Strategic Plan

• Focus Carolina 2023
Dashboard

First-time, full-time freshmen

First-Time, Full-time Freshmen

- USC Columbia
- Peers
- Peer Aspirants

Year:
- Fall 2010: 4424
- Fall 2011: 4569
- Fall 2012: 4580
- Fall 2013: 5003
- Fall 2014: 4943
- Fall 2015: 5156
- Fall 2016: 5064
- Fall 2017: 5838
Strategic Plan Action Items

• **Blueprints**

• Arenas of Learning
  – **Galen**
  – **Rhodos**

• Excellence Initiative

• Sub plans

• Special Projects
  – Experiential Learning
  – **USCreativity**
  – Academic Innovation
Enrollment Management Update

Dennis Pruitt, Vice President for Student Affairs and Vice Provost

Stacey Bradley, Senior Associate Vice President for Student Affairs and Academic Support
USC System Headcount Enrollment

- **Fall 2013**
  - Undergraduate: 38,627
  - Graduate: 6,519
  - Professional: 1,526
  - Total: 46,672

- **Fall 2014**
  - Undergraduate: 39,682
  - Graduate: 6,871
  - Professional: 1,613
  - Total: 48,166

- **Fall 2015**
  - Undergraduate: 40,510
  - Graduate: 7,241
  - Professional: 1,697
  - Total: 49,448

- **Fall 2016**
  - Undergraduate: 41,155
  - Graduate: 7,198
  - Professional: 1,746
  - Total: 50,099

- **Fall 2017**
  - Undergraduate: 42,394
  - Graduate: 6,922
  - Professional: 1,814
  - Total: 51,130

Legend:
- Undergraduate
- Graduate
- Professional
Ten-Year Trend
SAT Average and Freshman Class Size

Fall 2009 | Fall 2010 | Fall 2011 | Fall 2012 | Fall 2013 | Fall 2014 | Fall 2015* | Fall 2016* | Fall 2017* | Fall 2018~
----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------
1192      | 1185     | 1199     | 1199     | 1208     | 1210     | 1210      | 5190      | 5104      | 5874      |
3881      | 4423     | 4569     | 4580     | 5002     | 4975     | 5104      | 1255      | 1273      | 5875      |

Source: Admissions Annual Report
~Preliminary
Fall 2018 Admissions Funnel

- 268,477 Prospects
- 85,727 Inquiries
- 30,938 Applications
- 19,478 Admits
- 5875 Enrolled *

*Projected
Top 10 States Fall 2018

South Carolina
North Carolina
Virginia
Georgia
Maryland
New Jersey
Pennsylvania
New York
Illinois
Massachusetts
<table>
<thead>
<tr>
<th>College</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Arts and Sciences</td>
<td>33%</td>
</tr>
<tr>
<td>Darla Moore School of Business</td>
<td>24%</td>
</tr>
<tr>
<td>College of Engineering and Computing</td>
<td>13%</td>
</tr>
<tr>
<td>College of Nursing</td>
<td>7%</td>
</tr>
<tr>
<td>Arnold School of Public Health</td>
<td>7%</td>
</tr>
<tr>
<td>College Hospitality, Retail and Sport Management</td>
<td>6%</td>
</tr>
<tr>
<td>College of Information &amp; Communications</td>
<td>4%</td>
</tr>
<tr>
<td>College of Pharmacy</td>
<td>3%</td>
</tr>
<tr>
<td>College of Education</td>
<td>2%</td>
</tr>
<tr>
<td>School of Music</td>
<td>1%</td>
</tr>
<tr>
<td>College of Social Work</td>
<td>&lt;1%</td>
</tr>
</tbody>
</table>
### Freshman Class Top Majors

**Summer/Fall 2018**

<table>
<thead>
<tr>
<th>Biological Sciences</th>
<th>Exercise Science</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing</td>
<td>Mechanical Engineering</td>
</tr>
<tr>
<td>Undecided</td>
<td>Experimental Psychology</td>
</tr>
<tr>
<td>Business Undecided</td>
<td>Pharmaceutical Sciences</td>
</tr>
<tr>
<td>International Business</td>
<td>Public Health</td>
</tr>
<tr>
<td>Sport and Entertainment Management</td>
<td>Political Science</td>
</tr>
</tbody>
</table>

