



UNIVERSITY OF
SOUTH CAROLINA

Spring Provost's Retreat

February 22, 2019



UNIVERSITY OF
SOUTH CAROLINA

Welcome



Opening Remarks



UNIVERSITY OF
SOUTH CAROLINA

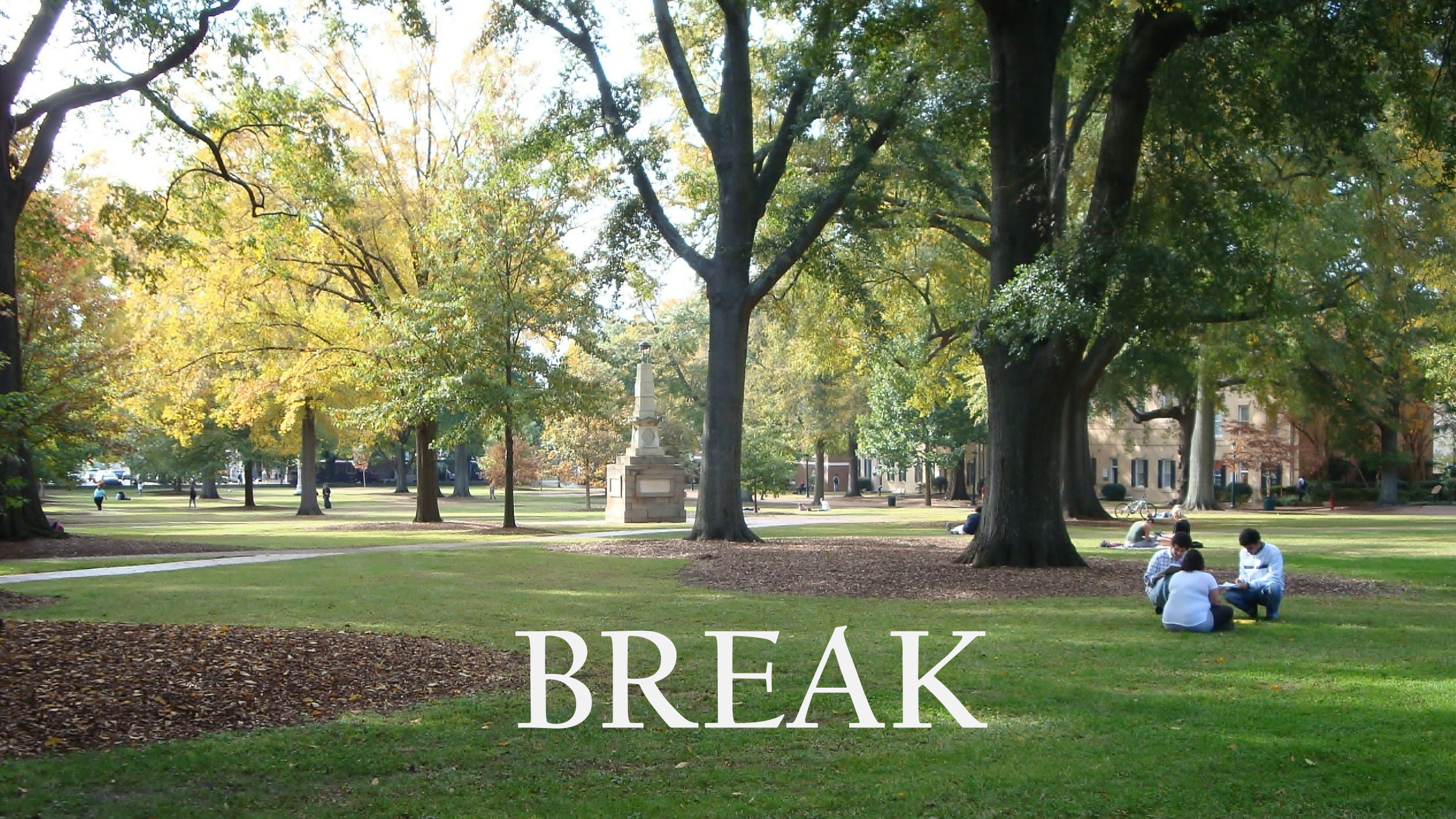
Dr. Harris Pastides
President

Welcome and Remarks



UNIVERSITY OF
SOUTH CAROLINA

**Provost Joan Gabel, Executive Vice President for
Academic Affairs and Provost**



BREAK

Division of Information Technology Updates



UNIVERSITY OF
SOUTH CAROLINA

Doug Foster

**Vice President for Information Technology
and Chief Information Officer (CIO)**



PeopleSoft Payroll and HR

- System Integration Testing Phase complete
- Three Mock Data Conversions complete
- Two parallel payroll tests complete
- Held Town Hall with over 350 attendees
- More than 90 Change Agents across the system
- Training started on 1/29
- **Go-live April 1, 2019**





Research Computing Resources

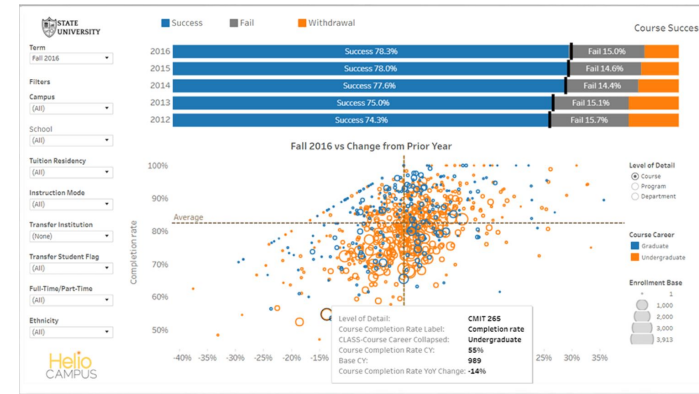
- Working with Faculty Senate IT committee to create a research computing advisory committee. Cross-disciplinary team of researchers to discuss research computing needs and develop plans for upcoming investments
- Hyperion Cluster has executed 3.6 million jobs at 100% utilization
- Partnered with faculty member, Dr. Sean Norman, to run one of the largest Google jobs. Paul Sagona, Executive Director of RC, spoke at conference in England on the results
- Ran 124,000 cores and completed metagenomics pipeline in just 16.5 hours. The same job would have taken roughly 7 years on the researcher's PC, or 3.5 months of exclusive use of all our local resources





Business Intelligence

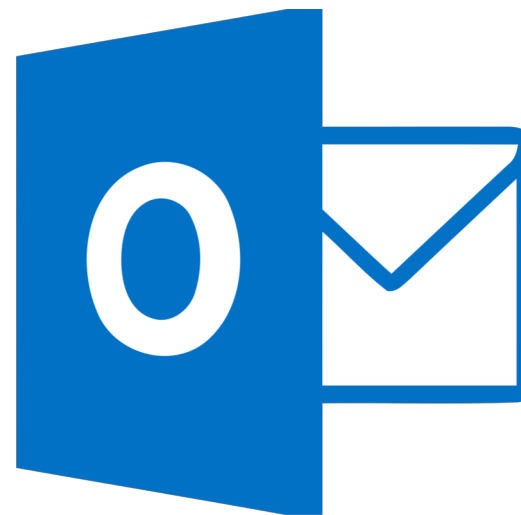
- Conducted evaluation sessions with data stewards across the system on Jan. 29-30; 25 attendees reviewed HelioCampus
- Survey results indicate everyone agrees that HelioCampus would be an improvement to our data capabilities and 87% agreed that DoIT should proceed with RFP process
- DoIT will be reconstituting the Data Steward Council
- DoIT is hiring a BI Strategist to lead the implementation and lead the ongoing BI Competency Center





Email Migration

- Began migrating on premise email accounts to the Microsoft cloud in December
- To date we have migrated 14K of 26K accounts
- Scheduled to complete in April 2019
- Lower cost, improved disaster recovery, more sophisticated security, improved reliability, accessible anytime from anywhere, massively scalable, freeing up resources to focus on more strategically important IT solutions





Technical Review Board

- More than 100 >\$50K IT procurements in 2018
\$5 million in IT procurement
- Developed DoIT Technical Reference Manual
- Integrated TRB review process within
Service Desk processes
- Identified potential TRB members across system to add to current board
- Began work on Phase 2 Technical Review Board/Technical Reference
Manual to include system wide membership/technology
- Beginning system-wide communication plan





Strategic Priorities: 2018-2021

1

Advance the academic and research missions of the university

2

Deliver a robust student experience

3

Improve administrative efficiencies

4

Establish a best-in-class service delivery model

5

Provide a reliable and flexible technology infrastructure

Finance Overview



UNIVERSITY OF
South Carolina

Leslie Brunelli,

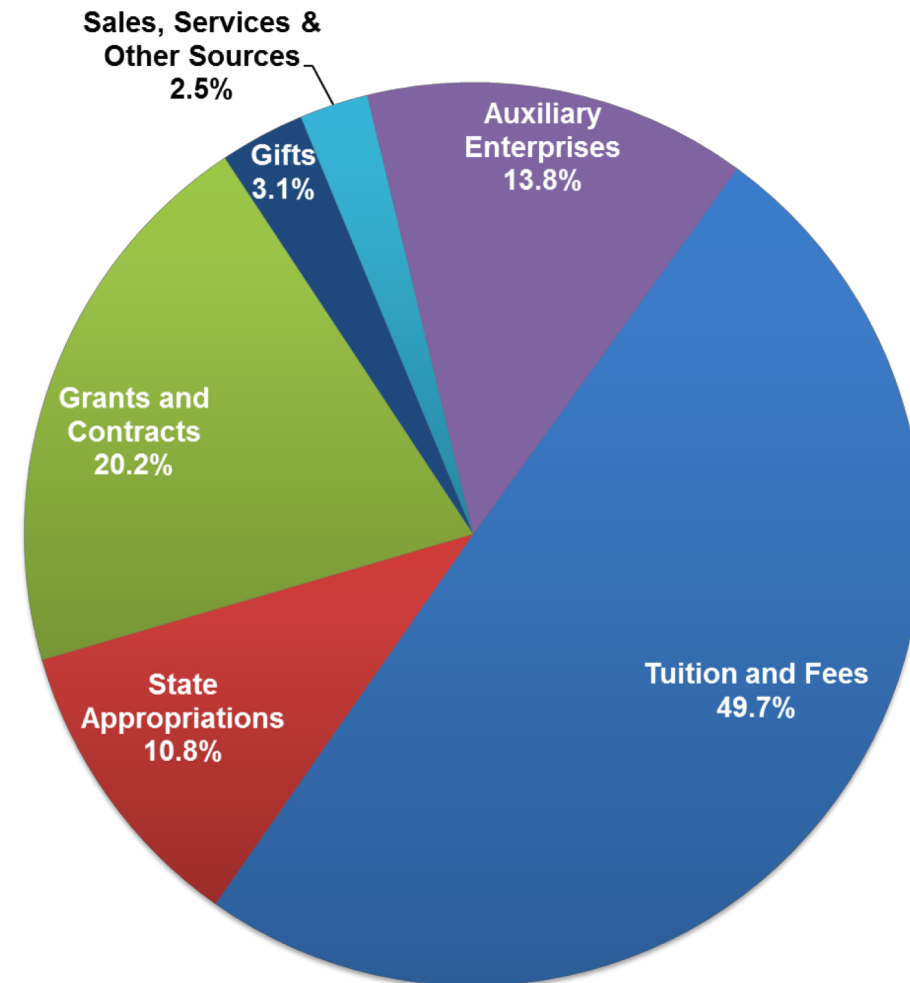
Vice President for Finance and Chief Financial Officer

COCKY



USC System Total Current Funds

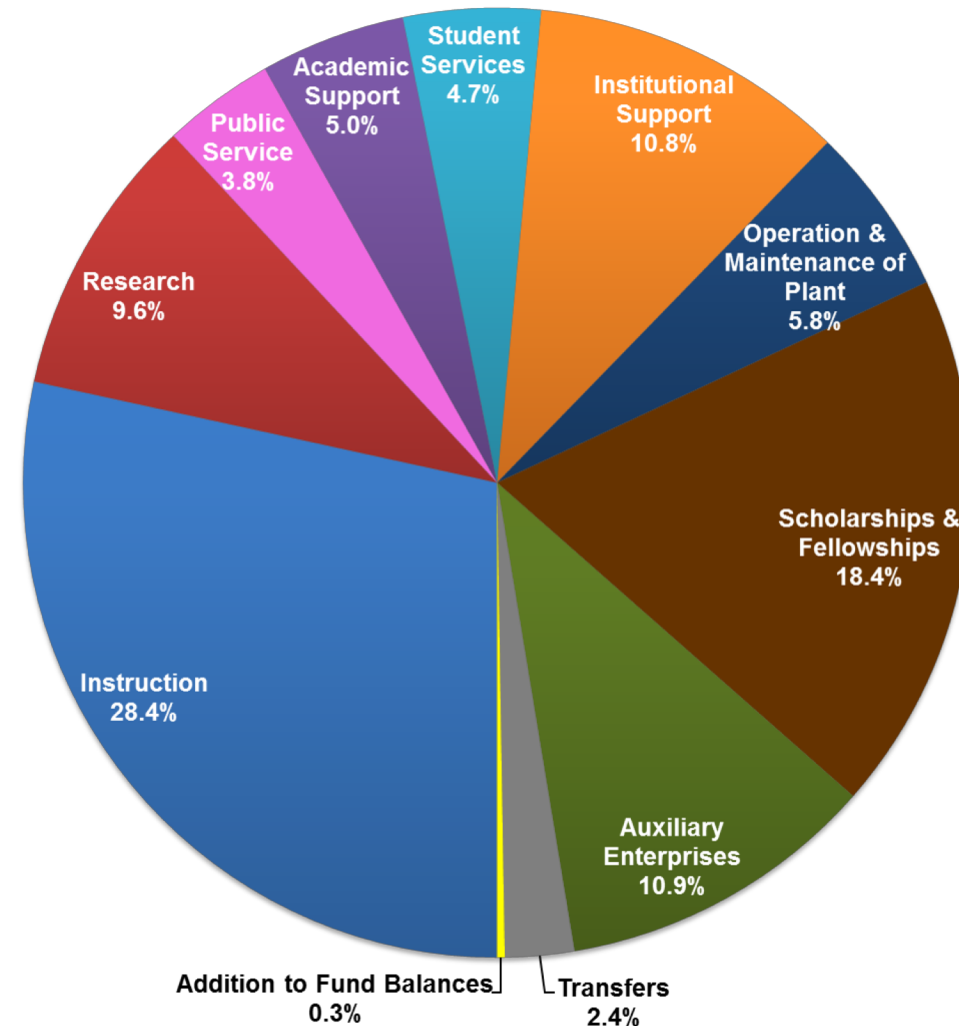
USC System Budget FY2018-2019 Revenues	
Tuition and Fees	813,329,514
State Appropriations	176,095,165
Grants and Contracts	329,847,010
Gifts	50,005,274
Sales, Services & Other Sources	40,524,332
Auxiliary Enterprises	225,975,163
Total Sources	1,635,776,458





