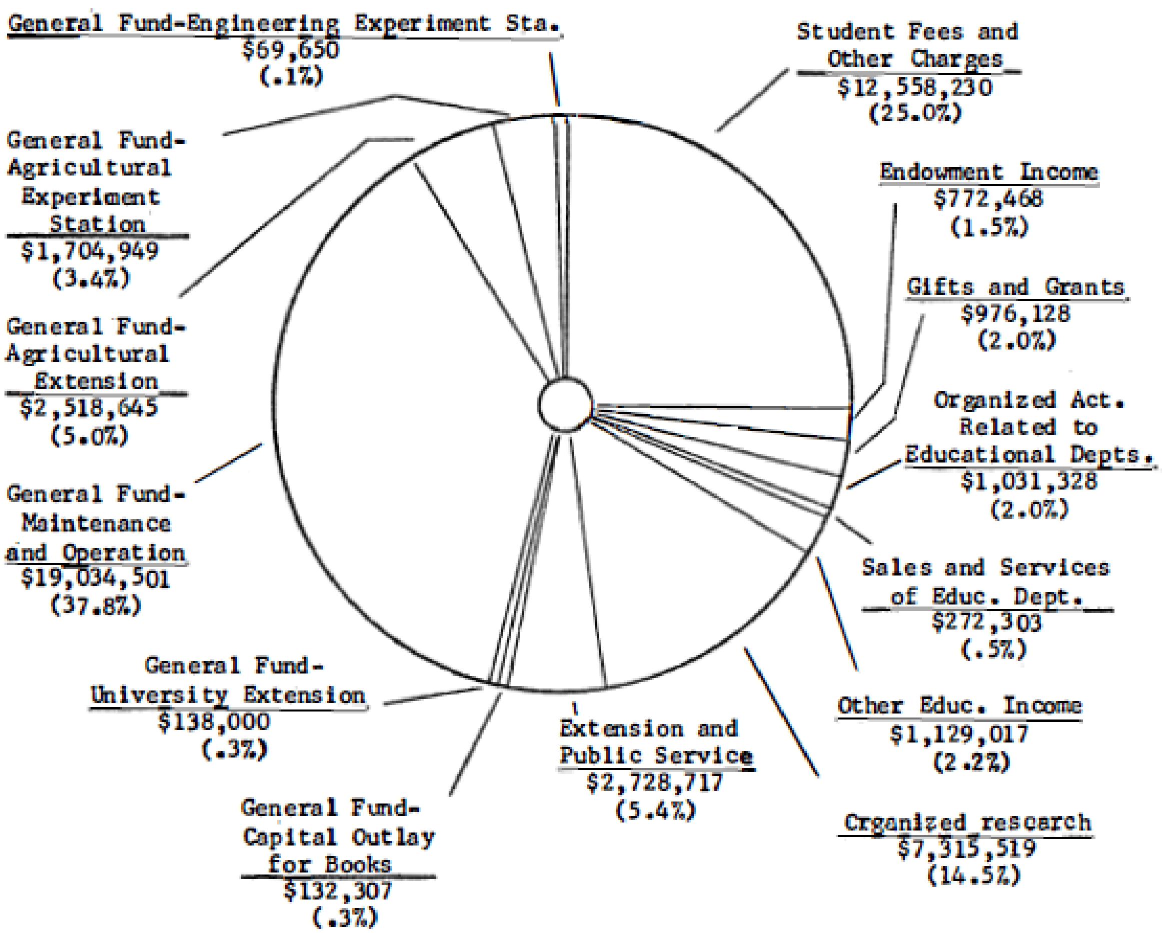
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