12 majors account for 55% of the freshman class!
**Program Enrollment**

- 2012-2013 cohort: 157
- 2013-2014 cohort: 168
- 2014-2015 cohort: 328
- 2015-2016 cohort: 346
- 2016-2017 cohort: 420
- 2017-2018 cohort: 439

**2017-2018 Cohort Enrolled Students**

- 25% out of state students
- 30 out of 46 of SC counties represented in 2017-2018 cohort

**Program Demographics**

- **2012-2013**
  - Women: 61% White, 23% African American, 5% Two or More Races
  - Men: 49% Hispanic, 3% Asian, 1% American Indian/Alaskan Native
  - Avg. SAT: 1014, Avg. ACT: 21

- **2013-2014**
  - Women: 65% White, 24% African American, 5% Two or More Races
  - Men: 35% Hispanic, 6% Asian, 1% Native Hawaiian/Pacific Islander
  - Avg. SAT: 1015, Avg. ACT: 20

- **2014-2015**
  - Women: 53% White, 27% African American, 4% Two or More Races
  - Men: 47% Hispanic, 4% Asian, 1% Native Hawaiian/Pacific Islander
  - Avg. SAT: 975, Avg. ACT: 20

- **2015-2016**
  - Women: 63% White, 20% African American, <1% Two or More Races
  - Men: 37% Hispanic, 4% Asian, <1% Native Hawaiian/Pacific Islander
  - Avg. SAT: 991, Avg. ACT: 21

- **2016-2017**
  - Women: 70% White, 16% African American, 4% Two or More Races
  - Men: 30% Hispanic, 4% Asian, <1% Native Hawaiian/Pacific Islander
  - Avg. SAT: 990, Avg. ACT: 21

- **2017-2018**
  - Women: 74% White, 11% African American, 5% Two or More Races
  - Men: 26% Hispanic, 3% Asian, <1% Native Hawaiian/Pacific Islander
  - Avg. SAT: 1075, Avg. ACT: 21

**Program Results**

64% crossover rate 2016-2017 cohort
**Selection Procedures**
1. SC Resident
2. Regular USC acceptance
3. Parents not 4-yr degree holders
4. Eligible for full Pell Grant

**Program Benefits**
1. At least $4,500 award
2. Support of a learning community
3. Guarantee of full grant support for tuition & technology fee

**Profile of 2016 Recipients**
- Average Family Income: $19,925
- 43% MEN, 57% WOMEN
- Race: White: 47%, Black: 30%, Other: 23%

**Gamecock Guarantee**
1,098 students served 2008-2016

**Freshman Profile**
- Gift Aid as Percent of Total Award: 95%
  (49% overall freshmen)
- Loans as a Percent of Total Award: 5%
  (51% overall freshmen)

- Freshman to sophomore retention rate: 94%
## Freshman and Undergraduate Totals 1988-2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Freshmen</strong></td>
<td>3,037</td>
<td>3,491</td>
<td>5,875</td>
<td>93%</td>
</tr>
<tr>
<td><strong>SAT</strong></td>
<td>975</td>
<td>1145</td>
<td>1273</td>
<td>+298 points</td>
</tr>
<tr>
<td><strong>Total UG Enrollment</strong></td>
<td>15,962</td>
<td>17,133</td>
<td>26,000</td>
<td>63%</td>
</tr>
</tbody>
</table>
## 2018 Projected Freshman Profile

<table>
<thead>
<tr>
<th></th>
<th>All Freshmen</th>
<th>Honors</th>
<th>Capstone</th>
<th>Gateway</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>5875</td>
<td>569</td>
<td>1300</td>
<td>430</td>
</tr>
<tr>
<td>SAT</td>
<td>1273</td>
<td>1491</td>
<td>1373</td>
<td>1075</td>
</tr>
<tr>
<td>ACT</td>
<td>27.9</td>
<td>32.9</td>
<td>30.2</td>
<td>20.9</td>
</tr>
<tr>
<td>WCGPA</td>
<td>4.1</td>
<td>4.7</td>
<td>4.4</td>
<td>3.3</td>
</tr>
</tbody>
</table>

