

ANALYSIS OF COSTS INCURRED IN COMPLIANCE WITH SELECTED FEDERAL
LEGISLATION AT A MAJOR RESEARCH UNIVERSITY

by

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DEDICATION

This research endeavor and all the effort it symbolizes are dedicated to my family, and . My successes are a tribute to their boundless love, faith, encouragement and patience.

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TABLE OF CONTENTS

		Page
	DEDICATION	ii
	ACKNOWLEDGEMENTS	iii
	TABLE OF CONTENTS	iv
	LIST OF TABLES	viii
 Chapter		
1	INTRODUCTION	1
	THE PROBLEM	2
	PURPOSE	3
	RATIONALE	4
	LIMITATIONS OF THE STUDY	8
	DELIMITATIONS OF THE STUDY	10
	DEFINITIONS	12
	ORGANIZATION OF THE STUDY	13
2	SURVEY OF THE LITERATURE	15
	HISTORICAL PRECEDENTS: THE ROLE OF THE FEDERAL GOVERNMENT IN HIGHER EDUCATION	16
	CONCERNS ABOUT COSTS OF COMPLIANCE AND RELATED RESEARCH	25
	AFFIRMATIVE ACTION/EQUAL EMPLOYMENT OPPORTUNITY FEDERAL REGULATIONS	37
3	METHODOLOGY	41
	SELECTION OF THE CASE STUDY INSTITUTION	44
	DATA COLLECTION	46

	Page
First Interview Phase	46
Second Interview Phase	47
Third Interview Phase	48
MAJOR CATEGORIES OF COMPLIANCE-RELATED COST GENERATING VARIABLES AND METHODS OF ASSIGNING VALUES	49
Personnel	49
Operating Expenses	51
Capital Outlay	59
MAJOR CONCERNS IN DETERMINING PERCENTS OF EMPLOYEE ACTIVITY	61
THE INTERVIEW GUIDE	64
USE OF DATA COLLECTION FORMS	66
4 DATA DISPLAY AND ANALYSIS	69
UNIVERSITY IMPLEMENTATION OF FEDERAL REGULATIONS	69
Virginia Polytechnic Institute and State University Central Administration Compliance Role	70
College Compliance Activities	74
RESULTS OF COSTS IN THE MAJOR CATEGORIES OF COMPLIANCE-RELATED COST GENERATING VARIABLES	79
Personnel Category	79
Operating Expenses	83
Capital Outlay Replacement Value	100
Special Compliance Efforts at the College Level	100

	Page
METHODS OF VALIDATING COMPLIANCE RELATED PERSONNEL ACTIVITIES	102
SUMMARY OF COMPLIANCE COSTS INCURRED AT THE COLLEGE LEVEL	104
EVALUATION OF THE COST ANALYSIS PROCEDURE	105
5 SUMMARY, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS	111
SUMMARY AND CONCLUSIONS	111
Comparison of Research Findings With the Results of the American Council on Education Cost of Compliance Study	113
Other Compliance Costs	116
Future Trend of Compliance Costs	116
IMPLICATIONS	118
Funding the Costs of Compliance	118
The Impacts of the Costs of Compliance on Institutional Planning and Budgeting	120
Improved Personnel Administration	123
Other Implications	124
RECOMMENDATIONS	124
BIBLIOGRAPHY	127
APPENDIXES	
A <u>Resolution</u>	135
B Interview Guide	138
C Letter of Introduction	159
D Personal Interview Flow Chart	161

	Page
E	Personnel Costs - Form 1 166
F	Operating Expenses - Form 2 168
G	Operating Expenses - Form 3 170
H	Capital and Operating Expenses - Form 4 172
I	Case Study Institution Organizational Chart 174
J	Summary of Costs of Compliance 176
K	Race-Sex Form 178
L	Position Filled Form 180
M	Interviewees: Number and Title of Individuals Interviewed 182
N	Clerical Estimates of Time 184
O	Comparison of Federally Mandated Social Legislation Studied by the American Council on Education and Research at Virginia Polytechnic Institute and State University 186
VITA 189

LIST OF TABLES

Table		Page
1	Costs Incurred for Faculty Time Engaged in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	81
2	Costs Incurred for Administrators Time Engaged in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	82
3	Costs Incurred for Clerical Time Engaged in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	84
4	Costs Incurred for Advertising in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	86
5	Costs Incurred for Duplicating in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	87
6	Costs Incurred for Equipment in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	89
7	Costs Incurred for Furnishings in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	90
8	Costs Incurred for Insurance and Utilities in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78	92

	Page
9	Costs Incurred for Office Supplies in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 93
10	Costs Incurred for Personnel Development in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 95
11	Costs Incurred for Postage in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 96
12	Costs Incurred for Telephone in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 98
13	Costs Incurred for Travel in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 99
14	Costs Incurred for Capital Outlay Utilized in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78 101

Chapter 1

INTRODUCTION

"One of the most interesting aspects of the rise of American Universities, both public and private, has been the relation of the federal government to their development" (Brubacher and Rudy, 1976, p. 219). This relationship grew despite the fact that the Constitution of the United States reserves to the individual states the specific power to exercise authority over education (Alexander and Solomon, 1972). The federal interest in higher education, however, existed even in the earliest years of the nation with the most pronounced and influential impacts occurring since World War II (Brubacher and Rudy, 1976, p. 219).

A number of trends developed in the sixties and early seventies that led to a paradoxical relationship between the federal government and higher education in the second half of the seventies. In succession this country experienced a loss of faith in government at all levels (O'Reilly and Sheridan, 1975); rapid and unprecedented increases in both students and expenditures that led to a "depression" in higher education (Cheit, 1971; Jenny, 1975; Jellema, 1971); and two major recessions followed by spiraling inflation (Van Alstyne and Coldren, 1976). Price inflation was felt in every sector of the American economy, but institutional costs increased during the last decade more rapidly than the general price index (Bowen, 1978). Occurring simultaneously with the economic escalation was a

proliferation of federally mandated legislation affecting higher education (Bowen, 1978; Cheit, 1977; Van Alstyne and Coldren, 1976).

Numerous economic theories have been offered to account for expenditures increasing more rapidly than the general price index and more rapidly than resources in higher education. Some theories propose that higher education has undertaken activities and has assumed responsibilities outside the primary educational function. Proponents of higher education have advanced the theory that education, because of its labor intensive nature, has been inherently less cost efficient than industry and that greater productivity in education has been more difficult (Bowen, 1978).

Bowen recently advanced another theory to account for the rising costs. The theory proposed that the "depression" facing academia and many of the increased costs--after adjustments for increases from other causes--are due to higher education absorbing the compliance costs associated with federally mandated social programs (Bowen, 1978; Cheit, 1977; Corson, 1975; Saunders, 1975; Brewster, 1975).

THE PROBLEM

The authors cited above suggest that compliance costs associated with federally mandated social legislation have become a burden because of their rapid promulgation in the recent past and because they have represented costs beyond the control of higher education. Bowen stated that the federally mandated social legislation "may raise

cost, lower cost, raise income, lower income, or have no effect on either cost or income" (1978, pp. 14-15). He cautioned that the "frequent assumption that such social [legislation] will always raise costs is surely false" (1978, p. 15). Later in the same article, however, Bowen stated that "the probabilities are high that the combined net effect of these social changes have indeed raised costs" (1978, p. 15).

The problem, as stated by Bowen (1978, p. 30) and by Van Alstyne and Coldren (1976, p. 13), was that because of the lack of a relevant data base, estimates of costs were bound to be no more than guesses and vague probabilities. No quantitative data existed to support or to refute the charge that compliance with federally mandated social programs was creating an undue financial burden on institutions of higher education.

PURPOSE

Federally mandated social legislation, under the rubric Affirmative Action/Equal Employment Opportunity issued by the President and the Congress in the 1960s, was applied to higher education after passage of the Educational Amendments in 1972. While literature in this area indicated that part of the recent cost inflation in higher education was attributable to expenditures for compliance efforts, only two attempts had been focused on developing a procedure to analyze direct and indirect costs incurred by institutions of higher education. In order to fully analyze these compliance costs

officials from both the American Council on Education (Van Alstyne and Coldren, 1976) and the Southern Association of Colleges and Schools (1976) called for indepth investigation into the possibility of developing a cost model and of ascertaining the actual cost of particular federally mandated social programs. In the following section it will be shown that neither the American Council on Education nor the Southern Association of Colleges and Schools study totally satisfied the need for quantitative data and a data collection procedure.

The purpose of this study was to respond to these needs and to develop a procedure to identify and to measure the compliance costs incurred by an institution of higher education. Most specifically, the purpose of this study was to develop and to apply a procedure to identify and to measure the compliance costs associated with federal Affirmative Action/Equal Employment Opportunity regulations at Virginia Polytechnic Institute and State University for the 1977-78 fiscal year.

RATIONALE

Few institutions persuasively argued against the goals that motivated the social legislation to eliminate discrimination on the basis of sex, race, age, religion, veteran status, or handicap in employment. Most institutions, whether receiving federal support or not, actively endorsed the regulations for two important reasons. First, the institutions were "strongly and deeply committed to the social goals of fair and equal opportunity and treatment, to health

and safety protection for their people, and to fair wage standards" (Southern Association of Colleges and Schools, 1976). Second, officials at institutions of higher education were willing to comply with federally mandated social legislation in return for federal financial support because federal dollars were conspicuous and vital while compliance costs were often inconspicuous and hidden among institutional administrative costs (Helgeson, 1979). Beginning in 1964 and continuing throughout the period of the study, the requirements of the regulations promulgated by the President, the Congress, and by federal agencies grew increasingly controversial until scattered but adamant complaints of the burden of the compliance costs surfaced in the literature in late 1975 and early 1976. By late 1976 the episodes of voiced discontent reached such a crescendo that on December 15, 1976, the College Delegate Assembly of the Commission on Colleges of the Southern Association of Colleges and Schools drafted and submitted a Resolution to "the President of the United States, Members of Congress and other appropriate Federal Officials" (see Appendix A) (Resolution, 1976, p. 1). The following excerpt illustrated the financial concerns expressed by representatives of higher education:

For more than a decade this nation has witnessed an explosion in social legislation that has touched virtually all of our institutions in important and necessary ways Specific legislation--such as the Buckley Amendment, Title VII, Title IX, health and safety legislation, ERISA, and eligibility for federal funding--as well as such agencies as the Department of Labor, Department of HEW, IRS, OSHA, VA, EEOC, and OCR have imposed heavy burdens upon our institutions.
(Resolution, 1976, p. 1)

In a telephone interview with a Southern Association of Colleges and Schools official, it was reported that governmental responses to the Resolution and to the results of the survey came from the Office of the President, the Vice President, the Secretary of Health, Education and Welfare, and nearly every other Cabinet head, and from approximately fifty United States Congressmen (twenty Senators; thirty Representatives). The great majority of the responses, summarized by Helgeson, were sympathetic to the concerns of the Resolution and called for more definitive information on the actual cost of federally mandated social programs in higher education (Helgeson, 1979).

Occurring concurrently with the study sponsored by the Southern Association of Colleges and Schools, Carol Van Alstyne and Sharon L. Coldren, policy analysts with the American Council on Education, conducted a cost analysis of compliance costs at six higher education institutions. Their study was considerably more rigorous than the Association study in its efforts to quantitatively measure compliance costs. Although an aggregate of actual, estimated, and speculated costs of time, equipment and supplies, space, salaries and benefits, and other relevant expenditures were included, the results of the study gave credence to the cost concerns being voiced by critics of the federally mandated social programs. Excerpts from the ten conclusions of the American Council on Education emphasize the problem.

In the 1974-75 academic year, the combined cost of implementing the federally mandated social programs at the six institutions was \$9-10 million; the cost to the individual institutions represented between 1 percent and 4 percent of their operating budgets
(Van Alstyne and Coldren, 1976, p. 14)

Administering these federal programs is itself costly. Over the decade, these costs have increased from a negligible share to as much as one-eighth to one-quarter of the general administrative costs of these institutions . . . (Van Alstyne and Coldren, 1976, p. 15)

The results of this study suggest that implementing federal policies with respect to social justice, manpower, science, defense, and taxation has a far greater financial impact on higher education than does any explicit and coherent federal policy in support of higher education. Some of the effects flowing from policies in areas of national interest outside education are intended, some are unintended, and some are scarcely recognized. (Van Alstyne and Coldren, 1976, p. 15)

Of the American Council on Education study, Van Alstyne and Coldren (1976, p. 13) wrote, "It must be emphasized that this study was a pilot effort to test the feasibility of generating cost estimates of these programs." The policy analysts called for additional analysis of compliance costs because their results "need to be tested by additional observations before they can be accepted as conclusions" (Van Alstyne and Coldren, 1976, p. 13). In their recommendations for future studies Van Alstyne and Coldren did "not recommend that this intensive investigation be replicated for a larger sample of institutions." They recommended that future compliance costs analyses focus on particular programs (Van Alstyne and Coldren, 1976, p. 13).

Additional support for further study into the question of compliance costs came from the Southern Association of Colleges and Schools. In evaluating the results of their survey the editors wrote:

The resulting cost estimates . . . are . . . just that--estimates. This report (and the much more detailed study by ACE of six institutions) may be subject to criticism on that ground. However,

the merit of the ACE study and of this study is that both reach the inescapable conclusion that compliance action is having a serious and rapidly accelerating negative effect on the primary mission of institutions of higher education. (Southern Association of Colleges and Schools, 1976, p. 2)

The results of the opinions, estimates, and concerns offered by the respondents led the Association to call for a complete, quantitative study of the costs (in time, money, and effort) to institutions of complying with the regulations related to federally mandated social programs.

In summary, there was an apparent need as perceived and expressed by top government officials and officials from the Southern Association of Colleges and Schools and the American Council on Education for a rigorous, quantitative analysis of compliance costs associated with federally mandated social programs. Those who had generated the most exhaustive study to date, Van Alstyne and Coldren, recommended that new studies should be done to validate their findings. They further recommended that future studies concentrate on intensive efforts at developing cost generating procedures in order to identify and to measure the costs of particular programs at individual institutions (Van Alstyne and Coldren, 1976).

LIMITATIONS OF THE STUDY

This study was designed to research the possibility of developing a cost-generating procedure and of utilizing the procedure in a cost analysis--an investigation into the status quo of compliance costs for particular federal programs during a particular fiscal year.

This was neither a cost-benefit study nor was it a cost-effectiveness study. No attempt was made to evaluate the benefits of the programs or to ascertain the degree of compliance received from costs incurred. The researcher recognized there were many different ways to achieve federal program objectives and to be effective. While different methods and degrees of compliance certainly had the potential to affect costs, this study was designed to only assess those costs and not to evaluate how well the money was spent or what returns were received.

The Affirmative Action/Equal Opportunity Officer for Virginia Polytechnic Institute and State University estimated that over the past five years fifteen hundred faculty and professional personnel having faculty status were hired. Three hundred of those were hired during the 1977-78 fiscal year. During the same fiscal year approximately five hundred classified positions were filled. Even if only a percentage of these selection procedures called for extraordinary efforts to satisfy federal regulations, the potential for added costs to the institution existed. These purported costs were in addition to the readily visible direct costs of maintaining an Affirmative Action/Equal Opportunity Office and submitting the required plans and reports. Bowen (1978) cautioned, however, to take care in assuming that all federal mandates raised costs, for some may be shown to lower costs or to not affect costs.

The reader is further cautioned to resist generalizing the resulting cost data to other types and sizes of institutions, to other

fiscal years, or to other federally mandated social programs. The results are unique to the case study institution, to the 1977-78 fiscal year, and to the compliance costs associated with providing Affirmative Action/Equal Employment Opportunity programs for instructional faculty at Virginia Polytechnic Institute and State University.

DELIMITATIONS OF THE STUDY

The costs of complying with these programs were difficult to readily and accurately assess because a proportion of the costs were absorbed by numerous academic and administrative units throughout the university. In the 1977-78 fiscal year at the case study institution, three hundred employees having faculty rank and five hundred classified employees were hired. Motivated by the difficulties inherent in an intensive examination of potentially eight hundred selection processes, the study had to be delimited by some logical criteria. Therefore, even though it was recognized that other federal legislation and regulations might have also affected institutional costs, the study focused only on the non-discrimination programs of Affirmative Action and Equal Employment Opportunity. These programs had the following common characteristics that indicated their logical pairing.

1. Both programs shared the goal of implementing guidelines to promote non-discrimination in employment and personnel practices.
2. The major compliance activities commonly engaged in under the direction of both regulations were planning, administering,

monitoring, analyzing, evaluating, and reporting employment practices and data. Both regulations required extensive record keeping. Both guidelines also required actions related to insuring non-discrimination in recruitment, selection, promotion, compensation, and other personnel activities for women and minorities.

3. Neither federally mandated program had provisions for reimbursement to the institution for direct or indirect costs of implementing the guidelines.

4. The above pieces of legislation have traditionally been applied as one. Compliance systems developing over the past seven years so intermeshed these guidelines that it proved an impossible task to analyze one of these programs without the other.

The study was further delimited because federal legislation impacting on classified employees was augmented by the earlier Virginia Personnel Act of 1942, revised July 1, 1977. Numerous and varied attempts to divorce the federal and state requirements and then to assign responsibility for a personnel action and its costs to one government regulation or the other proved fruitless. However, instructional faculty were not covered by the Virginia Personnel Act and investigation into their costs proved a more feasible effort.

The cost study included only those federal social programs mandated under the legislative rubric Affirmative Action/Equal Employment Opportunity. The enabling executive order and legislation for these federal regulations were known specifically as:

Equal Employment Opportunity

Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 2000e, as amended on March 24, 1972 to include both private and public institutions within its coverage. (Young, 1977)

Affirmative Action

Executive Order 11246 issued in 1965, as amended by Executive Order 11375 in 1967 to include non-discrimination on the basis of sex and as amended by Revised Order Four. (Young, 1977)

DEFINITIONS

Direct Costs--These were costs incurred as an immediate and direct result of the federal Affirmative Action/Equal Employment Opportunity legislation. Such costs included expenditures for individuals and offices whose primary responsibilities were to develop and to implement the university program (Kim, 1978, p. 105).

Indirect Costs--These were costs not readily attributable to the compliance effort but were incurred through supporting efforts throughout the University. Such costs included expenditures for time and activities spent in the compliance effort by individuals and offices whose primary responsibility was other than implementation of the Affirmative Action/Equal Employment Opportunity program for the University (Kim, 1978, p. 105).

Extraordinary Effort or Activity--These were personnel related actions undertaken that were beyond the standard operating procedures for personnel management in effect before the Affirmative Action/Equal

Employment Opportunity guidelines were applied to higher education. These actions were specifically designed and motivated to comply with Affirmative Action/Equal Employment Opportunity legislation to provide equal employment opportunities and "affirmative action" to classes of persons protected by the guidelines. Officials in the reporting units determined which efforts would not have been made in the absence of the federal guidelines and which were directly attributable to the federal guidelines studied.

Selection Process--This process included any of the tasks associated with filling a faculty vacancy or new position, such as, advertising, recruiting, screening applications and/or applicants, interviewing, and/or hiring an individual.

Compliance Efforts or Activities--These were those efforts identified by the reporting units as actions directly mandated by the Affirmative Action/Equal Employment Opportunity legislation.

ORGANIZATION OF THE STUDY

The study was presented in five chapters. Chapter 1 served to (1) introduce and to define the problem; (2) highlight the purposes of the study; and (3) show its significance and limitations. The review of literature appeared in Chapter 2 and was directed at the historical development of the higher education-federal government relationship and at the current literature, research, and recommendations concerning compliance costs in higher education. The description of investigative procedures, instruments and techniques used in the

data collection process was presented in Chapter 3. Since one of the major purposes of this study was to develop a cost-generating procedure, this chapter dealt extensively with the development and application of the design method. Chapter 4 was devoted to the display and analysis of the cost data and to an analysis of the procedure. Finally, Chapter 5 included a summary of the study, conclusions, implications drawn from the case study results, and recommendations for further studies based on the results of this research.

Chapter 2

SURVEY OF THE LITERATURE

The motivation for this research was based on the comments and opinions of numerous highly respected and influential academic leaders. As will be discussed in the second section of this chapter, these individuals believed that increasing federal involvement into financing higher education over the past century produced two intolerable consequences: (1) institutional autonomy and integrity were sacrificed because each new federal dollar meant additional federal control of higher education; and (2) this control, in the guise of compliance with socially mandated federal programs, became an unbearably burdensome cost. The need for reliable, quantitative data regarding the actual costs of these programs sparked this inquiry.

In order to fully comprehend the status quo of federal involvement and to assess its monetary costs, four areas of literature were reviewed:

1. historical precedents to the current role of the Federal government in higher education,
2. statements concerning the issue of the burden of federal involvement in higher education,
3. previous studies which were designed to assess the financial costs of federal compliance efforts in higher education, and
4. the legal requirements of federal Affirmative Action/Equal Employment Opportunity legislation.

HISTORICAL PRECEDENTS: THE ROLE OF THE FEDERAL
GOVERNMENT IN HIGHER EDUCATION

The United States Constitution contains no provision granting to the Federal government specific power to exercise authority over education; nevertheless federal influence grew steadily from the first efforts in 1787 to establish a national university until the present (Brubacher, 1976). While historians have recorded numerous instances of early federal concern with higher education, the explosive growth of concern occurred only after World War II. The complexity of society in the post-World War II years and the responsibilities of a leading world power necessitated this involvement (Brubacher and Rudy, 1976).

Another cause for national interest in education originated from an interpretation of the meaning of the Constitution. The Tenth Amendment of the Constitution limited the powers of the Federal government and maximized those of the states. This was especially true for education since the Constitution does not mention it. Most constitutional scholars reasoned this exclusion to mean that education was intended to be exclusively a state responsibility. The federal courts and the majority of the members of the American society, however, did not adopt the same interpretation. The evolution of national policy long embraced the philosophy that there must be federal participation in financing public education, especially higher education. Proponents of this view maintained that this was solidly founded under the Preamble of the Constitution, Article 1, Section 8, which stated in

part that one of the major purposes for the creation of the Federal Union was "to provide for the general welfare." A quality public educational system gained nearly unanimous support as a major promoter of the "general welfare" (Swisher, 1943). An extension of this interpretation formed the basis for vast expenditures from Congress for highways, public health, and education. Appropriations for these purposes were made through federal grants-in-aid to the individual states. "By this means," quotes Brubacher, "the federal government 'has become in many matters the architect of the policy administered by the states'" (Brubacher and Rudy, 1976).

While still a new alliance, the United States favored a policy of federal assistance without federal control. The wealth of the new government lay in its vast expanses of land, and it followed that the initial support of higher education came in the form of land grants. Originated with grants made to the Ohio and Scioto Companies in 1787, this form of federal support was continued in the Ohio Enabling Act of 1802 and the enabling legislation for every subsequent western state. Eventually thirty-one states received federal land grants to support education. While proof to the federal government of responsible accounting of the funds was mandatory, the individual states retained control of the type of education and the participants involved (Rainsford, 1972).

An important aspect of federal financial support during those years was that the goal of the assistance was not related to education. Education was a by-product of the primary goal of settling and securing

a vast wilderness. The assistance was viewed as a mechanism to sell public lands, to facilitate the growth in population in the western territories, and to provide pioneers for the protection of borders far from the new nation's military might, the eastern coast (Rainsford, 1972). This policy continued to the close of the nineteenth century.