CONSOLIDATED STATEMENT OF EDUCATIONAL AND GENERAL INCOME

1961-62 Fiscal Year

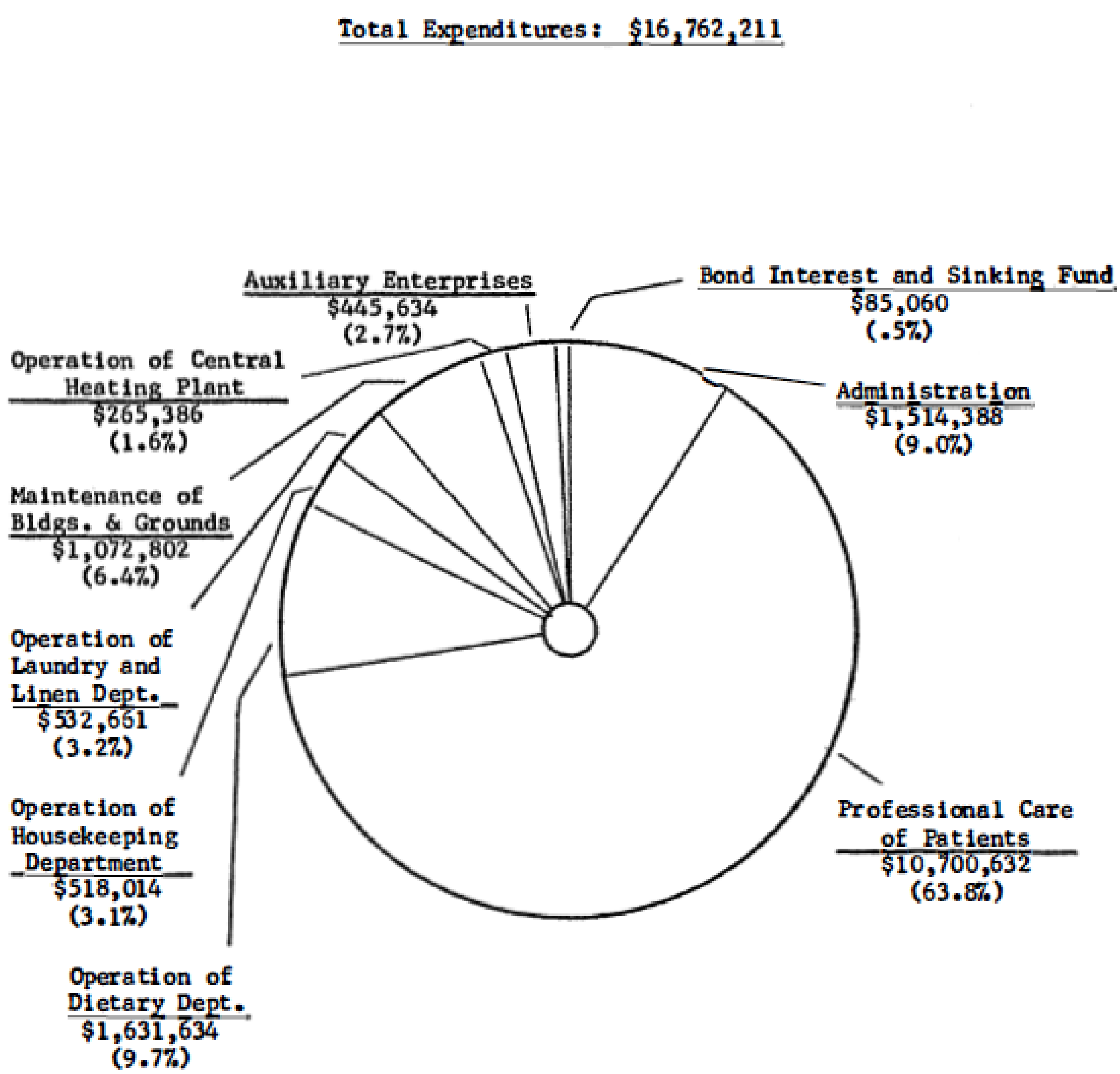
GRAPH 2

Total Income: $50,381,762



VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF MEDICAL SCHOOL
HOSPITALS EXPENDITURES
1961-62 Fiscal Year

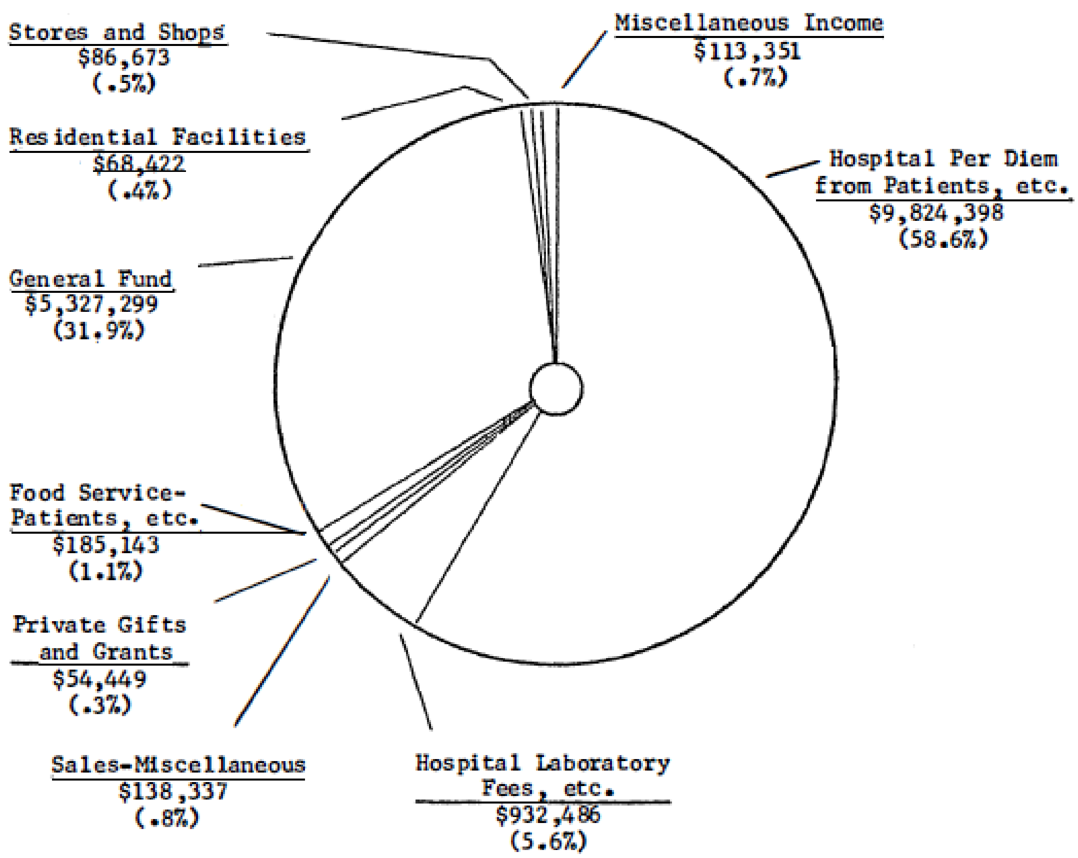
GRAPH 3



VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF MEDICAL SCHOOL-HOSPITALS INCOME
1961-62 Fiscal Year