**THE QUINFECTA ACHIEVED**
African American FT Enrollment at SC Institutions

- Fall 2012: USC System - 6303, USC Columbia - 511, Clemson University - 1456, College of Charleston - 1450, Winthrop University - 1390, Francis Marion - 1301, Coastal Carolina University - 1231
- Fall 2013: USC System - 6138, USC Columbia - 456, Clemson University - 1450, College of Charleston - 1390, Winthrop University - 1301, Francis Marion - 1231, Coastal Carolina University - 1161
- Fall 2014: USC System - 6129, USC Columbia - 450, Clemson University - 1390, College of Charleston - 1301, Winthrop University - 1161, Francis Marion - 1091, Coastal Carolina University - 1021
- Fall 2015: USC System - 6154, USC Columbia - 390, Clemson University - 1231, College of Charleston - 1091, Winthrop University - 1021, Francis Marion - 951, Coastal Carolina University - 901
- Fall 2016: USC System - 6213, USC Columbia - 301, Clemson University - 1231, College of Charleston - 1021, Winthrop University - 1021, Francis Marion - 951, Coastal Carolina University - 901

Institutions included:
- USC System
- USC Columbia
- Clemson University
- College of Charleston
- Winthrop University
- Francis Marion
- Coastal Carolina University
More about the Freshman Class

- Emily and Matthew – Most popular names
- 51% from South Carolina
- 54% Female
- 18% URM
- 36 sets of twins
- 56 Valedictorians
- 1700+ high schools
- 44 states and territories, including District of Columbia and 40 countries
USC-Columbia SC market share is increasing

South Carolina High School Graduates Served on Columbia Campus (Freshmen + Gateway)
Fall 2009 - Fall 2018

Source: WICHE, UG Admissions Annual Reports
What is Enrollment Management?

© Forrest M. Stuart, PhD
Next Challenge

• Maintain our enrollment
  • FT FT students
  • Transfer students
  • International students
• Increase Retention Rates
• Maintain “admissions moat”
• Seek state allocations
• Seek state need based and merit aid for public higher education
• State Bond Bill(s)
Why?
Historic Public Higher Education Funding Model
College students predicted to fall by more than 15% after the year 2025

But high demand likely to persist for top 100 elite institutions

What does the declining birthrate mean for colleges and universities and the students who hope to get a college degree a decade from now? The answer depends on where you live in the United States and how selective the college is. For most colleges and universities, the outlook is grim. But that could be a good thing for their future students.

Nathan Grawe, an economist at Carleton College in Minnesota, predicts that the college-going population will drop by 18 percent between 2025 and 2029 and continue to decline by
The business model for higher education is crumbling – is the academic/teaching/learning model crumbling as well?
“Every few hundred years throughout Western history, a sharp transformation has occurred. In a matter of decades, society altogether rearranges itself – its worldview, its basic values, its social and political structures, its art, its key institutions. Fifty years later a new world exists. And the people born into that world cannot even imagine the world in which their grandparents lived and into which their own parents were born. Our age is such a period of transformation.”

– Peter Drucker
“A ‘crumbling paradigm’ is a condition in which an institution or industry has outlasted its operating assumptions. The condition is detected when the business or the mission results of an industry or a company within an industry are flat or declining while more and more resources are consumed. When this happens, the institution or industry goes into an irreversible decline until a new operating model takes its place.”

Source: Gartner (Lopez), 2013
"Perhaps our strategic plan should not have included the phrase: "If you build it they will come.""
In the Growth Years of Higher Education; Each year colleges and universities saw:

- More state appropriations
- Increased student enrollments provided net tuition gains each year
- Often had sizable tuition increases – followed recently by sizable “other fees” as well
- Funded facilities and deferred maintenance via state funded bond bills
- Generated dramatic increases in research grants and indirect costs
- Benefitted from auxiliary services that were self-sustaining
And......