USC System Total Current Funds

USC System Budget FY2018-2019 Expenditures	
Instruction	464,709,648
Research	157,372,685
Public Service	62,431,704
Academic Support	81,072,096
Student Services	76,506,858
Institutional Support	175,885,949
Operation & Maintenance of Plant	94,561,750
Scholarships & Fellowships	301,169,350
Auxiliary Enterprises	178,460,696
Transfers	38,531,951
Addition to Fund Balances	5,073,771
Total Uses	1,635,776,458





FY2019 State Budget

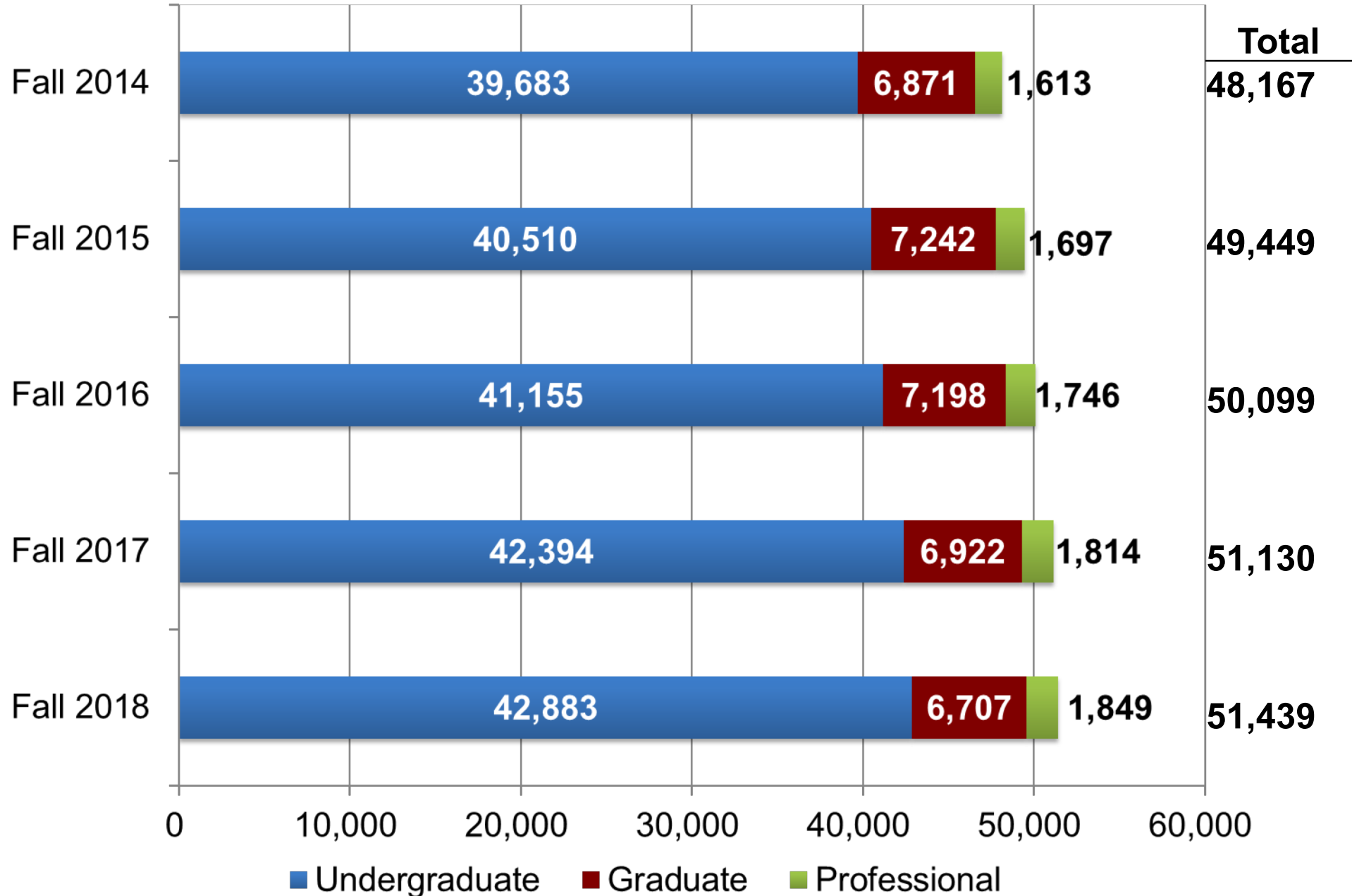
	FY2019 Recurring FY2018 Base	FY2019 Appropriations Increase	Estimated State Appropriated Fringe	Adjusted Recurring FY2019 Base
USC Columbia	116,187,576	4,566,081	2,170,000	122,923,657
USC SOM-C	15,021,648	1,125,000	223,197	16,369,845
Total	131,209,224	5,691,081	2,393,197	139,293,502
USC Aiken	8,277,419	489,035	150,042	8,916,496
USC Beaufort	3,682,059	397,858	64,552	4,144,469
USC Upstate	11,432,697	902,109	197,536	12,532,342
USC Lancaster	2,456,070	299,050	36,692	2,791,812
USC Salkehatchie	1,826,338	154,483	28,212	2,009,033
USC Sumter	3,139,573	148,246	46,141	3,333,960
USC Union	881,195	141,849	16,108	1,039,152
USC System Total	\$162,904,575	\$8,223,711	\$2,932,480	\$174,060,766



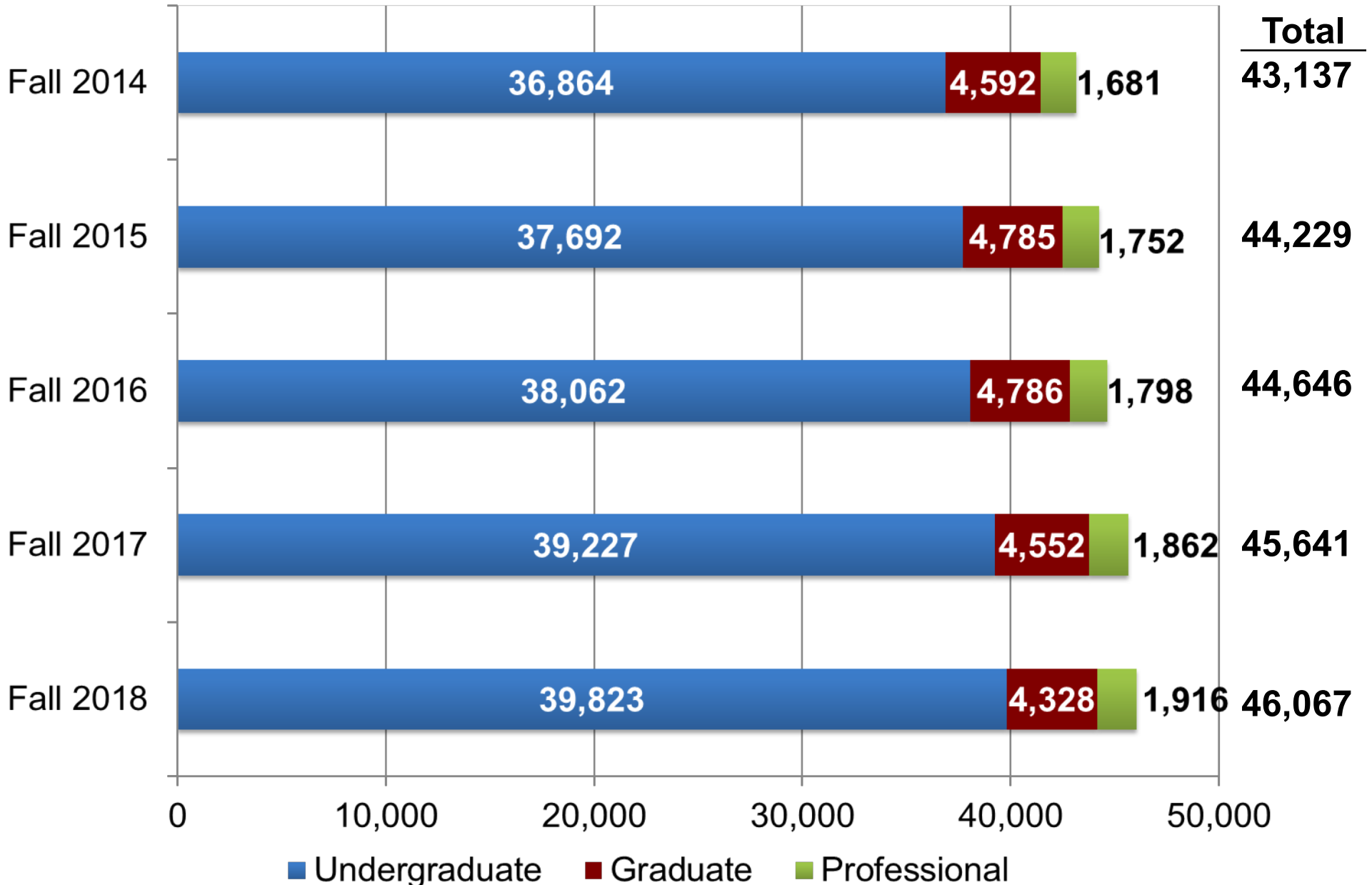
FY2019 Capital Project Funding

	Capital Reserve Fund
USC Columbia	5,000,000
USC Aiken	3,500,000
USC Beaufort	2,498,434
USC Upstate	3,500,000
USC Lancaster	1,800,000
USC Salkehatchie	1,200,000
USC Sumter	2,250,000
USC Union	1,200,000
USC System Total	\$20,948,434

