

EXECUTIVE SUMMARY

The University of South Carolina's budget process is a comprehensive planning effort representative of the vision of the University to provide research, teaching, and service for the citizens of the State of South Carolina. The process involves participation beginning at the department level and reaching out to all campuses as we develop budgets which will reflect the investments identified to significantly enhance our academic reputation, benefit our students and contribute to the economic and societal health of our state.

USC COLUMBIA

State Appropriations All higher education institutions in South Carolina experienced mid-year reductions throughout FY2009. For the Columbia campus and the School of Medicine, total reductions in the fiscal year were \$40,520,307. The campuses began the FY2009 fiscal year with a cut of \$4,916,033 bringing total reductions since 2008 to \$45,436,340. To begin the FY2010 fiscal year, base appropriations will remain at the current funding level. The School of Medicine will receive a permanent transfer from DHHS totaling \$800,000 for the Child Abuse and Neglect program. The School of Medicine will also receive non-recurring funding of \$1.8M for the rural health clinics.

Federal Stimulus funding, part of the State Fiscal Stabilization Fund Program in the American Recovery and Reinvestment Act (A.R.R.A), if available, is expected to be \$23,945,887 for USC Columbia and the School of Medicine. These are non-recurring funds available for a period of two years.

Pay Package For FY2010, there is no state pay package. There is no increase in employer contributions for health insurance as of January 1, 2010. A minimal increase in the South Carolina Retirement System employer contribution is expected for retiree health insurance, but there is no increase to the regular rate. The impact of the minimum wage increase in July is minimal. There is no additional state funding for any personnel items.

Tuition and Fee Increase
 Full-Time Resident Undergraduate: Tuition and Fees increase of \$159 per semester
 Full-Time Resident Graduate: Tuition and Fees increase of \$176 per semester
 Full-Time Resident Medical Student: Tuition and Fees increase of \$1,226 per semester
 Full-Time Resident Law Student: Tuition and Fees increase of \$593 per semester

Budget Priorities The student tuition and fee increases allow USC to fully fund the required increases in utilities, provide inflationary funding for library materials, and cover the increased cost of disposal of hazardous materials. Funds totaling \$1,250,000 will support the sixth year of the Faculty Excellence Initiative. The allocation is reduced from prior years due to the extraordinary budget pressures faced for FY2009 and FY2010. Tuition funds will also address strategic priorities including an increase to the undergraduate student fee waivers, support for the fourth year of the facilities funding plan, operating support for Finance, Legal and the Board of Trustees offices and additional support for Student Affairs programs including federal direct lending, international student compliance and advising. The increased student activities fee of \$4 per semester will provide funding for operating costs.

Impact of Enrollment The Fall 2009 freshman class is projected to be in the 4000 student range, a slight increase over the prior year's class. Total headcount undergraduate enrollment in Fall 2008 was 19,765, a five percent increase over the prior year. Total Columbia and School of Medicine headcount enrollment was 27,488. Transfer students accepted for the Spring 2010 term may impact total enrollment and tuition and fee numbers.

Total Projected Change in USC Columbia "A" Funds Operating Budget (Does not include the School of Medicine)

USC Columbia Operating Budget	Approved FY09 Budget - July 1, 2008	Projected FY09 Actual June 30, 2009	Proposed FY10 Budget July 1, 2009*	Percent Change FY2009 to FY2010
Resources	\$ 525,936,208	\$ 512,575,329	\$ 520,882,182	-2.54%
Expenditures	\$ 471,375,108	\$ 432,575,329	\$ 440,882,182	-6.50%

NOTE: "A" Fund carryforward not budgeted until August 2009, amount not included in FY10 Expenditure Budget

USC SENIOR AND REGIONAL CAMPUSES

State Appropriations Each campus experienced mid-year reductions throughout FY2009. Total reductions in the fiscal year were \$8,484,797. The campuses began the FY2009 fiscal year with a cut of \$1,516,356 bringing total reductions since 2008 to \$10,001,153. To begin the FY2010 fiscal year, base appropriations will remain at the current funding level. All seven campuses will continue to receive funding for technology from the South Carolina Education Lottery although the total available is contingent on increased unclaimed prizes. Expected Federal Stimulus Funding for the system campuses totals \$5,291,274.