Beginning at the apex of sectional strife, a new national policy was adopted. With the passage of the first Morrill Act in 1862, federal financial assistance was used to stimulate nationally preferred types of education. In addition to promoting agricultural and mechanical education, subsequent federal legislation promoted agricultural research (Hatch Act, 1887), university extension (Smith Lever Act, 1914), and vocational education (Smith-Hughes Act, 1917). Under these legislative mandates, by 1930 Washington federal government officials controlled an annual distribution of \$23,000,000 and were assuming the initiative, formerly reserved to the states, of directing the type of educational activities funded (Brubacher and Rudy, 1976).

Wars appear to have had an enormous impact on the increasingly nationalistic interpretation of the power of the federal government. This change in perception allowed the passage of the Morrill Act in 1862 which had been soundly defeated just five years earlier (Kandel, 1948). The significance of the acceptance of this act lay in the fact that it introduced the philosophy of using federal grants-in-aid to achieve through educational programs societal goals set in Washington, D.C. This philosophy was to become a powerful

precedent in the formulation of future national policies and pieces of legislation to improve the "general welfare" (Chambers, 1927). Even more interesting was the fact that both Chambers and Brubacher concluded from their respective historical views that the Morrill Act introduced "the principle of equalization of opportunity, a concept which was to become normative for most federal [non-discrimination] legislation dealing with education in the twentieth century" (Brubacher, 1976, p. 228; Chambers, 1927).

The Hatch Act passed in 1887, which established agricultural experiment stations associated with land-grant colleges, further extended national control into higher education. On the basis of annual reports and statements of expenditures submitted by the colleges, the Commissioner of Agriculture was invested with the authority to withhold funds. This expansion of authority continued with the passage of the Adams Act of 1906. This act empowered the Commissioner to supervise the selection of research projects (Rainsford, 1972; True, 1926, pp. 100-104).

The cumulative effect of previous legislation on the conditions of federal grants had by the turn of the century lead one observer to remark, "It can be said . . . that federal assistance to higher education in the nineteenth century moved from a single, broad scale program of endowment grants to support education to a series of piecemeal efforts to aid education through a broad range of special-interest programs" (Rainsford, 1972, p. 132).

As conditions of the federal educational grants became increasingly exacting and their purposes became more specific, Congress issued a second Morrill Act (1890) which incorporated the provision that no funding would be appropriated to any state which denied the types of education provided for in the act to persons because of race. The education, however, could be provided in "separate but equal" institutions. The legislation further stipulated that annual funding could be withheld in the event a state failed to maintain educational standards established by Congress (Swisher, 1946).

Basic administrative control remained with the states and with local authorities. Not until later would a federal machinery evolve to evaluate the compliance efforts of the states and institutions. The next half-century saw the gradual move towards greater federal authority to supervise the increasing amount of funds distributed to states and localities for "general welfare" activities such as education and social services. As federal aid to education increased, federal control increased. This control did not reflect a clearly defined national educational policy. Actually, most of the legislation expanding federal control of higher education was motivated by pressure through the lobbying of special interest groups and was often the result of goals aside from educational ones. They were fragmented attempts to satisfy the various goals of different groups and did not represent a united policy front. For example, the Servicemen's Readjustment Act of 1944 (the G.I. Bill) was passed because of concern over the welfare of returning veterans and only indirectly did it

provide the tremendous impetus for the growth experienced by higher education in the latter part of the 1940s (Babbidge and Rosenzweig, 1962).

By the 1950s, through these fragmented but progressively tighter control methods, the federal government had secured for itself much more than the colonial desires for a national university. According to Brubacher and Rudy (1976), by 1947 the total annual federal financial investment in higher education was \$2,475,387,000, or one-half the total income of all colleges and universities that year. This amount represented federal funds in support of student financial aid, veteran's educational benefits, construction and library grants and loans, professional development funds, research and services contracts, and grants.

By 1960, the beginning of the era of the equal rights movement, the federal government was contributing \$750,000,000 annually for research at higher education institutions (Brubacher and Rudy, 1976, p. 233). Babbidge and Rosenzweig (1962) commented that "research and related activities, then (early 1960s), conducted in or under the auspices of colleges and universities are virtually dominated financially by the Federal Government." In addition hundreds of millions of dollars in grants-in-aid were being dispensed by the National Science Foundation and the National Institute of Health and in student loans under the National Defense Education Act of 1958. According to Brubacher and Rudy,

The federal government had, by means of many specific programs, become the largest single source

of support for America's colleges and universities Despite the rapid development of activities of the federal government in higher education, there was a widespread feeling at the mid-point of the twentieth century that these were not comprehensive enough. Powerful bodies of opinions began to call for a program of much more extensive and direct federal financial aid to colleges and universities. (1976, p. 233)

In part this was due to the postwar increases in costs and student population.

An underlying factor, unquestionably, was the fundamental American commitment, going back to the age of Jefferson and Jackson, to maintenance of equality of educational opportunity as an underpinning of political and economic democracy. As American society reached new levels of complexity, many felt that the democratic opportunities for an education, which had been well-nigh universal on the elementary and secondary levels, should now include postsecondary training. This was held to be the chief avenue of social mobility which remained open in an industrial and technological age. (Brubacher and Rudy, 1976, p. 233)

In response to this national mentality, President Truman appointed a commission in 1946 of twenty-eight distinguished citizens under the chairmanship of George F. Zook, then president of the American Council on Education. Membership on the commission represented public and private institutions, males and females, and three religions. Among its many charges, the Commission was asked to examine higher education "in the light of the social role it has to play." The primary proposal issued from the Commission was that "all barriers to educational opportunity be abolished immediately" (Brubacher and Rudy, 1976, pp. 232-234). Each American should be "enabled and encouraged to carry his education, formal and informal, as far as his native

capacities permit" (Commission, 1948, p. 101). The Commission based this proposal on the assumption that the great majority of individuals with potential had been prevented from pursuing advanced study because of economic, racial, religious, and geographical barriers. To eradicate these barriers the commission recommended enormous increases in federal financial aid to higher education (Commission, 1948). The report of the commission stirred much controversy and many debates, not the least of which surrounded equal educational opportunity and the possibility of tight federal control following the proposed more extensive federal aid (Brubacher and Rudy, 1976).

Debates on these issues remained largely academic and few resolutions were found. By 1956 President Eisenhower appointed Devereaux C. Josephs to chair the President's Committee on Education Beyond High School. The initial recommendations included a more conservative, better planned role for federal aid and intervention into higher education than had the Truman Commission. Before the committee could further define its position, the whole realm of higher education in America underwent a metamorphosis triggered by the launching of Sputnik in 1957. In the shadow of this event and its speculated consequences, federal aid to higher education institutions and students became the top priority for the nation and was spearheaded by the passage of the National Defense Education Act in 1958 (Brubacher and Rudy, 1976, p. 235).

By 1965, it became evident that piecemeal efforts by Congress to support higher education were not sufficient. In that year, the

most comprehensive national effort directed at financing higher education, the Higher Education Act of 1965, was enacted. This Act marked the turning point in federal aid for higher education. Previous to this legislation, the national policy had been to refuse to acknowledge any direct, permanent federal program for education beyond high school. The majority of aid appropriated before the act was directed toward graduate study and research. With the passage of this act, Congress initiated a direct and permanent financial commitment to higher education by providing funds for both public and private colleges and universities. Under its enabling umbrella, federal agencies distributed funds to assist individual students through fellowships, social research, grants and loans, university extension, continuing education and laboratory equipment and other teaching aids. In return, the receiving institutions were bound by various federal standards affecting types of education and working conditions and benefits (Brubacher and Rudy, 1976; Rainsford, 1972).

In the wake of social consciousness and activism, pressure was exerted on Congress to assure that the vast expenditures to higher education were supporting all students equally without regard to their race, sex, religion, or national origin. Government officials in Washington, D.C. promulgated regulations that were designed to ensure that colleges and universities gave equal treatment to women and minorities in all phases of their activities. These regulations were generally referred to as Affirmative Action/Equal Employment

Opportunity and were applicable to higher education after the 1972 Educational Amendments.

Throughout the escalation of federal involvement, Congress had held the authority to withhold its funding from an institution found in non-compliance with federal standards and guidelines (Brubacher and Rudy, 1976). Since by 1972 the federal government was a significant financier of educational activities and students in institutions of higher education, most academic officials did not consider it financially feasible to not comply with the non-discrimination guidelines.

CONCERNS ABOUT COSTS OF COMPLIANCE AND RELATED RESEARCH

A number of trends developed in the sixties and early seventies that lead to a paradoxical relationship between the federal government and higher education in the second half of the 1970s. The federal government was a significant funding source for higher education and at the same time its regulations were accused of placing excessively burdensome costs on higher education. This occurred while this country experienced a loss of faith in government at all levels and one expression of that loss was in fewer relative dollars being appropriated to the state budgets for higher education; in the proliferation of federally mandated social programs; in rapid and unprecedented increases in both students and expenditures that would lead to a "depression" in higher education (Cheit, 1972; Jenny and Wynn, 1970; Jellema, 1971); and in the occurrence of two major

recessions followed by spiraling inflation (Van Alstyne and Coldren, 1976). Price inflation was felt in every sector of the American economy, but, institutional costs increased during the last decade more rapidly than the general price index (Bowen, 1978).

In 1975-76 the total expenditures for higher education reached \$41.9 billion--this reflected a nineteen fold increase over 1949-50. Most of the growth in expenditures was the product of a growth in enrollments and academic programs coupled with price inflation. But when adjustments were made for the effect of enrollment and price increases there still remained an average increase per student of 2.5 percent a year from 1949-50 to 1975-76. Although the rate of growth since 1976 was slower, it still remained substantial and Bowen (1978), Van Alstyne and Coldren (1976), and officials at the Southern Association of Colleges and Schools (1976) speculated that a substantial portion of the unexplained increase was caused by compliance costs. According to Brubacher and Rudy (1976), by 1976 higher education in America was highly dependent on the Federal government for financial support and the Federal government became the "largest single source of support for America's colleges and universities." Brubacher and Rudy, however, were comparing individual state contributions to the total federal contributions in support of educational programs, facilities and students. Given this comparison the federal contribution was the largest "single" contribution. The total contribution in support of higher education from the fifty states was much greater, however, than the federal contribution. The crucial point was that the federal

government had become a significant source of funding for higher education. The support came in the form of student financial aid, veteran's educational benefits, construction and library grants and loans, professional development funds, and research and services contracts and grants (Van Alstyne and Coldren, 1976; Bowen, 1978).

Despite massive doses of federal aid, higher education remained in financial difficulty. Information from a 1970 study of the financial conditions of colleges and universities read like the harbinger of doom to higher education. The results of the study [actually two] were reported by Earl F. Cheit in The New Depression in Higher Education and The New Depression in Higher Education--Two Years Later. The results of Cheit's study of forty-one institutions, which were supported by the results in studies by Jenny and Wynn (1970) and Jellema (1971), led him to conclude that:

The difficult experiences of the concerned presidents were not isolated fiscal events, but were part of a general erosion of the financial position of most colleges and universities. Expenditures were rising faster than income and the resulting gap was putting most of America's colleges and universities under heavy and increasing financial pressures. Not all institutions were affected equally, but all were affected to some degree. (Cheit, 1972, p. 1)

Results from a 1976 study provide the most recent data on the financial well-being of colleges and universities nationally. The study included 2,163 institutions. After analysis of questionnaires from each, the researchers categorized each institution into one of five relative financial conditions--healthy, relatively healthy, mean score, relatively unhealthy, and unhealthy. The results showed

"almost one half of all academic institutions can be considered to be unhealthy" (Lupton, Augenblick, Heyison, 1976, p. 6).

Numerous economic theories were offered to account for the modern trend of expenditures in higher education to increase more rapidly than revenues. Some theories proposed that higher education had undertaken activities and had assumed responsibilities outside the primary educational function, and that sophistication in grantsmanship had funded these financially inefficient endeavors. Another theory held that education, because of its labor intensive nature, was inherently less cost efficient than most product oriented industry and that greater productivity in education was more difficult. Societal demands for increased monetary compensation and the costs for innovations required for improved instruction, research, and community service were outside the control of the higher education system and compounded financial problems (Bowen, 1978).

Another theory was advanced recently to account for the increased costs of higher education. Bowen, Van Alstyne and Coldren, officials from the Southern Association of Colleges and Schools, Cheit and other critics in higher education proposed that the "depression" facing academia was in part due to higher education absorbing compliance costs associated with federally mandated social programs (Bowen, 1978; Van Alstyne and Coldren, 1976; Southern Association of Colleges and Schools, 1976; Cheit, 1972; Corson, 1975; Saunders, 1975; Brewster, 1975).

As reviewed earlier, federal regulations effecting higher education were not recent phenomenon, having existed since 1787, but their proliferation during the past ten years had compounded their financial impact. Federally mandated social legislation was promulgated in at least fifteen areas of social concern: fair labor standards, social security, unemployment compensation, health benefits, pension benefits, wage and salary controls, occupational health and safety, environmental protection, equal pay, equal employment opportunity, affirmative action, age discrimination, sex discrimination, race discrimination, and handicap discrimination.

The pre-1972 legislation was directed at private sector business and applied to the higher education system only insofar as it was an employer. Beginning in 1972 with the passage of the Educational Amendments to the Civil Rights Act of 1964, the entire realm of activities associated with the processes of education was included under the regulations of the social legislation (Young, 1977).

Higher education institutions voluntarily assumed many activities to diminish objectionable practices and to promote socially beneficial programs and standards. Other programs and activities were mandated by federal regulation. Nearly all compliance efforts whether undertaken voluntarily or under legal authority necessitated policy changes, innovations, renovations, revised and additional record keeping, reporting, new staff and additional effort from existing staff, and additional space, equipment and supplies.

There are assertions in the literature that these federally mandated actions imposed heavy costs for substantive compliance and also for numerous reports and bureaucratic red tape. In addition these researchers contended that expenditures for compliance efforts accounted for a substantial amount of the increase in higher education costs after adjustment for increases from other causes (Bowen, 1978; Southern Association of Colleges and Schools, 1976; Van Alstyne and Coldren, 1976; Corson, 1975; Saunders, 1975; Brewster, 1975). To complicate the social and financial dilemma further, no provisions for federal funds were included in the legislation to assist higher education in its compliance efforts.

Higher education, already in a depression, had to assume responsibility for programs outside the academic realm that increased costs, reduced productivity and affected the financial priorities of the system. Failure to assume this responsibility carried the possibility of losing federal funding--by 1978 this was a step few institutions of higher education could afford to take (Bowen, 1978).

Most institutions, whether receiving federal support or not, actively endorsed the regulations for two important reasons. First, the institutions were "strongly and deeply committed to the social goals of fair and equal opportunity and treatment, to health and safety protection for their people, and to fair wage standards" (Southern Association of Colleges and Schools, 1976). Second, the trade of compliance efforts for federal support in the late 1960s and early 1970s was more than worthwhile. Federal dollars were conspicuous

and vital while compliance costs were often inconspicuous and hidden among institutional administrative costs. Beginning in 1964 the requirements of the regulations promulgated by the President, the Congress, and by federal agencies grew increasingly demanding and costly, until scattered but adamant complaints of the compliance costs surfaced in the literature in late 1975 and early 1976. By late 1976 the episodes of voiced discontent reached such a crescendo that on December 15, 1976, the College Delegate Assembly of the Commission on Colleges of the Southern Association of Colleges and Schools formulated and submitted a Resolution to "the President of the United States, Members of Congress and other appropriate Federal Officials" (see Appendix A) (Southern Association of Colleges and Schools, 1976) The following excerpt illustrated the financial concerns of the delegates:

For more than a decade this nation has witnessed an explosion in social legislation that has touched virtually all of our institutions in important and necessary ways. The social conscience of our country has been explicitly and legislatively reminded that individuals, corporations, and institutions of higher learning cannot conduct their business without having equal opportunity to United States citizens regardless of race, creed, sex or national origin. Specific legislation--such as the Buckley Amendment, Title VII, Title IX, health and safety legislation, ERISA, and eligibility for federal funding--as well as such agencies as the Department of Labor, Department of HEW, IRS, OSHA, VA, EEOC, and OCR have imposed heavy burdens upon our institutions.

Let us make clear at the onset that the institutions ratifying this resolution are strongly and deeply committed to the social goals of fair and equal opportunity and treatment, to health and safety protection for their people, and to fair wage standards. There are, however, a number of problems in the

implementation of these goals. These problems are with regulations and directives which are published under legislative and executive mandates, regulations which now seem to endanger the very quality of higher education in this country

The institutions of this Commission further request that the President of the United States, Members of the Cabinet, Members of Congress, and Administrators in the Federal Government do the following: . . . recognize the mounting adverse effect upon financial resources of institutions and the excessive demands in time which administrators must take from education to devote to regulations, reporting requirements, and compliance proposals (Southern Association of Colleges and Schools, 1976)

The study leading to the issuance of the Resolution and conducted by the Association began as an attempt to quantitatively measure the actual costs for compliance efforts for the 711 member and candidate institutions. Although the membership agreed the costs had become a burden, no member actually knew the true dollar cost. No exhaustive assessment had been conducted. According to Dr. Earl Helgeson, Assistant Executive Secretary of the Association, the predicted costs of the cost analysis became prohibitive, ranging from "\$1,000 to \$3,000 per institution" (Southern Association of Colleges and Schools, 1976). The proposed study underwent reorganization and what emerged was not a cost analysis as originally planned but a survey of the opinions of the President of member and candidate institutions of the Southern Association as to

. . . the extent to which the Federal Government has injected itself into the operations of your institution via compliance regulations We would ask of you that you estimate your current annual total cost in time, money, and efforts of compliance with the above and all other Federal regulations or requirements (Southern Association of Colleges and Schools, 1976, pp. 1-2)

The following selected quotes are a few examples of the responses from the members of the Southern Association of Colleges and Schools:

You have pinpointed what is, in my opinion, the number one problem facing educational institutions . . . (pg. 6); We are laboring under a fantastically mounting mass of required paperwork . . . (pg. 7); . . . it (Title IX) has been a disruptive force requiring additional expense in both time and money (pg. 7); . . . Had these compliance activities not been required, or had they been funded by federal monies, at least twenty-five additional faculty positions would have been available (pg. 7); . . . the expenditures of time, money and effort are frustrating (pg. 7); . . . the most costly and time consuming activity is dealing with EEOC . . . (pg. 9); We are adding unnecessary and unproductive administrative costs . . . (pg. 11); . . . the expense is enormous and the time and effort . . . is entirely out of proportion to what I consider the relative importance of the functions of an educational institution (pg. 11); . . . [The regulations are] expensive in time and effort (pg. 12); . . . we are beginning to feel that we are spending more time complying than we do educating (pg. 14); . . . of a total annual budget of approximately six million dollars, between 14 and 20 percent is expended for the purposes stated above [compliance] . . . (pg. 16); It requires about 50¢ for us to administer a Federal dollar . . . (pg. 16)

In a telephone interview Helgeson, a Southern Association of Colleges and Schools official, reported that governmental responses to the Resolution and to the results of the survey came from the Office of the President, the Vice President, from the Secretary of HEW and from nearly every other Cabinet head, and from approximately fifty U.S. Congressmen (twenty Senators; thirty Representatives). The great majority of the responses, summarized Helgeson, were sympathetic to the concerns of the Resolution and called for more definitive information on the actual impact of the regulations for federally mandated

social programs on higher education policy and finance (Helgeson, 1979).

Carol Van Alstyne and Sharon L. Coldren, policy analysts with the American Council on Education, conducted a compliance cost analysis at six higher education institutions. This study was more rigorous than the Southern Association of Colleges and Schools' study in its efforts to quantitatively measure compliance costs. Although an aggregate of actual, estimated, and speculated costs of time, equipment and supplies, space, salaries and benefits, and other relevant expenditures were included, the results of the study gave credence to the problem being felt by critics of the cost of compliance. Excerpts from the ten conclusions of the American Council on Education study emphasize the problem:

In the 1974-75 academic year, the combined cost of implementing the federally mandated social programs at the six institutions was \$9-10 million; the cost to the individual institutions represented between 1 percent and 4 percent of their operating budgets.

These costs, though small in comparison with total institutional operating budgets, are large compared with institutional funds for student aid, with income from the endowment and gifts, with the operating deficits suffered by some institutions in recent years, and with the budgets of some academic departments that face extinction because of shifts in institutional budget priorities.

The costs of implementing the federally mandated social programs at these six institutions have doubled over the last five years--considerably faster than increases in overall costs of instruction.

. . . the federally mandated social programs have contributed substantially to the instability of costs at colleges and universities from year to year and

thus compounded the difficulties of financial management and budget balancing. (Van Alstyne and Coldren, 1976, pp. 14-15)

Administering these federal programs is itself costly. Over the decade, these costs have increased from a negligible share to as much as one-eighth to one-quarter of the general administrative costs of these institutions . . .

In addition to administrative staff costs, the costs of implementing the programs include the costs of special studies, (and) collection and storage of data . . .

The results of this study suggest that implementing federal policies with respect to social justice, manpower, science, defense, and taxation has a far greater financial impact on higher education than does any explicit and coherent federal policy in support of higher education. Some of the effects flowing from policies in areas of national interest outside education are intended, some are unintended, and some are scarcely recognized. (Van Alstyne and Coldren, 1976, pp. 14-15)

Of the American Council on Education study, Van Alstyne and Coldren wrote, "It must be emphasized that this study was a pilot effort to test the feasibility of generating cost estimates of these programs" (1976, p. 13).

Van Alstyne circulated written questionnaires and instructions to the six institutions in her attempt to ascertain compliance costs. Because of the various interpretations of the instructions, various institutional accounting systems, and numerous omissions of data information, the final results were, according to Van Alstyne, a compilation of actual, estimated, and speculated costs. She concluded that the results were important to highlight the problems but were not highly reliable as true estimates of the costs. A more controlled

data collection methodology was needed to assure uniformity and reliability.

Of the Southern Association study, the editors wrote:

The resulting cost estimates . . . are . . . just that--estimates. This report (and the much more detailed study by ACE of six institutions) may be subject to criticism on that ground. However, the merit of the ACE study and of this study is that both reach the inescapable conclusion that compliance action is having a serious and rapidly accelerating negative effect on the primary mission of institutions of higher education. Some respondents questioned whether or not we are approaching a break-even point between costs and benefits. (Southern Association of Colleges and Schools, 1976, p. 2)

The results of the opinions, estimates, and concerns offered by the respondents led the Association to call for a complete, quantitative study of the costs (in time, money, and effort) to institutions of complying with the regulations related to federally mandated social programs.

In summary, the literature revealed a deep concern by educators that the cost of complying with federal legislation was a growing burden. The true costs and impact of the regulations needed investigation.

Two attempts to assess these costs were examined. One, the Association study, revealed opinions and educated estimates of those costs but did not offer reliable evidence. The second study, that conducted by Van Alstyne, added much more quantitative cost information but needed validation and refinement of the research methodology to limit estimates and the lack of uniformity in data collection.