GRAPH 4

Total Income: $16,755,910*

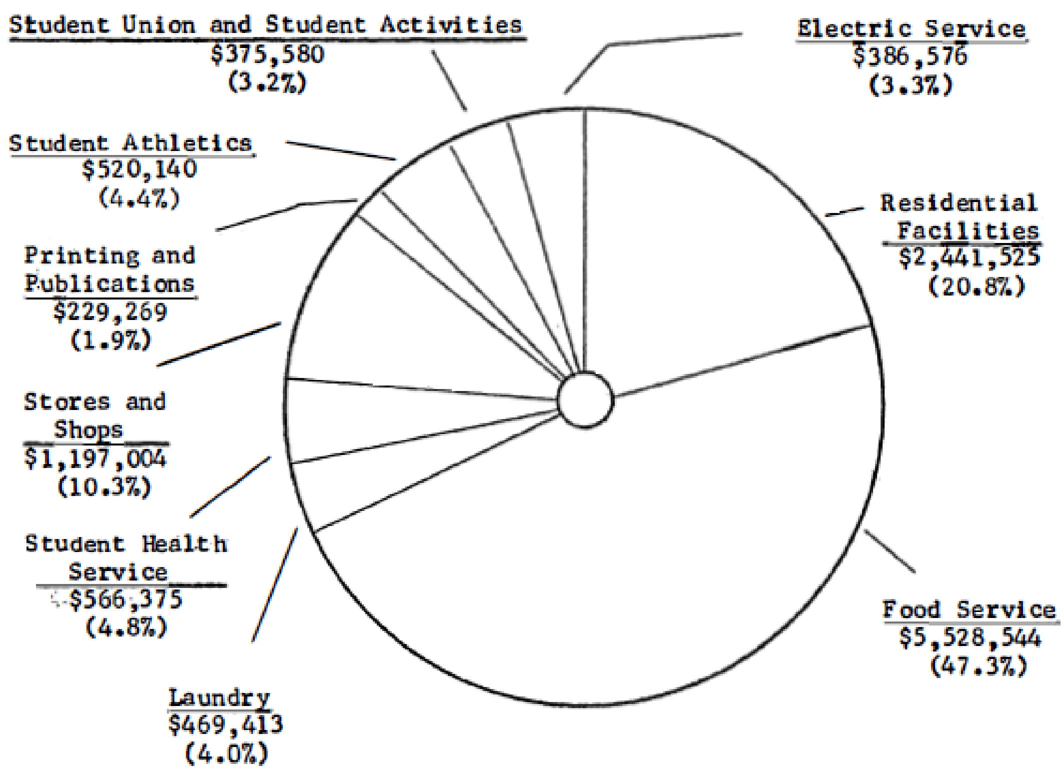


* Excluded from graph are income from student fees, totaling $24,774, and Laundry, totaling $578. These amounts were too small to graph.

VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF AUXILIARY
ENTERPRISES EXPENDITURES
1961-62 Fiscal Year

GRAPH 5

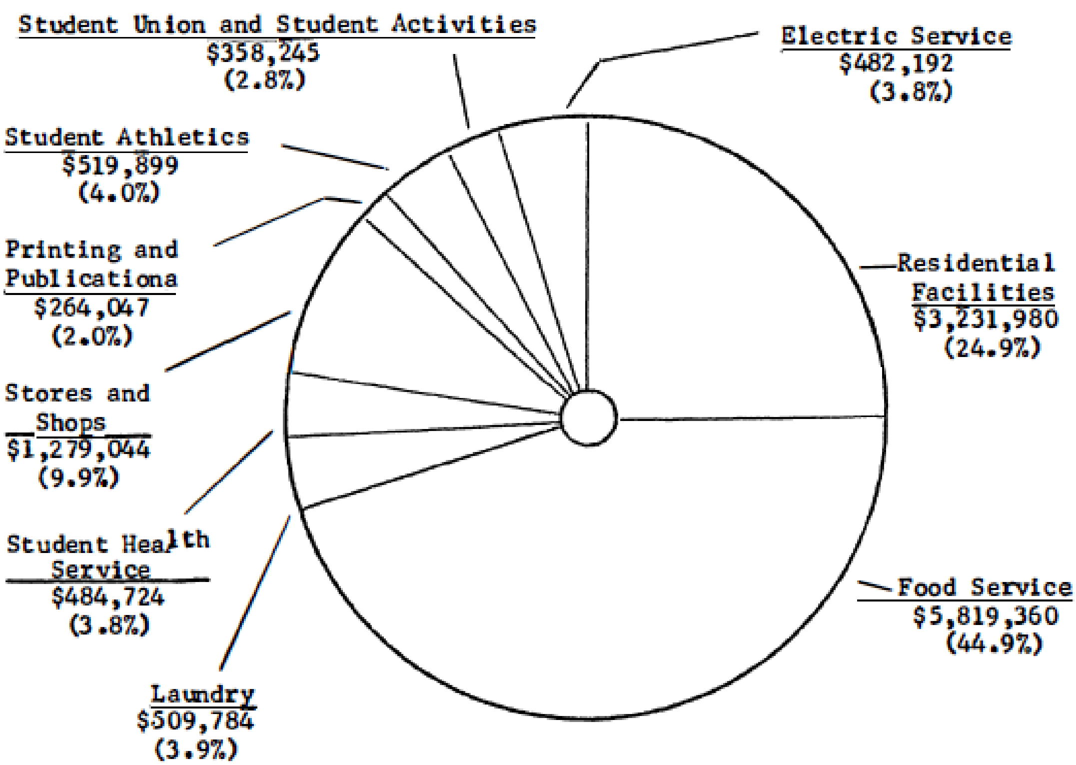
Total Expenditures: $11,714,426



VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF AUXILIARY
ENTERPRISES INCOME
1961-62 Fiscal Year