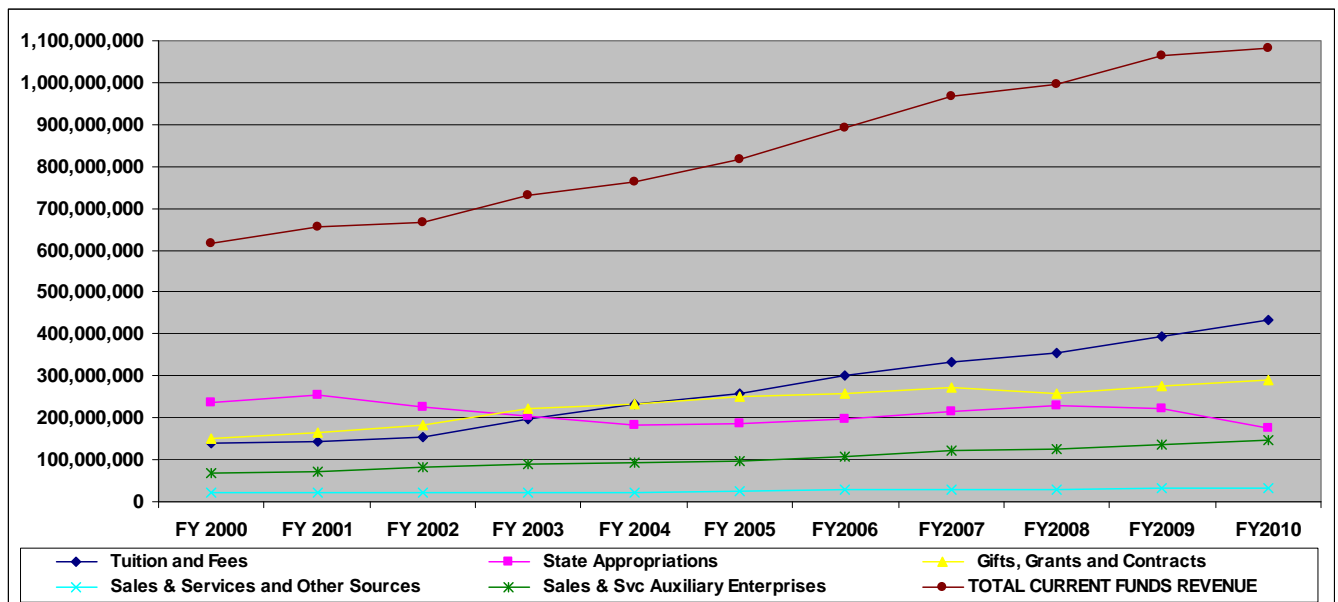
Tuition and Fee Increase

	Proposed Full-Time Resident Undergraduate Tuition and Required Fees per Semester	Dollar Increase (per semester) FY2009 to FY2010
USC Aiken	\$3,950	\$ 184
USC Beaufort	\$3,625	\$ 125
USC Upstate	\$4,321	\$ 150
USC Regional Campuses		
-under 75 Hours	\$2,764	\$ 132
-75 or more credit hours	\$4,046	\$ 220

USC SYSTEM

The USC Columbia total current funds budget comprises 75.4% of the total USC system budget. In FY 2010 for the Columbia campus, tuition and fees account for 40.6% of the total budget with state appropriations providing 15.1% of funds. Unadjusted for inflation, base state funding is now at the 1994 level. Just ten years ago, in the FY2001 year, tuition and fees were 22.4% of the budget and state appropriations were 37.2% of current funds. For the USC system, the total budget has increased 28% in the last five years with a reduction in state appropriations of more than \$20M in unadjusted dollars. The percentage increases in tuition and fees and gifts, grants and contracts are more than 30%.

The "A" Funds Operating Budgets for the system campus total \$583,530,843, 54% of the total current funds budget. These are the funds used to operate the campuses and exclude auxiliaries, grants and other non-operating funds.



