I. Executive Summary

The mission of the University of South Carolina Budget Office is to:

- Prepare the annual budget document for consideration by the Board of Trustees that reflects the mission and vision of the University;
- Assist business officers and administrative heads of colleges, campuses, and other University units in executing the Board-approved budget and in maximizing their use of limited resources to meet the University’s mission of providing high quality instruction, research, and public service to the University customers;
- Prepare and submit the University's state budget requests to appropriate agencies and assist legislative contacts in justifying the requests;
- Assist executive University staff and other Division of Business and Finance staff in ensuring that the University maintains a sound financial status and operates within the budget limitations as established by the General Assembly and the Board of Trustees.

II. Annual Report

Assessment Procedure: The Budget Office is a service unit whose primary mission is service to other University offices. The office directs all of its efforts toward assisting academic and other administrative units in accomplishing their respective core missions in the areas of instruction, research, and public service.

Two questions must be addressed to determine the success of the Budget Office in accomplishing its missions:

1. Does the budget document submitted to the Board of Trustees reflect the mission and vision of the University?
2. Did the colleges, departments, and campuses receive the assistance required to assist them in preparing and executing their budgets and in maximizing their budget dollars?
3. Did the University satisfy all requests for financial information from other state agencies and other external bodies during the year?
4. Did the University maintain a sound financial status during the year?

In assessing the first question, the Budget Offices uses feedback received from the periodic meetings it conducts with business officers from USC Columbia units and separate meetings with campus business officers. During each year the Office coordinates three separate meetings with each of these groups. Based on feedback from these meetings and daily contacts, it appears that the Budget Office is providing a high level of customer service and technical assistance to
the business officers and administrative heads of University units. With relatively new staff in all three staff positions, the Office has experienced a learning curve over the past two years. However, the level of assistance has improved greatly during FY 1999-2000, based on feedback from customers.

Implementation of a customer service survey for selected Business and Finance units would provide valuable feedback on the success of the Division's operations, in the area of budget management and other service areas. Such a survey could be implemented for only financial areas or all areas of Business and Finance.

In regard to the second question, the University continues to maintain a sound financial footing. Although the year-end financial statements for the fiscal year will substantiate this sound condition, mid-year budget reviews indicate that the University again will finish the year within its budget and with strong fund balances.

Progress on FY 1999-2000 Goals:

1. Develop linkage between capital and operating budgets.
   Actual Assessment: The Budget Office now prices out all new capital requests to ensure that decision-makers have good information on the financial impact of new construction. During the FY 1999-2000 budget process, the Budget Office assisted the Vice President for Business and Finance to identify clearly to the President and the Board of Trustees the facility-related costs for the budget year and for future years.

2. Improve the presentation of University operating budgets to make the information more user-friendly to the Board of Trustees and the public. Develop improved methods and formats for communicating facts and issues about USC's budget to all users of this information including use of the Internet.
   Actual Assessment: The University budget document presented to the Board of Trustees included improved explanations, graphics, and overall clarity. In addition, the FY 1999-2000 budget document included performance measures for the first time to enable Board members to examine dollars and key performance measures at the same time. The Budget Office continued the "fact card" on University finances, presented earlier in the fiscal year than the two previous editions of the card. In addition, the Office has designed a web page that will be in place by the end of the third quarter of FY 1999-2000.

3. Continue development of a budget manual that describes University budget functions and procedures.
   Actual Assessment: The Office has completed over twenty budget manual sections to explain the operation of the office and University budget procedures. These sections will be posted on the new Budget Office web site following full review of the draft documents.

4. Improve management and oversight of University “S” (scholarship) and “E” (sales and service) funds.
   Actual Assessment: A Budget Office staff person devotes one-half of his time to these two important funding areas. The Office has for the first time presented the entire Scholarship budget for the University. The "E" funds are monitored on a semi-annual basis, with reports presented to USC Columbia units, campuses, and the Vice President for Business and
Finance. The process has brought the "E" Funds accounts in line, through elimination of virtually all substantial negative balances not covered by other revenue sources.