USC System Headcount Enrollment

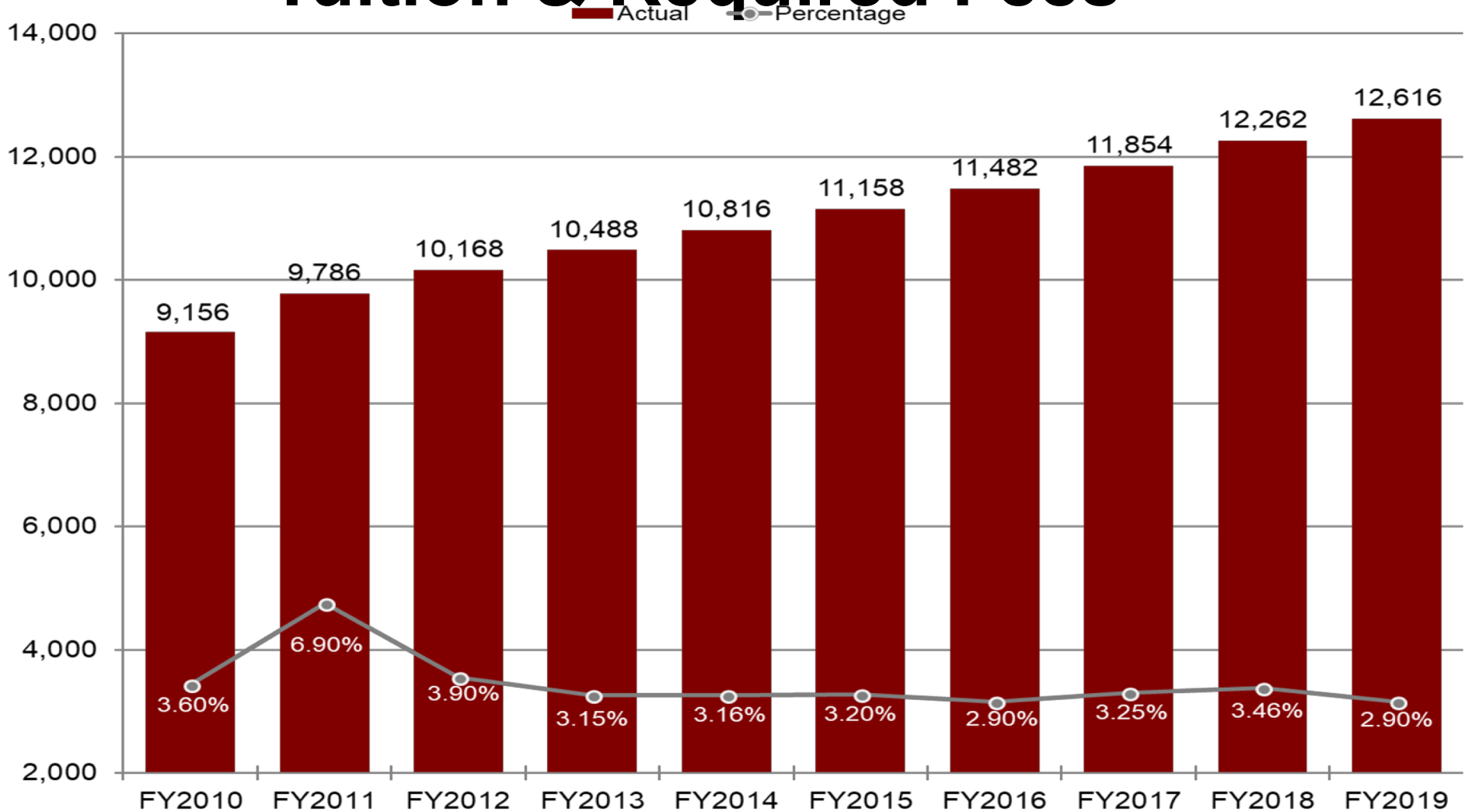


USC System FTE Enrollment





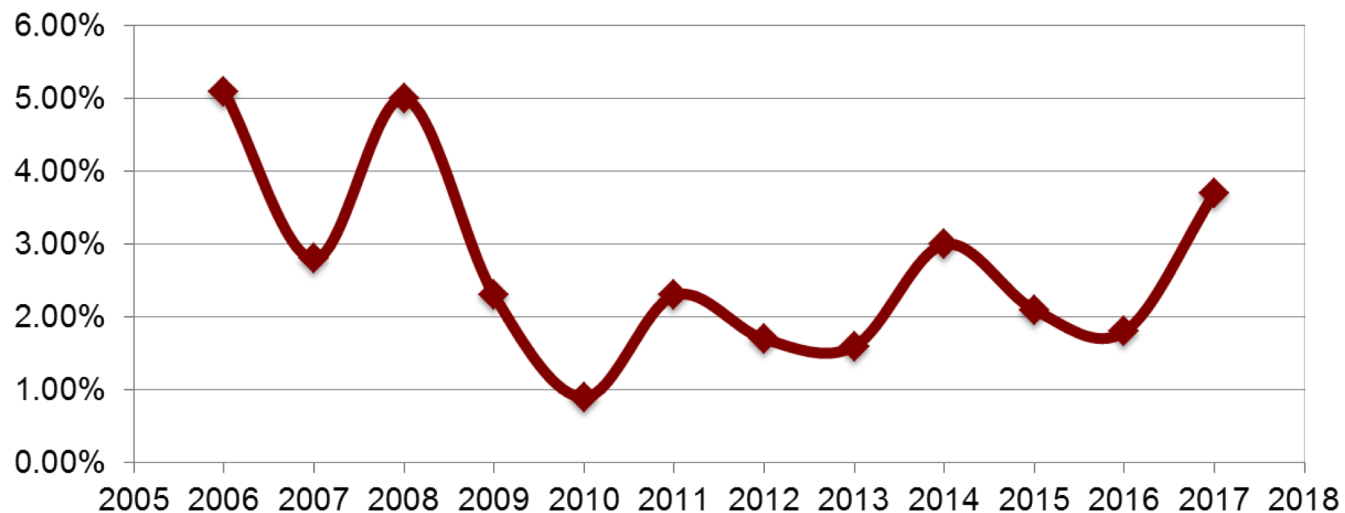
USC Columbia In-State Undergraduate Tuition & Required Fees



Higher Education Price Index (HEPI)

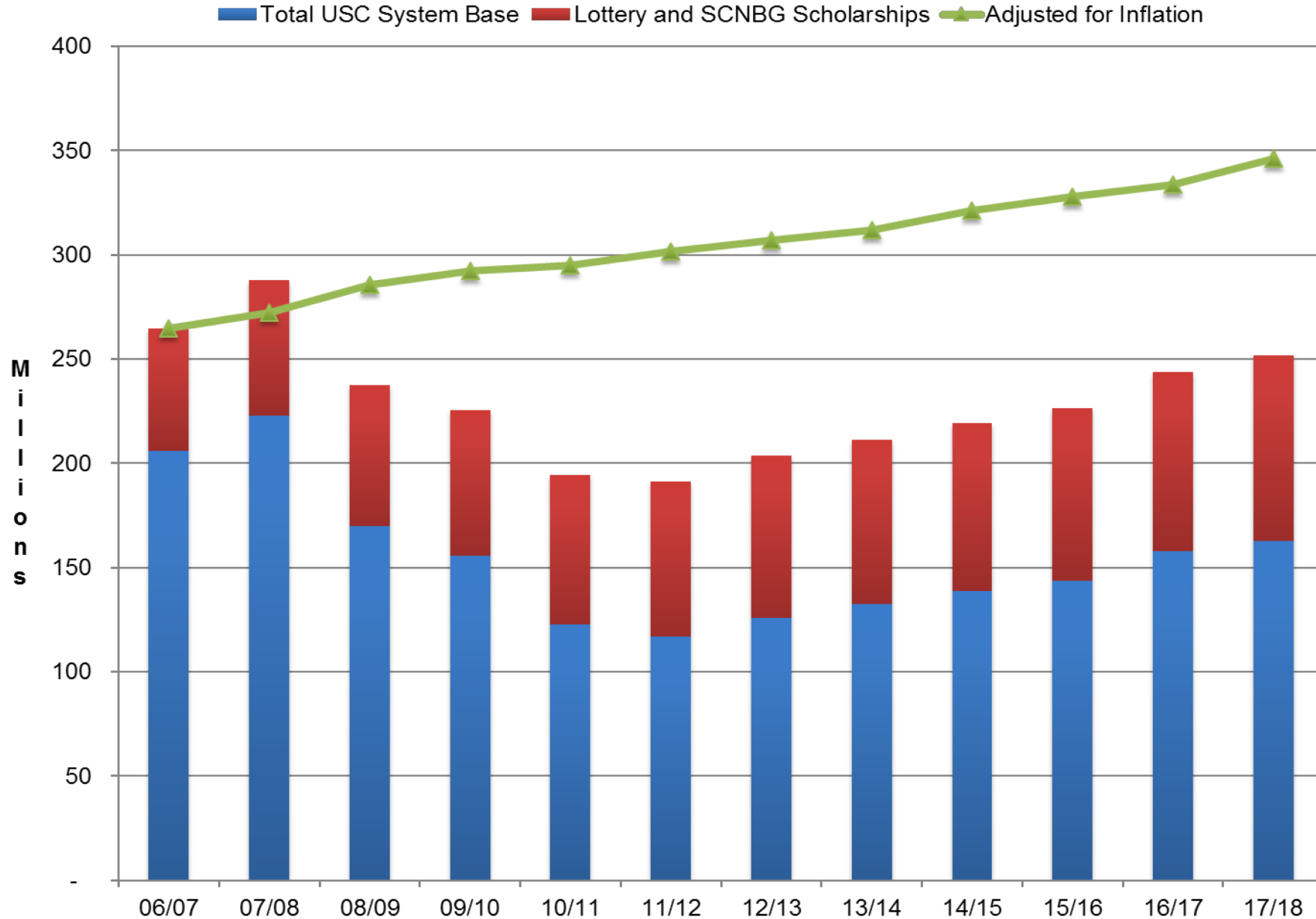
HEPI is Made up of 8 Variables

- Salaries
 - Faculty
 - Administrative
 - Clerical
 - Service
- Fringe benefits
- Miscellaneous services
- Supplies and materials
- Utilities



FY	HEPI
2006	5.10%
2007	2.80%
2008	5.00%
2009	2.30%
2010	0.90%
2011	2.30%
2012	1.70%
2013	1.60%
2014	3.00%
2015	2.10%
2016	1.80%
2017	3.70%

USC System State Funding



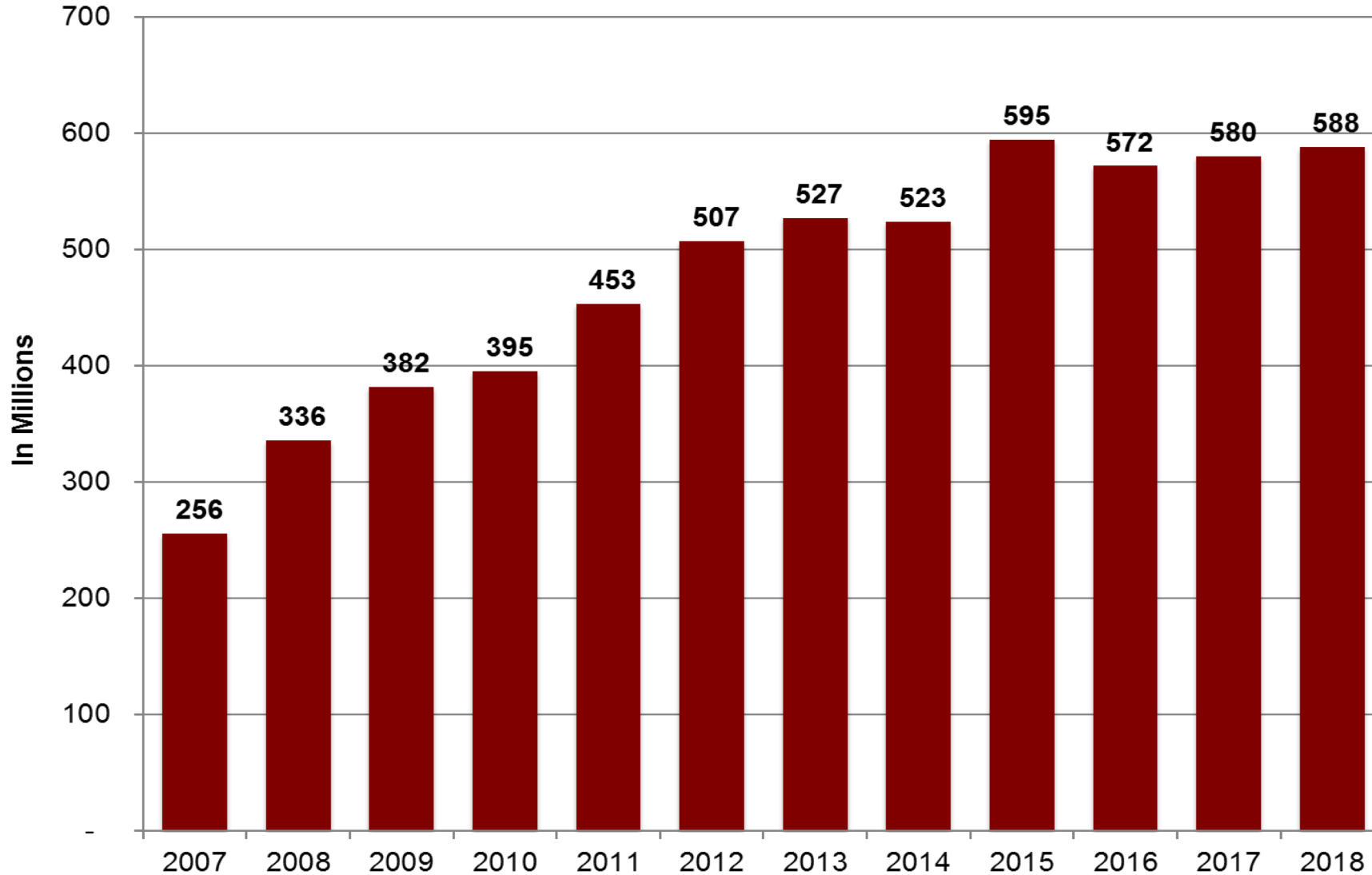


Bond Indebtedness by Category

Location of Indebtedness	Amount Outstanding
<u>Columbia</u>	
State Institution Bonds - Columbia	\$ 144,407,000
State Institution Bonds - School of Medicine	2,625,000
Athletic Facilities Revenue Bonds	178,200,000
Revenue Bonds - Housing	128,225,000
Revenue Bonds - Parking	9,450,000
Revenue Bonds - Academic	55,920,000
Subtotal	518,827,000
<u>USC Aiken</u>	
State Institution Bonds	\$ 6,083,000
Revenue Bonds - Housing	19,005,000
Subtotal	25,088,000
<u>USC Upstate</u>	
State Institution Bonds	\$ 11,870,000
Revenue Bonds - Housing	26,325,000
Revenue Bonds - Bookstore	3,615,000
Subtotal	41,810,000
<u>USC Beaufort</u>	
State Institution Bonds	\$ 1,970,000
Total Outstanding as of June 30, 2018	\$ 587,695,000



Ten Year Debt Total





Bond Indebtedness

- 2008 Honors Residence Hall, Aiken Housing, Baseball Stadium
- 2009 Athletics Village, Upstate Housing, Bookstore & Classroom Facility
- 2010 Patterson Hall Renovation
- 2011 Athletics Village, Columbia, Aiken & Upstate Classroom Renovations
- 2012 Darla Moore School of Business, Softball Stadium
- 2013 Women's Quad Renovation, Upstate Housing purchase from LLC
- 2014 Information and Communications Renovations
Upstate Administration Building
- 2015 Indoor Practice Facility, Williams Brice Stadium Plaza, Soccer
Stadium, Track and Field
- 2016 Rutledge, Pinckney/Legare Renovations
- 2017 Football Operations Facility
- 2018 Old Law School Renovation