University of South Carolina System

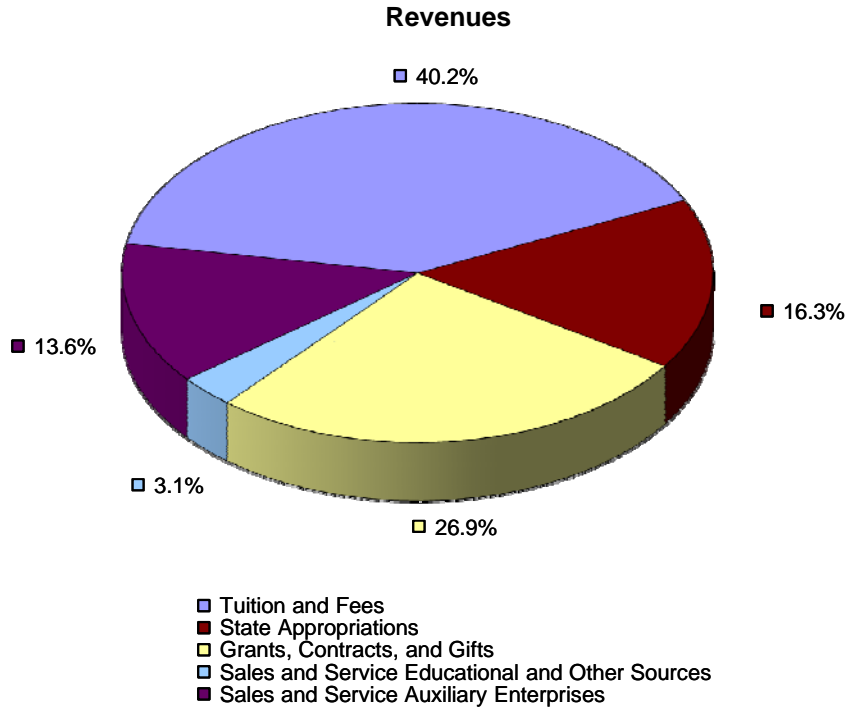
Proposed Budget FY 2009-2010 Revenues

Unrestricted Funds	
E & G	\$ 671,183,565
Auxiliaries	\$ 146,449,267
Unrestricted Total	\$ 817,632,832
Restricted Funds	
E & G	\$ 263,047,851
Auxiliaries	\$ -
Restricted Total	\$ 263,047,851
TOTAL SOURCES	\$ 1,080,680,683

Proposed Budget FY 2009-2010 Expenditures

Unrestricted Funds	
E & G	\$ 707,530,759
Auxiliaries	\$ 101,660,169
Unrestricted Total	\$ 809,190,928
Restricted Funds	
E & G	\$ 263,047,851
Auxiliaries	\$ -
Restricted Total	263,047,851
TOTAL USES	\$ 1,072,238,779

Proposed Budget FY 2009-2010 Total Current Funds



Fall 2008 Headcount Enrollment

Includes undergraduate, graduate and professional students

USC Columbia	27,488
USC Aiken	3,232
USC Beaufort	1,502
USC Upstate	5,063
USC Lancaster	1,666
USC Salkehatchie	965
USC Sumter	1,235
USC Union	367
TOTAL	41,518

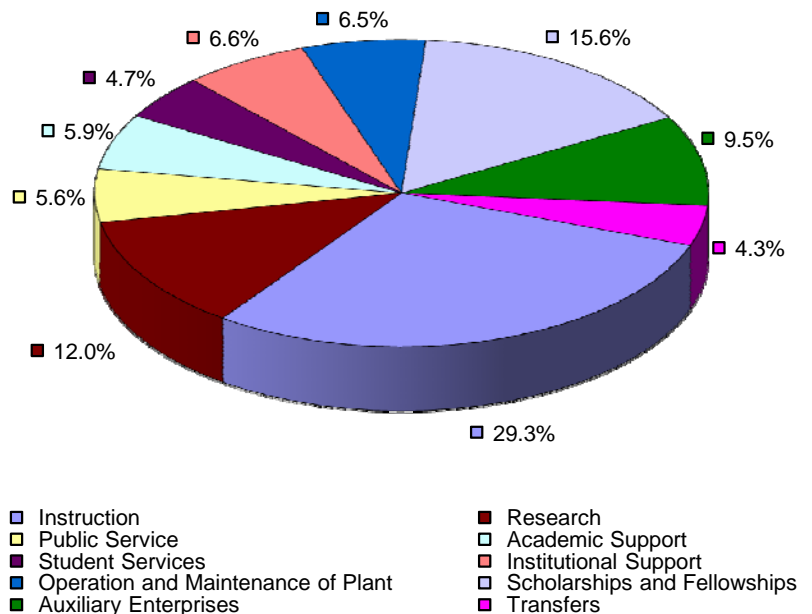
FTE Positions - October 2008

Classified (authorized)	3,690.50
Unclassified (authorized)	2,491.73
TOTAL	6,182.23

Faculty Data:

Number of FTE Faculty	2,745
Number of Full Time Faculty	2,142
Number of Part Time Faculty	962
Number of Tenured Faculty	1,439
Tenure Ratio (%) Full Time	67%