AFFIRMATIVE ACTION/EQUAL EMPLOYMENT
OPPORTUNITY FEDERAL REGULATIONS

To this study, one of the most relevant pieces of federal legislation governing nondiscrimination in employment was Title VII of the Civil Rights Act of 1964, 42 U.S.C., Section 20003, et seq. Title VII was amended in 1972 by the Educational Amendments to include public educational institutions. In general interpretation, Title VII as amended prohibited employment discrimination based on race, color, religion, sex and national origin. There were certain exemptions to the regulations, such as those granted in instances where institutions were owned and controlled by religious organizations. Another provision written into the legislation allowed employment decisions to take into account sex when bona fide occupational qualifications were justifiable.

Presidential Executive Orders 11246 and 11375, Section 201, E.O. 11246, 30 F.R. 12319 and E.O. 11375, 32 F.R. 14303, along with Revised Order No. 4, 36 F.R. 17444, comprised the Affirmative Action guidelines and were the second set of federal statutes relevant to this research. The Executive Orders prohibited discrimination on the basis of race, religion, sex, or national origin and applied to federal contractors. Individual acceptance of federal contracts eventually brought most institutions of higher education, including Virginia Polytechnic Institute and State University, under the guidelines by 1977-78. These regulations were designed to have primary impact on the personnel policies and practices of the University. The

policies most directly affected related to recruitment, selection, evaluation, promotion, retention, termination, compensation and conditions of employment such as maternity leave, nepotism and retirement.

The judicial interpretation of the fundamental purpose of these guidelines was perhaps the greatest influence on methods of implementation and was best summarized in the United States Supreme Court decision, Griggs v. Duke Power Company:

The objective of Congress in the enactment of Title VII is plain from the language of the statute. It was to achieve equality of employment opportunities and remove barriers that have operated in the past to favor an identifiable group of white employees over other employees. (401 U.S. 424, 429, 430, [1971])

In accordance with this philosophy, in tests of personnel and employment policies and practices, the measure of discrimination was whether the rule or action had a disparate impact upon a legislatively protected group of employees or applicants.

Affirmative Action guidelines represented movement beyond equal employment opportunity. Where Title VII, as amended, insured an unbiased employment environment, the Affirmative Action guidelines required the covered institution to make deliberate, positive efforts to recruit, employ, manage, and promote members of the protected groups. The guidelines for planning, implementing, and monitoring the efforts were enumerated and detailed in Revised Order No. 4.

The underlying assumption upon which Affirmative Action principles were based was that positive action had to be taken in

order to overcome historical exclusion and underutilization of persons in the protected classes. The guidelines had as a basic philosophy that the practice of employment neutrality would perpetuate indefinitely the status quo ante.

The specific provisions mandatory for Affirmative Action efforts as specific in Revised Order No. 4 were as follows:

1. A commitment to equal employment opportunity and nondiscrimination;
2. The identification of an individual(s) or office responsible for the program;
3. A workforce utilization analysis;
4. Provision for the dissemination of the Equal Employment Opportunity and Affirmative Action policies of the institution;
5. The establishment of employment goals and timetables;
6. The definition of practices or policies having a disparate impact upon minorities or women, and the identification of corrective action steps; and
7. Establishment of monitoring and recordkeeping efforts.

Numbers 3 and 5 above facilitated the directive that required an employer to determine if women or minorities were underutilized in its employee work force and, if that was found to be the case, to develop as a part of its Affirmative Action program specific goals and timetables designed to overcome that utilization. These were not designed as quotas, but as projected levels of reasonable

representation of qualified women and minorities, given their availability in accessible workforces.

The regulations promulgated under Executive Order 11246 generally required this guideline by providing in pertinent part:

(e) Goals may not be rigid and inflexible quotas which must be met, but must be targets reasonably attainable by means of applying every good faith effort to make all aspects of the entire affirmative action program work.
(Sections 60-2.12)

In higher education, substantial discretion was vested in administrators to define the term "qualified" for employment and advancement considerations. This was especially true in the recruitment, selection and promotions of instructional faculty because academic credentials were subject to subjective value determinations depending on the university, college, or department needs.

Chapter 3

METHODOLOGY

The purpose of this research was twofold: to develop a procedure to identify and to measure the costs incurred by an institution of higher education in its efforts to comply with federal Affirmative Action/Equal Employment Opportunity legislation for a given fiscal year, and to apply the cost analysis procedure developed to identify and to measure the compliance costs associated with the implementation of federal Affirmative Action/Equal Employment Opportunity guidelines at Virginia Polytechnic Institute and State University during the 1977-78 fiscal year.

The investigative technique selected for this research was a cost analysis procedure applied in the context of an ex post facto case study methodology. Ary (1972, p. 286) stated that

Case studies are designs to obtain information concerning the current status of phenomena. They are directed toward determining the nature of a situation as it exists at the time of the study. There is no administration or control of a treatment as is found in experimental research.

The case studies research was not directed towards hypothesis testing, but rather was directed towards an intensive investigation of a particular case. The results of the detailed research served to impart understanding of "what existed" and the primary aim was to gain new knowledge concerning the financial status quo (Ary, 1972, pp. 286-287).

The cost analysis case study included a series of activities such as the definition of measurable variables, determination of the costs of the variables, and the aggregation of those costs by predetermined criteria. The main purposes of the cost analysis were to design a cost-generating procedure and to gain knowledge of the actual program costs and to provide decision makers with information for planning and allocating financial resources. Information from a cost-analysis case study may also be used to justify budget requests and to satisfy questions of accountability (Kim, 1977, pp. 4-5).

The techniques utilized in the collection of data for the cost analysis included personal interviews. The personal interviews followed the "unstructured" format to allow flexibility in adapting to interviewees and interviewing conditions (Ary, 1972, p. 169). According to Van Dalen (1966, p. 307):

In an informal unstructured interview, one can penetrate behind initial answers, follow-up unexpected clues, redirect the inquiry into more fruitful channels on the basis of emerging data, and modify categories to provide for more meaningful analysis of data.

A written Interview Guide was informally utilized to help maintain focus on the research objectives, to assist in the building of rapport, and to facilitate standardized collection (Institute, 1969, p. 4-1) (See Appendix B). The guide underwent evolutionary changes during the actual interview phase. The revisions reflected an attempt to more efficiently obtain the same information. The revision did not alter the reliability of the information obtained.

The interviews dealt with the types of compliance activities engaged in by the respondent and the office(s) or university unit(s) the respondent represented. The researcher realized that Affirmative Action/Equal Employment Opportunity compliance efforts might be regarded as controversial by the interviewee; therefore, care was taken to emphasize that the objective was to analyze the costs incurred without overtly or covertly evaluating effectiveness or benefit. This approach was supported by several authors (Best, 1977; Black and Champion, 1976; Borg and Gall, 1971; and Cannell and Kahn, 1966). This method was appropriate since the personal interview method normally fostered greater willingness to communicate on the part of the interviewee than would have a written questionnaire because a positive environment conducive to unthreatened information sharing was established (Best, 1977; Van Dalen, 1966, p. 307).

In addition to the primary purpose of data collection, the interviews served to introduce the objectives of the study and to allow the researcher to offer research assistance for the follow-up investigation into unit records. Responses to interview questions were recorded on the Interview Guide (see Appendix B), and in most instances, by cassette recorder to assure greater accuracy in recording information.

A structured, written format was used to collect the actual numerical cost data during record searches in follow-up visits. This format allowed the collection of uniform costs relevant to the individual circumstances of the respective units. This collection

procedure proved particularly valuable because of the many varied budget and record keeping procedures encountered among the colleges and departments in the university.

SELECTION OF THE CASE STUDY INSTITUTION

Virginia Polytechnic Institute and State University was chosen as the case study institution. This decision was based on (1) the need to gather confidential financial data; (2) the necessity of having the cooperation of primary administrative and academic officials; (3) the need to conduct nearly 200 lengthy interviews; and (4) the willingness of officials at Virginia Polytechnic Institute and State University to cooperate with and support the study. The support necessary for access to records and the cooperation of college and central administration officials was given by the Vice President of Finance and the Assistant Vice President of Finance at Virginia Polytechnic Institute and State University. Before each initial contact, the researcher and the study were introduced to the interviewee by a letter from the Assistant Vice President of Finance (see Appendix C).

Virginia Polytechnic Institute and State University was incorporated as the Virginia Agricultural and Mechanical College in March 1872 with an operating budget of \$20,000 (Kinnear, 1971, p. 464). On the eve of the 1972 Educational Amendments, legislation that brought all public, higher education under the Affirmative Action/Equal Employment Opportunity umbrella, the college had experienced numerous

growing pains and name changes and was known as Virginia Polytechnic Institute and State University and had an operating budget of approximately \$60,000,000 (Kinnear, 1971, p. 464).

By 1977-78 the enrollment at Virginia Polytechnic Institute and State University, a major research University and the state's Land Grant University, had grown to approximately 20,000 and the number of colleges had expanded to eight. The total annual University budget for 1977-78 exceeded \$116,000,000. This research was done, therefore, during a period of growth and expansion for the University.

The Affirmative Action/Equal Employment Opportunity guidelines were incorporated into administrative policy and decision making as methods to do so could be devised and implemented. This effort was formalized in April 1973 with the appointment of a full-time Affirmative Action/Equal Opportunity Officer in the Personnel Office. During the period under study, fiscal year 1977-78, this office staff expanded to include the director, an assistant, and a full-time secretary. By the end of the active research period, July 1979, additional responsibilities had necessitated the addition of a second assistant and the physical relocation of the office into larger facilities. In addition to university wide reports and duties, the director and assistant director supervised and acted as consultants for 197 instructional faculty searches and appointments.

A comprehension of the general compliance philosophy and of the specific compliance practices of the University was essential in order to recognize and assess their costs. These efforts were

centered in two areas, each with their specific tasks. The central university administration established policy, reviewed compliance-related practices for their legality and appropriateness, and engaged in reporting to and negotiating with federal agencies. In addition, the administration and faculty in the eight academic colleges were responsible for compliance efforts related to the recruitment, selection, promotion, and compensation of instructional faculty and for the collection and retention of data in support of those actions.

DATA COLLECTION

The cost data were collected from sample departments using financial records, personal observations, and semi-structured personal interviews. The combination of techniques allowed the researcher to (1) collect recorded financial data; (2) collect information upon which to base reliable estimates of unrecorded data; (3) assist with extensive research into college and departmental records; (4) clarify the types of costs relevant to the study; and (5) ask and respond to questions essential to mutual understanding.

The following steps were followed for the collection of the data during the personal interviews. The Interview Guide was presented in Appendix B and the interview phases were presented in Appendix D.

1. First Interview Phase

The purpose of this interview phase was to meet with key academic and administrative heads to (a) introduce the purposes of the

study; (b) outline the data collection procedures; (c) collect information concerning compliance activities and costs by utilizing the Interview Guide; (d) give these University officials the opportunity to become acquainted with the researcher; and (e) identify persons who were considered to have been involved with or very knowledgeable of Affirmative Action/Equal Employment Opportunity related activities and costs.

Follow-up visits were scheduled to allow the researcher an opportunity to collect additional financial data from office files in order to validate and augment the financial data obtained in the interview. Appointments for interviews, to be conducted in the second interview phase, were then arranged with persons identified in the first interview phase.

2. Second Interview Phase

During the second interview phase interviews were conducted to gather information from those persons identified in the first interview phase and with a sample from within the eight colleges of academic department heads. The sample consisted of a combination of department heads suggested by deans and by random selection by the researcher. The combination attempted to include at least 20 percent of the department heads from each college and to be representative of the different types of departments in regards to their size, academic disciplines, and hiring and applicant market circumstances. A semi-structured interview utilizing the Interview Guide and information

from previous interviews was conducted with the members of the sample and other individuals identified by the deans.

Follow-up visits were scheduled to allow the researcher an opportunity to collect additional financial data on compliance activities from office files in order to validate and augment financial information obtained in the interview.

Interviewees were asked to identify additional individuals having knowledge of or being directly involved in compliance-related activities or costs. Appointments for interviews, to be conducted in the third and final interview phase, were then scheduled.

3. Third Interview Phase

Interviews in the third phase were scheduled with persons identified in the second interview phase, with a sample of members of faculty search and screening committees, and with members of compliance-related special interest groups and committees.

The purpose of this phase was to gain additional information concerning compliance-related costs and activities and to validate estimates made on the time involvement of faculty members concerning compliance activities during selection processes. Semi-structured interviews utilizing the Interview Guide and information gleaned from previous interviews were conducted.

Since most of the information sought during this phase dealt with personnel time, only a few follow-up visits needed to be scheduled in order to review office files for financial data to

validate and augment financial information obtained in the interviews. These interviews ended the interviewing phases.

MAJOR CATEGORIES OF COMPLIANCE-RELATED COST GENERATING
VARIABLES AND METHODS OF ASSIGNING VALUES

Three major categories of compliance-related cost generating variables were identified in the study. These were personnel, operating expenses, and capital outlay replacement values. The average of the compliance-related costs found in the sampled departments in each college were assumed as the estimates for the unsampled departments. Using the found data and the average estimates, annual costs were projected for each college. Costs for all compliance-related activities, except selection processes, were compiled for the 1977-78 fiscal year. For selection processes, the costs were figured for the hiring year (as defined by individual departments) to include the costs of selection processes begun before the 1977-78 fiscal year that resulted in hiring instructional faculty during the research year. In each category only that proportion of the cost that was determined to have been utilized for compliance-related activities was assigned as a cost relevant to this study.

1. Personnel

The personnel category included the percent of an individual's time spent in compliance-related activities. Added to this amount was a proportion of the individual's fringe benefits equal to the percent utilized in compliance efforts. Using the Interview Guide, faculty,

administrators, and clerical employees were asked to estimate their time expenditures for compliance-related tasks such as data collection, report preparation, information sharing, review of personnel files and applications, and miscellaneous related support efforts.

The value of an individual's time contribution to compliance-related activities was the most subjectively based calculation of the three major cost generating variables. Except in the case of certain secretarial tasks to be discussed later, an individual's amount or percent of time was based on personal observation and recollection. Since the study requested information as much as two years old, there was the possibility of inflated or deflated estimates of the actual time. Two precautions were followed in order to compensate for this possibility and to increase the reliability of the data. The first precaution was to check the information against other sources. The second check allowed the researcher the liberty to subjectively alter an estimate where common sense and experience dictated. This was an infrequent and carefully controlled check to be applied only in instances where estimates were greatly out of line with estimates from similarly situated administrative or academic units.

The percent of secretarial time devoted to compliance-related support activities was estimated during pilot interviews and then validated. The validation process involved a comparison of the time given by twenty secretaries as having been expended for similar tasks. The average time to complete a compliance-related task was multiplied by the number of times each task was repeated. To the resulting

amount of time was added the individual secretary's estimate of time expended for information sharing and other miscellaneous activities. From this combination an annual percentage of time was derived.

The estimates of faculty, administrator and secretarial time engaged in compliance-related activities was converted into an annual percent by dividing the individual compliance-related time estimates by the total time included in the individual's annual contract with the University. Compatible units of time were always used. Once acceptable percent estimates were established, the calculations proceeded as shown on the Personnel Costs form (Appendix E). Annual salary information (or the equivalent in wages) was taken from the 1977-78 payroll computer printouts and increased by the fringe benefit contribution furnished by the University. The percents used to calculate the fringe benefits--13.4 percent for full-time and 5.4 percent for part-time employees--were supplied by the Assistant Vice President for Finance and the University Controller. The total employee compensation was then multiplied by the percent of time the individual expended for compliance-related activities. The resulting product was included in the study as the assigned value of that individual's contribution.

2. Operating Expenses

This category encompassed the compliance-related percent of expenditures for items and services essential to an efficient, productive academic or administrative unit. Operating expenses were incurred for non-personnel, non-capital outlay essentials. The basic

information needed to approach a valid estimate of these costs was obtained during the interviews and the follow-up visits. The nature of the sub-category dictated the procedure for determining individual and total costs, consequently a different cost-generating procedure was developed for each sub-category.

a. Advertisements. It was expected that costs in this category would be incurred for the placement of vacancy announcements in commercial and professional media and that records of these costs could be found in the official financial records of the departments.

To calculate the compliance costs two basic types of information were essential: the actual total, annual amount for instructional faculty vacancy advertisements and an estimate of what part of that amount was incurred due to the federal guidelines under investigation. The publication costs, where incurred, were a matter of financial record and the amounts were obtained during the interviews or the follow-up visits. Since the proportion of the annual amount attributable to compliance efforts had to be judgment call on the part of department heads, where possible advertising patterns and costs before and after the implementation of the guidelines were scrutinized for possible clues as to a reliable proportion.

As total cost and the proportion of the cost attributable to compliance were established, they were entered on Form 2 (Appendix F). The actual cost was multiplied by the percent utilized for Affirmative Action/Equal Employment Opportunity and the product became part of the total operating expense considered in this study.

b. Duplicating and Printing Costs. During the interviews information was sought that could be used to accurately estimate the number and type of copies made. The question, "Approximately how many copies were made?", followed other questions related to reports, letters, vacancy announcements, and applicant files. Copies made by mimeograph or duplicating machines, photostatic copiers, and automatic typewriters or printers were charged at \$.04 a copy, the standard University charge during 1977-78. Copies prepared by the University Print Shop were charged at \$.026, the standard amount during 1977-78. The number of copies was entered on Form 3 and multiplied by the appropriate charge. The product of number of copies and the appropriate charge became part of the total operating expense (see Appendix G).

c. Equipment. It was expected that the most prevalent purchase of equipment associated with compliance efforts would be the purchase and maintenance of automatic typewriters, most commonly IBM Magnetic Card I or II. The purchase plus maintenance contract price during 1977-78 was \$5,250. Because of depreciation and advances in technology the useful life of the Mag Card was set at five years. For planning purposes the Purchasing Office at the University used five years as an average life for comparable typewriters. The value of the Mag Card for the fiscal year 1977-78 was \$1,050. The percent of the utilization of the machine devoted to compliance tasks was estimated by department secretaries. The annual value was entered on Form 2 and multiplied by the percent utilized for Affirmative

Action/Equal Employment Opportunity. The product became one of the subtotals for the Operating Expense Category on Form 2 (see Appendix F).

d. Furniture and Furnishings. It was decided that an actual inventory of all furniture and furnishings utilized in the compliance effort would be an arduous, time consuming process that would yield data no more accurate than a carefully determined estimate. The estimation procedure was based on the value per office for furniture and furnishings used for planning purposes by the Office of Architecture and Planning at the University and the State of Virginia. According to the head of the Planning and Engineering Division, Physical Plant Department of the University, for planning and projection reports during the 1977-78 fiscal year, an estimate of \$800.00 per office was used. The major amount generally represented purchases of a desk, desk chair, two arm chairs, and a book case for an administrative office. For a secretarial office the major components were a typewriter desk, a typing-style chair, a standard typewriter, and a file cabinet. Offices furnished with only these items would seem sparse, but most other office furnishings, the decorator touches, were most often supplied by the occupants.

The \$800 represented a furniture lifetime purchase. In order to establish an annual value, the life of the furniture was assumed to be ten years. While the ten year figure is not solidly defensible, it represented a reasonable attempt at estimating the annual value of the office furnishings. When using this assumption and the estimate

of \$800, the annual value became \$80. The percent of the occupants' time devoted to compliance was entered on Form 4 and then multiplied by \$80 (see Appendix H). Since it was expected that extra filing cabinets would be needed because of compliance-related activities, the sum of the annual value of filing cabinets was added to the annual furnishings value and the resulting sum was included as a subtotal in the Operating Expenses Category.

e. Insurance and Utilities. This category was designed to encompass compliance costs associated with liability and fire insurance services and the utility services essential for heating and cooling, water, and lighting. Estimates were made using a cost-per-square-foot formula. The insurance included liability and damage coverage and the utilities included electricity and water. The University owned and operated its own electricity-generating plant and, therefore, received this utility at a rate below the rate for regular commercial service from Appalachian Power Company.

Since expenditures for both insurance and utilities were paid from a central administrative account, it became necessary to estimate the proportion of the total service utilized by the individual departments and offices. This estimate, as in the case of the estimate for furniture, came from the Office of Planning and Engineering. For physical planning and budget projections, that office classified insurance and utility service as one cost unit based on square footage. The cost unit during the 1977-78 fiscal year was \$1.50 per square foot. To obtain the subtotal for insurance and utilities, the square footage

of an office (see section on Capital Outlay Replacement Value for source of data on square footage) was multiplied by the percent of time that the occupant was engaged in compliance-related activities and the product was multiplied by \$1.50 (Form 4, Appendix H).

f. Office Supplies. This sub-category included the supplies normally associated with typing, filing and other miscellaneous clerical responsibilities. The interview questions were designed to accurately estimate the number and type of office supplies, assumed to be predominantly paper products, used in the compliance effort. For instance, the series of questions related to reports, correspondence, and files specifically asked for the actual or most common type and amount of supplies used in preparation. The information was to be collected ex post facto, and therefore, was subject to error. Thorough questioning using the Interview Guide and the checking of initial estimates with others in the office and with requisition records and with report, correspondence, and applicant files was designed to heighten the reliability.

Once numbers and types of items were established these were multiplied by their respective prices as found in the March, 1978 edition of the Central Stores Catalog (see Appendixes G and H). The Central Store was the University managed, on-campus products supplier and prices were uniform for all departments. The total cost for products identified became a subtotal in the Operating Expenses Category.

g. Personnel Development. It was expected that personnel development would be comprised of personnel time expended by faculty, administrators, and/or classified employees in an effort to either gather or share information about Affirmative Action/Equal Employment Opportunity guidelines. Meetings, workshops, conferences or training sessions that were organized in part or entirely to impart this type of information were included in this sub-category. Such costs were recorded and calculated the same as personnel costs on Form 1, Appendix E. Also included were the costs of training supplies and equipment. These were recorded and calculated with office supplies on Form 2, Appendix F, and with equipment on Form 2, Appendix F.

h. Postage. Since correspondence was a normal administrative function, total operating expenses were expected to include First Class and Bulk Rate postage costs for regulation induced correspondence, such as vacancy announcements, Race and Sex Identification forms, and notification letters. The cost of postage was estimated by using two pieces of information: the number of envelopes and the appropriate postage rate. The number of business envelopes and manila mailers estimated on the Interview Guide was divided into two groups by the interviewees. The first group represented the proportion of envelopes mailed First Class and the second group represented the proportion mailed Bulk Rate. The local branch of the United States Postal Service supplied the First Class and Bulk Rate postage rates for the period under investigation, July, 1977 through June, 1978. These rates were given as thirteen cents and six cents, respectively. A simple

multiplication of number of envelopes and the appropriate rate supplied the total postage expenditure (see Appendix G).

i. Telephone. Recruiting and selection activities were expected to generate costs associated with local, on-campus, and long-distance calls to identify or attract minorities and/or women and to gain clarification of federal guidelines. Costs for calls to investigate and to attract top candidates were not included unless the individual was sought solely because of race or sex characteristics.