Historically did not have to respond to:

- public dissatisfaction with public higher education at state and federal levels and yearly reductions in support
- increasingly debt aversive families and students – who had neither the willingness or the ability to fund one’s education without debt
- new expenses – technology, student support, facilities, compliance to regulations, merit and need based financial aid, among other expenses
- admissions competition fueled by reductions in the number of high school graduates and international students
- admissions competition for graduate and law school students – resulting from changing labor needs and a robust economy
New Performance Metrics

Input to Output
New Performance Criteria

- Freshman to sophomore retention rates
- Sophomore to senior persistence rates
- Graduation rates
- Length of time to degree
- Placement
- Gainful employment
- Manageable debt
- Institutional default rates
- Life-long learner
- # of Pell Grant recipients graduated
- **Value added**

**NEXT:**
- Transferability
- Retention Rates (delivering on the promise)
FIGURE 11
PUBLIC HIGHER EDUCATION FULL-TIME EQUIVALENT (FTE) ENROLLMENT: PERCENT CHANGE, FY 2011-2016

Excludes Illinois

NOTE: Full-time equivalent enrollment equates student credit hours to full-time, academic year students, but excludes medical students.

SOURCE: State Higher Education Executive Officers
Since FY08, undergraduate student enrollment at SC’s public colleges and universities has increased, on average, just over 1.1% per year. But that overall rate of growth has been driven by an influx of out-of-state students, which increased by more than 37% between FY08 and FY17. In contrast, enrollment growth of SC residents was relatively flat over that period, averaging just 0.66% per year.

Source: SFC Fall 2017 Higher Ed Survey
What Comes Next?
Despite Growth, State Appropriations Still Below Peak Levels

Educational Appropriations Per FTE
Percent Change 2008-2016 by State

The United States remains 16.6% below pre-recession levels of funding; only 4 states have increased overall funding since that time.

South Carolina -37.0%
Declining State Funding Exacerbates Challenges

Revenues at Publics Maintained by Growth in Tuition Revenues

Tuition Growth at Publics Offsets Declining State Funding

Institutional Revenue by Source, 2002-2014, in 2016 Billions of Dollars

- $2086 average decrease in state appropriations per capita between 2002-2014

- 4.3% decrease in research funding at public four-years

Growth in tuition revenue just compensating for declines in public funding

**Funding Down – Tuition Up: A National Perspective**

How does South Carolina Compare?

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**State Funding for Higher Education Remains Far Below Pre-Recession Levels in Most States**

Percent change in state spending per student, inflation adjusted, 2008-2017

- Arizona: -53.8%
- Louisiana: -44.9%
- Illinois: -36.9%
- Pennsylvania: -34.2%
- Alabama: -34.1%
- Oklahoma: -34.0%
- South Carolina: -32.6%
- New Mexico: -32.7%
- Delaware: -27.1%
- Kentucky: -26.4%
- Nevada: -26.3%
- New Hampshire: -23.8%
- Kansas: -22.4%
- West Virginia: -22.3%
- Iowa: -22.1%
- Mississippi: -21.3%
- New Jersey: -20.9%
- Florida: -19.1%
- Missouri: -18.6%
- Idaho: -17.7%
- Texas: -16.4%
- Michigan: -16.3%
- Rhode Island: -15.2%
- North Carolina: -15.0%
- Ohio: -15.0%
- Georgia: -15.0%
- Missouri: -14.3%
- Vermont: -13.9%
- Tennessee: -13.8%
- Virginia: -13.3%
- Minnesota: -12.6%
- Alabama: -12.6%
- Connecticut: -12.5%
- Massachusetts: -12.5%
- Utah: -11.2%
- South Dakota: -8.2%
- Colorado: -7.8%
- Arkansas: -7.2%
- Alaska: -4.7%
- Hawaii: -3.3%
- California: -3.1%
- New York: -2.0%
- New Mexico: -1.2%
- Maryland: -0.4%
- Indiana: 0.2%
- Nebraska: 0.2%
- Montana: 5.1%
- Wyoming: 10.9%
- North Dakota: 37.8%

SC has experienced the 7th largest level of funding cuts over the last 10 years...