Higher Education Outlook

Moody's Investors Service downgraded higher education outlook from stable to negative starting in 2018

- weak revenue growth potential
- increased expense growth
- federal policy uncertainty

Moody's notes that institutional reserves are positive and that outlook could improve with

- at least 3% revenue growth
- stabilized expenditure growth
- solid student demand

Fitch Ratings outlook

Stable – 2018

Negative – 2019

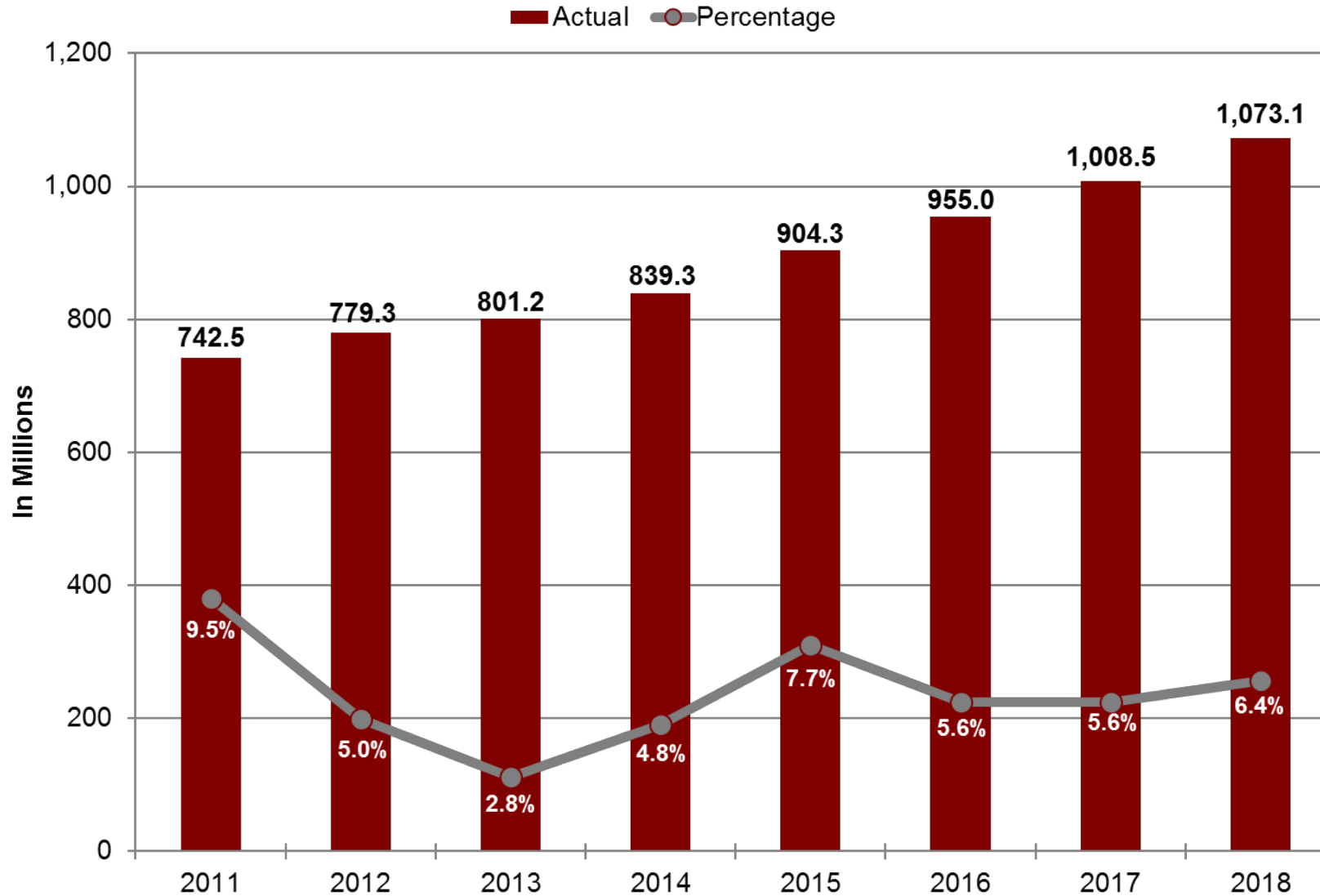
- Focus on different segments of institutions

Standard and Poor outlook

- Bifurcated by sector

Financial Performance Highlights

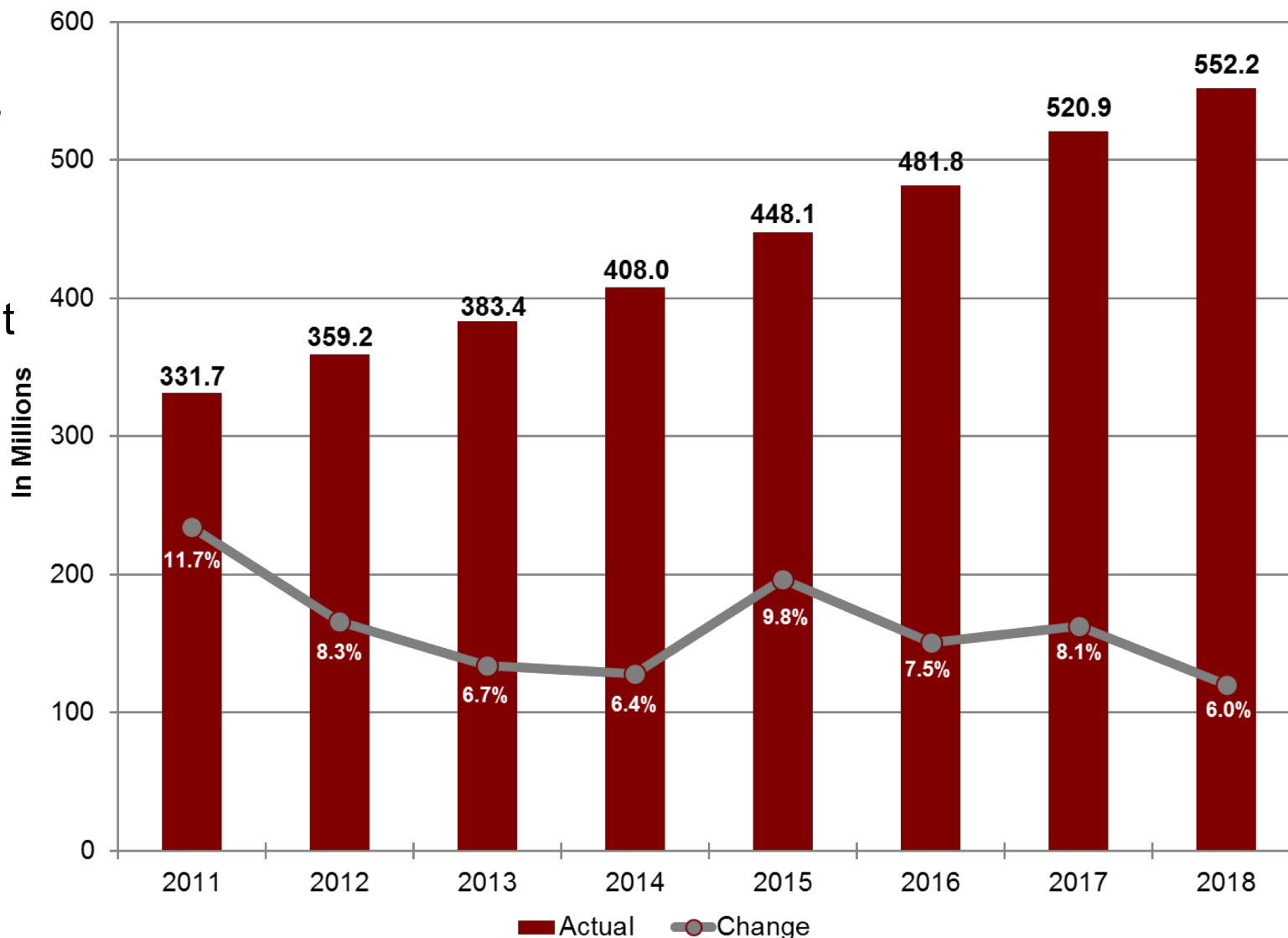
Total Operating Revenues





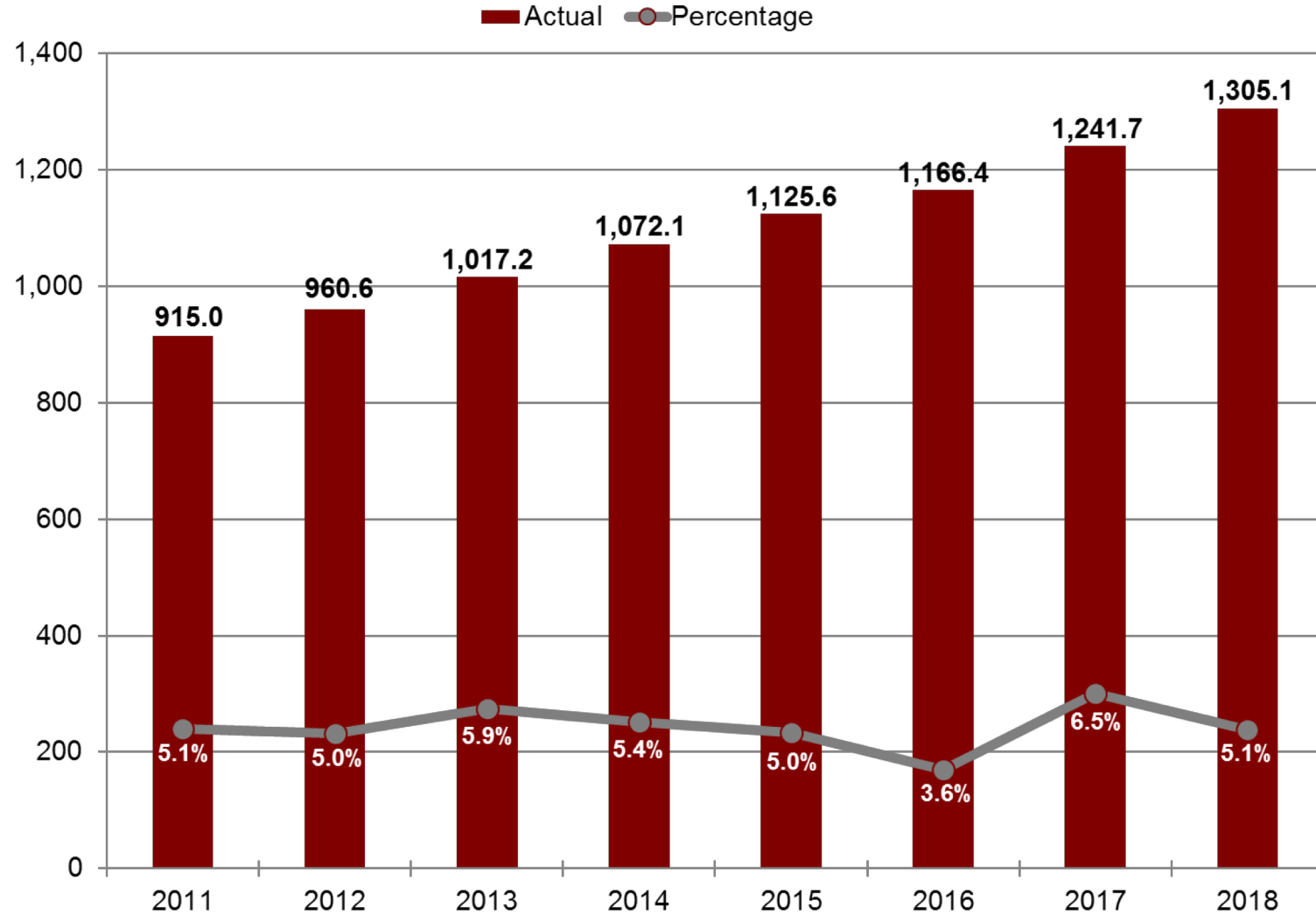
Financial Performance Highlights

Net tuition and fee revenues have increased by approximately 67% since 2011 due to enrollment growth, an increase in non-resident enrollments, as well as annual tuition increases.