Records of monthly charges for long distance telephone calls are part of the departments' financial files. However, it was assumed that it would be a difficult and anxiety laden task for department heads and faculty to exhaustively examine two-year old telephone invoices in an attempt to identify charges specifically related to compliance efforts. It was expected to be even more frustrating to accurately assess the number of on-campus and local calls and their average length. Therefore, interviewees were asked to estimate the percent of telephone service they believed most closely reflected the compliance-related use. The estimated percent was multiplied by the total annual charge for telephone service and the product entered as an Operating Expense subtotal (see Appendix G).

j. Travel and Related Costs. Costs for travel, lodging, and meals were included as Operating Expenses where evidence indicated that the expenditure was wholly or in part compliance related. Instances of such costs were expected to include recruitment trips

to identify and attract women and minority applicants or applicant interviews where the race or sex of the applicant was a consideration in the invitation. Because these costs were identified in the files under the names of specific individuals the amounts were entered on Form 1, Personnel Costs. Only the percent of the costs that could be directly related to compliance efforts were included. Since expenditures for travel and related costs were charged to department operating expenses, the total, became a subtotal under Operating Expenses (see Appendix E).

3. Capital Outlay

It was expected that physical space at the University had not been enlarged due to compliance-related activities but utility of the existing space had been increased. This meant that a portion of the value of each square foot had to be assigned to compliance costs. That portion or percent of office space utilized for compliance related activities was assumed to be the same percent as the occupant's time in compliance efforts.

Two other pieces of information were vital to assigning a cost for capital relevant to this study. The square footage of each office or room occupied or used by individuals working with the federal guidelines had to be ascertained. This was a three-step data-finding process that was lengthy and time consuming but relatively simple. Using building names and room numbers from interviews and from the Faculty-Staff Directory, 1977-78, a list was

compiled of the locations during the 1977-78 fiscal year of each administrative and department head and faculty member included in the study. Where a room number served a complex of offices or where renovation had occurred, architectural floor plans, housed in the Office of Engineering and Planning, were consulted to identify the exact room. In instances where there were rooms with more than one occupant, the maximum allowable square-footage for the occupants' title or role as defined by the University architects in their planning documents, was used. After completion of the list of exact building and room locations, each of the locations was converted into location codes compatible with the Room Inventory, 1978, which lists the square footage of each unit of space on campus.

The final data-collecting step was a simple process of collecting the square footage data from the 1978 Room Inventory Computer Printout. The value per square foot of the University physical plant was established by data from the Physical Plant Department, Planning and Engineering Division at the University. For all budget and planning proposals for the 1977-78 fiscal year, this division used an estimated capital value of \$50.00 per square foot. Since only an annual value was sought, this researcher needed to identify a rationale for prorating this amount. It was decided to prorate the \$50.00 per square foot over fifty years, thus placing the annual square foot value at one dollar (\$1.00). The rationale for this assumption was not solidly defensible but was based on traditional financial planning practices. It was learned that

included with all University capital outlay planning proposals the lifetime usefulness of a building is stated as, "for the life of the building or fifty years."

The value of each office was then determined by multiplying its square footage by the occupants' percent of time engaged in Affirmative Action/Equal Employment Opportunity efforts and the product multiplied by the annual square foot value. Form 4 was used to facilitate the organization and calculation of the data. The sum of all individual capital values became the total value of University facilities utilized during 1977-78 in the Affirmative Action/Equal Employment Opportunity effort (see Appendix H).

MAJOR CONCERNS IN DETERMINING PERCENTS OF EMPLOYEE ACTIVITY

In the previous sections, the Interview Guide and the procedures for its use in the process of estimating percentages of employee's activities attributable to federal Affirmative Action/Equal Employment Opportunity guidelines were described. This section was added to address some of the major concerns involved in this process.

In Faculty Activity Analysis: Procedures Manual (NCHEMS, 1973) researchers from NCHEMS analyzed the technique used in this researcher's study. While their study specifically focused on faculty, their concerns and research findings had applicability to this researcher's study.

The following are three of the questions addressed by the NCHEMS study:

1. Are the collected data accurate--that is, do the data accurately reflect the actual distribution of faculty to the activities?

2. Are the collected data consistent--that is, are the results the same when the data are collected under similar circumstances with a similar instrument?

3. What mechanism of collecting activity data will deliver the required amount of accuracy and consistency with the least cost and the least faculty resistance? (NCHEMS, 1973, p. 74)

The researchers from NCHEMS found that the principal concern in critiquing this technique was that "there is no method of collecting data that results in indisputably accurate results: any method is potentially subject to some bias. Although some methods seem better than others, none are perfect" (NCHEMS, 1973, p. 4).

Three techniques for gathering the activity information were identified and examined. In gathering information to answer the third question, the researchers found that the technique that held the greatest promise of reliability was also the most problem riddled and the most expensive. It involved the recording of an individual's activities at randomly selected times by an impartial third party or by the individual. This proved to often disturb and potentially alter the faculty member's activities and not infrequently caused faculty resistance. Funding the third party was an added expense not a part of the two other techniques.

The two remaining techniques were actually variations of one-- asking the faculty member to complete a questionnaire-style survey

instrument to record activities for the entire survey time period. In the first application of this technique faculty made their estimates at the beginning of the term and in the second application estimates were recorded at the end of the term.

A study conducted by Lorents (1971) compared three similar types of techniques and his results concurred with the NCHEMS findings. Eleven categories of activities were estimated using the three techniques and only two categories proved to be significantly different. The researchers emphasized that the importance of this study was not that two categories were significantly different, but that "only two were significantly different" between the relatively expensive, disruptive random sampling and the less costly and less disruptive one-time estimate. The conclusion was that individuals (faculty in this case) were capable of making reliable estimates of their time use at either the beginning or end of a period of investigation (NCHEMS, 1973, p. 79).

One major precaution was offered. The reliability of the one-time estimate depended primarily on the climate in which the survey was conducted. If the researcher conducting the survey interview showed preferences or indicated that punitive actions were a possibility, then the results reflected the desired distributions (NCHEMS, 1973, p. 79).

Because of this admonition, this researcher held as a primary goal at every interview to maintain impartiality while still conveying interest in the research. The attainment of this goal was made

somewhat easier because of the emphasis in the letter of introduction that this study was not a cost or program evaluation (see Appendix C). This greatly helped to establish an unbiased environment for the interview. It would be less than accurate to report, however, that no biased attitudes were ever expressed verbally or non-verbally by the researcher. It would be a fair assessment to state that wherever humanly possible this researcher successfully suppressed and masked biased attitudes and that the final results of the study were not biased by researcher bias.

In attempting to answer their first two research questions concerning accuracy and consistency, NCHEMS researchers relied on numerous applications of the instrument to provide "self-evidence" that in favorable--unbiased--environments the survey instrument yielded accurate and consistent results. "Self-evidence" was also important in establishing the accuracy and consistency of the data collection procedure used in this study.

THE INTERVIEW GUIDE

The Interview Guide was the single most important data-collection instrument. Rather than a deliberate design, the Guide was developed during a three-month evolutionary trial and revision process. In the beginning probable cost-generating compliance-related activities were proposed by the researcher, a former Director of Affirmative Action/Equal Employment Opportunity. An attempt was made to design questions that would break each activity down into

three components: (1) the personnel involved and the time they expended completing the activity; (2) the types and amounts of supplies, equipment, furniture, travel, postage, telephone, and other services utilized in the activities; and (3) the amount of physical space (square footage) used by the personnel. This first draft was then tested in interviews with each member of a group of ten volunteers composed of administrative and department heads, faculty, and graduate students with college administrative and faculty experiences. Their suggestions and criticisms along with those from the researcher's dissertation advisors were considered and incorporated where appropriate in the second draft of the Interview Guide.

An interview schedule was developed with three phases (see Appendix D). The first phase was designed to include the key administrative and academic officers. The second phase included administrative and academic department heads, their secretaries, and faculty. The third phase included additional secretaries, faculty, and members of selected University and college committees.

The interviews were semi-structured in which this study and its purpose were explained by the researcher and initial questions and concerns on the part of the interviewee were discussed. The interview continued in a freely flowing exchange of information and questions. The Interview Guide served to maintain the primary focus of the conversation and to allow recording of relevant information. Its design into topical sections and its incorporation into an indexed three-ring binder allowed the interviewer to record data with relative

ease and subtlety, as topics changed. The questions were arranged to permit the interviewer to quickly note responses. In addition a cassette recorder was used as a "fail-safe" data recorder when interviewees permitted.

The purposes in interviewing these individuals were (1) to test the feasibility of using this data-collection procedure; (2) to test the accuracy and consistency of the data obtained using the Interview Guide; (3) to identify participants in the University and college compliance efforts; and (4) to collect from these individuals facts to support a reliable estimate of the cost of complying with federal Affirmative Action/Equal Employment Opportunity guidelines.

The final Interview Guide was a slightly modified version of the second draft with the changes made during approximately the first twenty interviews. These modifications represented improved interviewing skills acquired by this researcher. The final data collected was not altered nor the reliability of the study compromised and the data collection process was made more efficient.

USE OF THE DATA COLLECTION FORMS

To organize the data collection and calculations in order to insure maximum accuracy and consistency, four financial forms were developed (see Appendixes E, F, G, and H). Their designs were based on the need to collect data in three areas: personnel, operating expenses, and capital outlay. Each form incorporated columns for displaying the cost unit, the annual value of the cost unit, the

percent of the cost unit utilized in the compliance effort and the calculated compliance-related value of each cost unit.

While three distinct cost-generating areas were investigated, these categories were not strictly separated on the forms. The Personnel Costs Form (Form 1) was designed to accommodate travel and personnel development cost data (see Appendix E). This was done because these costs, while actually funded out of operating revenue, were recorded and identified by the names of the individuals engaged in the travel or personnel development. After the compliance-related value was calculated for these costs, their respective totals were brought forward from Form 1 and added to the Operating expense totals on Form 2 (see Appendix F).

The information on individuals' salaries was considered highly confidential; therefore, to the left of Column 1 on Form 1 there was attached a tear-away appendant on which to list the names of the individuals during data collection. Once the calculations were made, the column of names was detached and discarded, thus preserving confidentiality (data anonymity).

The arrangement of columns in the logical progression for computations and totals were simple, thus promoting well organized data and efficiently rendered compliance values. Because of the many and varied sub-categories, much of the information on operating expenses were recorded on Form 3 and the calculations for compliance values completed on Form 2 (see Appendixes G and F, respectively). The use of Form 3 allowed generation of costs for individual

compliance-related activities such as the mailing of vacancy announcements or the purchase of a filing cabinet. The college totals for whole sub-categories such as postage and office supplies were then brought forward to Form 2 and entered under Cost Units as "Sub-category: item" (see Appendix F).

Form 4 was designed for the organization and computation of data descriptive of capital outlay, furniture, and insurance and utilities (see Appendix H). As in the case of the inclusion of operating expense data on Form 1 (Personnel Costs) because of convenience, some operating expense data was included with capital outlay replacement values on Form 4. This combination of similarly based data and the columnar arrangement promoted good organization and ease in calculating compliance values. After the compliance values were determined, totals for furniture and for insurance and utilities were brought forward to Form 2 (Appendix F) and included in the total for Operating Expenses. The total of Column 1, Form 4 represented the total capital outlay commitment to Affirmative Action/Equal Employment Opportunity efforts related to instructional faculty.

Chapter 4

DATA DISPLAY AND ANALYSIS

This chapter was organized to fulfill three goals. The first was to explain how federal Affirmative Action/Equal Employment Opportunity guidelines were incorporated into University policy and practices. The second was to display the costs of those efforts as found using the data collection procedure designed expressly for this study. The third goal was to critically examine the cost analysis procedure for its strengths and weaknesses. In Chapter 5, summary and conclusions, implications, and recommendations related to the data and the procedure were offered.

UNIVERSITY IMPLEMENTATION OF FEDERAL REGULATIONS

The University challenge to satisfy the compliance mandates was met by two groups--members of the central administration of the University and members of the administrative staff and faculty of the eight colleges (see Organizational Chart, Appendix I). The compliance-related responsibilities of these groups were different enough to necessitate separate descriptions. The role of the central administration was described first, followed by an explanation of the responsibilities and tasks found in the eight academic units.

Virginia Polytechnic Institute
and State University Central
Administration Compliance Role

Within the structure of the central University administration, the staffs of three units were most critically involved in compliance actions. These were the Office of the President, the Office of the Vice President for Administration, and the Office of the University Counsel. The President and the Vice President served to review and to formalize University policy. In his role as liaison to related federal agencies, the Vice President held the title of Affirmative Action Coordinator. In addition, he served as a member of the University-wide Affirmative Action/Equal Opportunity Advisory Committee whose purpose was to review personnel policies and implementation.

The specialized expertise of the University Counsel was utilized as a consultant in the policy and decision-making processes and was applied to questions encountered in interpreting guidelines and judicial decisions. In addition, his legal skills were often needed in the resolution of formal grievance arbitration and informal complaints. He also sat on the Affirmative Action/Equal Employment Opportunity Advisory Committee as a legal consultant.

The initial response to the federal guidelines was to establish the Office of Affirmative Action and Equal Opportunity and to subsequently generate in-house policies and procedures for effecting campus-wide compliance in accordance with the guidelines presented in the previous section. The Equal Opportunity/Affirmative Action Officer was the most involved central administration official. The

sole purpose and motive for the position was implementation of the federal legislation under investigation in this cost study.

The primary responsibility of the Affirmative Action/Equal Opportunity Officer was the collection, analysis, and retention of data required to complete compliance monitoring reports, such as the annual EEO-6, and work force analyses and utilization reports required by Revised Order No. 4. The former report was a detailed numerical description of the racial and sexual composition of the employees of the University including the faculty. As with all employee categories the latter reports required a comparison of nationally available, qualified faculty with the University faculty differentiated by race and sex. In order to compile these reports national employment data had to be gathered from every imaginable, and often creative, source. This was time-consuming research since no one source of national data for all disciplines existed until just before the compilation of data for this researcher's study. It often took weeks and numerous telephone and mail contacts in order to gather the national data. The process of organizing the data from several sources and then conducting the actual workforce analysis and utilization study consumed a month of work by the Officer and his assistant. These data are updated every two years and were updated at the University during the time of this study.

These reports were included in and formed the data base for the Affirmative Action Plan for the University. This plan was a mandatory, publicly accessible document designed to display the

workforce data, the utilization study, and the so-called "Goals and Timetables." The latter section set forth a projected plan, including numbers and deadlines, to increase the utilization of individuals from protected classes where underutilization of like individuals was found in the utilization study. The volume of the finished product, one thousand pages, and the time involvement was easily comprehended by an examination of the final document.

In addition to the reporting responsibilities, the staff at the Equal Opportunity/Affirmative Action Office engaged daily in (1) maintaining a grievance procedure; (2) conducting Affirmative Action/Equal Employment Opportunity training workshops for secretaries, supervisors, and faculty involved in compliance activities; (3) reviewing employee and prospective employee-related policies and actions for compliance to guidelines; (4) publicizing and promoting equal opportunity and affirmative action to the academic community and the public at large; (5) acting as liaison between University and federal officials; (6) staying abreast of new guidelines or changing judicial interpretations of the application of the guidelines; and, (7) assisting University Counsel in the collection of data relevant to legal debates and court cases.

During the 1977-78 fiscal year the Equal Employment/Affirmative Action Office was staffed by the director (the Officer), an assistant, and a full-time secretary. After an activity analysis it was found that the director and the assistant director utilized 30

percent of their time on compliance efforts associated with instructional faculty. In addition, 20 percent of the secretary's time was engaged in compliance support activities. The contributions from this office towards University compliance accounted for 3 percent (\$15,675) of the total compliance costs (see Appendix J).

Three other offices in the central administration of the college, the Office of the President, the Office of the Vice President for Administration, and the Office of University Counsel were involved to varying degrees in compliance efforts. The President and the Vice President were engaged in reviewing policy recommendations and in issuing official university policy. This was generally an act formalizing policy after all of the background research and drafting had been completed by others; therefore, minimal time commitment was necessary. The costs associated with compliance activities by these offices included a compilation of time engaged in meetings with internal and external officials and time utilized in policy review and issuance.

Involvement by the University Counsel and counsel staff consisted of reviews of employment policies and practices from a legal perspective, negotiation and arbitration of complaints based on race or sex issues filed by instructional faculty, and legal research and brief preparation. University Legal Counsel, a part-time legal research assistant, and a full-time secretary shared in the compliance activities of this office.

Compliance activities in the central administration were related to reporting, policy making, and legal issues. All three types of tasks were highly labor intensive. A thorough time and activity analysis for each central administration staff member involved was conducted. Additional document and record investigations generated the costs for operating expenses and for capital utilization. Such costs accounted for 4 percent (\$20,000) of the total compliance costs generated by the University. Since the personnel in central administration were engaged in administrative tasks mostly apart from selection processes, the costs they generated were considered fixed costs. The central administration offices described above and the Equal Opportunity/Affirmative Action Office together accounted for 7 percent (\$36,115) of the University compliance costs (see Appendix J).

College Compliance Activities

As described, the vast majority of compliance activities found in central administration were associated with reporting, policy making, and legal issues. At the college level, recruitment and selection processes, reporting, and grievance arbitration were the focal points of compliance efforts. Compliance costs at the college level accounted for 93 percent of the total costs generated by the University. In these three primary college tasks the value of personnel time was by far the most expensive and accounted for 93 percent of the college level costs and 91.64 percent of the total costs incurred by the University (see Appendix J).

As noted in Chapter 2, federal guidelines mandated that institutions establish employment goals and timetables, promote equal employment opportunity, and abolish barriers that had operated to discriminate against protected groups in the past. The University translated these mandates into the following recruitment and selection policies and practices:

1. National searches were required for instructional faculty, except where abnormal circumstances justified an exemption.

2. Placement of at least one nationally circulated, unbiased advertisement that included public notice of intent to practice equal opportunity employment was required. The policy did not prescribe the type of medium or cost.

3. Colleges had to develop unbiased, job related, justifiable qualifications.

4. Review and selection of candidates was to be based solely on those qualifications.

5. Justification for appointment of the chosen candidate and for non-appointment of other applicants was recorded and filed.

6. Departments were responsible for the collection and maintenance of race and sex data on applicants (see Appendix K).

7. Each applicant was to receive acknowledgement of receipt of application.

8. Each applicant was to receive a written notification of appointment and non-appointment.

9. At the end of each process the department completed a "Position Filled" form detailing the selection process and results and submitted the form to University Affirmative Action/Equal Employment Office (see Appendix L).

10. Using a self-selected system and location, each college had to retain for three years all pertinent information, applicants' files and forms.

These policies and practices followed a general procedural model adopted by higher education institutions nationally. For example, this process was substantially identical to those adopted by the fifteen public colleges and universities in West Virginia with whose Affirmative Action Plans this researcher was familiar. This selection procedure had been approved by the Department of Health, Education, and Welfare compliance reviewers and by reviewers from the Office of Federal Contract Compliance of the Department of Labor.

There were 197 instructional faculty appointed in the eight colleges during 1977-78. A sample of these selection processes were investigated and the personnel commitment analyzed. Using 1977-78 payroll records the value of the personnel time was calculated. The average cost per selection associated with personnel time in the eight colleges was \$2,168.40.

In addition to the costs associated with the expenditures of human resources, there were costs for operating supplies and services and for the utilization of facilities. With these added in the

average cost for a search and selection process was \$2,342.46. The range of costs per selection was from \$26.53 to \$3,564.49. This range was heavily influenced by (1) whether or not the advertisement was a paid commercial vacancy announcement or a free professional service; (2) the number of faculty on the search and screening committee; (3) the number of applicants to review; and (4) the number of instructional faculty vacancies. Where central administration costs had been relatively fixed, compliance costs in the academic units were highly variable. Not only was there variation of costs among colleges, but because the costs are highly dependent on the four conditions stated above, it would follow that such costs would be highly variable among years. This fact could put stress on institutional budget planners to adequately and accurately project finance needs.

As mentioned earlier, another area of compliance involvement at the college level was grievance arbitration. The grievances found were based on alleged salary or promotion discrepancies where race or sex was the alleged reason for differences. While the allegations and defenses were very important to the individuals involved, the costs incurred for personnel time and for financial compensation found necessary in some arbitration hearings, accounted for less than 1 percent of the total cost for compliance incurred by the University.

During the fiscal year studied, no grievance issues progressed outside the University. Because of previous efforts by the Equal Opportunity/Affirmative Action Officer, research data to indicate

what costs might have been incurred in a court case during the study period were available. In response to a request in 1975 to present to the United States District Court, Eastern District of Virginia--Richmond, Division, evidence of the costs to the University to respond to interrogatories to resolve the complaint at issue, the Officer entered into court records an affidavit displaying costs totaling \$32,223 (Goodykoontz, 1975). This amount included time commitments, supplies, and services from the University Counsel and the Equal Opportunity/Affirmative Action Officer and their respective staffs but excluded settlement costs. This was a conservative estimate, however, since the costs incurred by the President and the Vice-President for Administration and their respective support staffs were not included.

While selection processes dominated the compliance activities at the college level, there were costs incurred for miscellaneous tasks besides grievance arbitration. These included complying with occasional requests for information, one-time reports, and the annual audit by the Office of Equal Opportunity. The audit was a meeting of representatives from the Equal Opportunity Office, college administrators and the college secretaries responsible for the relevant records. The purpose of the audit was to review the progress of the college in satisfying the goals and timetables established the previous year. In comparison to costs already discussed, costs for these miscellaneous tasks were minute (< .1 percent of total compliance

costs) and were not broken out for separate display but were included in the total in Appendix J.

RESULTS OF COSTS IN THE MAJOR CATEGORIES OF COMPLIANCE-RELATED COST GENERATING VARIABLES

Three major categories of compliance-related data were identified during the nearly two hundred interviews (see Appendix M). These categories were personnel, operating expenses, and capital outlay replacement value. In each category, only that proportion of the cost that was determined to be utilized for compliance-related activities was assigned as a cost relevant to this study.

Personnel Category

The personnel category included the percent of an individual's time spent in compliance-related activities. Added to this amount was a proportion of an individual's fringe benefits equal to the percent utilized in compliance efforts. Individual tables follow the discussions of the respective sub-categories. A summary of all compliance costs is given in Appendix J.

Faculty and Administrators. Faculty (including department heads) and administrators (including academic deans) estimated their time expenditures for certain tasks such as data collection, report preparation, information sharing, personnel and applicant reviews, and miscellaneous related efforts. Though some disparity existed among estimates of time expended for similar activities, after the information from the interviews was analyzed, it was found that the

estimates closely approximated each other. As can be seen from an examination of Table 1, faculty time accounted for \$390,158 or 85.57 percent of the personnel compliance costs and 78.40 percent of the total costs incurred for compliance activities. Most faculty time was engaged in selection processes. Because of this, the costs incurred for faculty time were highly variable--from \$26.53 to \$3,564.49 per selection. The variation was found to be influenced by (1) the type of recruitment; (2) the number of faculty on a search and screening committee; (3) the number of applicants; and, (4) the number of annual vacancies.

Administrators were primarily engaged in activities associated with the preparation of reports and decision-making. These activities were constant in frequency of occurrence and in length of time investment. There was, therefore, no significant variation in costs incurred by administrators. The value of time expended by these individuals amounted to \$38,051 or 7.65 percent of total compliance costs and 8.35 percent of the personnel compliance costs. Where a majority of faculty time was concentrated in the colleges, administrator time was divided 2 to 1 between the total central administration and the college administrations respectively (see Table 2 and Appendix J).