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**Tuition Has Increased Sharply at Public Colleges and Universities**

Percent change in average tuition at public, four-year colleges, inflation adjusted, 2008-2017

- Louisiana: 100.7%
- Arizona: 83.8%
- Hawaii: 74.7%
- Georgia: 65.4%
- Alabama: 63.1%
- California: 63.0%
- Colorado: 62.2%
- Florida: 60.8%
- Tennessee: 53.3%
- Virginia: 51.9%
- Nevada: 51.1%
- West Virginia: 46.8%
- New York: 44.5%
- Oregon: 43.8%
- Utah: 40.7%
- New Hampshire: 40.2%
- Idaho: 39.4%
- Oklahoma: 39.2%
- Dakota: 38.2%
- Kentucky: 36.9%
- Vermont: 36.5%
- New Mexico: 34.6%
- Massachusetts: 34.5%
- Kansas: 34.1%
- Connecticut: 33.8%
- Virginia: 33.7%
- Delaware: 32.0%
- South Dakota: 31.6%
- New York: 31.2%
- Texas: 28.1%
- Vermont: 27.3%
- Arkansas: 27.2%
- Michigan: 26.7%
- Illinois: 26.5%
- Wyoming: 25.8%
- Pennsylvania: 22.9%
- Nebraska: 22.5%
- Minnesota: 22.0%
- Wisconsin: 21.3%
- New Jersey: 20.3%
- North Dakota: 17.5%
- Indiana: 17.4%
- Iowa: 15.6%
- Maine: 14.9%
- Missouri: 10.6%
- Maryland: 8.9%
- Ohio: 4.3%
- Montana: 4.4%

...but the 15th lowest level of average tuition increases over the same period.

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Note: Wisconsin was excluded because the data necessary to make a valid comparison are not available. Since enrollment data is only available through the 2015-16 school year, we have estimated enrollment for the 2016-17 school year using data from past years.

Source: CBPP calculations using the “Grapevine” higher education appropriations data from Illinois State University, enrollment and combined state and local funding data from the State Higher Education Executive Officers Association, and the Consumer Price Index, published by the Bureau of Labor Statistics. Illinois funding data is provided by Voices for Illinois Children.
# When First is (Near) Last?

## A Comparison of Tuition and State Support

<table>
<thead>
<tr>
<th>State</th>
<th>Median Tuition 4-Year Public College (FY15)</th>
<th>Rank</th>
<th>State</th>
<th>Rank</th>
<th>State Support (Per Capita FY15)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Carolina</td>
<td>$10,383</td>
<td>1</td>
<td>North Carolina</td>
<td>1</td>
<td>$388</td>
</tr>
<tr>
<td>Virginia</td>
<td>$10,317</td>
<td>2</td>
<td>Maryland</td>
<td>2</td>
<td>$358</td>
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<tr>
<td>Delaware</td>
<td>$9,839</td>
<td>3</td>
<td>Mississippi</td>
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<td>Alabama</td>
<td>$9,088</td>
<td>4</td>
<td>Arkansas</td>
<td>4</td>
<td>$344</td>
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<tr>
<td>Kentucky</td>
<td>$8,388</td>
<td>5</td>
<td>Alabama</td>
<td>5</td>
<td>$303</td>
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<tr>
<td>Tennessee</td>
<td>$8,024</td>
<td>6</td>
<td>Texas</td>
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<td>Maryland</td>
<td>$8,018</td>
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<td>Georgia</td>
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<td>Texas</td>
<td>$7,648</td>
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<td>Oklahoma</td>
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<td>Arkansas</td>
<td>$7,609</td>
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<td>West Virginia</td>
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<td>$274</td>
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<tr>
<td>Georgia</td>
<td>$6,857</td>
<td>10</td>
<td>Kentucky</td>
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<td>$271</td>
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<tr>
<td>Louisiana</td>
<td>$6,728</td>
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<td>Delaware</td>
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<td>West Virginia</td>
<td>$6,417</td>
<td>12</td>
<td>Louisiana</td>
<td>12</td>
<td>$240</td>
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<td>Mississippi</td>
<td>$6,401</td>
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<td>Tennessee</td>
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<td>$239</td>
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<td>Florida</td>
<td>$6,359</td>
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<td>Virginia</td>
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<td>$219</td>
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<tr>
<td>North Carolina</td>
<td>$6,277</td>
<td>15</td>
<td>South Carolina</td>
<td>15</td>
<td>$212</td>
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<tr>
<td>Oklahoma</td>
<td>$5,688</td>
<td>16</td>
<td>Florida</td>
<td>16</td>
<td>$208</td>
</tr>
</tbody>
</table>

Source: SREB and SHEEO

*Note: State support includes 2 and 4 year colleges, public and private
State Funding for Higher Education

Percent Change in Per Student Funding (Inflation Adjusted)

FY2008 - FY2017

-53.8% Arizona
-44.9% Louisiana
-36.9% Illinois
-34.2% Pennsylvania
-34.1% Alabama
-34.0% Oklahoma
-33.6% South Carolina
-32.7% New Mexico
-27.1% Delaware
-26.4% Kentucky

Since the Great Recession, only 6 states have reduced Higher Education funding more than South Carolina.