GRAPH 6

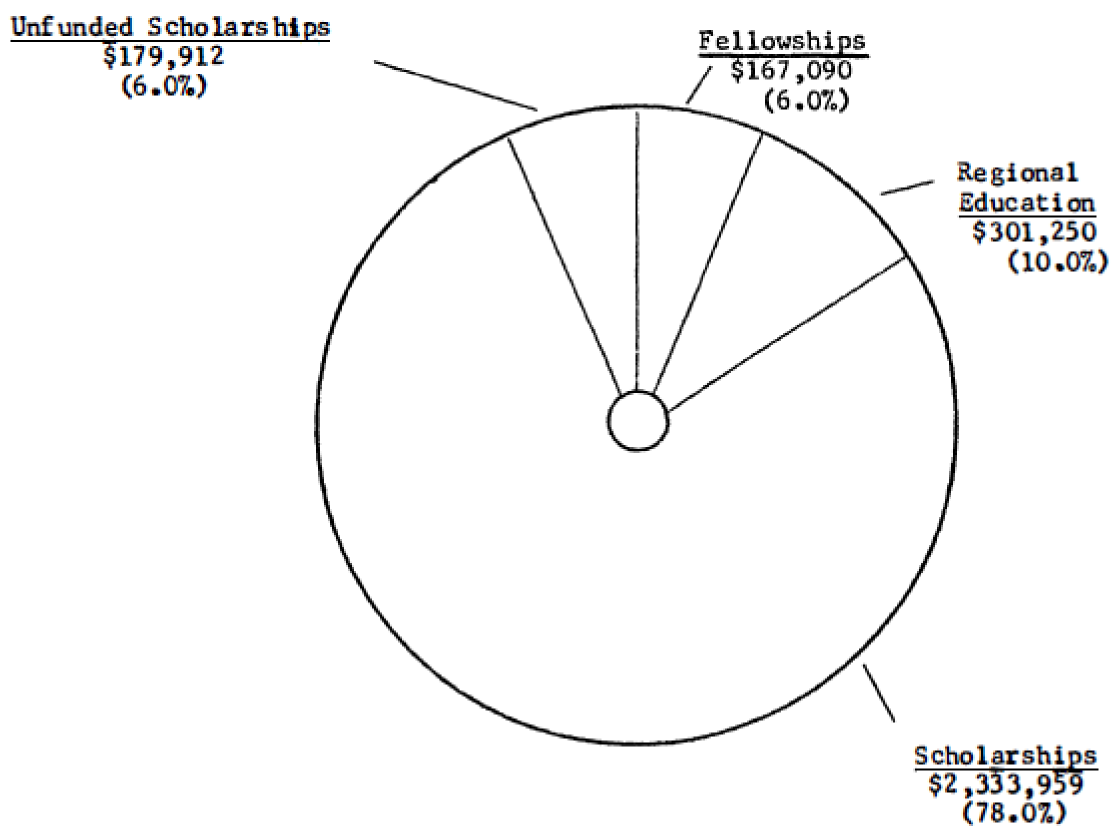
Total Income: $12,949,275



VIRGINIA COST STUDY
PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING
CONSOLIDATED STATEMENT OF STUDENT
AID EXPENDITURES
1961-62 Fiscal Year

GRAPH 7

Total Expenditures: $2,987,969*



* Excluded from the above graph are awards and prizes, totaling $5,758.

VIRGINIA COST STUDY

PUBLICLY-SUPPORTED INSTITUTIONS OF HIGHER LEARNING

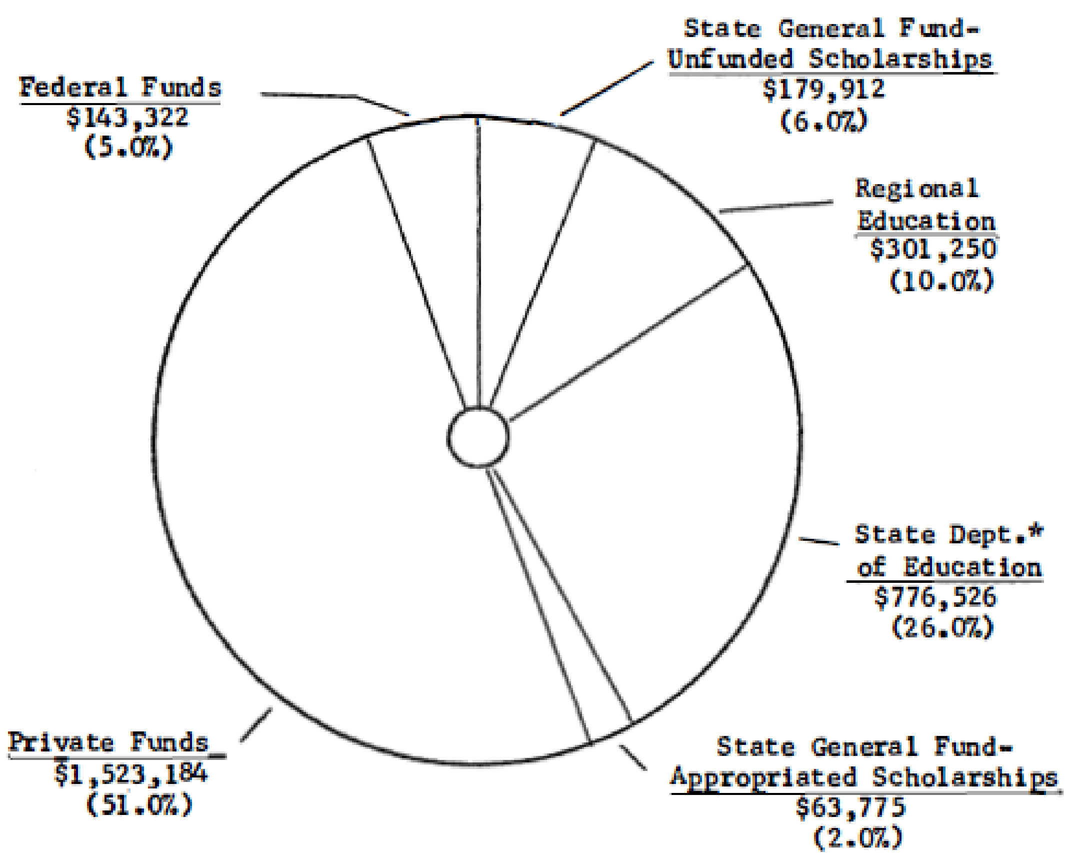
CONSOLIDATED STATEMENT OF STUDENT

AID INCOME

1961-62 Fiscal Year

GRAPH 8

Total Income: $2,987,969



* The major portion of this money is for State Teaching Scholarships.