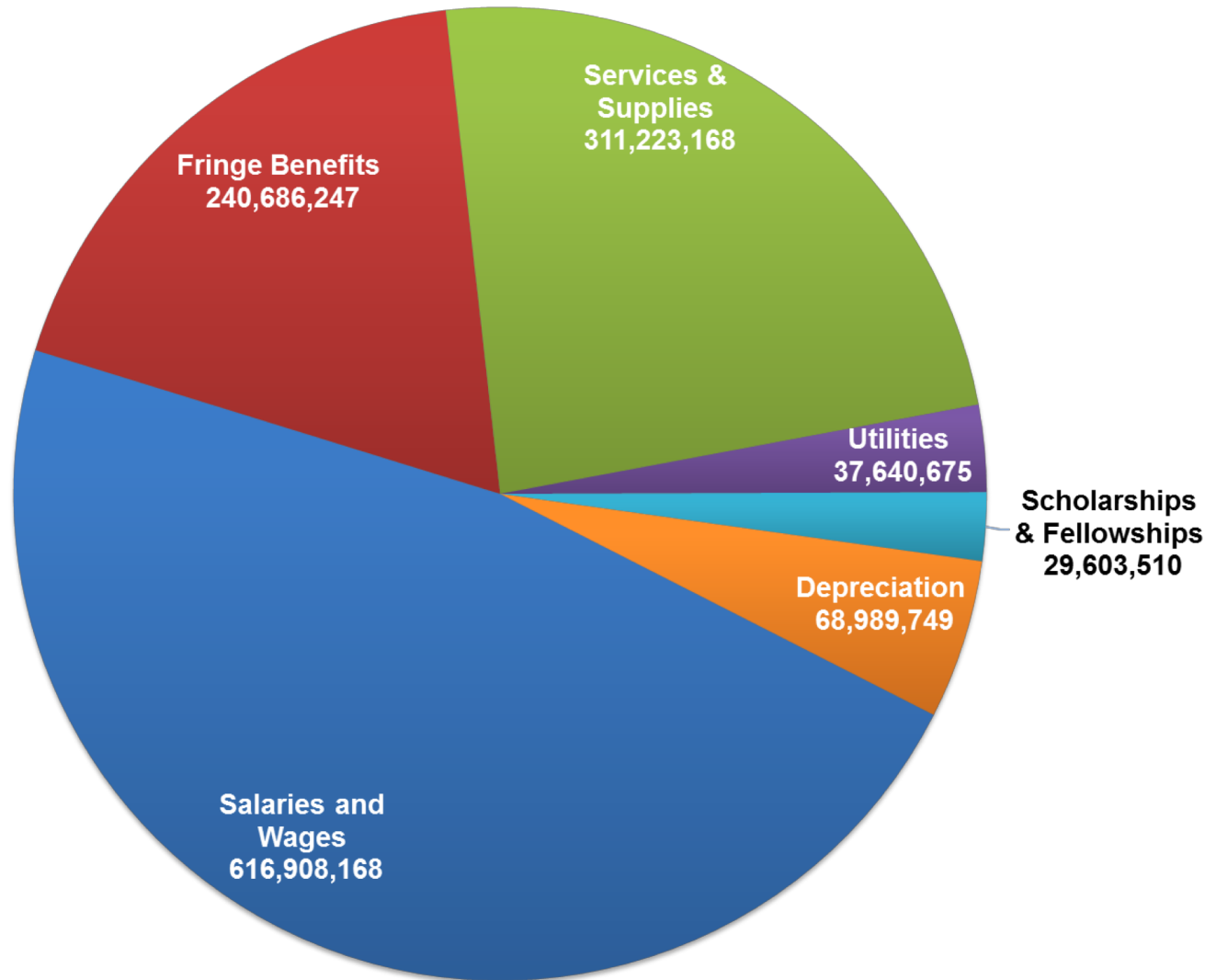
Financial Performance Highlights

Total Operating Expenditures with GASB





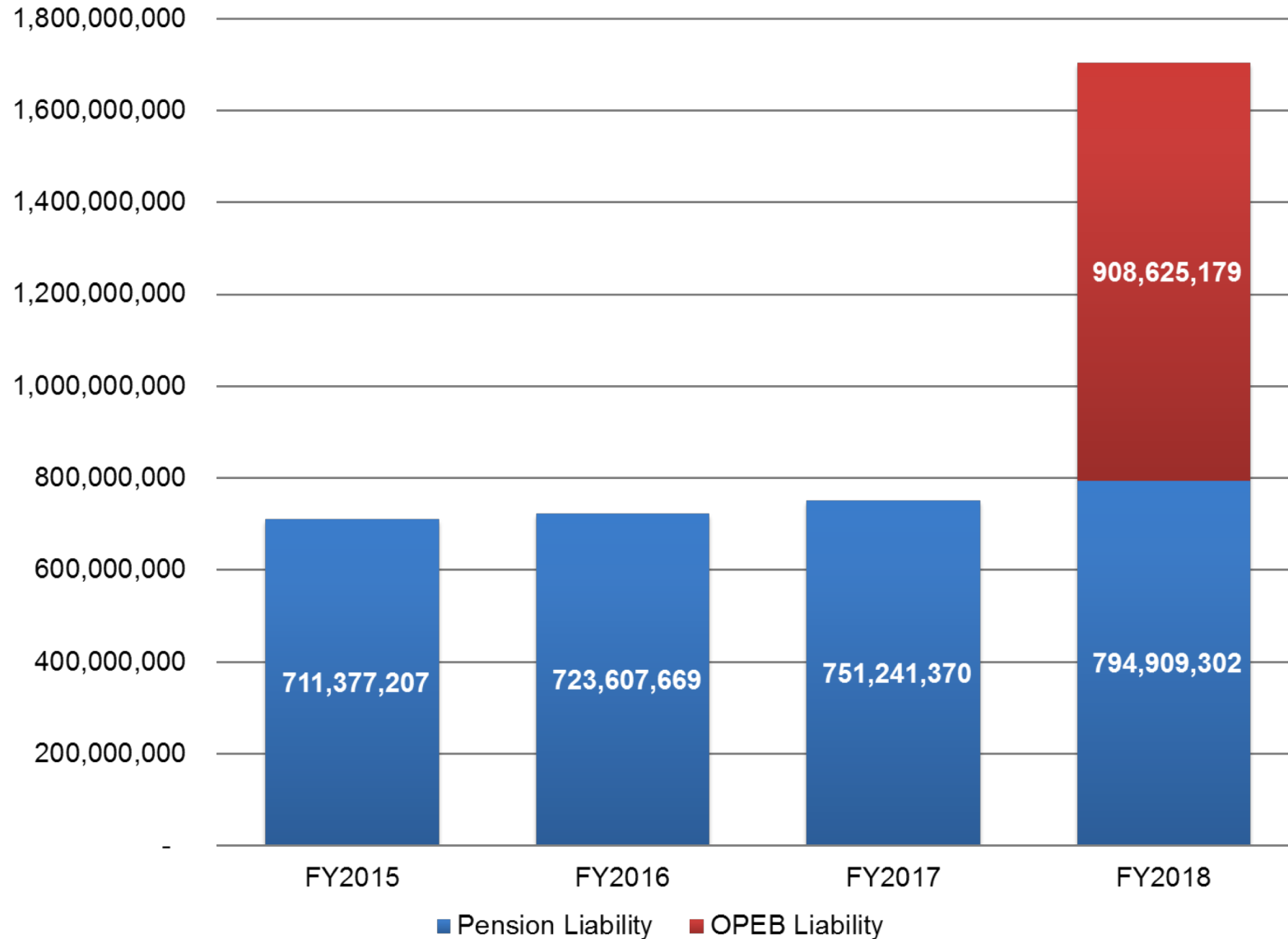
Change in Operating Expenditures



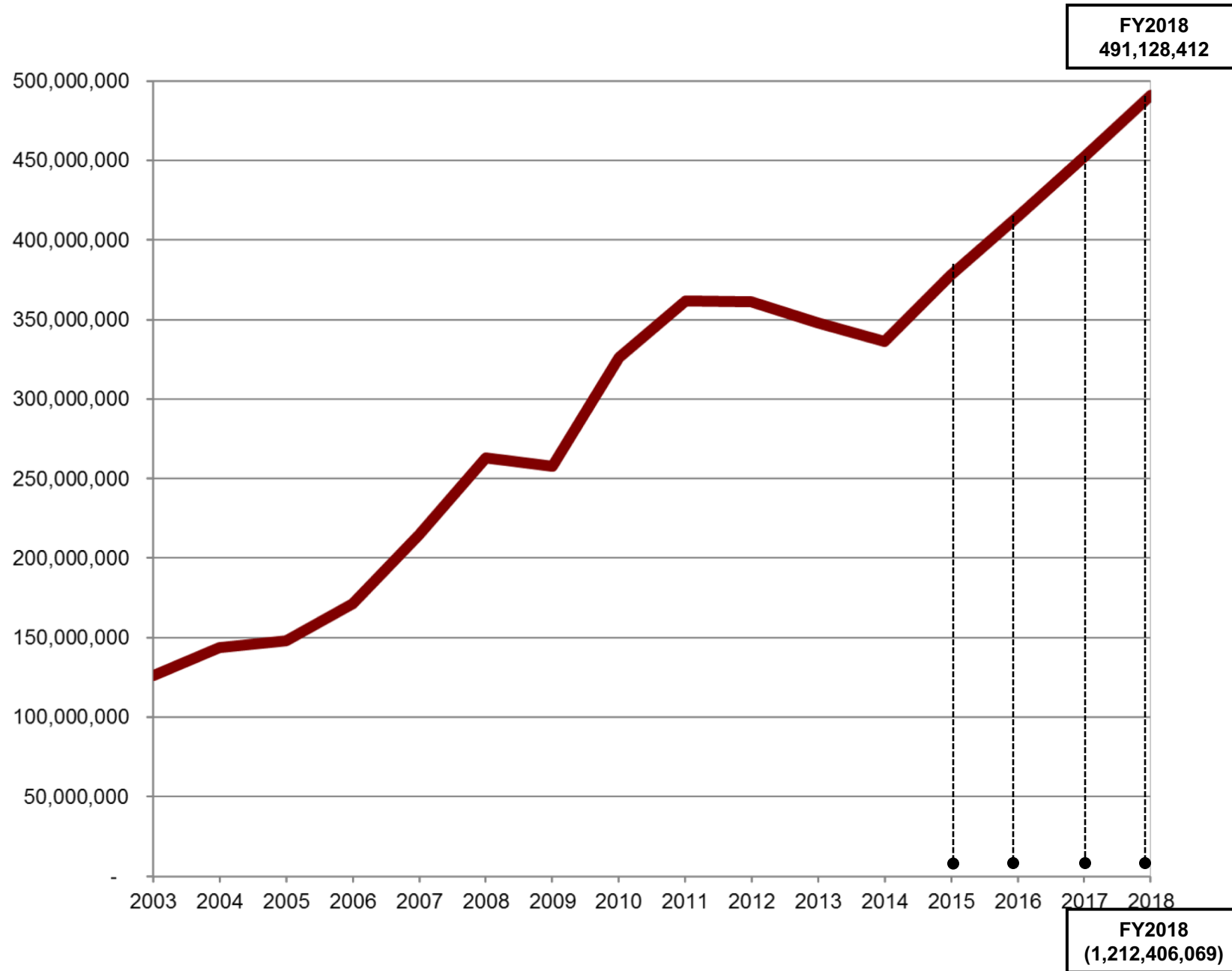
Function	Yearly Change
Salaries and Wages	2.30%
Fringe Benefits	10.74%
Services & Supplies	6.23%
Utilities	8.43%
Scholarships & Fellowships	5.06%
Depreciation	5.37%
Total	5.10%