Not Shown: North Carolina = -15.9%
Georgia = -15.0%

Source: CBPP

UNIVERSITY OF SOUTH CAROLINA
Office of the Provost
"Per Pupil" State Support at SC Public Colleges
In-State Undergraduate Students
Pre and Post Great Recession

Between FY08 and FY17, while in-state undergraduate student enrollment at the State’s 33 public colleges and universities increased from 138,000 to 146,000, State General Fund operating appropriations as measured on an in-state student basis fell by 32% (on average), with great variation among the higher ed "sectors".

*Excludes MUSC, USC School of Medicine and Clemson PSA

Sources: State Appropriation Acts and SFC Fall 2017 Higher Ed
FIGURE 13
NET TUITION AS A PERCENT OF TOTAL EDUCATIONAL REVENUE, FY 2016

Excludes Illinois

NOTES: 1. Dollars adjusted by 2016 HECA, Cost of Living Adjustment, and Enrollment Index.
2. Net tuition revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue used for capital debt service is included in the net tuition revenue figures above.

SOURCE: State Higher Education Executive Officers
FIGURE 15
EDUCATIONAL APPROPRIATIONS PER FTE (ADJUSTED) – DIFFERENCE FROM U.S. AVERAGE, FY 2016

<table>
<thead>
<tr>
<th>State</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>WYOMING</td>
<td>10,505</td>
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<tr>
<td>ALASKA</td>
<td>1,654</td>
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<tr>
<td>NEBRASKA</td>
<td>1,635</td>
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<tr>
<td>NORTH CAROLINA</td>
<td>910</td>
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<tr>
<td>NEW MEXICO</td>
<td>1,205</td>
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<td>IDAHO</td>
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<td>CONNECTICUT</td>
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<td>GEORGIA</td>
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<td>NORTH DAKOTA</td>
<td>74</td>
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<tr>
<td>TEXAS</td>
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</tr>
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<td>CALIFORNIA</td>
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<td>U.S.</td>
<td>-10</td>
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<tr>
<td>NEW YORK</td>
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<tr>
<td>TENNESSEE</td>
<td>-134</td>
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<tr>
<td>MARYLAND</td>
<td>-237</td>
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<tr>
<td>MISSISSIPPI</td>
<td>-340</td>
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<tr>
<td>KENTUCKY</td>
<td>-507</td>
</tr>
<tr>
<td>NEVADA</td>
<td>-782</td>
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<tr>
<td>MASSACHUSETTS</td>
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<tr>
<td>MINNESOTA</td>
<td>-872</td>
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<tr>
<td>MAINE</td>
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</tr>
<tr>
<td>INDIANA</td>
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<tr>
<td>OKLAHOMA</td>
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</tr>
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</tr>
<tr>
<td>MISSOURI</td>
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<tr>
<td>WASHINGTON</td>
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<td>NEW JERSEY</td>
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<td>FLORIDA</td>
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<tr>
<td>KANSAS</td>
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<td>MICHIGAN</td>
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<td>WISCONSIN</td>
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<td>IOWA</td>
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<tr>
<td>ALABAMA</td>
<td>-1,750</td>
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<tr>
<td>OHIO</td>
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<tr>
<td>SOUTH DAKOTA</td>
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<tr>
<td>OREGON</td>
<td>-2,170</td>
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<td>LOUISIANA</td>
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<td>MONTANA</td>
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<tr>
<td>SOUTH CAROLINA</td>
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<td>WEST VIRGINIA</td>
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<td>VIRGINIA</td>
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<td>DELAWARE</td>
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<tr>
<td>ARIZONA</td>
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<tr>
<td>COLORADO</td>
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<td>PENNSYLVANIA</td>
<td>-4,627</td>
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<tr>
<td>NEW HAMPSHIRE</td>
<td>-4,746</td>
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<tr>
<td>VERMONT</td>
<td></td>
</tr>
</tbody>
</table>

Excludes Illinois

NOTES:
1. Dollars adjusted by 2016 HECA, Cost of Living Index, and Enrollment Index.
2. Educational appropriations measures state and local support available for public higher education operating expenses and excludes appropriations for independent institutions, financial aid for students attending independent institutions, and research.