APPENDIX A

SENATE JOINT RESOLUTION NO. 20

Directing the State Council of Higher Education to conduct a cost study of programs, functions and activities in State-supported institutions of higher learning.

Offered January 30, 1962

Patrons—Messrs. Bemiss, Rawlings, Alexander and Gray

Referred to the Committee on Rules

Whereas, it is desirable that institutions of higher learning and the General Assembly know the per student cost of various educational programs and factors related to such costs in the State-supported institutions; and

Whereas, it is desirable that the General Assembly know the cost of the several functions being performed and the services being rendered by these institutions; and

Whereas, it is desirable to review the amount and types of fees and charges made to students for both educational programs and various student services and relate them to the costs of such programs and services in order to determine the extent to which students are sharing in the cost of these programs and services; and

Whereas, the General Assembly, in recent years, has indicated its concern that auxiliary enterprises in State-supported institutions of higher learning should be self-supporting to the maximum practical extent; now, therefore, be it

Resolved by the Senate of Virginia, the House of Delegates concurring, That the State Council of Higher Education, with the advice and counsel of the Division of the Budget and the Auditor of Public Accounts, be and it hereby is, directed to conduct a comprehensive cost study of programs, functions and activities in the several State-supported institutions of higher learning.

Resolved, further, That the State-supported institutions of higher learning shall cooperate with the State Council of Higher Education in making this study of costs and the various factors related to administrative, educational, auxiliary enterprise and other costs to the end that the institutions may be able to exercise more effective control over programs and activities and that the General Assembly, the Governor and interested State agencies may become better informed in these matters.

The Council shall complete its study and make its report to the Governor and the General Assembly not later than October one, nineteen hundred sixty-three.

APPENDIX B

ADVISORY COMMITTEE ON THE VIRGINIA COST STUDY

Chairman
Mr. Vincent Shea
Comptroller
University of Virginia
Charlottesville, Virginia

Mr. Stuart Cassell
Business Manager
Virginia Polytechnic Institute
Blacksburg, Virginia

Dr. Robert F. Daniel
President
Virginia State College
Petersburg, Virginia

Mr. H. K. Gibbons
Business Manager
Madison College
Harrisonburg, Virginia

Dr. Francis G. Lankford, Jr.
President
Longwood College
Farmville, Virginia

Mr. Lawrence Lewis, Jr.
1001 East Main Street
Richmond, Virginia

Dr. George J. Oliver
President
Richmond Professional Institute
Richmond, Virginia

Dr. Davis Y. Paschall
President
College of William and Mary
Williamsburg, Virginia

Major General George R. E. Shell
Superintendent
Virginia Military Institute
Lexington, Virginia

Major General William F. Tompkins
Vice President (Retired)
Medical College of Virginia
Richmond, Virginia

Mr. Erwin H. Will
VEPCO Bldg.
7th & Franklin Streets
Richmond, Virginia

Mr. Edgar Woodward
Business Manager
Mary Washington College
Fredericksburg, Virginia

APPENDIX C

COST STUDY STEERING COMMITTEE

Chairman
Mr. Vincent Shea
Comptroller
University of Virginia
Charlottesville, Virginia

Mr. J. Gordon Bennett
Auditor of Public Accounts
State Finance Building
Richmond, Virginia

Mr. Stuart Cassell
Business Manager
Virginia Polytechnic Institute
Blacksburg, Virginia

Mr. L. M. Kuhn, Director
Division of the Budget
State Capitol
Richmond, Virginia

Dr. Davis Y. Paschall
President
College of William and Mary
Williamsburg, Virginia

Major General G. R. E. Shell
Superintendent
Virginia Military Institute
Lexington, Virginia

Dr. Robert P. Daniel
President
Virginia State College
Petersburg, Virginia

COST STUDY SUB-COMMITTEE

Classification of Accounts

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Mr. H. K. Gibbons
Business Manager
Madison College
Harrisonburg, Virginia

Mr. L. Daniel Crooks
Comptroller
Medical College of Virginia
Richmond, Virginia

Mr. Robert T. English
Bursar
College of William and Mary
Williamsburg, Virginia

Mr. Joseph S. James
Assistant Auditor
State Auditor's Office
Richmond, Virginia

Mr. F. C. Jones
Assistant Director
Division of the Budget
State Capitol
Richmond, Virginia

Mr. David B. Moyer
Bursar
University of Virginia
Charlottesville, Virginia

Lt. Col. R. M. Harper
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Virginia Military Institute
Lexington, Virginia

COST STUDY SUB-COMMITTEE

Programs and Units

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Blacksburg, Virginia

Dr. Alan Carlsson
Registrar
Virginia Military Institute
Lexington, Virginia

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Dean of Graduate Studies
Medical College of Virginia
Richmond, Virginia

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Virginia State College
Petersburg, Virginia

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Assistant Director
Division of the Budget
State Capitol
Richmond, Virginia

Dean J. Wilfred Lambert
Registrar
College of William and Mary
Williamsburg, Virginia

Dr. George J. Oliver
President
Richmond Professional Institute
Richmond, Virginia

Dr. Percy H. Warren
Dean
Madison College
Harrisonburg, Virginia

COST STUDY SUB-COMMITTEE

Auxiliary Enterprises

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Mr. Edgar Woodward
Business Manager
Mary Washington College
Fredericksburg, Virginia

Colonel J. C. Hanes
Business Manager
Virginia Military Institute
Lexington, Virginia

Mr. J. R. Henderson
Auditor
University of Virginia
Charlottesville, Virginia

Mr. Joseph S. James
Assistant Auditor
State Auditor's Office
Finance Building
Richmond, Virginia

Mr. Francis C. Jones
Assistant Director
Division of the Budget
State Capitol
Richmond, Virginia