5. Improve the forecasting of tuition and fees and other revenue streams in the budget.
   **Actual Assessment:** The Budget Office has implemented a new report that analyzes the fall and spring tuition and fee situation vis-a-vis the budget. We are now able to pinpoint more accurately where the revenue budget stands following fall and spring tuition collections.

6. Continue to monitor the implementation of performance funding methodology and ensure that USC's interests are taken into consideration in the plans.
   **Actual Assessment:** The Budget Office and the Office of Institutional Planning and Assessment have been the University's focal points for performance funding. The Budget Office has been successful in meeting its report deadlines. The Office also has provided assistance to the Vice President for Business and Finance's in support of his efforts in representing USC's best interests in the performance funding methodology. Under the Vice President's leadership, USC has been successful in effecting changes in the Mission Resource Requirements methodology that have been beneficial to the research institutions and to USC.

7. Continue to improve automation of the budget preparation process.
   **Actual Assessment:** The Budget Office, with the assistance of the information resources coordinator for Business and Finance, has implemented a new budget transfer system that has greatly improved the automation of this process. In addition, the Office has made vast improvements in the budget allocation system that eliminates cumbersome re-keying of data and that improves the accuracy of budget allocations. Nearly every unit submitted its budget electronically for FY 1999-2000.

8. Assume additional duties in the area of budget management for auxiliary operations.
   **Actual Assessment:** The Budget Office has made minimal progress in this area. The Office will continue to attempt to assist in transitioning duties in the auxiliary area. The Board of Trustees presentation of auxiliaries was greatly improved for FY 1999-2000. In addition, the Office provided essential data on the Koger Center and Coliseum financial operations for use in examining the financial feasibility of the new arena.

9. Improve the networking of business officers from Columbia units with each other and with business offices from other campuses.
   **Actual Assessment:** The Budget Office conducted three separate meetings with the USC Columbia business officers and three meetings with the campus business officers. Also, an e-mail list is used for frequent announcements to the two groups. The Budget Office has contributed to a plan being developed by the Department of Human Resources for increased training of University financial staff and an orientation program for new deans and department heads.

10. Ensure that all fees, including contract course fees, are included in the budget process for the approval of the President and Board.
    **Actual Assessment:** The FY 1999-2000 fee schedule is the most comprehensive one produced in recent years. The Budget Office continues to attempt to ensure that all fees charged by units have been properly approved.

11. Initiate study of improvements to campus direct charge methodology.
    **Actual Assessment:** The Budget Office has received data from the Controller's Office to assist in studying the direct charge methodology. The study for auxiliary operations will be completed by the end of the third quarter of the fiscal year. The study for campus charges will be initiated this year, to be completed during the first six months of FY 2000-01.
12. Ensure that University interests are considered by external agencies that help determine USC's state funding, including the Office of the State Budget, The General Assembly, and the Commission on Higher Education.

**Actual Assessment:** The Budget Office has greatly improved its monitoring of bills and the state budget, in cooperation with University legislative liaisons. In addition, our coordination with the Commission on Higher Education on legislative matters has improved greatly over the past year. The Office continues to provide periodic budget updates on the Legislature's actions affecting higher education for distribution to the University community. The Office receives frequent feedback regarding the usefulness of the budget updates prepared by the office.

**III. Strategic Plan**

The specific objectives of the Budget Office for FY 2000-01, along with the Assessment Procedures, are the following (new items and changes to existing items in boldfaced type):

1. Improve the linkage between capital and operating budgets.
   **Assessment Procedure:** Ensure that an ongoing plan is in place to cover all operating expenses for newly planned capital improvements. Ensure that an ongoing deferred maintenance budget is in place and funded.