Expenditures



USC System - "A" Fund State Appropriations Estimated Change for FY 2010		APPROPRIATIONS ACT	
		APPROPRIATIONS BILL	SUPPLEMENTAL & STIMULUS (NON RECURRING)
USC Columbia			
	Base Budget Cut	0	0
	Stimulus Funding	0	20,072,381
School of Medicine			
	Base Budget Cut	0	0
	Child Abuse and Neglect Program - Transfer from DHHS	800,000	0
	Rural Medical Clinics - Transfer from DHEC Carryforward	0	3,000,000
	Stimulus Funding	0	3,873,506
USC Aiken			
	Base Budget Cut	0	0
	Stimulus Funding	0	1,469,806
USC Beaufort			
	Base Budget Cut	0	0
	Stimulus Funding	0	481,777
USC Upstate			
	Base Budget Cut	0	0
	Stimulus Funding	0	1,959,567
USC Lancaster			
	Base Budget Cut	0	0
	Stimulus Funding	0	356,295
USC Salkehatchie			
	Base Budget Cut	0	0
	Stimulus Funding	0	310,271
USC Sumter			
	Base Budget Cut	0	0
	Stimulus Funding	0	575,463
USC Union			
	Base Budget Cut	0	0
	Stimulus Funding	0	138,095
TOTAL CHANGE IN STATE FUNDS		800,000	32,237,161

TOTAL 33,037,161

Base Budget Cut	0
SOM - Recurring	800,000
SOM - Non-Recurring	3,000,000
Total - Non-Recurring Stimulus	<u>29,237,161</u>
Total	33,037,161

Note: No pay package or health insurance increase allocated in the Appropriations Act. There is no planned or funded increase in the employer contribution to the South Carolina Retirement system for retiree COLAs.

Federal Stimulus funding is not included in the annual operating budget for any USC Campus. Requests for stimulus funding will be solicited from the Columbia campus units and system campuses following adoption of the annual operating budget. The expectation and guidance is that stimulus funds be used for special non-recurring initiatives that address strategic priorities under Focus Carolina. Many of the details and possible restrictions are not yet known, but the University will comply with the intent of the stimulus funding law and report as required to the state and federal government. The President and University Administration will review and approve stimulus funding requests and provide periodic summaries of stimulus funding to the Board of Trustees.

USC System State Appropriations Reductions - FY2009

BASE BUDGET CUT

	Base State Funds 2007/2008	Base Cut FY2009	Base Cut FY2009	Base State Funds 2008/2009
Columbia	160,807,695	(4,301,711)	-2.68%	156,505,984
School of Medicine	22,964,744	(614,322)	-2.68%	22,350,422
Columbia & SOM TOTAL	183,772,439	(4,916,033)	-2.68%	178,856,406
Aiken	11,196,080	(357,141)	-3.19%	10,838,939
Beaufort	2,875,328	(317,489)	-11.04%	2,557,839
Upstate	14,658,165	(539,609)	-3.68%	14,118,556
Lancaster	2,770,893	(79,392)	-2.87%	2,691,501
Salkehatchie	2,375,512	(70,319)	-2.96%	2,305,193
Sumter	4,408,690	(126,654)	-2.87%	4,282,036
Union	1,070,688	(25,752)	-2.41%	1,044,936
USC System TOTAL	223,127,795	(6,432,389)	-2.88%	216,695,406

SEPTEMBER BUDGET CUT

	Base State Funds 2008/2009	Pay Package FY2009	Revised FY2008/2009 Base	September 3% Cut FY2009	September 3% Cut FY2009	ADJUSTED -a FY2008/2009
Columbia	156,505,984	1,512,990	158,018,974	(5,053,571)	-3.20%	152,965,403
School of Medicine	22,350,422	196,610	22,547,032	(363,409)	-1.61%	22,183,623
Columbia & SOM TOTAL	178,856,406	1,709,600	180,566,006	(5,416,980)	-3.00%	175,149,026
Aiken	10,838,939	107,018	10,945,957	(328,379)	-3.00%	10,617,578
Beaufort	2,557,839	21,622	2,579,461	(77,384)	-3.00%	2,502,077
Upstate	14,118,556	136,312	14,254,868	(427,646)	-3.00%	13,827,222
Lancaster	2,691,501	25,817	2,717,318	(81,520)	-3.00%	2,635,798
Salkehatchie	2,305,193	20,655	2,325,848	(69,775)	-3.00%	2,256,073
Sumter	4,282,036	42,440	4,324,476	(129,734)	-3.00%	4,194,742
Union	1,044,936	10,130	1,055,066	(31,652)	-3.00%	1,023,414
USC System TOTAL	216,695,406	2,073,594	218,769,000	(6,563,070)	-3.00%	212,205,930