SOURCE: State Higher Education Executive Officers
How the Great Recession turned America’s student-loan problem into a $1.5 trillion crisis

Published: Sept 23, 2018 8:55 a.m. ET

The financial crash, which began 10 years ago this month with the collapse of Lehman Brothers, created a perfect storm.
College Aid from States… How Does SC Compare?

Per Student Aid – 2014

According to SREB data, SC spends between 3 and 7 times more per student on merit and/or other non need-based aid compared to the region and nation, while spending between 60 and 70% less on aid based on financial need, respectively.

Source: SREB “South Carolina College Affordability Profile 2017”
Between FY00 and FY18, state funding for Need Based aid for public college students increased by 6%/yr., on average, compared to 3%/yr. for privates. By FY18, the share of state funds spent on Need Based aid at public schools represented 39% of total Need Based appropriations, up from 29% in FY00.
Total Outstanding Student Loan Debt in the U.S.

Source: The Board of Governors of the Federal Reserve System
SCBEA/RWM/08/25/16
The Last Time We Checked…  
…Bond Bills for Higher Education since 2000

2016:  Georgia, Maryland, Mississippi, North Carolina
2015:  Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina*, Tennessee
2014:  Louisiana, Mississippi
2007:  Alabama, Kentucky
2006:  Arkansas
2005:  Alabama
2002:  Virginia
2000:  South Carolina, North Carolina*

Since the last time South Carolina passed a capital improvement bond bill for Higher Education (16 years ago), 11 Southeastern States have passed at least 1, with 7 having passed at least 1 over the last 3 years.

*Since 2000, North Carolina has authorized more than $4.4 BILLION in capital improvement bonds for Higher Education.

*Blue font indicates the State has passed at least 2 Bond Bills since 2000.

Source: SC General Assembly Joint Capital Bond Study Committee – Survey of SREB States
Separating Fact From Fiction

Higher Ed Assailed By A Drumbeat of Critiques

Our Challenge

• Maintain FT FT enrollments for all colleges
• Maintain transfer enrollments: Be transfer friendly
• Improve Retention Rates

And……..
“Deliver on the Promise”
So – Back to the Previous Era

- Enrollment & Retention Management Council
- Enrollment & Retention Seminar/Retreats
- Admissions Tool Box
- Retention Tool Box
- Flexibility driven by adaptability
Importance of Retention – An Institutional Conscience
Importance of Retention

- Increased student learning
- Higher graduation rates
- Increased enrollments
- Increased tuition dollars/funding
- Improved services for students
- Improved student and faculty/staff morale
- Improved recruitment and retention of faculty and staff
- Improved focus on staff development
- Improved teamwork among various work units and divisions
- Improved accountability measures
- Improved image
- Improved working environment for staff
- Improved institutional efficiency and effectiveness
Retention Stats

• Nationally, 59% of first-time students who sought bachelor’s degrees full-time in fall 2007 completed their degree at their original institution within six years.
• More than one-third of students leave their institution prior to graduation.
• Of the students who leave, more than half withdraw prior to beginning their second year.
• Departure rates vary by admissions selectivity and institutional control.

Source: Department of Education (2015)
Freshman to Sophomore Retention by Cohort

2004-2016

- 2004: 83.1%
- 2005: 85.8%
- 2006: 86.9%
- 2007: 87.2%
- 2008: 86.7%
- 2009: 85.9%
- 2010: 86.8%
- 2011: 87.2%
- 2012: 88.2%
- 2013: 88.1%
- 2014: 88.1%
- 2015: 88.3%
- 2016: 88.7%
First-time, Full-time Freshman Graduation Rates*