Financial Performance Highlights

USC System Total Pension & OPEB Liability

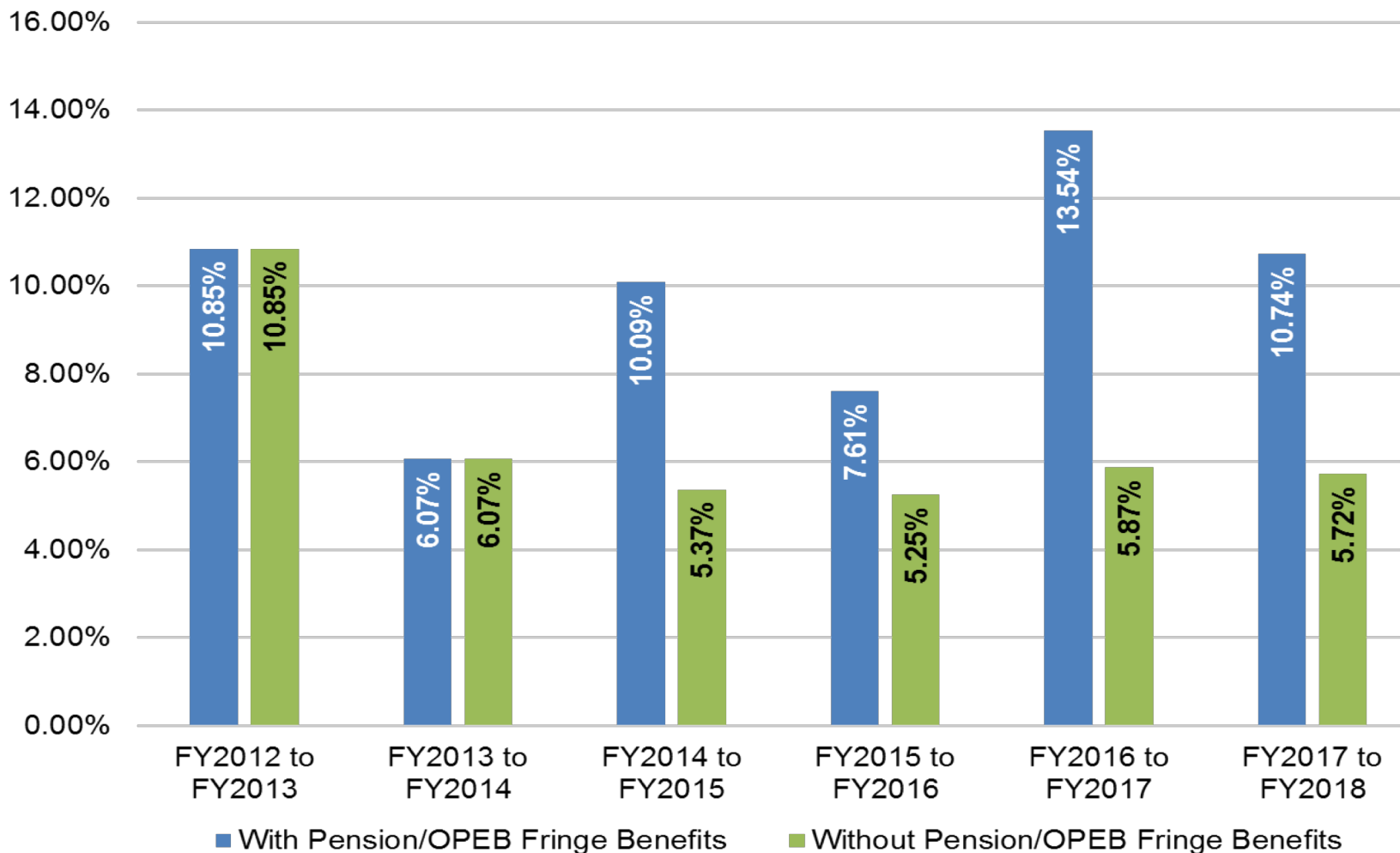


Total Unrestricted Net Position

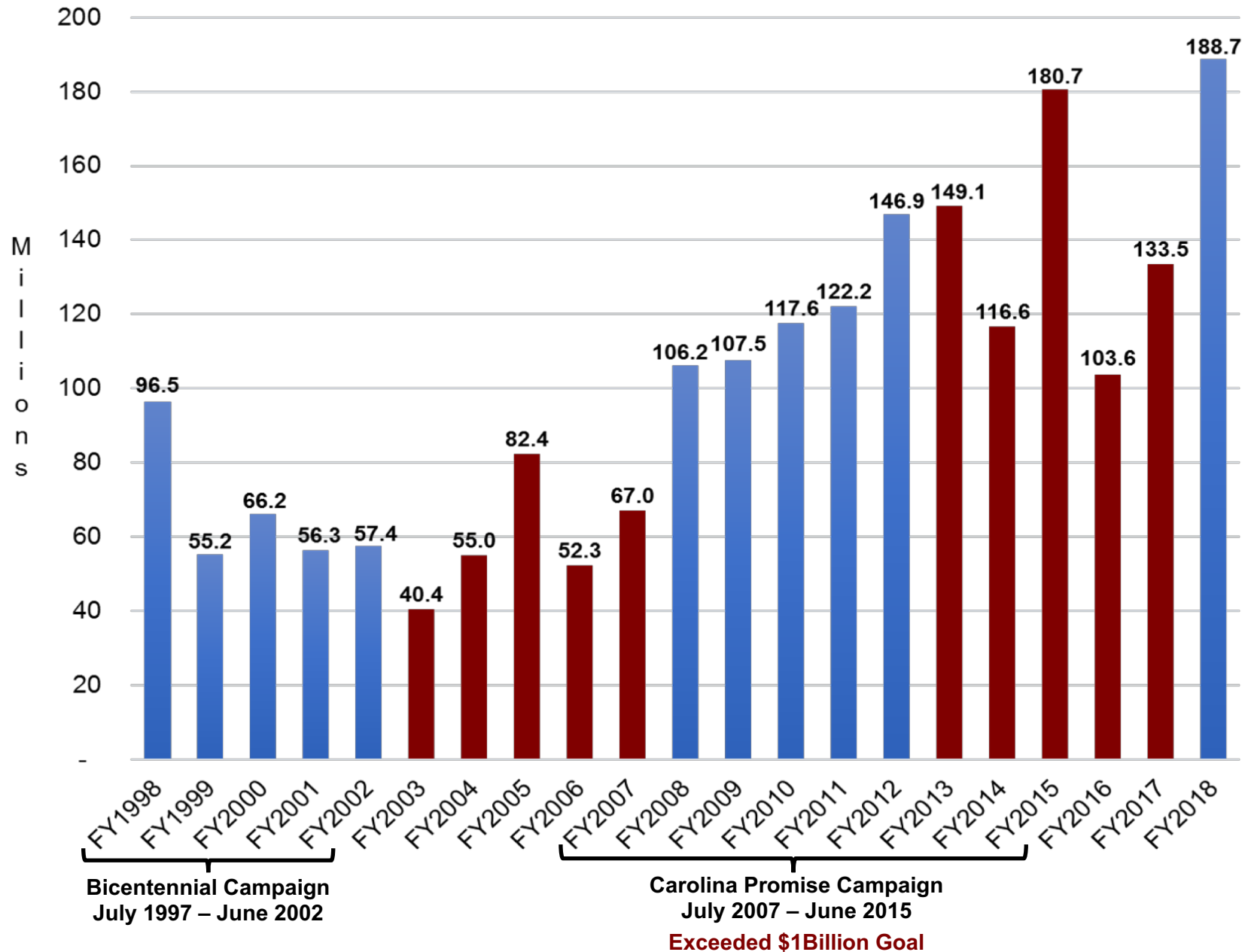




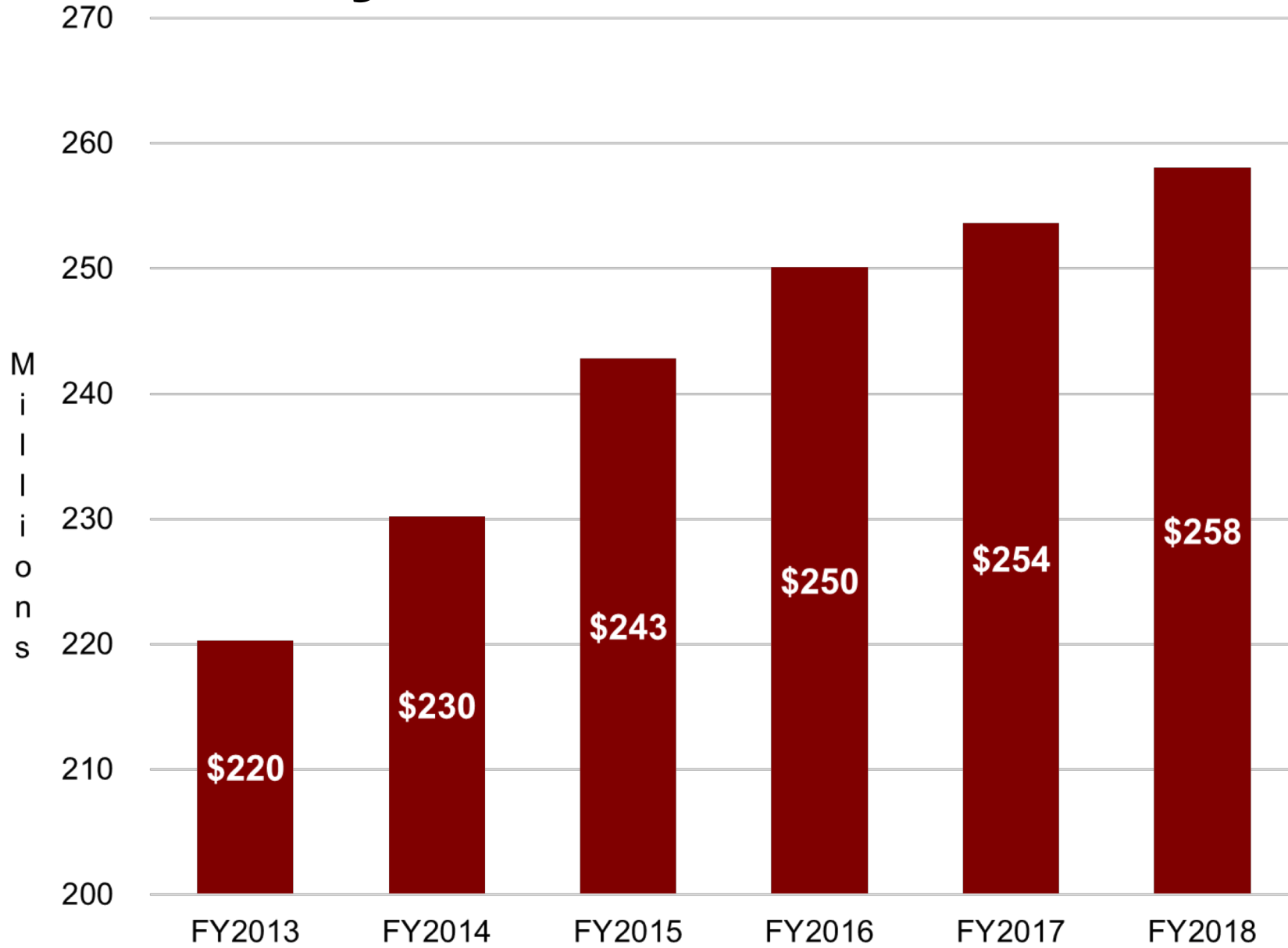
Pension & OPEB Impact on Fringe Benefits