2. Improve the presentation of University operating budgets to make the information more user-friendly to the Board of Trustees and the public. Develop improved methods and formats for communicating facts and issues about USC's budget to all users of this information including use of the Internet.
   **Assessment Procedure:** Solicit feedback on the University budget and the Budget Office web page to determine improvements.

   **Assessment Procedure:** Success in this area will be measured by the number of separate policies completed and posted as "final" on the Budget Office web site.

4. Improve management and oversight of University “S” (scholarship) and “E” (sales and service) funds.
   **Assessment Procedure:** Success in this area will be measured by an end-of-year positive fund balance situation for scholarship and "E" funds.

5. Improve the forecasting of tuition and fees and other revenue streams in the budget. With the Enrollment Management and Institutional Planning and Assessment staff, develop an enrollment and revenue projection model to project University tuition and fees for the following fiscal year.
   **Assessment Procedure:** Completion of a projection model and the accuracy of the revenue projections incorporated in the University budget will determine success in the area in comparison to previous years' projections contained in the budget.

6. Continue to monitor the implementation of performance funding methodology and ensure that USC's interests are taken into consideration in the plans. With IPA, develop a spreadsheet to permit the projection of University performance funding revenue on the basis of various "what ifs."
**Assessment Procedure:** The success criterion will be the accuracy of projecting University performance funding distributed by the Commission on Higher Education.

7. Continue to improve automation of the budget preparation process. **Ensure that all USC Columbia units and campuses are maximizing the use of budget transfer tools.**  
**Assessment Procedure:** Success in the objective will be determined by the Budget Office's and the Controller's Office's minimizing manual budget and journal entry uploads.

8. Assume additional duties in the area of budget management for auxiliary operations.  
**Assessment Procedure:** This objective will be attained when the Budget Office has assumed all duties currently performed by the assistant to the VP for Business and Finance in the area of auxiliary operations.

9. Improve the networking of business officers from Columbia units with each other and with business offices from other campuses. **Establish expanded training opportunities for University business officers.**  
**Assessment Procedure:** The implementation of additional courses in financial management in FY 2000-01 will determine the success of this effort, coupled with the evaluation of participants in such training.

10. Ensure that all fees, including contract course fees, are included in the budget process for the approval of the President and Board.  
**Assessment Procedure:** This objective is met when all fees charged by all units of the University have been properly approved administratively or by the Board of Trustees, as appropriate.

11. Initiate study of improvements to campus direct charge methodology for campuses; **implement the results of the current-year study for auxiliary enterprises.**  
**Assessment Procedure:** Success of this will be measured by full implementation of new direct charge methodologies for campuses and for auxiliary enterprises.

12. Ensure that the University's interests are considered by external agencies that help determine USC's state funding, including the Office of the State Budget, The General Assembly, and the Commission on Higher Education.  
**Assessment Procedure:** Feedback from the University lobbyist, the President's Office, and recipients of the budget updates will help determine success in this area. Also, USC's success in obtaining favorable legislative changes and favorable funding from the General Assembly will be measures of success of the Budget Office's efforts. (However, many factors determine success in the legislative arena. It is recognized the Budget Office is one of many players in this complex process.)

13. **Establish a data bank for key financial information on the University, made available through the Budget Office web site, to address typical question posed to the Budget Office, such as fee trends, state funding trends, and data provided in the University budget document.**  
**Assessment Procedure:** Success will be accomplished with establishment of a special section of the Budget Office web site with key financial indicators presented in tabular and graphical formats.

14. **With appropriate academic staff, develop recommended changes to the following to internal budget processes:**  
− Summer school  
− Fringe benefits budgeting.
Assessment Procedure: Success will be determined by completion of studies of improvements in these areas and implementation of the findings, following proper review with academic policy makers.

IV. Resource Requirements

The current budget for the Budget Office is approximately $277,000, with four total staff. The Office receives support from staff in the Vice President for Business and Finance's office and from a part-time student. The Office assumes that there will be no additional staff added during the next year.