Mr. Vernon L. Nunn
Treasurer
College of William and Mary
Williamsburg, Virginia

Mr. F. E. O'Connell
Accountant
Virginia Polytechnic Institute
Blacksburg, Virginia

Mr. Jacob Wamsley
Business Manager
Longwood College
Farmville, Virginia

Mr. J. D. Jemison
Accountant
Virginia State College
Petersburg, Virginia

APPENDIX D

VIRGINIA COST STUDY

Subcommittee on Classification of Accounts

Definitions and Instructions

Statement of Expenditures

I. EDUCATIONAL AND GENERAL

A. *General Administration and General Expense*

1. *Governing Board:* includes principally the expenditures of the governing board separated into two objects; Personal Services (salaries and/or per diem), and Other Expenses (travel, supplies, equipment, etc.). If the governing board's expenses are paid by the State, no figures are to be entered, but a note to that effect should be made. In certain institutions, legal counsel expenditures are reflected in the governing board's expenses; where this is the case, the amount should be separated and reported under "other", which is on page 2, item II, Statement of Expenditures.

2. *President's Office:* includes principally all expenditures connected with the President's office or chief administrator's office of a campus. In the case of multi-campus institutions, where separate reports are requested, the chief administrator's office of a branch will be reported here, even though his title may be chancellor, provost, director, superintendent, or dean, instead of president. If expenditures for a general travel account are included in the President's office, then any portion applicable to other departments will be allocated to the departments involved.

3. *Business Office:* includes the expenditures pertaining to the Vice-President of Financial or Business Affairs, the Business Manager, the Comptroller, General Accounting, Budgeting, Bursar, Payroll, Investments, Purchasing, Collections of Student Loans, Patent Administration, Inventory, Internal Auditing, and Personnel Office.

4. *Admission Office:* includes principally direct expenditures pertaining to the admission of students.

5. *Registrar's Office:* includes principally direct expenditures pertaining to the registration of students, scheduling of classes, issuance of grades, and keeping academic records.

6. *Other student Services:* includes direct expenditures pertaining to the Dean of Students, Dean of Men and/or Women, Foreign Student Advisor, Student Housing, Student Counseling, Student Aid, Commencement and Convocations expense, Veterans Affairs, and Student Placement Service.

7. *Public Relations Office:* includes direct expenditures for activities designed to interpret the purposes and programs of the institution to the general public. This would include

public information officer, news releases, general publications, etc.

8. *Planning and Development Office:* includes principally expenditures of supervising architect and/or office of architects and engineers whose principal function is overall campus planning.

9. *Staff Benefits:* includes workmen's compensation benefits, health insurance, retirement, old age and survivorship insurance contributions, life insurance, physical examination for staff, etc.

10. *General Institutional:* expenditures that are of a general type, such as communications, are best reported by allocating these expenses to applicable departments. Only the portion, if any, which cannot be allocated should be reported here. Examples of these are: stenographic pool, tabulating and statistical service, duplicating service, central garage, communications, central equipment and repair service, insurance premiums paid for liability insurance, fidelity bonds, and theft insurance. If there is no current method of allocating the above expenditures, then report the entire amount here, but make a note of this on the supplemental sheet.

11. *Other* (Specify): this has been set up to cover items that do not seem to fit any other classification listed above under General Administration and General Expense. Any items listed under this classification should be described in detail on the supplemental sheet.

B. *Instruction and Department Research*

1. *General Administration:* includes campus-wide academic administration offices and headquarters, e.g., Dean of the (campus-wide) Graduate School Division.

2. There are 106 spaces for reporting departmental instructional expenditures for regular and summer sessions. These departments will vary from college to college depending on the educational program at each college. Departmental Administration will appear within the respective department.

C. *Organized Activities Related to Educational Departments*

There are ten spaces for reporting activities related to educational departments. Generally the rule to follow in determining which activities fall into this category is if the activity is conducted primarily for the purpose of giving professional training to students.

D. *Libraries*

1. *Administration:* includes the Library Director's salary and operating expenses, and other persons salaries who are deemed to be general library administrators.

2. *Circulation Service:* includes the expenses incurred in performing the service of checking library books in and out after the books have been catalogued and shelved.

3. *Technical Service:* includes the expenses incurred in purchasing, receiving, and cataloging library books. Includes also the cost of purchasing library books during the fiscal year and capital outlay expenditures. (This is the only place where General Fund capital outlay expenditures will appear in this report).

E. *Law Libraries*

1. *Administration:* same as in (D) above.
2. *Circulation Service:* same as in (D) above.
3. *Technical Service:* same as in (D) above.

F. *Operation and Maintenance of Physical Plant*

(Those institutions having a cost accounting system, in which most of the plant costs are allocated to various departments and activities, would show only unallocated expenditures here.)

1. *Administration:* includes principally the supervision of the physical plant operation and maintenance functions, as performed by the chief superintendent and his immediate staff of administrative assistants, clerks, secretaries, and stenographers in the central plant office.
2. *Maintenance of Physical Plant:* includes the expenditures for operation, maintenance, and repair of buildings, grounds maintenance, utilities, campus security, fire protection, insurance, etc.
3. *Power Plant:* includes operation, maintenance and repair of the manufacturing equipment, utility tunnels, and distribution lines to (but not within) buildings.

G. *Organized Research*

Several spaces have been provided for reporting expenditures for separately organized research bureaus, institutes, laboratories, etc., and for separately financed research projects. This includes all research services performed by staff members within or for budgeted research units; services performed under terms of special grants or contracts; and special assignments of specific research projects for the State. Specialized grants and contracts may be grouped under general headings. This function does not include departmental studies associated with curriculum study or teaching duties.