USC System Fundraising

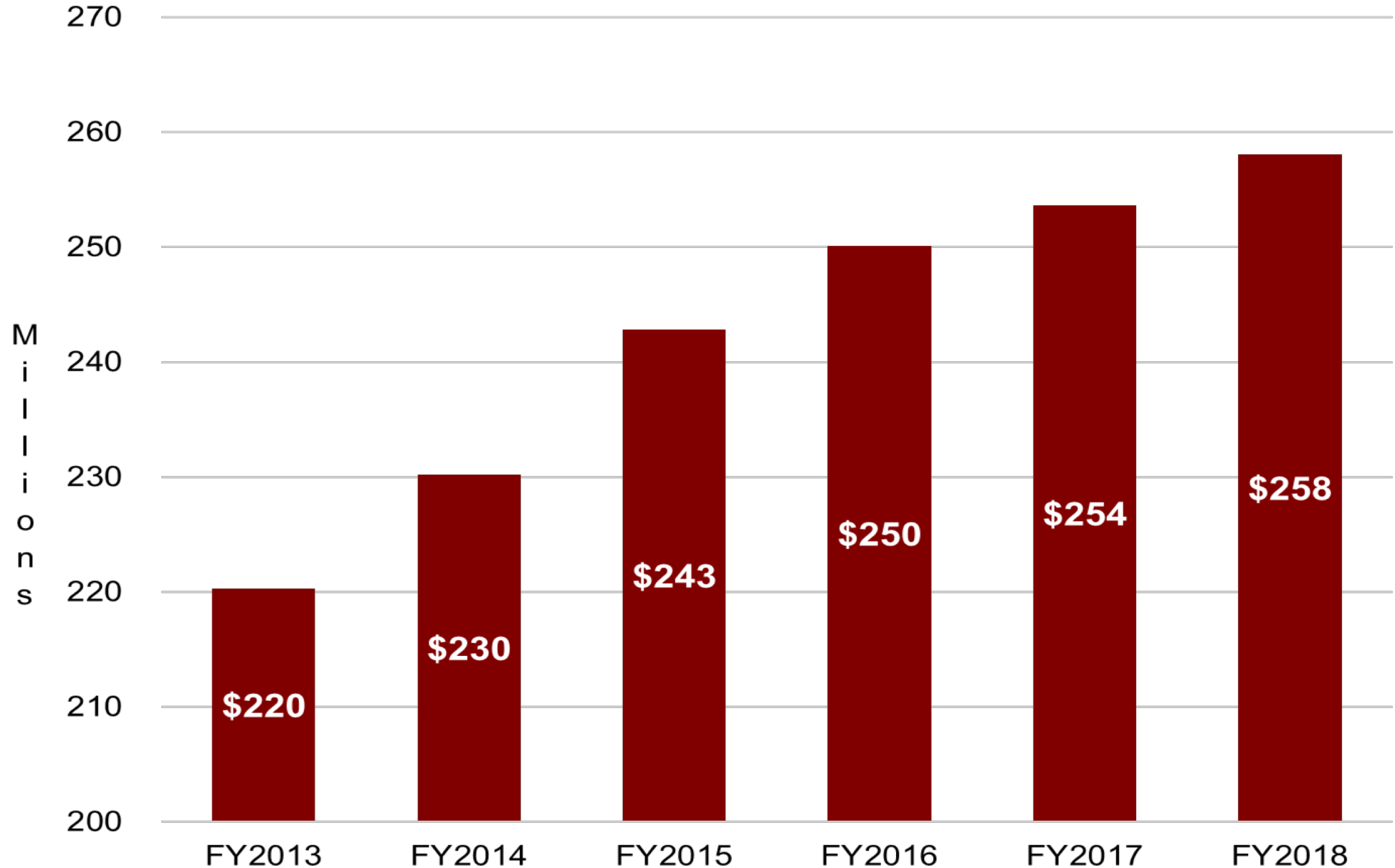


USC System - Grant Awards



12.1% Five Year Increase

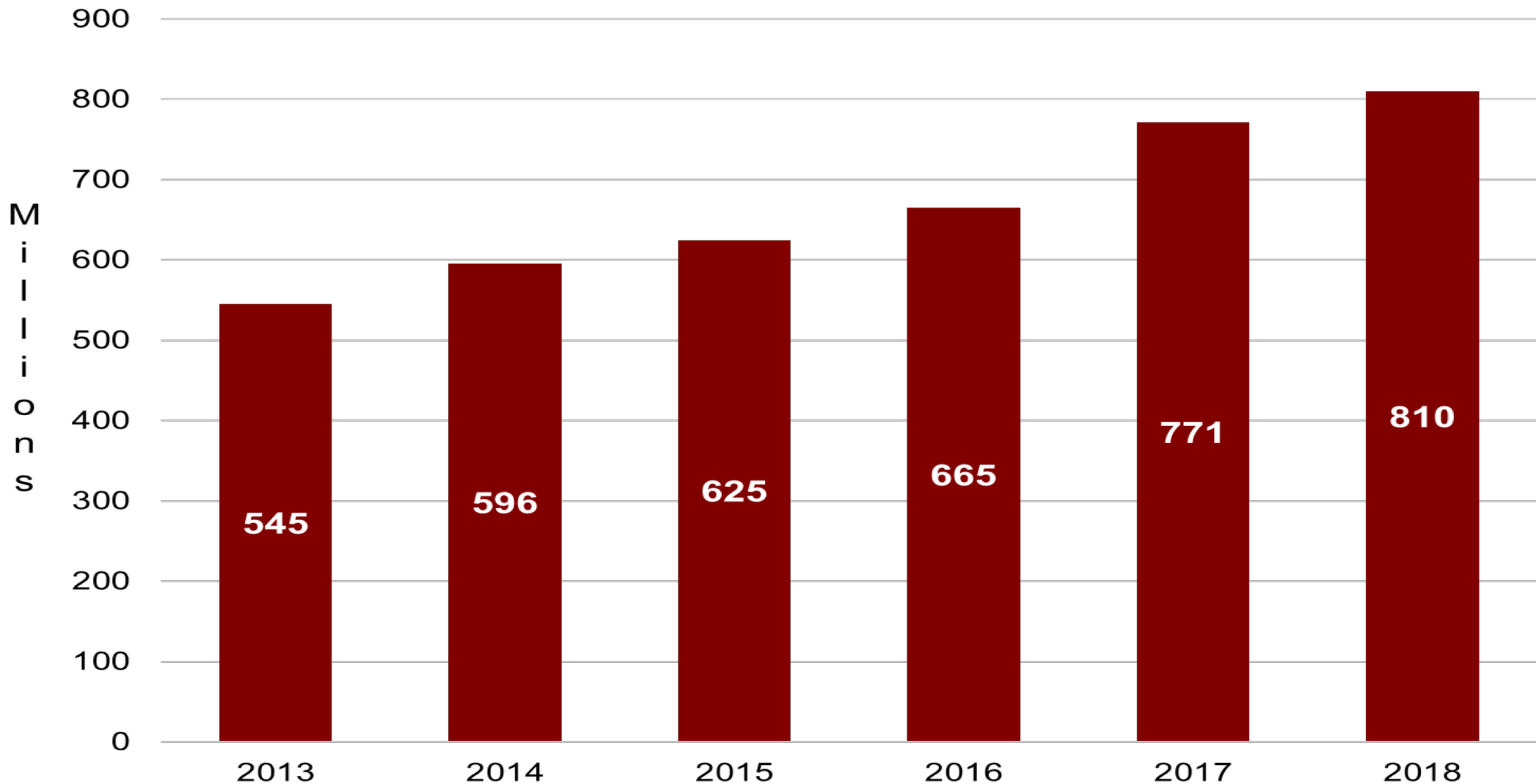
USC System - Grant Awards



12.1% Five Year Increase



USC System - Endowment Assets



Financial Performance Highlights & Initiatives

Key Financial Actions in 2018

- ❑ Stabilization of PeopleSoft Finance
 - additional modules deployed
 - Travel
 - Procurement card
 - Asset management
- ❑ Reorganized Grants & Funds Management and continued clean up of aged accounts receivable
- ❑ Planned for staff retirements

Initiatives for 2019 and Beyond

- ❑ Implementation of PeopleSoft HCM-Payroll/HR
- ❑ Columbia Budget Model Revision
- ❑ Fee Consolidation
- ❑ Forecasting and Scenario Analysis



“The Higher Education Opportunity Act”

The University of South Carolina
Provost Retreat

February 22, 2019

Craig H. Parks, MPA
Director of Government Relations
The University of South Carolina

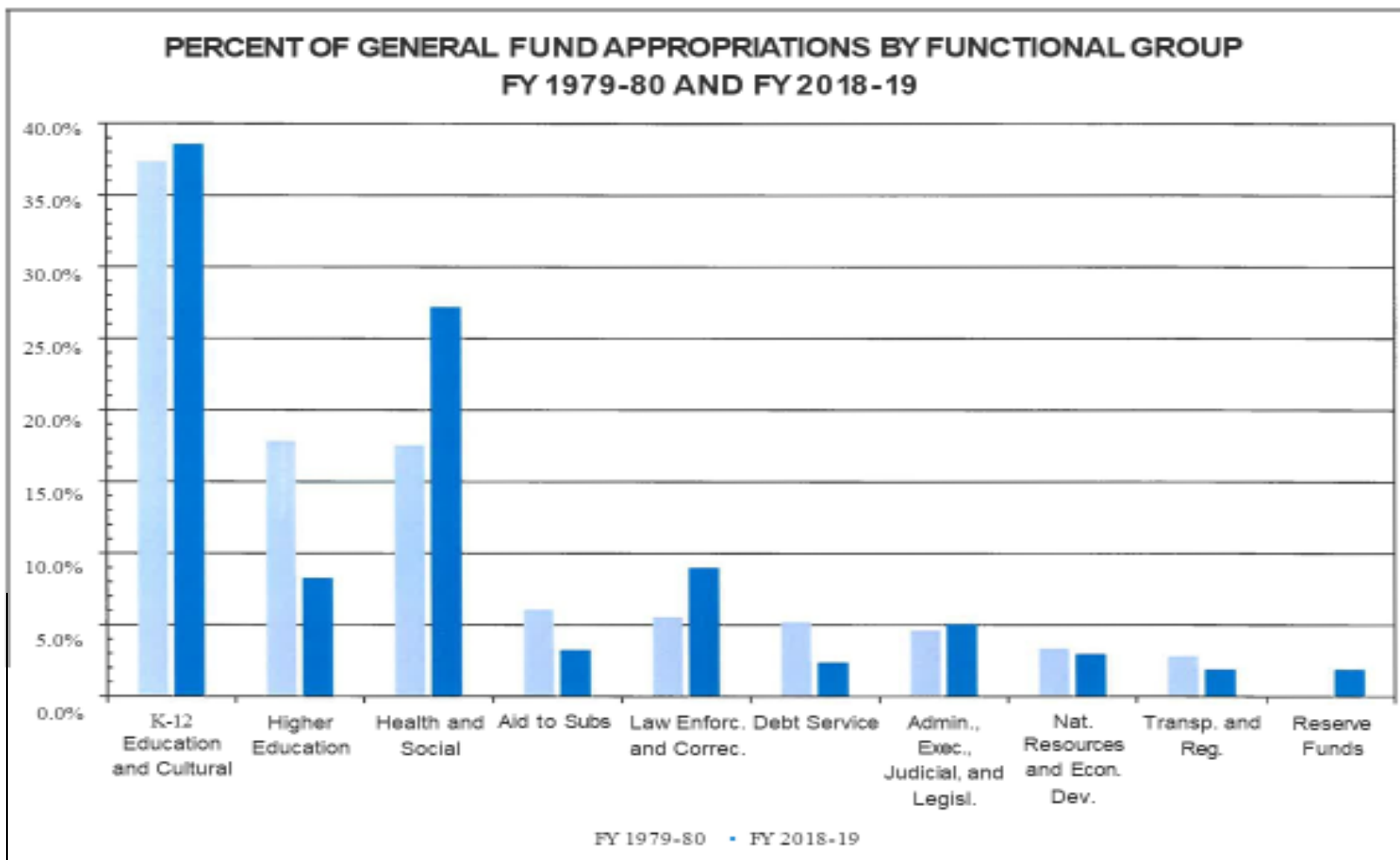


The UofSC *Fully Supports* the Major Provisions of the Opportunity Act:

- Providing modest but predictable recurring state appropriations that finally stabilizes state support as an overall share of the state's budget. ***Despite the state's robust economic recovery since the Great Recession, college appropriations continue to erode as a state priority.***
- Utilizing available but unused debt service to establish a recurring deferred maintenance trust fund ***while preserving sufficient capacity to issue the state's first bond bill for higher education in almost 20 years.***
- Stabilizing the state's generous merit based scholarship program ***while increasing the state's commitment to students with financial need.***
- Reducing duplicative bureaucratic red tape associated with the state's multi-layered capital approval process while ***maintaining proper oversight.***

AND

- Establishing higher education's first ever dedicated trust fund for the exclusive purpose of increasing access and affordability for in-state students at the state's 4-year and research institutions ***including the state's first ever statutorily mandated limit on future tuition and fee increases at the state's public 4-year and research institutions.***

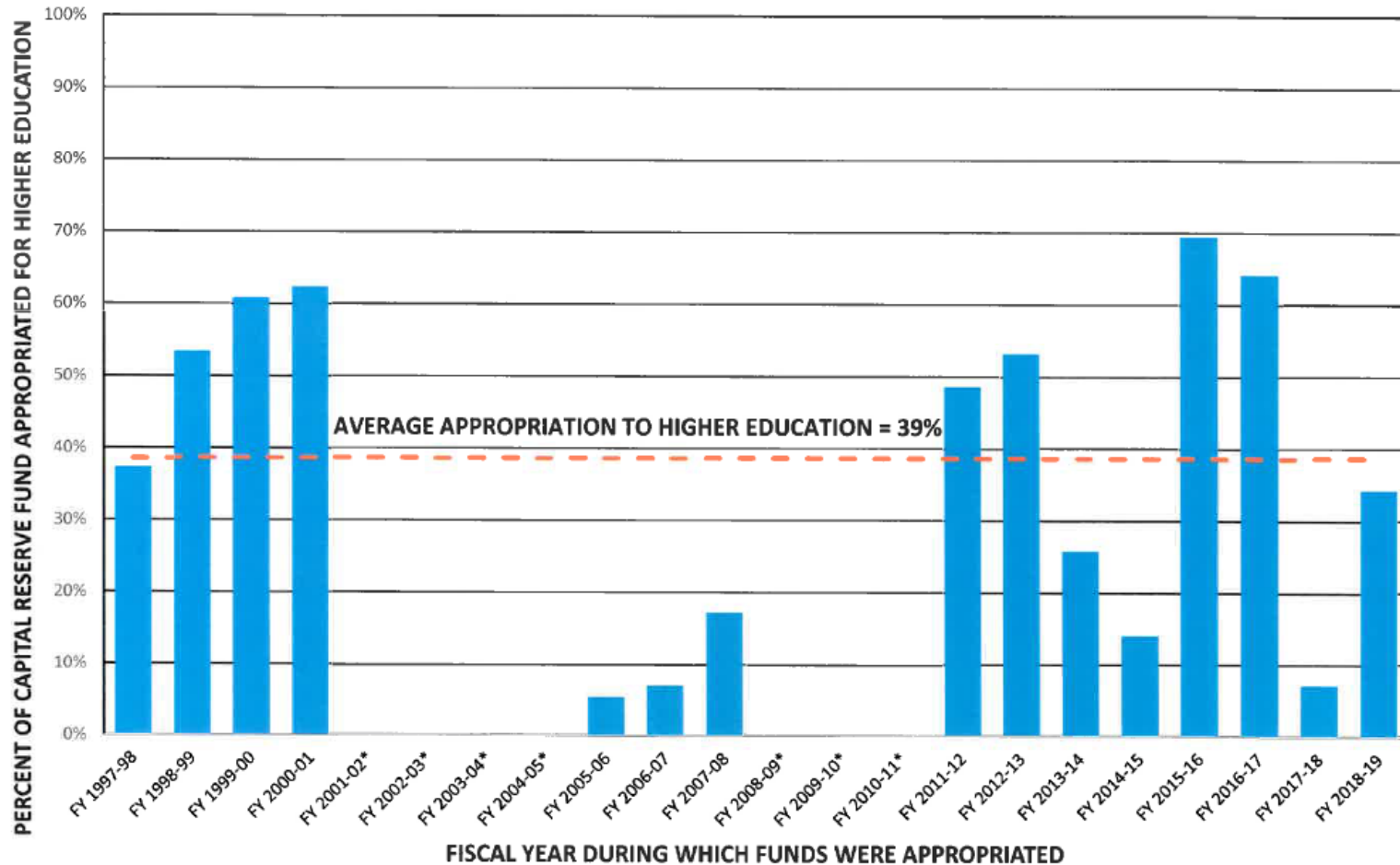


Source: S.C. Revenue and Fiscal Affairs - 206 /AM/01/02/19



Since 2000, the State's Capital Support of Colleges Has Been Unreliable as Well...

CAPITAL RESERVE FUND APPROPRIATIONS FOR HIGHER EDUCATION

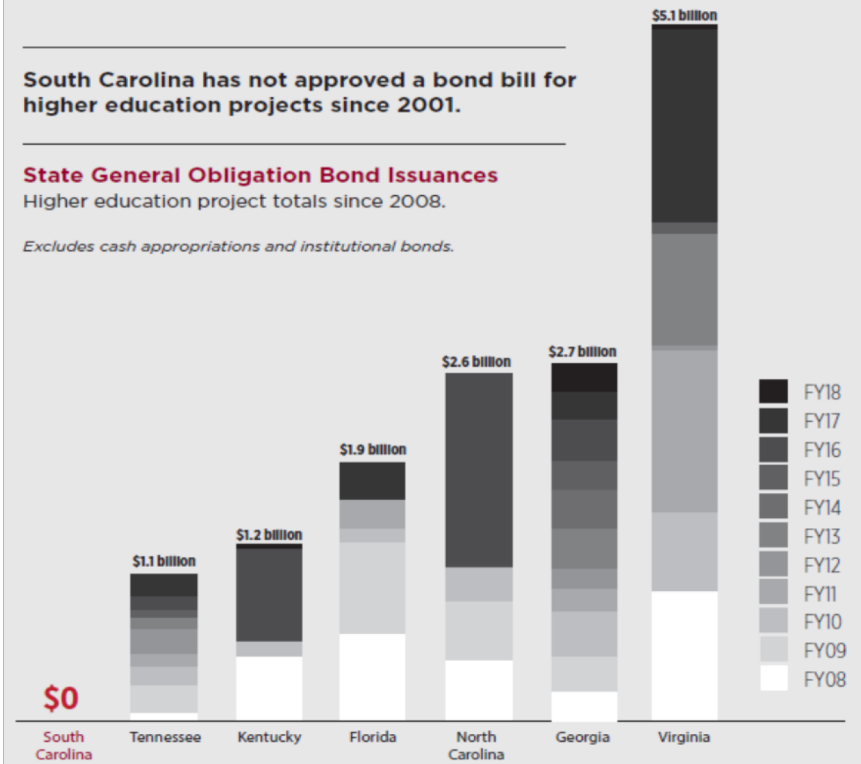


SURROUNDING STATES HAVE INVESTED BILLIONS IN HIGHER EDUCATION SINCE 2008.