OCTOBER BUDGET CUT

	ADJUSTED -a FY2008/2009	October Cut FY2009	October Cut FY2009	ADJUSTED -b FY2008/2009
Columbia	152,965,403	(18,492,954)	-12.09%	134,472,449
School of Medicine	22,183,623	(2,996,099)	-13.51%	19,187,524
Columbia & SOM TOTAL	175,149,026	(21,489,053)	-12.27%	153,659,973
Aiken	10,617,578	(1,276,128)	-12.02%	9,341,450
Beaufort	2,502,077	(294,470)	-11.77%	2,207,607
Upstate	13,827,222	(1,661,895)	-12.02%	12,165,327
Lancaster	2,635,798	(310,207)	-11.77%	2,325,591
Salkehatchie	2,256,073	(271,158)	-12.02%	1,984,915
Sumter	4,194,742	(510,288)	-12.16%	3,684,454
Union	1,023,414	(125,563)	-12.27%	897,851
USC System TOTAL	212,205,930	(25,938,762)	-12.22%	186,267,168

SUM OF H5300 CUT

	TOTAL REDUCTIONS IN H. 5300	PERCENTAGE FY09 ONLY
Columbia	(23,546,525)	-14.90%
School of Medicine	(3,359,508)	-14.90%
Columbia & SOM TOTAL	(26,906,033)	-14.90%
Aiken	(1,604,507)	-14.66%
Beaufort	(371,854)	-14.42%
Upstate	(2,089,541)	-14.66%
Lancaster	(391,727)	-14.42%
Salkehatchie	(340,933)	-14.66%
Sumter	(640,022)	-14.80%
Union	(157,215)	-14.90%
USC System TOTAL	(32,501,832)	-14.86%

DECEMBER BUDGET CUT

	ADJUSTED -b FY2008/2009	December Cut 7%	ADJUSTED -c FY2008/2009
Columbia	134,472,449	(9,413,071)	125,059,378
School of Medicine	19,187,524	(1,343,127)	17,844,397
Columbia & SOM TOTAL	153,659,973	(10,756,198)	142,903,775
Aiken	9,341,450	(653,902)	8,687,548
Beaufort	2,207,607	(154,532)	2,053,075
Upstate	12,165,327	(851,573)	11,313,754
Lancaster	2,325,591	(162,791)	2,162,800
Salkehatchie	1,984,915	(138,944)	1,845,971
Sumter	3,684,454	(257,912)	3,426,542
Union	897,851	(62,850)	835,001
USC System TOTAL	186,267,168	(13,038,702)	173,228,466

MARCH BUDGET CUT

	ADJUSTED -c FY2008/2009	March Cut 2%	ADJUSTED -d FY2008/2009
Columbia	125,059,378	(2,501,188)	122,558,190
School of Medicine	17,844,397	(356,888)	17,487,509
Columbia & SOM TOTAL	142,903,775	(2,858,076)	140,045,699
Aiken	8,687,548	(173,751)	8,513,797
Beaufort	2,053,075	(41,062)	2,012,013
Upstate	11,313,754	(226,275)	11,087,479
Lancaster	2,162,800	(43,256)	2,119,544
Salkehatchie	1,845,971	(36,919)	1,809,052
Sumter	3,426,542	(68,531)	3,358,011
Union	835,001	(16,700)	818,301
USC System TOTAL	173,228,466	(3,464,570)	169,763,896

FY2009 TOTAL CUTS

	TOTAL REDUCTIONS FY2009 ONLY	PERCENTAGE REDUCTION
Columbia	(35,460,784)	-22.44%
School of Medicine	(5,059,523)	-22.44%
Columbia & SOM TOTAL	(40,520,307)	-22.44%
Aiken	(2,432,160)	-22.22%
Beaufort	(567,448)	-22.00%
Upstate	(3,167,389)	-22.22%
Lancaster	(597,774)	-22.00%
Salkehatchie	(516,796)	-22.22%
Sumter	(966,465)	-22.35%
Union	(236,765)	-22.44%
USC System TOTAL	(49,005,104)	-22.40%

TOTAL CUTS SINCE FY2008

	TOTAL REDUCTIONS SINCE FY2008	PERCENTAGE REDUCTION
Columbia	(39,762,495)	-24.73%
School of Medicine	(5,673,845)	-24.71%
Columbia & SOM TOTAL	(45,436,340)	-24.72%
Aiken	(2,789,301)	-24.91%
Beaufort	(884,937)	-30.78%
Upstate	(3,706,998)	-25.29%
Lancaster	(677,166)	-24.44%
Salkehatchie	(587,115)	-24.72%
Sumter	(1,093,119)	-24.79%
Union	(262,517)	-24.52%
USC System TOTAL	(55,437,493)	-24.85%