H. *Extension and Public Service*

1. *Extension:* includes direct expenditures connected with teaching programs for students other than those regularly enrolled on the campus; all activities conducted at any off-campus extension centers.
2. *Public Service:* include direct expenditures for public seminars, lectures, etc., where regular staff teach or speak for no added compensation; includes direct expenditures

connected with activities carried on by individuals in the interest of public and professional groups, *other than* as staff members of organized
etc. This activity includes such items as editing professional journals, educational and business surveys, etc. Includes also the expenditures connected with operating a radio and/or television station, but *not* expenditures connected with any instructional program.

II. MEDICAL SCHOOL HOSPITALS—to be completed only by the University of Virginia and the Medical College of Virginia.

III. ENGINEERING EXPERIMENT STATION—to be completed only by Virginia Polytechnic Institute.

IV. AGRICULTURAL EXPERIMENT STATION—to be completed only by Virginia Polytechnic Institute.

V. AGRICULTURAL EXTENSION DIVISION—to be completed only by Virginia Polytechnic Institute.

VI. AUXILIARY ENTERPRISES

A. *Residential Facilities:* includes both student and staff residential facilities expenditures.

B. *Food Service:* includes all expenditures involving the sale of food to students and staff, such as the cafeteria, snack bar, tea room, etc.

C. *Laundry:* includes the expenditures for the operation of the laundry servicing both students and other personnel and

D. *Student Health* Service: includes all expenditures for infirmaries and other student health service facilities.

E. *Stores and Shops:* includes expenditures for the bookstore operation, and other miscellaneous shop operations.

F. *Printing and Publications:* includes the University Press, and other publication center operations which are not related to the instructional program.

G. *Student Athletics:* includes the expenditures involved with the operation of the intercollegiate athletic program.

H. *Student Unions and Student Activities:* includes the expenditures for the operation of the student union or campus center, and expenditures for student activities not related to educational programs.

I. *Other* (Specify): includes such things as sale of utilities service operation. Total amounts should be listed for all other items, and an explanation of them given.

VII. Student Aid

A. *Scholarships:* includes all expenditures for scholarship payments.

B. *Fellowships:* includes all expenditures for maintenance of a graduate student (fellow).

C. *Awards and Prizes:* includes all expenditures for awards and prizes to students.

D. *Unfunded Scholarships:* includes all expenditures for grants of unfunded scholarships as described in Section 23.31 of the Virginia Code.

VIII. OTHER (Specify):

This space is provided to allow each college to report expenditures that do not fall into any of the above categories. The dollar amounts should be shown here, and an explanation given on the supplemental sheet provided.

IX. GRAND TOTAL, ALL EXPENDITURES—self explanatory.

X. SUPPLEMENTAL SHEET:

This space is provided to make comments on and describe the type of expenditures that may be reported as "other" in various account classifications.

VIRGINIA COST STUDY

Subcommittee on Classification of Accounts

Definitions and Instructions

Statement of Revenue

I. EDUCATIONAL AND GENERAL

A. *Regular Session Student Fees:* includes tuition for both in-State and out-of-State students; includes all other fees directly related to registration and instruction for the regular session.

B. *Technical Institute Student Fees:* includes tuition for both in-State and out-of-State students; includes all other fees directly related to registration and instruction for the Technical Institute.

C. *Evening Session Student Fees:* includes all tuition fees, registration fees, and other instructional student fees paid by students. Extension schools and divisions should not be included here; there is a space for extension revenue under (O.) below.

D. *Summer Session Student Fees:* includes all student fees collected pertaining to the summer session; tuition, registration fees, incidental fees, etc.

E. *Parking Fees and Fines:* includes fees and fines collected for parking private automobiles on State property.

F. *Library Fees and Fines:* includes all fees and fines collected in connection with the operation of the library.

G. *Other Student Fees:* includes other student fees collected, which cannot be identified with one of the above classifications.

H. *Endowment Income:* report here all income from the endowment fund that is used to support the educational and general activities, with the exception of support for organized research (See N below for organized research.)

I. *Private Gifts and Grants:* report here all gifts and grants used for the support of educational and general activities, with the exception of support for organized research. (See N below for organized research.)

J. *Federal Grants:* report here all Federal grants used for the support of educational and general activities, with the exception of organized research. (See N below for organized research.)

K. *Organized Activities Related to Educational Departments:* report here the gross income from all enterprises organized and operated in connection with instructional departments, and conducted primarily for the purpose of giving professional training to students. If the professional training of students is secondary to service to students and staff, the activity should be classified as an *Auxiliary Enterprise* and reported under that category.

L. *Sales and Services of Educational Departments:* include sales of departmental supplies and material, and faculty syllabi; rentals from educational buildings and facilities such as auditoriums, tennis courts, equipment, etc.; testing fees and placement charges.

M. *Other Educational Income:* includes income collected for reimbursement of salaries and expenses of college employees by the State Board of Education; includes reimbursements for services to other institutions; includes commissions from pay telephones and vending machines; includes income from lectures, entertainments, and bus fares; and overhead reimbursements from grants and contracts.

N. *Organized Research:* report here all revenue used to support organized research expenditures, and break the revenue items down by the source as shown in Statement of Revenue.

O. *Extension and Public Service:* report here all revenue collected in support of extension and public service expenditures, and break the revenue items down by the source as shown in Statement of Revenue.

P. *State General Fund Appropriation:* include all of the State General Fund appropriation used in support of the educational and general expenditures. (This should agree with the State Comptroller's Annual Report.)

Q. *State General Fund Transfers:* include all transfers made from the Governor's Fund and other sources, which were used to support the educational and general expenditures.

II. MEDICAL SCHOOL HOSPITALS—to be completed only by the University of Virgina, and the Medical College of Virginia.

III. ENGINEERING EXPERIMENT STATION—to be completed only by Virginia Polytechnic Institute.

IV. AGRICULTURAL EXPERIMENT STATION—to be completed only by Virginia Polytechnic Institute.

V. AGRICULTURAL EXTENSION DIVISION—to be completed only by Virginia Polytechnic Institute.

VI. AUXILIARY ENTERPRISES

Report the amount of revenue collected and used to finance the expenditures as listed under the expenditure classification—Auxiliary Enterprises. (Each auxiliary is not listed here since the listings appear under the instructions for auxiliary enterprise expenditures.