Clerical Personnel. Clerical personnel were engaged in tasks related to typing vacancy announcements, acknowledgement letters, reports, notification letters and the envelopes for these where necessary. These, Race and Sex Identification Forms, and Position Filled Forms also needed to be duplicated and prepared for mailing.

Table 1

Costs Incurred for Faculty¹ Time Engaged in AA/EEO Compliance
Activities at Virginia Polytechnic Institute and
State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$390,076.00	
% Total Faculty Compliance Costs		99.88
% Total Personnel Compliance Costs		85.55
% Total University Compliance Costs		78.40
Total Central University Administration ²	0	
% Total Faculty Compliance Costs		0
% Total Personnel Compliance Costs		0
% Total University Compliance Costs		0
Total AA/EEO Office	85.00	
% Total Faculty Compliance Costs		.02
% Total Personnel Compliance Costs		.02
% Total University Compliance Costs		.02
Total University Faculty Compliance Costs	390,158.00	
% Total Faculty Compliance Costs		100.00
% Total Personnel Compliance Costs		85.57
% Total University Compliance Costs		78.42

¹Contains faculty and department heads.

²Contains central University administration offices minus the AA/EEO Office.

Table 2

Costs Incurred for Administrators¹ Time Engaged in AA/EEO
Compliance Activities at Virginia Polytechnic
Institute and State University
for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 12,305.00	
% Total Administrator Compliance Costs		32.37
% Total Personnel Compliance Costs		2.70
% Total University Compliance Costs		2.47
Total Central University Administrators ²	15,360.00	
% Total Administrator Compliance Costs		40.37
% Total Personnel Compliance Costs		3.37
% Total University Compliance Costs		3.09
Total AA/EEO Office	10,350.00	
% Total Administrator Compliance Costs		27.20
% Total Personnel Compliance Costs		2.27
% Total University Compliance Costs		2.08
Total University Administrator Compliance Costs	38,051.00	
% Total Administrator Compliance Costs		100.00
% Total Personnel Compliance Costs		8.35
% Total University Compliance Costs		7.65

¹Contains central University administrators and academic deans.

²Contains central University administrators minus AA/EEO Office administrators.

The establishment and maintenance of report, correspondence, and applicant files was a major compliance related activity. Some were engaged in training new secretaries to the compliance procedures common to the department or college. A pilot survey of twenty secretaries was conducted to establish average time commitments for each task. As with the previous personnel group discussed, there were variations in the time estimates given for the amounts of time consumed in each of these tasks. Again, a narrow range of estimates of time emerged and this allowed the researcher to use average times in the calculations (see Appendix N). In a few instances, part-time, temporary clerical assistance was needed during unusually busy hiring seasons and where this occurred the entire wage was considered a compliance cost. Clerical time accounted for 5.58 percent (\$27,769) of the total compliance costs and 6.09 percent of the personnel compliance costs (see Table 3). Nearly 90 percent of the clerical compliance costs were incurred by the colleges. Time commitments by clerical employees in the colleges varied and the variation was positively correlated with the number of selection procedures and number of applicants.

Operating Expenses

This category encompassed the percent of the expenditures for items and services essential to an efficient, productive administrative unit. The sub-categories included and the costs incurred for each are displayed in Appendix J. The costs by sub-category are displayed below and Appendix J shows a summary of all compliance costs.

Table 3

Costs Incurred for Clerical Time Engaged in AA/EEO Compliance
Activities at Virginia Polytechnic Institute and
State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 24,794.00	
% Total Clerical Compliance Costs		89.29
% Total Personnel Compliance Costs		5.44
% Total University Compliance Costs		4.98
Total Central University Administration ¹	1,255.00	
% Total Clerical Compliance Costs		4.52
% Total Personnel Compliance Costs		.28
% Total University Compliance Costs		.25
Total AA/EEO Office	1,720.00	
% Total Clerical Compliance Costs		6.19
% Total Personnel Compliance Costs		.38
% Total University Compliance Costs		.35
Total University Clerical Compliance Costs	27,769.00	
% Total Clerical Compliance Costs		100.00
% Total Personnel Compliance Costs		6.09
% Total University Compliance Costs		5.58

¹ Contains central University administrative offices minus the AA/EEO Office.

Advertisements. One nationally circulated advertisement was required for each instructional faculty selection procedure. The advertisement was placed in commercial or professional newspapers or journals. Advertising costs for individual departments and selection procedures varied and some advertisements were placed with no-cost professional job listing services. These costs totaled \$11,690 and accounted for 2.35 percent of the total compliance costs in the University and 30.05 percent of the compliance-related operating expenses. Of the University total for compliance \$11,690, \$11,066 or 94.66 percent was spent in the colleges to advertise instructional faculty vacancies (see Table 4).

Duplicating and Printing. Standard forms; vacancy announcements; and in one college, applicant files, comprised the majority of the material that was reproduced. Except for the college where applicant files were routinely copied, these costs were relatively standard among the colleges and tended to be positively correlated with the number of selection procedures and the number of applicants. Of the \$3,958 spent university-wide, 88.88 percent (\$3,518.00) was spent by the colleges, 2.53 percent (\$100.00) by central administration, and 8.59 percent (\$340.00) by the Equal Opportunity/Affirmative Action Office (see Table 5). Most copies were made by in-house electronic reproduction. In one college the vacancy announcements were routinely printed by the University Print Shop.

Table 4

Costs Incurred for Advertising in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 11,066.00	
% Total Advertising Compliance Costs		94.66
% Total Operating Expenses Compliance Costs		28.44
% Total University Compliance Costs		2.22
Total Central University Administration ¹	400.00	
% Total Advertising Compliance Costs		3.42
% Total Operating Expenses Compliance Costs		1.03
% Total University Compliance Costs		.08
Total AA/EEO Office	225.00	
% Total Advertising Compliance Costs		1.92
% Total Operating Expenses Compliance Costs		.58
% Total University Compliance Costs		.05
Total University Advertising Compliance Costs	11,690.00	
% Total Advertising Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		30.05
% Total University Compliance Costs		2.35

¹ Contains central University administration offices minus the AA/EEO Office.

Table 5

Costs Incurred for Duplicating in AA/EEO Compliance Activities at Virginia
Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 3,518.00	
% Total Duplicating Compliance Costs		88.88
% Total Operating Expenses Compliance Costs		9.04
% Total University Compliance Costs		.71
Total Central University Administration ¹	100.00	
% Total Duplicating Compliance Costs		2.53
% Total Operating Expenses Compliance Costs		.26
% Total University Compliance Costs		.02
Total AA/EEO Office	340.00	
% Total Duplicating Compliance Costs		8.59
% Total Operating Expenses Compliance Costs		.87
% Total University Compliance Costs		.07
Total University Duplicating Compliance Costs	3,958.00	
% Total Duplicating Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		10.17
% Total University Compliance Costs		.80

¹ Contains central University administration offices minus the AA/EEO Office.

Equipment. Variations of the automatic playback typewriter, such as the IBM Mag Card, were found to be the most common investment partially justified by compliance related typing jobs. Such investments by the colleges accounted for 96.41 percent of the \$1,920 incurred University wide (see Table 6). Such expenditures varied little among the departments and every department had become dependent on such typewriters for preparing correspondence to applicants.

Furnishings. The common expenditure in this sub-category was for filing cabinets in which to maintain applicant files. Every department reported costs incurred for at least a part of a filing cabinet. The total also included a percentage of the standard office furnishings based on a cost-per-office formula. Such costs totaled \$1,650 for the University with 84.49 percent incurred by the colleges and 9.9 percent incurred by the Equal Opportunity/Affirmative Action Office (see Table 7). The number of filing cabinets purchased was positively correlated with the number of selection procedures and the number of applicants for the three years previous to the research since institutional policy dictated that such selection information must be maintained for three years.

Insurance and Utilities. These cost generating variables were found to include liability and fire insurance services and the utility services essential for heating/cooling, water, and lighting in the offices and spaces utilized for compliance-related activities. Estimates were made using a cost-per-square-foot formula and totaled

Table 6

Costs Incurred for Equipment in AA/EEO Compliance Activities at Virginia
Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 1,851.00	
% Total Equipment Compliance Costs		96.41
% Total Operating Expenses Compliance Costs		4.76
% Total University Compliance Costs		.37
Total Central University Administration ¹	44.00	
% Total Equipment Compliance Costs		2.29
% Total Operating Expenses Compliance Costs		.11
% Total University Compliance Costs		.01
Total AA/EEO Office	25.00	
% Total Equipment Compliance Costs		1.30
% Total Operating Expenses Compliance Costs		.06
% Total University Compliance Costs		.01
Total University Equipment Compliance Costs	1,920.00	
% Total Equipment Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		4.94
% Total University Compliance Costs		.39

¹ Contains central University administration offices minus the AA/EEO Office.

Table 7

Costs Incurred for Furnishings in AA/EEO Compliance Activities at Virginia
Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 1,394.00	
% Total Furnishings Compliance Costs		84.49
% Total Operating Expenses Compliance Costs		3.58
% Total University Compliance Costs		.28
Total Central University Administration ¹	92.00	5.58
% Total Furnishings Compliance Costs		.24
% Total Operating Expenses Compliance Costs		.02
% Total University Compliance Costs		
Total AA/EEO Office	164.00	
% Total Furnishings Compliance Costs		9.94
% Total Operating Expenses Compliance Costs		.42
% Total University Compliance Costs		.03
Total University Furnishings Compliance Costs	1,650.00	
% Total Furnishings Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		4.24
% Total University Compliance Costs		.33

¹Contains central University administration offices minus the AA/EEO Office.

\$4,029 for the University. Nearly 92 percent (\$3,700) was incurred by the colleges (see Table 8). Such costs tended to vary among colleges in relation to the number of faculty engaged in selection procedures. As the number of faculty increased, the square feet utilized in compliance activities increased and consequently costs increased.

Office Supplies. This sub-category included the supplies normally associated with typing, filing and other miscellaneous administrative support responsibilities. Most prominent among these costs were plain and letterhead stationary, letter size and manila envelopes, and manila and hanging file folders. The University total for office supplies was \$2,501. Nearly one-third of the total, \$795, was expended by central administration offices and the Equal Opportunity/Affirmative Action Office (see Table 9) for reporting and record keeping activities. The colleges were responsible for 68.21 percent of the costs and such costs varied among the colleges. Those colleges with the greatest number of selection procedures and applicants had the greatest costs for Office Supplies.

Personnel Development. Personnel time expended by faculty, administrators, and classified employees in an effort to either gather or share information about Affirmative Action/Equal Employment Opportunity guidelines in meetings, workshops, conferences, or training sessions that were organized in part or entirely to impart non-discrimination information was included in this sub-category. The

Table 8

Costs Incurred for Insurance and Utilities in AA/EEO Compliance Activities at
Virginia Polytechnic Institute and State University in 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 3,700.00	
% Total Insurance and Utilities Compliance Costs		91.83
% Total Operating Expenses Compliance Costs		9.51
% Total University Compliance Costs		.74
Total Central University Administration ¹	215.00	
% Total Insurance and Utilities Compliance Costs		5.34
% Total Operating Expenses Compliance Costs		.55
% Total University Compliance Costs		.04
Total AA/EEO Office	114.00	
% Total Insurance and Utilities Compliance Costs		2.83
% Total Operating Expenses Compliance Costs		.29
% Total University Compliance Costs		.02
Total University Insurance and Utilities Compliance Costs	4,029.00	
% Total Insurance and Utilities Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		10.36
% Total University Compliance Costs		.81

¹Contains central University administration offices minus the AA/EEO Office.

Table 9

Costs Incurred for Office Supplies in AA/EEO Compliance Activities at
Virginia Polytechnic Institute and State University in 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 1,706.00	
% Total Office Supplies Compliance Costs		68.21
% Total Operating Expenses Compliance Costs		4.39
% Total University Compliance Costs		.34
Total Central University Administration ¹	295.00	
% Total Office Supplies Compliance Costs		11.80
% Total Operating Expenses Compliance Costs		.76
% Total University Compliance Costs		.06
Total AA/EEO Office	500.00	
% Total Office Supplies Compliance Costs		20.00
% Total Operating Expenses Compliance Costs		1.29
% Total University Compliance Costs		.10
Total University Office Supplies Compliance Costs	2,501.00	
% Total Office Supplies Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		6.43
% Total University Compliance Costs		.50

¹Contains central University administration offices minus the AA/EEO Office.

colleges and the Equal Opportunity/Affirmative Action Office split this cost 68.97 (\$1,000) and 31.03 (\$450) percents, respectively (see Table 10). No costs were reported at the central administration level. The costs of training supplies and equipment related to personnel development were also gathered, but were reported with the office supplies and equipment sub-categories respectively (see Table 9).

Postage. First Class and Bulk Rate postage costs for regulation induced correspondence, such as vacancy announcements, Race and Sex Identification forms, and notification letters, comprised the costs in this sub-category which totaled \$3,698. Correspondence related to vacancy announcements and contact with applicants accounted for 87.16 percent (\$3,223) of the total compliance related postage costs (see Table 11). Such costs varied among the colleges and were positively correlated with the number of selection procedures and number of applicants.

Telephone. Campus-wide \$2,059 was spent for local, on-campus, and long-distance calls to identify or attract minorities and women during selection processes. Also included were calls to gain clarifications of federal guidelines. Costs for calls to investigate and to attract top candidates were not included unless the individual was sought solely because of race or sex characteristics. Of the University compliance total (\$2,059), 88.73 percent (\$1,827) was incurred by the academic units and was predominantly spent on

Table 10

Costs Incurred for Personnel Development in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 1,000.00	
% Total Personnel Development Compliance Costs		68.97
% Total Operating Expenses Compliance Costs		2.57
% Total University Compliance Costs		.20
Total Central University Administration ¹	0	
% Total Personnel Development Compliance Costs		0
% Total Operating Expenses Compliance Costs		0
% Total University Compliance Costs		0
Total AA/EEO Office	450.00	
% Total Personnel Development Compliance Costs		31.03
% Total Operating Expenses Compliance Costs		1.16
% Total University Compliance Costs		.09
Total University Personnel Development Compliance Costs	1,450.00	
% Total Personnel Development Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		3.73
% Total University Compliance Costs		.29

¹ Contains central University administration offices minus the AA/EEO Office.

Table 11

Costs Incurred for Postage in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 3,223.00	
% Total Postage Compliance Costs		87.16
% Total Operating Expenses Compliance Costs		8.24
% Total University Compliance Costs		.65
Total Central University Administration ¹	45.00	
% Total Postage Compliance Costs		1.22
% Total Operating Expenses Compliance Costs		.12
% Total University Compliance Costs		.01
Total AA/EEO Office	430.00	
% Total Postage Compliance Costs		11.63
% Total Operating Expenses Compliance Costs		1.11
% Total University Compliance Costs		.09
Total University Postage Compliance Costs	3,698.00	
% Total Postage Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		9.47
% Total University Compliance Costs		.74

¹ Contains central University administration offices minus the AA/EEO Office.

recruitment and selection activities (see Table 12). Such costs varied among the colleges and the variation was in part dependent on the degree to which the respective colleges emphasized the attraction of women and minority candidates.

Travel and Related Costs. Costs for travel, lodging, and meals were included where evidence indicated that the expenditure was wholly or in part compliance related. Instances of such costs included recruitment trips to identify and attract women and minority applicants or applicant interviews where the race or sex of the applicant was a consideration in the invitation. Such costs varied among colleges and the variation was in part dependent on the degree to which the respective colleges emphasized the attraction of women and minority candidates. In addition, expenditures related to travel for central administration officials engaged in negotiations with federal agencies, in participating in non-discrimination workshops and conferences, and in identifying sources of minority and women recruits were included. This was the only operating expense subcategory in which the total for central administration and the Equal Opportunity/Affirmative Action Office was greater than the total expended by the eight colleges. Of the University total, \$5,949, 57.98 percent was incurred by the central administration--Equal Opportunity/Affirmative Action combination (see Table 13). The general consensus by deans and department heads was that only the top candidates (1-3) were invited to campus and that these candidates

Table 12

Costs Incurred for Telephone in AA/EEO Compliance Activities at Virginia
Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 1,827.00	
% Total Telephone Compliance Costs		88.73
% Total Operating Expenses Compliance Costs		4.70
% Total University Compliance Costs		.37
Total Central University Administration ¹	10.00	
% Total Telephone Compliance Costs		.49
% Total Operating Expenses Compliance Costs		.03
% Total University Compliance Costs		.01
Total AA/EEO Office	222.00	
% Total Telephone Compliance Costs		10.78
% Total Operating Expenses Compliance Costs		.57
% Total University Compliance Costs		.04
Total University Telephone Compliance Costs	2,059.00	
% Total Telephone Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		5.29
% Total University Compliance Costs		.41

¹ Contains central University administration offices minus the AA/EEO Office.

Table 13

Costs Incurred for Travel in AA/EEO Compliance Activities at Virginia Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 2,500.00	
% Total Travel Compliance Costs		42.02
% Total Operating Expenses Compliance Costs		6.43
% Total University Compliance Costs		.50
Total Central University Administration ¹	2,389.00	
% Total Travel Compliance Costs		40.16
% Total Operating Expenses Compliance Costs		6.14
% Total University Compliance Costs		.48
Total AA/EEO Office	1,060.00	
% Total Travel Compliance Costs		17.82
% Total Operating Expenses Compliance Costs		2.73
% Total University Compliance Costs		.21
Total University Travel Compliance Costs	5,949.00	
% Total Travel Compliance Costs		100.00
% Total Operating Expenses Compliance Costs		15.29
% Total University Compliance Costs		1.20

¹Contains central University administration offices minus the AA/EEO Office.

would have been invited even in the absence of federal legislation. Even with this consensus, \$2,500 was identified as having been spent to either bring women and minority candidates to campus or to send faculty and staff on compliance related trips.

Capital Outlay
Replacement Value

In this category the annual replacement value of the square footage of office, storage, and conference rooms being utilized for compliance related activities was incorporated into the study using a cost-per-square-foot formula. The University total was \$2,690, of which 91.64 percent was utilized by the academic units (see Table 14). Such costs varied among colleges and the variation was positively correlated with the number of selection processes, the number of applicants, and the number of faculty on the selection committees.

It was found that no new facilities were added during the study period, the 1977-78 fiscal year. The next fiscal year, however, the entire Equal Opportunity/Affirmative Action Office was moved into a different facility that more than doubled the original square footage of the office facility of 1977-78.

Special Compliance Efforts
at the College Level

Most of the compliance activity discovered in this research was focused on the completion and submission of reports and on following established institutional procedures for advertising and for documenting fair search and selection processes. In one college the

Table 14

Costs Incurred for Capital Outlay Utilized in AA/EEO Compliance Activities at
Virginia Polytechnic Institute and State University for 1977-78

	Total Costs	Percent of Compliance Costs
Total All Colleges	\$ 2,465.00	
% Total Capital Outlay Compliance Costs		91.64
% Total University Compliance Costs		.50
Total Central University Administration ¹	150.00	
% Total Capital Outlay Compliance Costs		5.58
% Total University Compliance Costs		.03
Total AA/EEO Office	75.00	
% Total Capital Outlay Compliance Costs		2.79
% Total University Compliance Costs		.02
Total University Capital Outlay Compliance Costs	2,290.00	
% Total Capital Outlay Compliance Costs		100.00
% Total University Compliance Costs		.54

¹ Contains central University administration offices minus the AA/EEO Office.

attempts to practice Affirmative Action went beyond the minimal standards established by the University. For the 1977-78 fiscal year in one of the eight colleges it was mandatory policy to actively seek out minority and women candidates, not just applicants. This interpretation of the compliance guidelines motivated (1) support for search teams composed of college faculty to visit predominantly black colleges; (2) support for the organization of a women's support group called the Women's Network; (3) the reopening of searches because qualified blacks or women were not among the final candidates; and, (4) staff, financial, and organizational support for an Affirmative Action Conference held on campus and attended by top ranking federal officials and participants drawn nationally.

METHODS OF VALIDATING COMPLIANCE RELATED PERSONNEL ACTIVITIES

The value of an individual's time contribution to compliance-related activities was the most subjectively based calculation of the three major cost generating variables. Except in the case of certain secretarial tasks to be discussed later, an individual's amount or percent of time was based on personal observation and recollection. Since the study requested information as much as two years old, there was the possibility of inflated or deflated estimates of the actual time. Two precautions were followed in order to compensate for this possibility and to increase the reliability of the data.

The first precaution was to check the information against other sources. Before the actual interview appointment, the person to be interviewed was encouraged (or requested) to invite other knowledgeable individuals to the interview. These additional interview participants were nearly always secretaries, administrative assistants, or faculty who had been involved in the compliance efforts of the unit. This established a system of "checks and balances" for errors in any one individual's recall or estimate. In addition, during the follow-up visit to search college records for specific financial data, information from the initial interview that seemed out of proportion was either checked against the official financial records, the applicant records, or the question was rephrased. Every attempt was made to validate the memory of an individual or group.

The second check allowed the researcher the liberty to subjectively alter an estimate where common sense and experience dictated. This was an infrequent and carefully controlled check. For example, in one department that averaged both a relatively small number of vacancies and small number of applicants per vacancy, that had no extraordinary search efforts, and that had no legal complaints, the department head maintained steadfastly that he expended 20 percent of his time on activities mandated by the federal Affirmative Action/Equal Employment Opportunity guidelines. A survey of the estimates given by five similarly situated department heads revealed a range of estimates of one to three percent. A two percent estimate was

substituted for the original 20 percent estimate. In order to make sure no mitigating circumstances were responsible for the discrepancy, the feasibility of the new researcher-supplied estimate was tactfully discussed with the department head. After having had a week to reflect on his original estimate and after having reviewed the information the researcher supplied, the department head agreed with the two percent estimate and commented that it (the new estimate) was a truer estimate of his time commitment.

The percent of secretarial time devoted to compliance related activities was estimated during pilot interviews and then validated. The validation process involved a comparison of the times given by twenty secretaries as having been expended for similar tasks. Narrow ranges of estimates emerged and an average time was established for each task. These tasks were included on page 155 of the Interview Guide in Appendix B. The average time for each task was displayed in Appendix N.

SUMMARY OF COMPLIANCE COSTS INCURRED AT THE COLLEGE LEVEL

The major compliance costs at the college level were associated with selection processes and accounted for approximately 98 percent of the total amount expended at this level and 93 percent of the University total. These costs were generated by conducting activity analyses and then assessing the values of personnel time, operating supplies and services, and space utilized engaged in the

compliance related portion of each activity. Only the compliance added costs were included in the analysis totals.

As can be seen from the examination of Appendix J, after the compilation of all data, Virginia Polytechnic Institute and State University expended \$497,540 in complying with federal Affirmative Action/Equal Employment Opportunity guidelines as they were applied to the management of instructional faculty. This included \$455,945 for personnel time and compliance related salary increases; \$35,790 for operating supplies and services used in support of these activities; and \$2,690 for the annual replacement value of the capital utilized. This institutional total represented .4 percent of the 1977-78 University Budget, or .91 percent of the 1977-78 Instructional Budget (Virginia Polytechnic Institute and State University, 1977).