South Carolina has not approved a bond bill for higher education projects since 2001.

State General Obligation Bond Issuances
Higher education project totals since 2008.

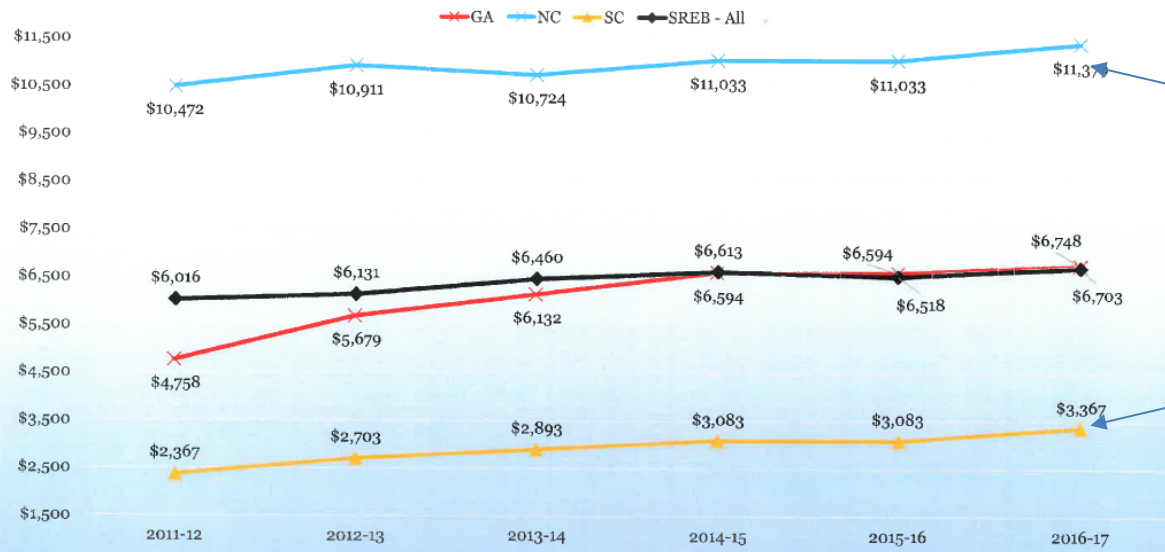
Excludes cash appropriations and institutional bonds.





Appropriations Compared to SREB States

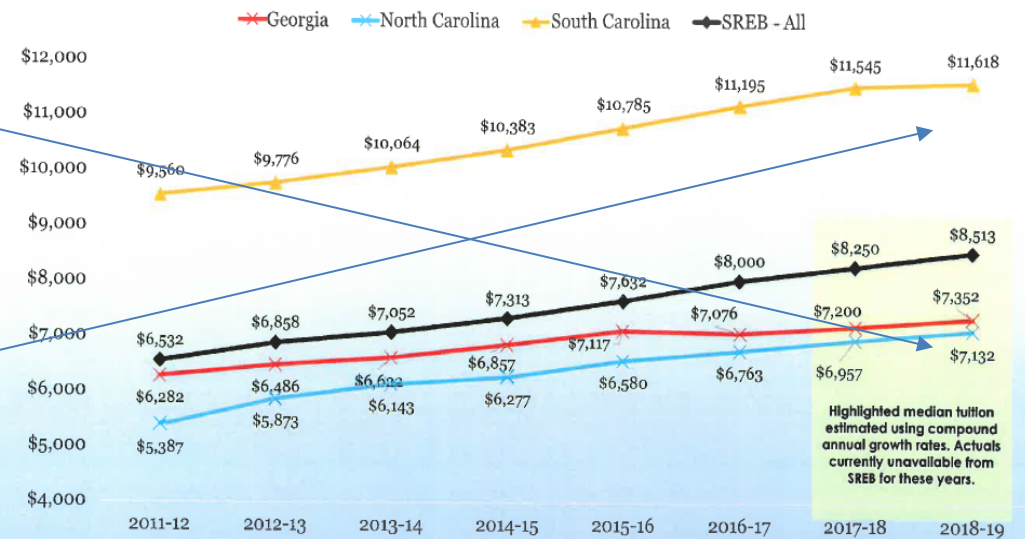
2011-12 to 2016-17, State Appropriations Per FTE, 4-Year



Source: IPEDS: Integrated Postsecondary Education Data System; Database. FY 2016-17 is provisional data and subject to change.

Median Tuition Compared to SREB States

2011-12 to 2018-19, In-State, Undergraduate, 4-Year



Highlighted median tuition estimated using compound annual growth rates. Actuals currently unavailable from SREB for these years.

Source: SREB: Southern Regional Education Board (www.sreb.org/general-information/median-annual-tuition-and-fees). CHE 100 Report.



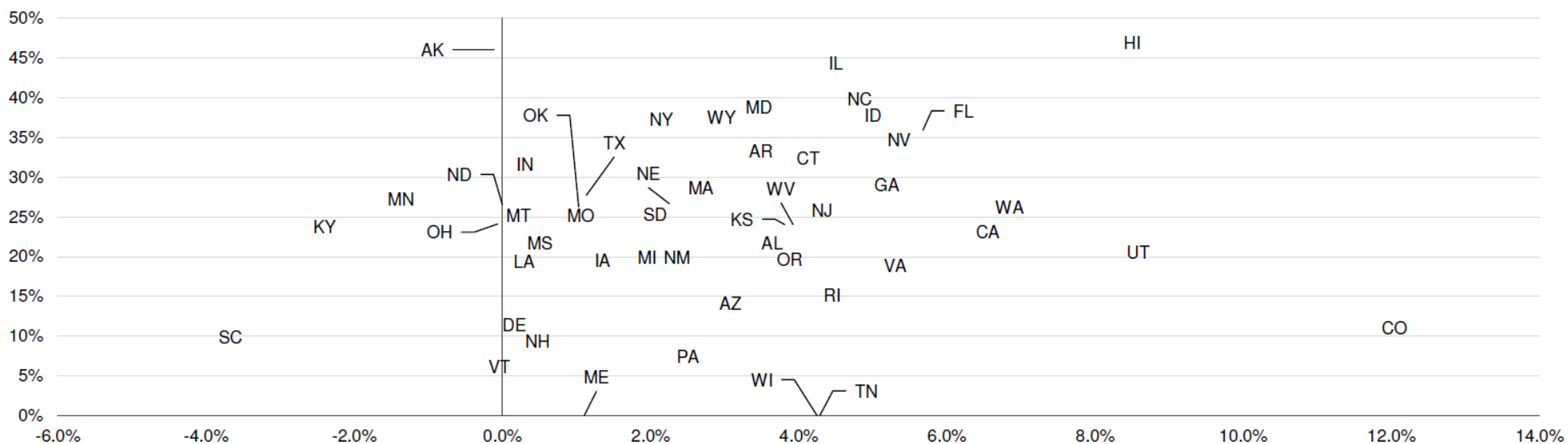
Higher education - US

Stronger state financial support benefits public universities

Exhibit 2

Universities in most states are heavily reliant on state funding

Fiscal 2019 annual growth in state fiscal support (bottom axis), median university reliance on state fiscal support (left axis)



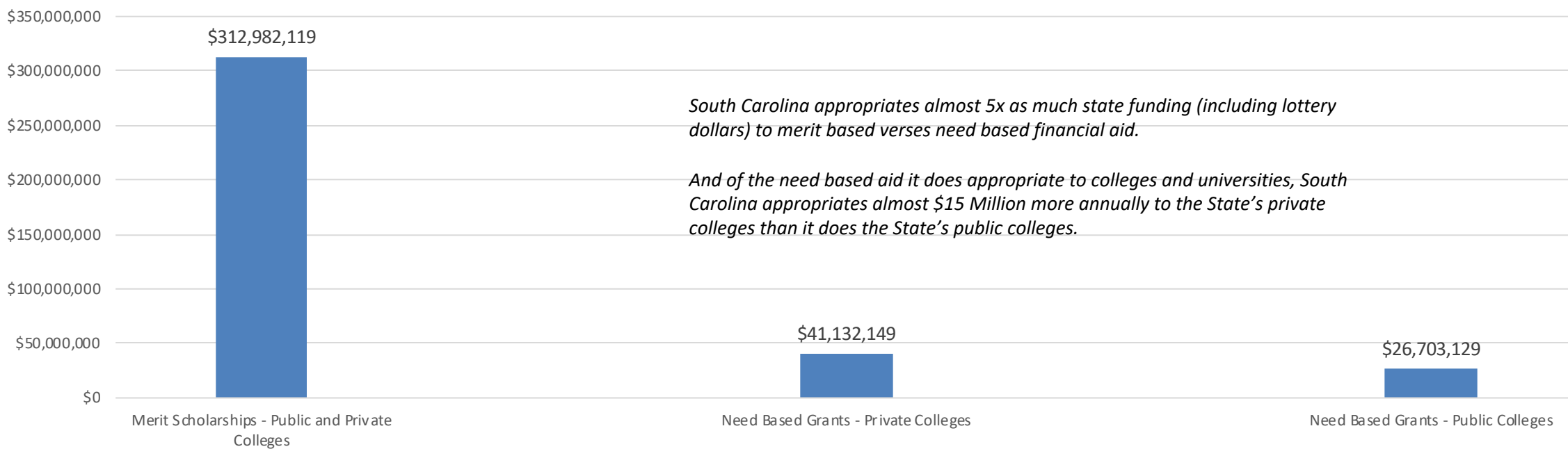
"State fiscal support" refers to government operating appropriations. "Median university reliance on state fiscal support" covers the Moody's-rated 212 public colleges and universities and state systems in 47 states. Moody's does not rate public colleges and universities in Maine, Wisconsin or Tennessee.

Sources: Illinois State University Center for the Study of Education Policy Grapevine data, Moody's Investors Service



SC's Scholarship and Grant "Portfolio" ...

State Appropriations for Merit Based vs. Need Based Financial Aid
FY18-19
General Fund and Lottery Combined





The Opportunity Act...A Chance for Welcome Regulatory Relief...

The Opportunity Act, while offering colleges modest funding in exchange for tuition guarantees, also provides important relief from the State's multi-layered capital approval process (which can take as long as 18 mos. to receive approval to undergo deferred maintenance projects valued at \$1M or more), while maintaining proper State oversight.

Just like in the private sector, over burdensome or outdated regulations cost colleges time and money that could be better saved by institutions on quality and affordability for their students.

Note: Current capital approval process for colleges and universities →

Transaction Type	Approval(s) Needed					
	JBRC Staff	JBRC Full	SFAA	Admin	CHE	CHE Staff
Cancel a Project				X		X
Change a Project Name (doesn't meet JBRC criteria)				X		X
Close a Project				X		X
Decrease a Project Budget				X		X
Establish a Project						
<ul style="list-style-type: none"> Legislatively Authorized (any amount) Less than \$1m (work on existing facilities) Greater than or equal to \$1m (work on existing facilities) Greater than \$500k (new construction) 				X		X
Increases: (within threshold limits established by JBRC/SFAA)						
<ul style="list-style-type: none"> Increase Budget (Legislatively-authorized project) Increase due to Transfer (up to 10%) Increase Budget (revised total project cost less than \$250k) Increase Budget (revised total project cost \$250k to \$999,999) Increase Budget (revised total project cost exceeds \$999,999) 				X		X
Land Acquisitions						
<ul style="list-style-type: none"> Less than \$250k \$250k to \$999,999 Greater than \$1m 	X			X	X	
Scope Revisions						
<ul style="list-style-type: none"> Project Greater than \$10m and sf change of 20% or more Project Less than or equal to \$10m and sf change of 30% or more All other than don't meet JBRC criteria 		X	X		X	
Source of Fund Changes						
<ul style="list-style-type: none"> Less than \$100k and no tuition/fee increase Between \$100k and \$500k with no tuition/fee increase Greater than \$500k or any amount with tuition/fee increase 	X			X	X	
Transfers						
<ul style="list-style-type: none"> Up to 10% between Projects Greater than 10% between Projects 				X	X	
Leases						
<ul style="list-style-type: none"> Below \$100k annual cost Between \$100k and \$250k annually or less than \$1m in 5 year period Greater than \$250k annually or more than \$1m in 5 year period 				X		X

Presidential Search Update



UNIVERSITY OF
SOUTH CAROLINA

Laurie G. Wilder, President
Porsha Williams, Vice President
Parker Search Firm



Adjournment



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