VII. STUDENT AID

This is almost self explanatory; simply list the source of funds used to finance the expenditures as reported under the classification of accounts—expenditures.

VIII. OTHER (Specify)

Report here any revenue that cannot be included in one of the above classifications, and give appropriate comments on the supplemental sheet.

IX. GRAND TOTAL, ALL INCOME—self explanatory.

X. SUPPLEMENTAL SHEET

This space is provided to make comments on and describe the type of revenue that may be reported as "other" in various account classifications.

APPENDIX E

FACULTY SERVICE REPORT

SCHE-2/63

Term_______________________ College_______________________

_______________________ _______________________ _______________________
Faculty Member's Name | Title and/or Rank | Department

Function	Course Number	Sec.	Contact Hrs.	Level of Instruction L	U	G	Department Offering Service	% of Time Spent
(1)	(2)	(3)	(4)	(5)			(6)	(7)
I. RESIDENTIAL INSTRUCTION								
A. Classroom Teaching: (Name of Course)								
1.____								
2.____								
3.____								
4.____								
5.____								
6.____								
7.____								
8.____								
B. Instructional Services:								
1. Administration____								
2. Academic Counseling____								
3. Departmental Research____								
4. Departmental Seminar____								
5. Committee Work____								
6. Other (Specify)____								
C. Student Services:____								
D. Other:____								
II. ORGANIZED RESEARCH								
A. Contract or Grant Research:____								
B. Budgeted Research____								
III. EXTENSION, PUBLIC AND PROFESSIONAL SERVICE								
A. Extension Courses:____								
B. Other:____								
IV. OTHER (Specify)____								
Total Percentage of Time Assigned								
(Use Reverse Side if Necessary)								

_______________________ _______________________ _______________________
Staff Signature | Dept. Head's Signature | Dean's Signature & Date

INSTRUCTIONS FOR COMPLETING FACULTY SERVICE REPORT

You are requested to complete the attached forms in accordance with the following instructions. After you have completed those forms, please send one copy to your department head by the date requested.

First, list the term (e.g., Fall Semester, 1962) and the name of the college for which you are working. Then, type or print your name at the top of the form where space is provided, followed by your title or rank, such as professor, associate professor, etc. Be certain to list the department to which you are assigned.

I. RESIDENTIAL INSTRUCTION

A. *Classroom Teaching:* includes time actually spent instructing students in classrooms and laboratories plus related activities such as classroom preparation, preparing and grading tests, and the counseling of students registered in courses you teach.

Lines 1-8: List individually the courses you teach. Include *assigned* responsibilities for directing and assisting with thesis courses.

Column 2: List the *course number* for the courses in lines 1-8 above.

Column 3: List the *section number,* (if any), for each course listed.

Column 4: Show the official *contact hours* for each course listed.

Column 5: Check the *level* of the course offering for each course listed in Column 2. L designates lower division (freshman and sophomore); U. upper division (junior and senior; and G, graduate. For courses open to both graduate and undergraduate, check the level at which the majority of the students are registered.

Column 6: Use this column to designate the *department or division* for which service is being performed. On services other than instruction, it may be necessary to designate "college-wide."

Column 7: Report the *estimated time* devoted per week to each listed course (see A above) or, in subsequent sections, the time devoted to other activities. Time should be reported as a percentage, the total of which will equal 100 per cent for full-time faculty. For part-time faculty the total should equal that percentage of time for which he is paid. For instance, a half-time faculty member would report his total percentage time as 50%; a faculty member working 1/5 time would report 20% as his total time spent.

B. *Instructional Services:*

1. *Administration:* Includes assigned duties for development of programs, budget making and other instructional administrative duties. College-wide administrative duties should be included under IV. below.

2. *Academic Counseling:* Includes assigned general duties involving counseling students about academic problems, interpretation of tests and selection of courses.
3. *Departmental Research:* Includes miscellaneous departmental or individual research activities conducted without specific institutional or outside financial support.
4. *Departmental Seminar:* Includes assigned responsibilities for conducting or participating in departmental, division or college-wide seminars or workshops where credit is not given for a regular course.
5. *Committee Work:* Includes all assigned duties for committee work in the instructional service area. College-wide committee work should be included in IV. below.
6. *Other:* Includes assigned assistance or service to any other instructional activity not included above.

C. *Student Services:* Includes only assigned duties relating to student activities, such as departmental clubs, debating, musical or dramatic programs, etc. Indicate in column 6 if these services are college-wide rather than departmental.

D. *Other:* Includes other departmental or college-wide services relating to students or the general instructional program such as intramural programs, clinical services (remedial reading, psychological counseling) and organized activities related to educational departments.

II. ORGANIZED RESEARCH

A. *Contract or Grant Research:* Includes systematic intensive study leading to the expansion of the body of knowledge or theory of the subject studied. Includes basic research, applied research and development of processes, materials, or devices. These are regularly assigned duties and separately budgeted.

B. *Budgeted Research:* Includes services performed within or for a regular bureau or agency of the college or university or research activities officially recognized as a part of a teaching work load in a given department.

III. EXTENSION, PUBLIC AND PROFESSIONAL SERVICE

A. *Extension Courses:* Includes the teaching of off-campus extension classes and the grading of correspondence papers if these services are part of a regularly assigned full load. Specify name(s) of course(s).

B. *Other:* Includes officially recognized time involved in holding office in a public or professional organization, editing professional journals and conducting educational surveys. Does not include treasurer of a church, president of service club or other voluntary public activities. Agricultural extension should be specified and listed separately, where applicable.

IV. OTHER

Includes intercollegiate athletic programs, dormitory counseling or management, and health service. Also other activities not covered in outline above and if listed, please specify type.