EVALUATION OF THE COST ANALYSIS PROCEDURE

The development of the Cost Analysis Procedure was directed toward identifying and measuring compliance costs; keeping the researcher and interviewees goal oriented; and, organizing data from various sources and bookkeeping systems into one common, reliable data bank. In application, and with only a few modifications, the procedure developed met or exceeded these expectations.

The substance of the original procedure was confirmed by the many tests of application. There were modifications made during the first third of the 120 interview sessions in which the Guide was used. These changes represented attempts to elicit the same information while

asking more efficient and relevant questions. Since the final data retrieved were the same, reliability was not adversely affected. The Interview Guide in Appendix B was the result of this adaptation and was utilized for approximately two-thirds of the interviews conducted.

The initial concerns when developing the procedure were how to identify compliance activities, how to assign value to them, and how to assure consistency and reliability. These concerns and the resulting methodology were discussed in Chapter 3. In application the procedure proved highly reliable when the concept of "self-evidence" was used to evaluate reliability. In addition the procedure allowed the tremendous flexibility needed to collect similar data from eight administratively different academic units and three separate central administration offices. The reliability of the results was self-evidenced by the quality, quantity, and type of data collected. Estimates of time and costs were constantly cross-checked and their ranges proved to be narrow and to have infrequent non-random exceptions.

In the American Council on Education study, the two primary investigators launched the study on each of the six campuses, but then left the collection and evaluation of data in the hands of many administrators, clerical employees, and faculty at the respective campuses. Potentially any one of those individuals could have adopted a different definition of relevant activity or different method for evaluating costs. Consistency in data collection was a constant concern in the study sponsored by the American Council on Education.

In comparison, this researcher conducted all interviews and document searches; therefore, consistency in data collection was better assured.

In addition to its improved consistency and reliability this researcher's cost analysis procedure incorporated at least one extremely important cost variable absent in the American Council on Education study. According to Van Alstyne, "we [the ACE researchers] may have greatly underestimated the full costs of equal opportunity programs by failing fully to take account of the costs of faculty time" (Van Alstyne and Coldren, 1976, p. 20). The implications of the omission are tremendous, since an examination of the compliance costs given in Appendix J indicates that the greatest expenditures were for personnel time and 80.89 percent of the total University compliance costs were for the commitment of faculty time consumed in selection procedures.

The data collection procedure was not without its problems, however. By their very nature the interviewing and data collection stages held potential for gathering biased data or for causing negative research environments which in turn could lead to the reporting of biased data. Planning for these possibilities had to progress constantly to assure that the study, partially sponsored by the Office of the Vice President for Finance and loosely associated with the Office of Equal Opportunity and Affirmative Action, be perceived as a compliance evaluation rather than a cost analysis. In those instances where there was some initial suspicion of the

motives and use of the data, very little valuable data could be collected. The researcher, aware of this possibility, was able to establish rapport and build a positive research environment in every attempt but one. One individual refused a personal interview with the researcher, but did consent to allow subordinates to participate in the study. At subsequent interviews it was learned that until the 1978-79 fiscal year this department head had never convened a faculty committee for the purpose of faculty input into new faculty search and screening activities, although an average of three faculty had been hired annually for the five years preceding the study. After learning this it was assumed by the researcher that the department head anticipated a negative motive for the interview or a negative attitude by the interviewer and, therefore, refused to participate. The results of the study would have been useless if this attitude had prevailed among interviewees.

Hours of detailed, meticulous, and routine record searches and calculations were necessary in order to assure accurate and consistent financial data. Any task of this nature has the potential of having recording and mathematical errors. Since the final conclusions were based on this financial data, errors if large and non-random would distort the final conclusions. Therefore, all record searches were done with the assistance of another person, generally the office secretary, and original calculations were rechecked by a doctoral student in mathematics. All financial assumptions as to value and procedure were evaluated before the commencement of the

study by two dissertation advisors experienced in financial management and cost studies. This assured rational assessments and calculations of the values of time, operating supplies and services, and space utilization.

In some instances records of expenditures had never existed or had become lost or difficult to retrieve before the study began. In these instances, cross-checking with other similar situations and extensive document searches were necessitated. Estimating where the financial data could not be justified but where an interviewee believed it to be reasonable was used infrequently and only as a last resort. Therefore, nearly all of the calculations were based on justifiable data. The study was manageable because the investigation had been delimited to only two federally mandated social programs and to only one class of employees. A larger, more comprehensive study with the same reliability, might not be possible by one researcher.

Even with these attempts to justify and cross check financial data, some estimating and some errors were inevitable. These occurred without pattern, randomly, and therefore, were not viewed as a threat to the reliability of the financial data.

As outlined above, the procedure designed for this research proved to be consistent and reliable in its application to identify, measure, and assess compliance costs. There was inherent in the nature of the investigation the potential for problems with reliability, inability to obtain information, unwilling participants, the possibility of non-random errors in data collection and calculations,

and difficulty in obtaining justifiable financial data. The carefully constructed and tested cost analysis procedure, the interviewing skills and tenacity of the researcher, and the invaluable assistance, cooperation, and expertise of the interviewees and research advisors combined to surmount the majority of problems and to produce reliable and consistent data on which to base the summary, conclusions, implications, and recommendations presented in Chapter 5.

Chapter 5

SUMMARY, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

SUMMARY AND CONCLUSIONS

There have been few studies concerned with the analysis of costs incurred in compliance activities associated with federally mandated social legislation at institutions of higher education, and those that have been conducted included recommendations for more intense cost analysis concentrating on particular programs. The major purpose of this study, therefore, was to add to the literature on the institutional costs incurred in compliance with federally mandated Affirmative Action/Equal Employment Opportunity legislation.

The research was conducted on one major research university in a Southern state. The initial task of the research involved the development of a cost analysis procedure to facilitate the identification and the measurement of cost generating variables. The initial process involved in developing and applying the cost analysis procedure required a careful formulation of the cost generating variables. This was accomplished by designing an Interview Guide for a pilot study. Results from the pilot study identified three variables and enabled the design of an Interview Guide that assisted the researcher in the identification of cost generating variables in three categories: personnel, operating expenses, and capital outlay replacement value. The key to identifying and measuring the costs associated

with these categories was in being aware of the compliance efforts of the University and in translating those efforts into measurable activities and costs. These compliance activities--their frequency and duration of occurrence and their utilization of personnel, supplies, services, and space--were collected through the application of the Interview Guide and in subsequent financial and personnel document and record searches. The collection process included three interview phases in which central administration officials, academic administrators and faculty, and their respective office support staffs responded to the questions on the Interview Guide in loosely structured interviews conducted by the researcher. The costs for the resulting activity data were assigned using actual and carefully estimated value amounts as found in university payroll, budget, and requisition records.

Following the data collection, an analysis of the results of the research supported these significant findings:

1. An analysis of the direct and indirect costs incurred in complying with federally mandated social legislation under the rubric Affirmative Action/Equal Employment Opportunity at one major, research university in a southern state during the 1977-78 fiscal year was \$497,540 or .43 percent of the total University budget and .91 percent of the instructional budget.

2. The value of personnel engaged in compliance activities accounted for 91.64 percent of all compliance costs. The utilization of faculty time in compliance activities accounted for 78.4 percent of

the total compliance costs and 85.57 percent of the total personnel costs. Costs incurred in the activities of central administration personnel amounted to 7.64 percent of the total costs and 8.34 percent of the total personnel costs. The time commitment by support staffs amounted to 5.58 percent of the total compliance costs and 6.09 percent of the personnel compliance costs.

3. Officials in the central administration were engaged in federal reporting and policy and decision making. The costs associated with these activities were fixed and tended to fluctuate little among departments or individuals.

4. The predominant compliance activity for academic administrators and faculty was involvement in selection processes. These costs were highly variable among departments and selection processes and costs depended on (a) the type of recruitment; (b) the number of faculty on a search and screening committee; (c) the number of applicants; and (d) the number of annual vacancies. The range of costs for instructional faculty selection processes was \$26.53 to \$3,564.49.

Comparison of Research Findings
With the Results of the
American Council on Education
Cost of Compliance Study

The American Council on Education study assessed the costs of a greater number of federal programs than did this researcher's study; therefore, caution must be exercised in comparing only dollar amounts. The importance in the comparison is that this study tends to support

and validate the conclusion expressed by Bowen (1978), Van Alstyne and Coldren (1976), Corson (1975), Saunders (1975), Bok (1974-75) and Brewster (1975) that federally mandated social legislation is costing higher education institutions upwards to 5 percent of their total annual budgets at a time when funding is becoming tighter and requests from state legislators for expenditure justification and financial accountability are becoming greater. The perspective of the above authors seems all the more important considering all six are professionals in the field of higher education and that three are university presidents--Bok at Harvard, Corson at Cornell, and Brewster at Yale.

During the research period the total cost of implementing federal Affirmative Action/Equal Employment Opportunity legislation at Virginia Polytechnic Institute and State University was \$497,540 (see Appendix J). This figure represents .43 percent of the total University budget or .91 percent of the Instructional Budget for the fiscal year 1977-78. Based on six years of experience and observation, and on the findings of this research, the Equal Opportunity/Affirmative Action Officer of the University projected that compliance efforts associated with all Virginia Polytechnic Institute and State University employees would closely approach \$1.5 million to \$2 million or 1 to 2 percent of the 1977-78 total University budget. This 1 to 2 percent represents two social programs mandated by federal legislation while the compliance costs found by Van Alstyne and Coldren were 1 percent to 4 percent of institutional budgets and

represented the compliance efforts mandated by twelve federally implemented social programs implemented by federal legislation (see Appendix O for a comparison of the legislation investigated in this study and the American Council on Education study).

To roughly approximate a closer comparison of the cost findings of this researcher's study to the results of the American Council on Education study, readily available 1977-78 University budget data associated with the Social Security Act of 1935 and the Employment Security Amendments of 1970 (\$4,609,426), the Occupational Safety and Health Act of 1970 (\$86,343), and retirement and unemployment contributions (amounts included in \$4,609,426) were added to the \$1.5 million, the middle compliance cost figure estimated by the Equal Opportunity/Affirmative Action Officer. The budget data were compiled from 1977-78 computer printouts from the Budget Office of the University. This combined total (\$6,195,769) represents 5.34 percent of the 1977-78 University budget. Since these latter figures represent only the direct costs of the additional federal programs and do not represent indirect costs associated with administering the programs, the amounts given directly above must be considered conservative.

Van Alstyne and Coldren concluded that the greatest compliance costs at the institutions in their study were incurred in complying with the Social Security Act. In this researcher's findings, utilization of personnel time accounted for 92 percent of the compliance costs. If, however, the \$4,609,426 expended for social security taxes

and related regulations and the \$86,343 budgeted for OSHA were included, then personnel would only comprise approximately 7 percent of the costs and the social taxes would account for 71.5 percent of the costs.

Other Compliance Costs

Compliance efforts related to the Rehabilitation Act were not a focus of this study. It was interesting to learn, however, that according to information obtained in an interview with the Affirmative Action/Equal Opportunity Officer \$250,000 was budgeted during 1977-78 for compliance mandated capital modifications. A previous campus study had recommended that the cost of structurally modifying the entire campus in order to comply with the guidelines would cost \$5,000,000 (in 1977 dollars). This additional \$250,000 represented labor and materials for the project but did not represent indirect administrative costs; therefore, the 5.56 percent figure is a conservative estimate. If the \$250,000 were added to the combined total above, the new total (\$6,445,769) would represent 5.56 percent of the 1977-78 budget.

Future Trend of Compliance Costs

No information identified by the cost analysis procedure or observed by the researcher lead to the conclusion that costs related to individual compliance activities would decline. By 1977-78 the compliance procedures had been in practice long enough to have

become operationally efficient, considering their labor intensive nature. Total costs for selection processes at the University could conceivably decline, however, in years where fewer instructional faculty would be hired. There is reason to believe, however, that total institutional compliance costs will increase. One reason for the conclusion is based on the fact that compliance efforts are labor intensive and that personnel is an increasingly valuable resource of management. While the number of faculty positions is a factor of student enrollment, the numbers of administrators, supplies, equipment and services are a factor of greater numbers of administrative responsibilities. Van Alstyne and Coldren arrived at the same conclusion.

According to Van Alstyne and Coldren:

On the basis of this [ACE] study, no decline in these [compliance] costs can be projected. Nor can most institutions expect a leveling-off of mandated costs, unless their current expenditures are exceptionally high, and partly composed of one-time capital costs.

On the contrary, the prospect is that practically all the programs studied will result in still higher costs for academic institutions. Social security taxes are likely to increase unless there are major legislative changes in the program. The cost impact of some programs, such as those in the affirmative action area, has only just begun to be felt

Furthermore, proposals for new legislation and regulations continue to be introduced in rapid succession. But few proposals are acted on to abolish or roll back existing requirements. New programs can be expected to add costs rather than to replace other social program expenditures because

almost all of the expenditures, except special start-up costs and one-time capital costs, persist for the life of each program. Consequently, absorbing the costs of social programs will, in all likelihood, continue to be a substantial--and growing--concern of educational institutions into the foreseeable future. (1976, p. 21)

IMPLICATIONS

Funding the Costs of Compliance

A couple of questions seem important in light of the possibility that instructional funds might be used for non-educational programs. Bowen (1978) stated that 2.5 percent of the increase in costs to higher education were unaccountable. He hypothesized that the cost of complying with federally mandated social legislation might account for a substantial portion of the increase. It seems a plausible hypothesis since such costs are consistent with the classic definition of inflation--the same or less product or service at a greater cost. Institutions forced to absorb compliance costs are in effect paying more in support of education while offering the same academic programs. This also raises the question of how compliance costs impact on educational policy decisions and priorities. Any increase in expenditure had to be offset by an equal increase in revenue. The pieces of federal legislation investigated have no provisions for federal contributions to offset their overhead. Therefore, Virginia Polytechnic Institute and State University had to generate the nearly one-half million dollars discovered by this study as well as the nearly six million dollars described earlier in this

chapter in one of at least three ways. These ways were also suggested in the American Council on Education study (Van Alstyne and Coldren, 1976). Either the institution generated added revenue by increasing tuitions, expanding enrollments, and depleting financial reserves or by increasing budget requests from the state and using the increase to fund these costs. A third way exists, and this way may have generated the most concern among educators (Bowen, 1978). It might have been that some expenditures were cut and some educational priorities rearranged to allow the absorption of compliance costs. If this third alternative is accepted as the method to raise financial support for these federally mandated social programs, then educational priorities will move down the list of institutional priorities--an occurrence, which if true, will have lasting and important influence on the quality of higher education. Most probably some combination of these three methods was utilized but the complexity of funding, budgeting, and accounting at the University does not allow confirmation of the method(s) used. Other than the personnel funds expressly budgeted for the Office of Equal Employment/Affirmative Action--\$12,070 directly associated with the selected instructional faculty compliance activities in 1977-78--the amounts expended for compliance came from a wide range of budgets and budget items across the campus. This made it impossible to ascertain from where the funds originated--from which educational or administrative priority the funds for compliance were taken. Even so, as Van Alstyne and Coldren found, the funds had to be diverted from strictly

educational goals to support these broader social goals (Van Alstyne and Coldren, 1976, p. 20). As evidence of this \$390,076 or 88 percent of the personnel costs found in this study, was generated by faculty members, academic department heads, and academic deans. Stated in terms of overall compliance costs, 80 percent of the annual costs incurred for compliance with the selected federal non-discrimination regulations at Virginia Polytechnic Institute and State University was incurred by diverting academic personnel time to compliance-related activities.

The Impacts of the Costs
of Compliance on Institutional
Planning and Budgeting

Another concern arising from the results of the research is the impact such legislation has on financial planning and budgeting processes. Since compliance with the federal legislation under investigation is mandatory, the financial impact of such legislation was viewed by administrators as adding to the financial instability facing higher education. This opinion was based on two premises. First, higher education had little voice and vote in the type or timing of federal social legislation and that too often it impacted at a time when financing was already a concern. Social Security benefits, shown above to be a significant institutional cost, were increased last year after budget amounts had been established. Many institutions, therefore, were confronted with the task of funding the increase without an additional appropriation to cover the increase.

Such a situation can play havoc on tightly planned institutional budgets.

The second premise is that the non-discrimination compliance costs studied in this research effort were labor intensive and therefore the costs incurred for administrators and clerical employees are highly susceptible to the influences of economic conditions such as inflation. In addition, as discussed in Chapter 4, compliance costs related to selection processes are highly variable and are difficult to incorporate in financial plans. Because of these planning concerns and the belief by many interviewees that the paperwork and compliance activities were a burden, many individuals interviewed held negative views towards compliance activities while agreeing with the goal--equity and equality for all employees and applicants. The methods of compliance, then, held the potential to establish negative attitudes that could conceivably minimize the effectiveness of equal opportunity compliance efforts.

The cost data generated by this researcher hold the potential to alleviate part of the planning problem associated with funding the costs of compliance. In this research it was found that there were 197 instructional faculty appointed in the eight colleges during 1977-78. A sample of these selection processes were investigated and the value of the personnel commitment analyzed using 1977-78 payroll records. The average cost per selection associated with personnel time in the eight colleges was \$2,168.40. In addition to the costs associated with the expenditures of human resources, there were

costs for operating supplies and services and for the utilization of capital facilities. With these additional costs considered, the average cost for a search and selection process was \$2,342.46. The range of costs per selection was from \$26.53 to \$3,564.49. This range was heavily influenced by (1) whether or not the advertisement was a paid commercial vacancy announcement or a free professional service; (2) the number of faculty on the search and screening committee; (3) the number of applicants to review; and (4) the number of instructional faculty vacancies. Where central administration costs had been relatively fixed, compliance costs in the academic units were highly variable. Not only was there variation of costs among colleges, but because the costs are highly dependent on the four conditions stated above, it would follow that such costs would be highly variable among years. This fact could put stress on institutional budget planners to adequately and accurately project finance needs.

While the selection costs were highly variable among colleges, within colleges instructional faculty selection processes followed fairly standardized procedures. Therefore, the average selection process cost for each college could be utilized as a prediction tool in budget planning and would allow for the inclusion of funds to support such costs. Initially colleges would reasonably predict upcoming vacancies. For each predicted vacancy, college officials would then plan for the average selection cost for the college plus

some predetermined inflation factor. The predictive formula would be as follows: (Number of Predicted Vacancies)(Average Selection Cost) = Estimated Total Annual Instructional Faculty Selection Costs.

The ability to estimate instructional faculty selection costs, found to be the most expensive of the compliance activities in this research, would greatly alleviate the uncertainty and instability in budget planning caused by such compliance efforts.

Improved Personnel Administration

Another implication offered here focuses on a possible positive side effect of the mandatory compliance with federal non-discrimination regulations. A personnel administration organization that incorporated policies and practices similar to those in industry was developed at Virginia Polytechnic Institute and State University. According to the opinions of this researcher's professional personnel administrator colleagues, this has been the administrative trend throughout higher education and has led to a more efficient and business-like approach to the management of a critical resource--humans--than had existed before.

The appreciation for this development was evident in interviews for this study. Each interviewee was asked whether he or she would revert to pre-regulation employment practices and each expressed a desire to streamline or cutback the compliance effort, but none would revert to pre-regulation practices. Each recognized and valued

better personnel management practices that were by-products of the mandated guidelines.

Other Implications

As was cautioned early in this report of research, this was not a cost benefit analysis. Nevertheless, the reader should be aware of additional possible implications regarding the impact of these costs. First the assumption that higher education priorities suffer because of compliance costs cannot be readily proven. An alternative assumption might be that a desirable redistribution of the benefits of employment in higher education was effected through the implementation of the federal Affirmative Action/Equal Employment Opportunity regulations. This effect is, after all, the stated objective of such legislation. The general welfare, therefore, may be better served by less employment discrimination against protected classes and consequently less economic inequity and greater social benefits may be spread throughout the American population.

RECOMMENDATIONS

It appears the research methodology has practical utility for federal, state, and institutional financial and policy planners. At the federal level, national cost of compliance data can be useful in determining the requirements of federal guidelines after taking the possible financial impacts into consideration. At state and institutional levels, knowledge of the possible impacts would greatly enhance efforts to analyze and plan for total institutional and

departmental expenditure patterns related to compliance with social legislation. Therefore, the research methodology could prove useful as a social program cost analysis procedure and as a compliance-related expenditure prediction tool. As a result of the application of the methodology, budget planning would be more responsive to the impacts of compliance costs, such as the instructional faculty selection costs studied in this research.

1. In order to provide the national data base on the costs of compliance further research into such costs incurred for federally mandated social programs should be conducted.

a. The methodology should be utilized to conduct cost studies in a representative sample of other types and sizes of institutions of higher education.

b. Compliance cost data should be generated nationally at the sample institutions for each piece of federally mandated social legislation that is believed to impact financially either directly or indirectly on higher education in order to determine the true impacts.

2. The national data for the sample of all types and sizes of higher education institutions and for all federally mandated social legislation that is found to impact on higher education should be analyzed in an effort to provide to federal, state, and institutional financial planners and policy makers the cost impact data necessary for these officials to make better informed decisions concerning the passage and implementation of federally mandated social legislation.

3. Administrative and academic officials who are employed in higher education, who are working to implement the federal guidelines, and who regularly affect budget and financial planning processes should be asked to react to the national cost data in an effort to analyze the usefulness of the data and the importance of the compliance cost impacts.

4. Since many of the compliance cost differences among colleges at the case study University were due to varying interpretations of ways to implement the federal and institutional guidelines, it would seem advantageous for officials at the University (and at all sample universities in the future) to analyze the various compliance procedures and their compliance effectiveness in an effort to identify the greater cost efficient procedures. Flexibility and autonomy could be preserved while identifying and eliminating any of the costlier and less efficient practices that might be found.

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APPENDIX A

Resolution



RESOLUTION

The member institutions of the College Delegate Assembly of the Commission on Colleges of the Southern Association of Colleges and Schools hereby resolve that the following statement be presented to the President of the United States, Members of Congress, and other appropriate Federal Officials.

*December 15, 1976
Atlanta, Georgia*

FOR MORE THAN A DECADE this nation has witnessed an explosion in social legislation that has touched virtually all of our institutions in important and necessary ways. The social conscience of our country has been explicitly and legislatively reminded that individuals, corporations, and institutions of higher learning cannot conduct their affairs without giving equal opportunity to United States citizens regardless of race, creed, sex, or national origin. Specific legislation—such as the Buckley Amendment, Title VII, Title IX, health and safety legislation, ERISA, and eligibility for federal funding—as well as such agencies as the Department of Labor, Department of HEW, IRS, OSHA, VA, EEOC, and OCR have imposed heavy burdens upon our institutions.

Let us make clear at the outset that the institutions ratifying this resolution are strongly and deeply committed to the social goals of fair and equal opportunity and treatment, to health and safety protection for their people, and to fair wage standards. There are, however, a number of problems in the implementation of these goals. These problems relate particularly to compliance with regulations and directives which are published under legislative and executive mandates, regulations which now seem to endanger the very quality of higher education in this country. Attempts to comply with regulations often seriously undermine the achieving of the very goals themselves. At times regulations go beyond the intent of the legislators, a practice which may ultimately lead to the establishment of a de facto ministry of education in this country. In addition, compliance procedures and excessive regulation may well destroy the strength which a diversity of approaches to learning has historically given to our national system of higher education during its past 200 years.

Since before the turn of the century, the Commission on Colleges of the Southern Association of Colleges and Schools has had one overriding goal: to require that its member institutions maintain and improve the quality of the education which they offer. Through the voluntary, private, and independent peer-review process of accreditation, it has sought to continue to achieve this goal. The member and candidate postsecondary degree-granting institutions of this Commission, both public and private, perceive that the quality of higher education in the Commission's eleven member states is being adversely affected in a number of ways, as evidenced by a major study of member institutions. This study is enclosed for your information.

First and foremost, in a number of instances institutions are being treated as if they were guilty of undermining the very goals which they actively endorse. This is contrary to the fundamental tenet of American justice which holds that one is innocent until



proven guilty. The 711 member and candidate institutions of the Commission on Colleges request that the President of the United States, Members of the Cabinet, Members of Congress, and Administrators in the Federal Government recognize the good faith effort of the vast majority of institutions of higher education in America to comply with the laudable social goals of the above programs.

The institutions of this Commission further request that the President of the United States, Members of the Cabinet, Members of Congress, and Administrators in the Federal Government do the following:

- reduce and consolidate the increasing amount and complexity of data which institutions must supply, and employ common data, where possible, for a number of agencies. This action is requested because excessive reporting requirements inhibit or destroy institutional capacity for educational planning. We submit that much of the time and money spent in reporting activities could be better spent in attempting to achieve the social goals we all desire.

- require legislative review of regulations published by agencies, since these regulations operate with the force of law and may go beyond or subvert the actual intent of Congress.

- require a clear interpretation of what institutions are being directed to do, and a consistent interpretation among and within federal agencies of their own regulations.

- recognize the mounting adverse effect upon financial resources of institutions and the excessive demands in time which administrators must take from education to devote to regulations, reporting requirements, and compliance proposals at the expense of the educational quality of the institutions. It is imperative that this load be reduced, that it be imposed only where necessary, and that it be justified by the agency promulgating such regulations and reporting requirements. Means must be explored to alleviate the costs of the above, so that the adverse impact upon the quality of academic programs will be reduced.

- take note of the growing danger of federal intrusion into the independence and into the very curriculum and grading policies of collegiate institutions. It is important to recognize that a de facto ministry of education would destroy a precious educational asset that has survived and strengthened this nation since its inception.

We again pledge our continued support to the goals and ideals underlying what can only be termed a long overdue social revolution. We recognize and are appreciative of the massive federal assistance to our institutions of higher education in this country. We ask that education and government officials work together in a spirit of cooperation to improve the quality of our institutions of higher education in order that they may more effectively serve our society and our nation. ■

APPENDIX B

Interview Guide

Fiscal Year 1977-78
COST OF COMPLIANCE STUDY INTERVIEW GUIDE

Date: _____

Name of
Interviewee: _____

Position: _____

Office: _____

Telephone: _____

Did you hold this position during the 1977-78 fiscal year?

Yes _____

No _____

If no, who held this position during the 1977-78 fiscal year?

Where is this individual now?

Names and positions of others attending the interview:

It will be helpful to the process of identifying costs to know in what ways this office and its staff may have been involved in Affirmative Action/Equal Employment Opportunity compliance activities. This involvement may have occurred in many ways such as completing reports, engaging in written and/or oral communication, participating in selection processes, or working with projects designed to further Affirmative Action/Equal Employment Opportunity related goals. These costs manifest themselves in personnel time and expenditures for travel, personnel development, supplies and equipment.

During the 1977-78 fiscal year did you or any member of this office staff compile data and/or complete personnel data reports that categorized employees by sex, race, age, national origin, or handicap status? This report may have been for direct federal reporting or it may have been for the University Equal Opportunity Office.

Reports completed by this office:

I also need to know who from your office was engaged in the reporting process. Include those utilized in data collection, compilation and analysis, in report writing, and in typing, duplicating, distributing, and filing.

Name	Estimated Time
_____	_____
_____	_____
_____	_____
_____	_____

What was the amount of time involvement for each person? This information may need to be estimated and/or it may need to come from the individuals themselves. Place the number from below under "Estimated Time" across from the individual's name above.

1. Less than 1 hour per month
2. 1 to 3 hours per month
3. More than 3 hours to 5 hours per month
4. More than 5 hours to 7 hours per month
5. More than 7 hours to 9 hours per month
6. More than 9 hours to 11 hours per month
7. More than 11 hours. Give an estimate of the time _____

If it would be easier, the percent of the individual's time may be estimated (keep estimations to the nearest whole percent).

Less than 1%
 1%- 5%
 6%-10%
 11%-15%
 16%-20%
 21%-25%
 Over 25%. Please specify the percent _____

Were copies of the report made?

No
 Yes

Approximately how many copies?

1-10
 11-20
 21-30
 31-40
 41-50
 51-60
 61-70
 71-80
 81-90
 91-100
 More than 100.
 If you know the exact number, enter that number here.

What office was charged for the copies?

This office
 Another office. Please specify _____

Were the copies delivered by

Campus Mail - # _____, and or
 the U.S. Mail Service - # _____.

How were records of the report(s) managed?

They were kept in this office.
 They were kept in another office.
 Please specify _____.

- _____ No extra space or cabinets were needed to maintain the records of the report(s).
- _____ Extra space or cabinets were needed to maintain the records of the report(s). Please specify what was needed.

Space: _____

Cabinets: _____

- _____ Would these reports have been completed and the related costs incurred in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

Were you or any member(s) of the staff engaged in the preparation of letters or memoranda related to Affirmative Action/Equal Employment Opportunity during the 1977-78 fiscal year? This correspondence would have been aside from that generated in order to complete the reports listed above. The letters and/or memoranda may have been initiated to elicit information, supply information, or to explain a policy or its implementation. Please try to identify the correspondence and approximate the number per month.

- _____ 0
- _____ 1- 5
- _____ 6-10
- _____ 11-15
- _____ 16-20
- _____ 21-25
- _____ 26-30
- _____ Over 30. Please specify if possible _____
- _____ If you know the exact number, enter that number here.

Who was engaged in the correspondence process(es)? Include employees involved in information gathering, writing, typing, duplicating, distributing, and filing the correspondence.

Name	Estimated Time
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

What was the time involved for each individual? This information may need to be estimated and/or may need to come from the individuals themselves. Place the number from below under "Estimated Time" across from the individual's name above.

1. Less than 1 hour per month
2. 1 to 3 hours per month
3. More than 3 hours to 5 hours per month
4. More than 5 hours to 7 hours per month
5. More then 7 hours to 9 hours per month
6. More than 9 hours to 11 hours per month
7. More than 11 hours. Give an estimate of the time _____

If it would be easier, the percent of the individuals' time may be estimated (keep estimations to the nearest whole percent).

- _____ Less than 1%
 _____ 1%- 5%
 _____ 6%-10%
 _____ 11%-15%
 _____ 16%-20%
 _____ 21%-25%
 _____ Over 25%. Please specify the percent _____

Were copies of the correspondence made?

- _____ No
 _____ Yes

If yes, approximately how many copies?

- _____ 1-10
 _____ 11-20
 _____ 21-30
 _____ 31-40
 _____ 41-50
 _____ 51-60
 _____ 61-70
 _____ 71-80
 _____ 81-90
 _____ 91-100
 _____ More than 100.
 _____ If you know the exact number, enter that number here.

What office was charged for the copies?

- _____ This office
 _____ Another office. Please specify _____.

Were the copies delivered by

_____ Campus Mail - # _____ and/or
_____ the U.S. Mail Service - # _____

How were records of the correspondence maintained?

_____ They were kept in this office.
_____ They were kept in another office. Please specify _____.

_____ No extra space or cabinets were needed to maintain the records of the report(s).

_____ Extra space or cabinets were needed to maintain the records of the report(s). Please specify what was needed.

Space: _____

Cabinets: _____

Would these letters and memoranda have been completed and their related costs incurred in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
_____ Yes

During the 1977-78 fiscal year were you or any member(s) of the staff engaged in external or internal conferences, workshops, meetings, or telephone conversations where all or part of the time was devoted to Affirmative Action/Equal Employment Opportunity related matters?

_____ No
_____ Yes

If yes, please identify the conferences, workshops or meetings.

Who were the individuals involved in these events? Please include those from your office who participated in the training, preparation, execution, and/or follow-up activities.

Name	Estimated Time
_____	_____
_____	_____
_____	_____
_____	_____

What was the amount of time involvement for each person? This information may need to be estimated and/or it may need to come from the individuals themselves.

1. Less than 1 hour per month
2. 1 to 3 hours per month
3. More than 3 hours to 5 hours per month
4. More than 5 hours to 7 hours per month
5. More than 7 hours to 9 hours per month
6. More than 9 hours to 11 hours per month
7. More than 11 hours. Give an estimate of the time _____.

If it would be easier, the percent of the individuals' time may be estimated (keep estimations to the nearest whole percent).

- _____ Less than 1%
- _____ 1%- 5%
- _____ 6%-10%
- _____ 11%-15%
- _____ 16%-20%
- _____ 21%-25%
- _____ Over 25%. Please specify the percent _____

In connection with these conferences, workshops, and meetings were there expenditures for

- _____ Travel
- _____ Fees (registration, information packets)
- _____ Per Diem

Are there records of these travel and related charges kept in this office?

- _____ Yes
- _____ No

If no, where are the records kept? _____

Where telephone calls were involved, divide them into campus and local or long distance and then estimate their frequency per month. If calls were more frequent during reporting or hiring processes, please indicate these months.

Campus and local calls per month:

0
 1- 5
 6-10
 11-15
 16-20
 Over 20. Please specify _____

Long distance calls per month:

0
 1- 5
 6-10
 11-15
 16-20
 Over 20. Please specify _____

Are the records kept in your office of the telephone charges for the long distance calls?

Yes
 No

If no, where are the records? _____

Would the information sharing activities described above have been undertaken and their related costs incurred in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

No
 Yes

Certain routine actions must be taken in selection processes. There may have been instances, however, in which extra efforts directly related to the Affirmative Action/Equal Employment Opportunity may have occurred. The following are suggestions of these extra efforts. If any of these occurred, it will be important to explain the cost generating details such as who was involved, the amount of time involved, and non-personnel costs incurred.

Were job descriptions and/or qualifications rewritten to conform to Affirmative Action/Equal Employment Opportunity criteria?

_____ No
 _____ Yes

If yes, who was involved and how much of their time was used?

Name	Time (may be given as hours, months or % of individual's annual time)
_____	_____
_____	_____
_____	_____
_____	_____

Would these have been rewritten in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
 _____ Yes

Were specific media and/or recruiting techniques used solely to attract women, minorities or members of other protected classes?

_____ No
 _____ Yes If yes, what was involved?

- _____ Announcements were placed in specific newspapers or journals.
 They were _____ Affirmative Action Register
 _____ Chronicle of Higher Education
 _____ A professional journal
 _____ Other

- _____ How many advertisements were placed during 1977-78?
 _____ What was the average or total cost of those advertisements?
 _____ Would these advertisements have been placed in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

Who chaired the selection committee(s)?

_____ How many members were on the committee?

Were individual(s) from this office or unit used part-time or full-time to recruit and/or identify sources of women, minorities, or members of other protected groups?

_____ No
_____ Yes

The names of those with this responsibility were:

Name	Time
_____	_____
_____	_____
_____	_____

Would these efforts have been undertaken in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
_____ Yes

Was a selection of an individual for a position or a promotion based on their merit and on the need to give equal employment opportunity to a woman, minority, or member of a protected class. This would be a situation in which the sex, age, race, national origin, religion, or handicap status of the person was a deciding factor in the decision to hire, promote or reward the individual?

_____ No
_____ Yes

Who chaired the selection committee(s)?

_____ How many members served on the committee?
_____ Was there any monetary reward involved?
_____ Give the amount.

Would this have been done in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
_____ Yes

Was there retention of an individual or the withholding of personnel sanctions based on the race or sex of the individual:

 No
 Yes

If yes, how many times did this occur during fiscal year 1977-78? _____

 Were there any monetary considerations involved?
 Give the amount.

Would this have been done in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

 No
 Yes

Was a selection process extended or reopened in an attempt to attract a woman or a minority?

 No
 Yes

How many times did extension occur? _____
Was any additional advertising done? _____

 No
 Yes If yes, give approximate or exact costs of advertising.

Were additional selection committee meetings necessary?

 No
 Yes If yes, how many?

What was the average length of each meeting? _____
How many members usually attended? _____

Were there recruitment trips of applicant interviews solely or in part arranged to facilitate the attraction and/or hiring of a minority or a woman?

 No
 Yes If yes, how many? _____

 Give the amount.

Who chaired the selection committee(s)?

How many members served on the committee? _____

Would this have been done in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
_____ Yes

Were candidates, other than those chosen as finalists by the committee strictly on qualifications, given consideration as finalists because of their sex or race?

_____ No
_____ Yes

This consideration should have taken the form of

_____ continued evaluation of the written applications after others with similar credentials had been eliminated.
In how many selection processes did this occur? _____
Approximate the additional meetings or number of hours involved. _____

Who chaired the selection committee(s)?

How many members served on the committee? _____

Would this have been done in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
_____ Yes

Were women or minorities brought onto campus for interviews to evaluate qualifications not readily apparent on the written application?

_____ No
_____ Yes

In how many selection processes did this occur? _____

Were expenses paid by the department?

 No
 Yes

What was the approximate or actual amount? _____

Who chaired the selection committee(s)?

How many members served on the committee? _____

Would this have been done in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

 No
 Yes

Were there other special efforts made that directly reflect an attempt by this office to comply with Affirmative Action/Equal Employment Opportunity guidelines?

 No
 Yes

If yes, please try to estimate the cost generating variables such as personnel related expenditures or expenditures for supplies, services, equipment, furniture, or space. This special effort may have involved training, learning, admissions, or recruitment programs.

Would these have been undertaken in the absence of Affirmative Action/Equal Employment Opportunity guidelines?

 No
 Yes

 How many instructional faculty were hired during 1977-1978?

 What was the average number of applicants per vacancy?

 What was the average number of members including the chairperson, who sat on a search and screening committee during 1977-78?

_____ Do you prepare vacancy announcements?

If yes, where do you distribute them? (Give number beside distribution description.)

_____ on-campus
 _____ off-campus to other universities and professionally related institutions

If off campus, do you predominantly use First Class _____ or Bulk Rate _____ postage?

By what methods were the announcements reproduced

_____ printed in University Print Shop
 _____ mimeographed or Dittoed
 _____ photostatically copied
 _____ retyped by automatic typewriter or printer

Did you use plain _____ or letterhead _____ stationary?

Did you follow the practice of mailing vacancy announcements to your current mailing addresses before Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
 _____ Yes

Did you acknowledge each applicant with a letter?

_____ No
 _____ Yes

If no, please explain your procedure.

If yes, how many pages were generally involved? _____
 Did you use plain _____ or letterhead _____ stationary.

Did you send an acknowledgement letter to each applicant before the Affirmative Action/Equal Employment Opportunity guidelines?

_____ No
 _____ Yes

Did you send each applicant a Race and Sex Identification form?

No
 Yes

If no, how did you obtain the information

If yes, was the form included in with the acknowledgement letter?

No, it was mailed separately.
 Yes,

Was a self-addressed envelope enclosed?

No
 Yes
 Yes, it was also self-stamped.

Did you send race and sex data collection forms to applicants before the Affirmative Action/Equal Employment Opportunity guidelines?

No
 Yes

Was a letter of notification of appointment or non-appointment sent to each applicant at some point in the selection process?

No
 Yes

If no, how were applicants notified? _____

Was a standardized letter prepared for notification of non-appointment?

No
 Yes

Each received an original.

How were these reproduced?

mimeographed or dittoed
 photostatically copied
 retyped by automatic typewriter or printer
 Printed by the University Print Shop

Was a copy of each of the letters of notification of non-appointment retained for office files?

No
 Yes

Were these on plain _____ or letterhead _____ stationary?

Did you send similar letters before Affirmative Action/Equal Employment Opportunity guidelines?

No
 Yes

Were letters of appointment each original drafts?

No
 Yes

Were they on plain _____ or letterhead _____ stationary?

Were copies retained for office files?

No
 Yes

_____ copies of each

Did search and screening committee members circulate the applicants' original files?

No
 Yes

If copies were made of each applicant's file, give the average number of copies of each _____.

Were applicant files placed in individual file folders?

No
 Yes

Manila file folders
 Hanging file folders

Were Position Filled forms submitted to the Equal Opportunity Office after each selection process?

_____ No
_____ Yes

Was a copy of each retained for office files?

_____ No
_____ Yes

Secretarial Time:

Estimate the time involved in each of the following tasks:

- _____ type original letter, one page.
- _____ type original, full page
- _____ type Race and Sex Identification or Position Filled form.
- _____ type envelope
- _____ establish a file
- _____ reproduce, any method, one page.

There are numerous activities related to Affirmative Action/Equal Employment Opportunity in which members of this office or unit may have been involved. Are any of these applicable?

_____ Monitoring development of legislation, regulations, and court decisions

Name	Time
_____	_____
_____	_____

_____ Interpretation of guidelines and formulation of institutional or unit policy.

Name	Time
_____	_____
_____	_____

Other costs _____

_____ Periodic evaluation of Affirmative Action/Equal Employment Opportunity related activities or policies

Name	Time
_____	_____
_____	_____

Other costs _____

_____ Public notification of institutional policy

_____ community meetings
How many? _____

Name	Time
_____	_____
_____	_____

Other costs _____

_____ Announcements in catalogs, newspapers, and other media
approximate number _____, estimate average cost

Did the need to keep accurate records of personnel actions and the requirement to maintain these records for three years alter or add to your recordkeeping practices during the 1977-78 fiscal year?

_____ No
_____ Yes

If yes, in what way was the recordkeeping changed?

_____ Additional time was used. How much? _____

_____ Additional space was needed. How much? _____

_____ Additional cabinets were purchased.
How many? _____ (sq. ft.)

_____ The practice of keeping records for _____ (time) was
changed to keeping the records for _____ (time).

_____ Additional personnel were hired to assist in record-
keeping. The names of those hired for this task were

Name	Hours/Months or % of Time
_____	_____
_____	_____
_____	_____

Because of work related to Affirmative Action/Equal Employment Opportunity guidelines, these additional personnel were hired during the 1977-78 fiscal year. Indicate whether individual was hired full-time, part-time, permanent, or temporary. If part-time or temporary, then give specifics.

Name	AA/EEO Related Position	Employment Status
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Along with these individuals, additional furniture, equipment, supplies and space had to be provided.

<u>Furniture</u>	Number/Amount	Cost	% Utilized for AA/EEO
_____ desk(s)	_____	_____	_____
_____ chair(s)	_____	_____	_____
_____ bookcase(s)	_____	_____	_____
_____ filing cabinet(s)	_____	_____	_____
_____ table(s)	_____	_____	_____
_____ other	_____	_____	_____
 <u>Equipment</u>			
_____ calculator(s)	_____	_____	_____
_____ typewriter(s)	_____	_____	_____
_____ lamp(s)	_____	_____	_____
_____ fan(s)	_____	_____	_____
_____ duplicating machine(s)	_____	_____	_____
_____ other	_____	_____	_____
 <u>Supplies</u>			
_____ paper supplies	_____	_____	_____
_____ desk accessories	_____	_____	_____
_____ others	_____	_____	_____
 <u>Telephones</u>			
_____	_____	_____	_____

<u>Space</u>	<u>Number/Amount</u>	<u>Cost</u>	<u>% Utilized for AA/EEO</u>
_____ new square footage	_____	_____	_____
_____ renovated space--describe	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Describe generally accepted definition of "Good Ol' Boy Network"--
 professional colleagues applicant network. Would you characterize
 your pre-guidelines instructional faculty searches as predominantly,

- _____ "Good Ol' Boy Network" searches
- _____ Advertised national searches
- _____ Advertised regional searches
- _____ In-house selections

Additional Comments:

APPENDIX C

Letter of Introduction



VIRGINIA'S LAND-GRANT UNIVERSITY

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Blacksburg, Virginia 24061

OFFICE OF FINANCIAL PLANNING & ANALYSIS

May 28, 1979

MEMORANDUM

TO:

FROM: L. W. Broomall

SUBJECT: Cost Study of AA/EEO Compliance Files

This office will be conducting an analysis of the costs of complying with federal Affirmative Action/Equal Employment Opportunity guidelines. Our focus will be upon such costs incurred at Virginia Tech during the 1977-78 fiscal year.

Little is known about what compliance costs actually mean in real dollars. Federally mandated social programs such as Social Security are relatively easy to cost since monthly personnel deductions and institutional contributions can be computer tabulated through a central office. Other programs such as Affirmative Action and Equal Employment Opportunity, however, are very difficult to fully and accurately cost because of the vast decentralization of associated activities. Since it is this latter type of program which we intend to study, our awareness of the difficulties of collecting data from all sectors of the University has prompted us to attempt a small but detailed cost study.

As you know, Ms. Anne Cavalier has made an appointment to meet with you or your designated representative. She is a Higher Education Intern who has been assigned to this office since September. The purpose of her appointment with you is to conduct a personal interview. We hope that this interview will provide us with basic information related to compliance activities in your unit(s). If you have pertinent files or other records to which Ms. Cavalier might have access, I would encourage you to afford her the opportunity to collect data from such basic sources. While the study is being conducted for this office, Ms. Cavalier has hopes that the data may form the basis of a dissertation.

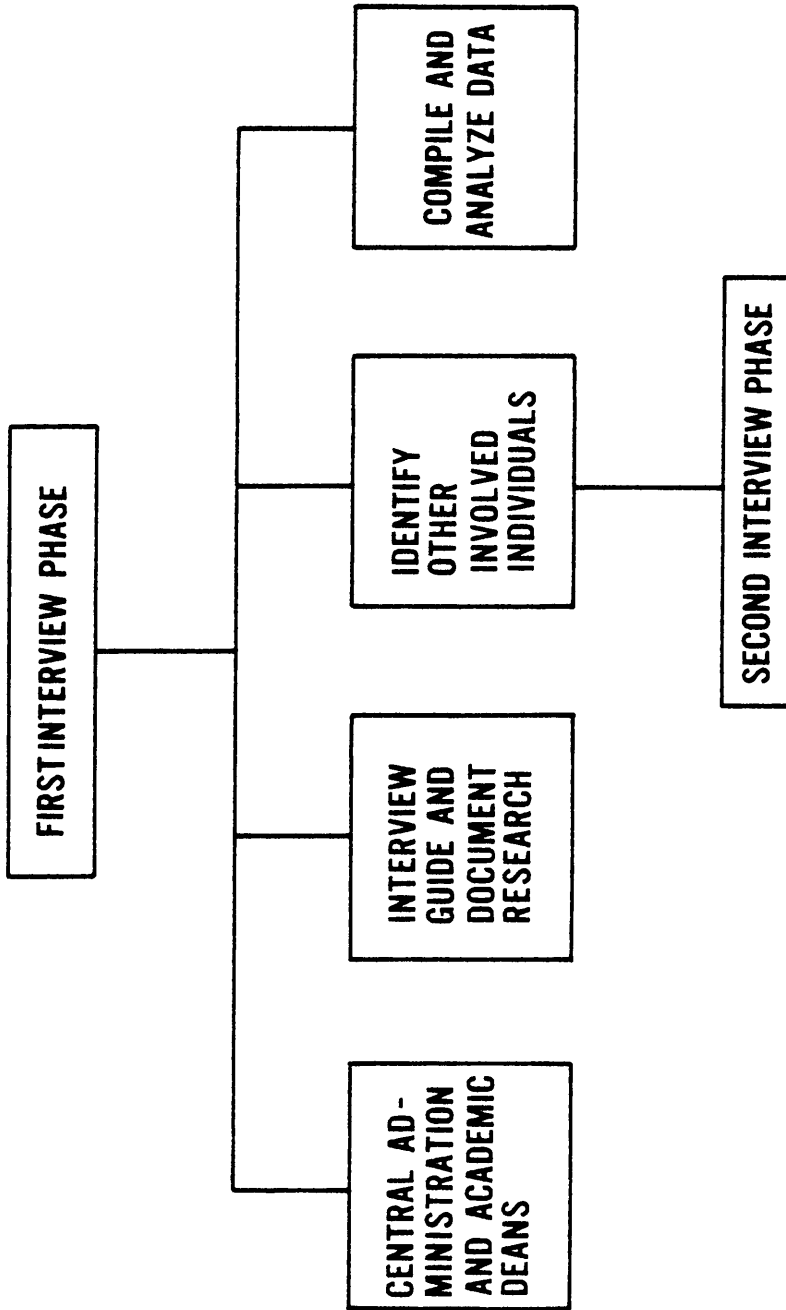
We would emphasize that our intent is to study those costs associated with compliance not the evaluation of these programs. We expect to have results compiled by late summer and will be happy to share them upon request.

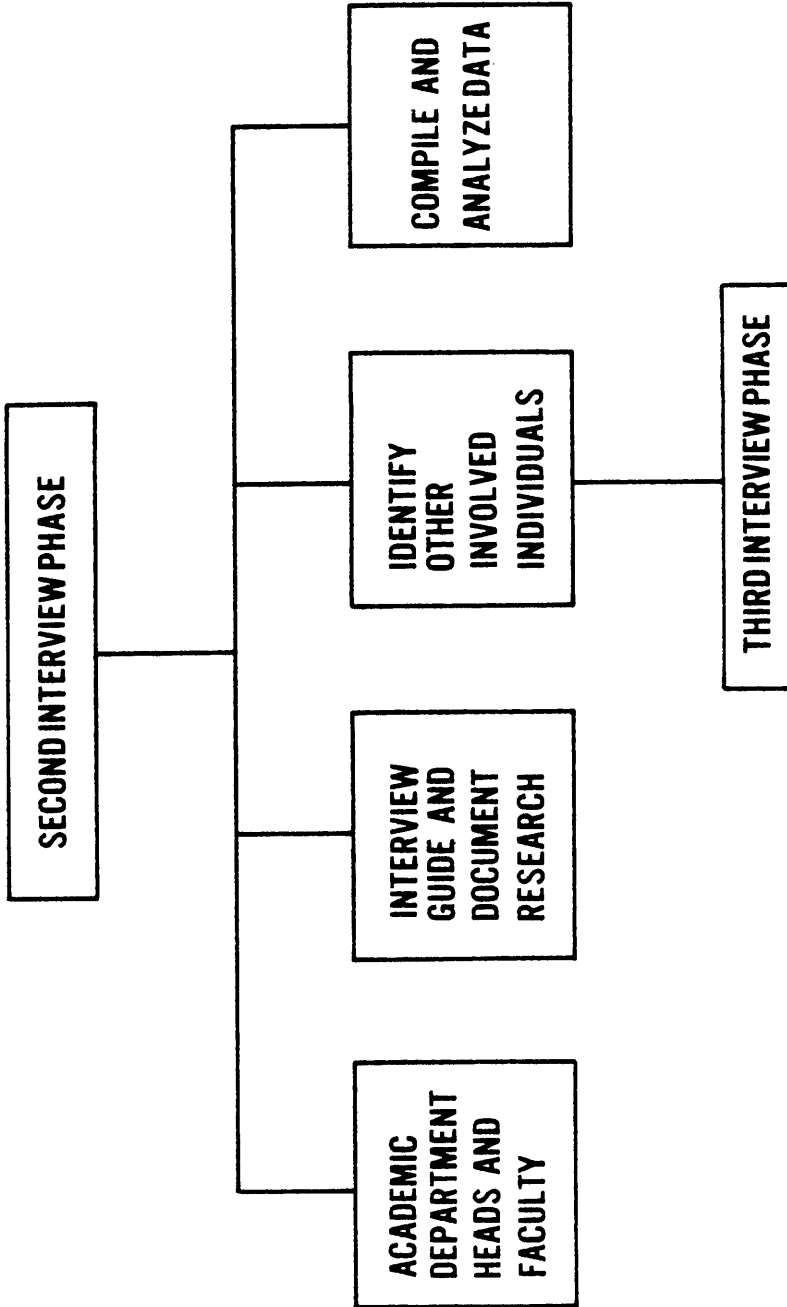
If you should have any questions or concerns regarding the study, please contact me.

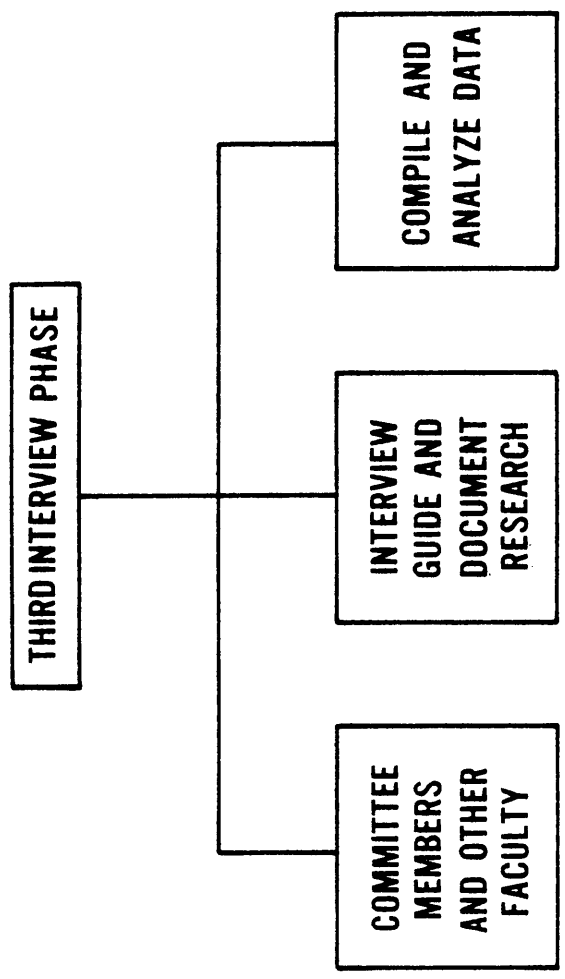
LWB:ssc

APPENDIX D

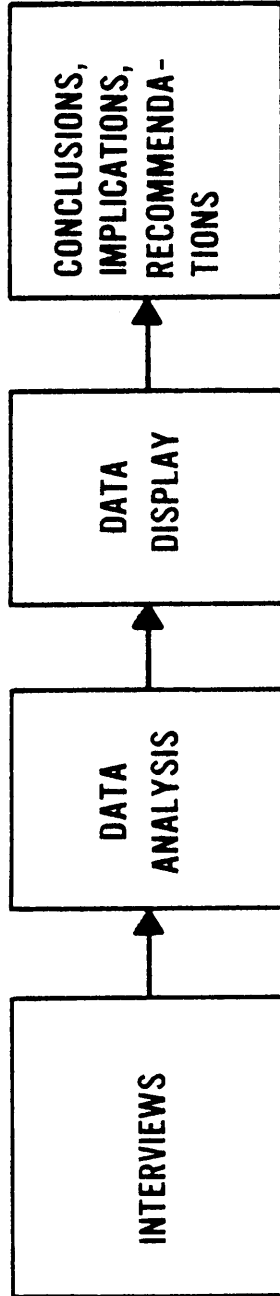
Personal Interview Flow Chart







METHODOLOGY



APPENDIX E

Personnel Costs
Form 1

APPENDIX F

Operating Expenses
Form 2

APPENDIX G

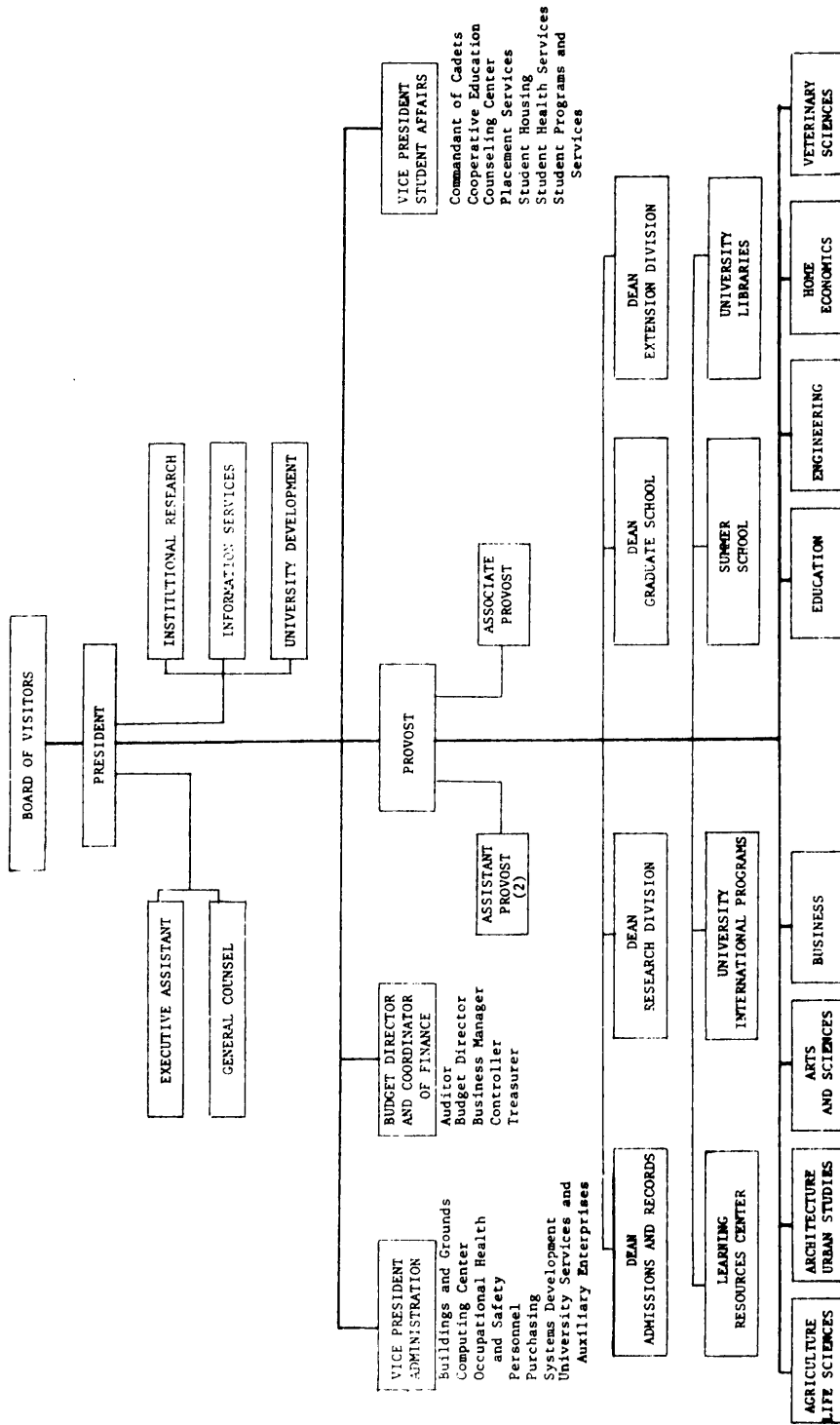
Operating Expenses
Form 3

APPENDIX H

Capital and Operating Expenses
Form 4

APPENDIX I

Case Study Institution Organizational Chart



APPENDIX J

Summary of Costs of Compliance

University Division	Personnel			Operating Expenses										Operating Expenses Total	Capital Outlay Replacement Value Total	University Total	Percent Total University Compliance Costs			
	Faculty ¹	Administration ²	Clerical	Personnel Total	Advertising	Dupl. cating	Equipment	Furnishings	Insurance and Utilities	Office Supplies	Personnel Development	Postage	Telephone					Travel		
																			Personnel Total	Advertising
Academic Colleges	\$390,076	\$12,305	\$24,794	\$427,175	\$11,066	\$3,518	\$1,851	\$1,394	\$3,700	\$1,706	\$1,000	\$3,223	\$1,827	\$2,500	\$31,785	\$2,465	\$461,425	\$461,425	93	
% Column Total	99.88	32.37	89.29	93.69	94.66	88.88	96.41	84.48	91.83	68.21	68.97	87.16	88.73	42.02	81.70	91.64				
Central Adminis.	\$ 85	\$15,360	\$ 1,255	\$ 16,700	\$ 400	\$ 100	\$ 44	\$ 92	\$ 215	\$ 295	-----	\$ 45	\$ 10	\$2,389	\$ 3,590	\$ 150	\$ 20,440		4	
% Column Total	.02	40.41	4.51	3.66	3.42	2.53	2.29	5.58	5.34	11.80	-----	1.22	.49	40.16	9.23	5.58				
AA/EEO Office	-----	\$10,350	\$ 1,720	\$ 12,070	\$ 225	\$ 340	\$ 25	\$ 164	\$ 114	\$ 500	\$ 450	\$ 430	\$ 222	\$1,060	\$ 3,530	\$ 75	\$ 15,675		3	
% Column Total	-----	27.27	6.19	2.64	1.92	8.59	1.30	9.94	2.83	20.	31.03	11.63	10.78	17.82	9.07	2.79				
Central Ad./AA-EEO	\$ 85	\$25,710	\$ 2,975	\$ 28,770	\$ 624	\$ 440	\$ 69	\$ 256	\$ 329	\$ 795	\$ 450	\$ 475	\$ 232	\$3,499	\$ 7,120	\$ 225	\$ 36,115		7	
% Column Total	.02	67.63	10.71	6.31	5.34	11.12	3.59	15.52	8.17	31.79	31.03	12.84	11.27	57.98	18.30	8.36				
University Total	\$390,158	\$38,051	\$27,769	\$455,945	\$11,690	\$3,598	\$1,920	\$1,650	\$4,029	\$2,501	\$1,450	\$3,698	\$2,059	\$5,949	\$38,905	\$2,690	\$497,540	\$497,540		
% of Row Total	78.42	7.64	5.58	91.64	2.35	.72	.39	.33	.81	.50	.29	.74	.41	1.20	7.82	.54			100	

¹ Contains faculty and department heads.

² Contains academic deans.

APPENDIX K

Race-Sex Form

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
FACULTY RACE/SEX IDENTIFICATION FORM

The Department of Health, Education, and Welfare requires all federal contractors to obtain information regarding the sex and racial/ethnic background of all applicants for employment. The information obtained is needed to monitor and evaluate compliance with State and Federal Equal Employment Opportunity laws and to meet the reporting requirements of these laws. Your response to these questions will be greatly appreciated.

THIS INFORMATION IS NOT A PART OF YOUR APPLICATION (THUS NO NAME IS REQUIRED) AND WILL NOT BE USED FOR MAKING EMPLOYMENT DECISIONS.

SEX: () Male
() Female

- Race: () American Indian or Alaskan Native
(Persons having origins in any of the original peoples of North American, and who maintain cultural identification through tribal affiliation or community recognition.)
- () Asian or Pacific Islander
(Persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands. This includes for example, China, Japan, Korea, the Philippine Islands, and American Samoa.)
- () Black
(Persons having origins in any of the black racial groups of Africa, not of Hispanic Origin.)
- () Hispanic
(Persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin regardless of race.)
- () White
(Persons having origins in any of the original peoples of Europe, North Africa, or the Middle East and not of Hispanic Origin.)

PLEASE RETURN COMPLETED FORM TO ADDRESS SHOWN BELOW AS SOON AS POSSIBLE. THANK YOU.

Department Name and Address _____

Position: _____

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

APPENDIX L

Position Filled Form

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

Faculty Position Filled Report

Department/Division _____
 Name of Person Employed _____
 Social Security Number _____
 Type of Position: AY _____ 12 Month _____
 Position Number _____
 Class Code (Personnel Office will complete) _____
 Rank of Person Hired _____
 Race of Person Hired _____
 Sex of Person Hired _____
 Salary _____
 Date of Appointment _____

Number of Qualified Applicants:

	American Indian or Alaskan Native	Asian or Pacific Islander	Black (not of Hispanic Origin)	Hispanic	White (not of Hispanic Origin)	Unknown	Total
Male	_____	_____	_____	_____	_____	_____	_____
Female	_____	_____	_____	_____	_____	_____	_____

Number Interviewed:

	American Indian or Alaskan Native	Asian or Pacific Islander	Black (not of Hispanic Origin)	Hispanic	White (not of Hispanic Origin)	Unknown	Total
Male	_____	_____	_____	_____	_____	_____	_____
Female	_____	_____	_____	_____	_____	_____	_____

How was this position advertised:

- Personal Contact
- Professional Journals
- Other, Please Explain _____

Number of Race/Sex Identification Forms sent/distributed _____

Number of Race/Sex Identification Forms completed and returned _____

This form is to be attached to P-3A for all Original Appointments

Department/Division Head _____ Date _____

APPENDIX M

Interviewees: Number and Title of
Individuals Interviewed

Title	Number
Key Central Administrators	3
Administrative Department Heads	8
Support Staff Members	6
Academic Deans	7
Associate/Assistant Deans	8
Department Heads	38
Assistant Department Heads	17
Faculty	42
Secretaries and Other Clerical Employees	66
Total	195

APPENDIX N

Clerical Estimates of Time

Estimates of Clerical Time

Clerical Task	Average Time Per Task
Duplication (per page)	1/2 minute
Establishment of file	15 minutes
Preparation of envelope	1 minute
Preparation of letter/form standard typewriter	15 minutes
Preparation of letter/form automatic typewriter	5 minutes
Preparation of vacancy announcement/advertisement	5 minutes

APPENDIX O

Comparison of Federally Mandated Social Legislation
Studies by the American Council on Education
and Research at Virginia Polytechnic
Institute and State University

Comparison of Federally Mandated Social Legislation Studied by the American Council on Education
and Research at Virginia Polytechnic Institute and State University

American Council on Education	Virginia Polytechnic Institute and State University
<p>Equal Employment Opportunity Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972</p>	<p>Equal Employment Opportunity Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972</p>
<p>Equal Pay Equal Pay Act of 1963</p>	
<p>Affirmative Action Executive Order 11246, issued in 1965, as amended by Executive Order 11375 to include discrimination on basis of sex, 1967</p>	<p>Affirmative Action Executive Order 11246, issued in 1965, as amended by Executive Order 11375 to include discrimination on basis of sex, 1967</p>
<p>Age Discrimination Employment Act of 1967, as amended</p>	
<p>Wage and Hour Standards Fair Labor Standards Act (FLSA) of 1938, as amended</p>	
<p>Unemployment Compensation Social Security Act of 1935; Employment Security Amendments, 1970</p>	
<p>Social Security Tax Increases Social Security Act of 1935; Employment Security Amendments, 1970</p>	
<p>Health Maintenance Organizations (HMOs) Health Maintenance Organization Act of 1973</p>	
<p>Retirement Benefits Employment Retirement Income Security Act (ERISA) of 1974</p>	
<p>Wage and Salary Controls Economic Stabilization Act of 1970 (Note: Public institutions excluded; nonprofit institutions exempted January 25, 1974.)</p>	

Comparison of Federally Mandated Social Legislation Studied by the American Council on Education
and Research at Virginia Polytechnic Institute and State University (continued)

American Council on Education	Virginia Polytechnic Institute and State University
Occupational Safety and Health Occupational Safety and Health (OSHA) of 1970 Environmental Protection Regulations implemented under several laws by the Environmental Protection Agency	

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ANALYSIS OF COSTS INCURRED IN COMPLIANCE WITH SELECTED FEDERAL
LEGISLATION AT A MAJOR RESEARCH UNIVERSITY

by

D. Anne Cavalier

(ABSTRACT)

There have been few studies concerned with the analysis of costs incurred in compliance activities associated with federally mandated social legislation at institutions of higher education, and those that have been conducted included recommendations for more intense cost analysis concentrating on particular programs. The major purpose of this study, therefore, was to add to the literature on the institutional costs incurred in compliance with federally mandated Affirmative Action/Equal Employment Opportunity legislation.

The research was conducted on one major research university in a Southern state. The initial task of the research involved the development of a cost analysis procedure to facilitate the identification and the measurement of cost generating variables. The initial process involved in developing and applying the cost analysis procedure required a careful formulation of the cost generating variables. This was accomplished by designing an Interview Guide for a pilot study. Results from the pilot study identified three variables and enabled the design of an Interview Guide that assisted the researcher in the identification of cost generating variables in the three

categories: personnel, operating expenses, and capital outlay replacement value. The key to identifying and measuring the costs associated with these categories was in being aware of the compliance efforts of the university and in translating those efforts into measureable activities and costs. These compliance activities--their frequency and duration of occurrence and their utilization of personnel, supplies, services, and space--were collected through the application of the Interview Guide and in subsequent document and record searches. The collection process included three interview phases in which central administration officials, academic administrators and faculty, and their respective office support staffs responded to the questions on the Interview Guide in loosely structured interviews conducted by the researcher. The costs for the resulting activity data were assigned using actual and carefully estimated value amounts as found in university payroll, budget, and requisition records.

Following a discussion of the data collection, the research turned to noting the significant findings of the research:

An analysis of the direct and indirect costs incurred in complying with federally mandated social legislation under the rubric Affirmative Action/Equal Employment Opportunity at one major, research university in a southern state during the 1977-78 fiscal year was \$497,540 or .43 percent of the total University budget or .91 percent of the instructional budget.

The value of personnel engaged in compliance activities accounted for 91.64 percent of all compliance costs. The utilization of faculty time in compliance activities accounted for 78.4 percent of the total compliance costs and 85.57 percent of the total personnel costs. Costs incurred in the activities of central administrators amounted to 7.64 percent of the total costs or 8.34 percent of the total personnel costs. The time commitment

by support staffs amounted to 5.58 percent of the total costs or 6.09 percent of the personnel costs.

Officials in the central administration were engaged in federal reporting and policy and decision making. The costs associated with these activities were fixed and tended to fluctuate little among departments or individuals.

The predominant compliance activity for academic administrators and faculty was involvement in selection processes. These costs were highly variable among departments and selection processes and costs depended on (1) the type of recruitment; (2) the number of faculty on a search and screening committee; (3) the number of applicants; and (4) the number of annual vacancies. The range of costs for instructional faculty selection processes was \$26.53 to \$3,564.49.

Two major questions for future studies were revealed by the research and the implications of the results.

1. For all types and sizes of institutions of higher education what are the costs nationally for compliance with all federally mandated social programs?

2. What are the impacts to state and institutional financial planning and educational programming resulting from institutions absorbing the costs of compliance?