Source: Enrollment Analytics
<table>
<thead>
<tr>
<th>Institution</th>
<th>Retention Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Carolina **</td>
<td>96%</td>
</tr>
<tr>
<td>University of Virginia **</td>
<td>96%</td>
</tr>
<tr>
<td>University of Georgia *</td>
<td>95%</td>
</tr>
<tr>
<td>University of Maryland **</td>
<td>95%</td>
</tr>
<tr>
<td>Rutgers University *</td>
<td>92%</td>
</tr>
<tr>
<td>University of Connecticut *</td>
<td>92%</td>
</tr>
<tr>
<td>Indiana University **</td>
<td>91%</td>
</tr>
<tr>
<td>University of South Carolina</td>
<td>88%</td>
</tr>
<tr>
<td>The University of Tennessee *</td>
<td>86%</td>
</tr>
<tr>
<td>University of Missouri **</td>
<td>86%</td>
</tr>
<tr>
<td>University of Kentucky *</td>
<td>82%</td>
</tr>
</tbody>
</table>

Source: IPEDS Data Center, 2018
### 2011 Six Year Graduation Rates

**Peer* and Aspirant Institutions**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Graduation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Virginia **</td>
<td>94%</td>
</tr>
<tr>
<td>University of North Carolina **</td>
<td>91%</td>
</tr>
<tr>
<td>University of Maryland **</td>
<td>87%</td>
</tr>
<tr>
<td>University of Georgia *</td>
<td>84%</td>
</tr>
<tr>
<td>University of Connecticut *</td>
<td>82%</td>
</tr>
<tr>
<td>Rutgers University *</td>
<td>80%</td>
</tr>
<tr>
<td>Indiana University **</td>
<td>76%</td>
</tr>
<tr>
<td>University of South Carolina</td>
<td>73%</td>
</tr>
<tr>
<td>The University of Tennessee *</td>
<td>69%</td>
</tr>
<tr>
<td>University of Missouri **</td>
<td>68%</td>
</tr>
<tr>
<td>University of Kentucky *</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: IPEDS Data Center, 2018
So What’s 1%?

<table>
<thead>
<tr>
<th>Current Retention</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman to Sophomore</td>
<td>88.1%</td>
<td>88.3%</td>
<td>88.7%</td>
<td></td>
</tr>
<tr>
<td>Sophomore to Junior</td>
<td>82.7%</td>
<td>83.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What If We Improved by 1%?</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman to Sophomore</td>
<td>88.1%</td>
<td>88.3%</td>
<td>88.7%</td>
<td>89.7%</td>
</tr>
<tr>
<td>Sophomore to Junior</td>
<td>82.7%</td>
<td>83.1%</td>
<td>84.1%</td>
<td>84.1%</td>
</tr>
</tbody>
</table>
So What’s 1%?

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman to Sophomore</td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>Sophomore to Junior</td>
<td>50</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>50</td>
<td>115</td>
</tr>
</tbody>
</table>

Average Net Tuition and Academic Fees Revenue

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$775,980</td>
<td>$901,891</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>$893,935</td>
</tr>
<tr>
<td></td>
<td>$775,980</td>
<td>$1,795,826</td>
</tr>
</tbody>
</table>
The Evolution of STUDENT SUCCESS and 200+ Best Practices to Help You Adapt

The definition of student success has evolved considerably since the mid-20th century, when the issue first emerged in earnest. Looking back 50+ years, EAB identified six areas and ten practice areas that define student success theory and practice. For these tasks leading student success, the scope of responsibility during this time has expanded dramatically. New practices seem to occur upon the old, rather than replace them.

In the last decade, the pace of change has accelerated due to student demographic shifts, technological innovations, and the educational challenges of the Great Recession. In response, EAB has amassed a growing library of student success research, including more than 200 proven, replicable practices to help colleges and universities adapt to the evolving landscape. Explore this framework to help contextualize how your own student success strategy is evolving.

Key to EAB Best Practices: Bar heights represent the quantity of practices available in library.

1930s-1960s
Pre-History of Student Success

1970s
The Dawning of Retention Theory

1980s
Bridging the Achieve Gap

1990s
Intervention in the First Year

2000s
A Technological Revolution

2010s
An Era of Rapid Change

Selected Student Success Practices from the EAB Library

- Emergency aid to students
- Graduation success
- Developmental education
- Degree planning
- Career development
- Late stage interventions
- First year experiences
- Degree completion
- Special populations
- Student engagement

Explore over 200 ideas and best practices in student success.

EAB

UNIVERSITY OF SOUTH CAROLINA
Office of the Provost
Why? Because It Works

Housing: First-Year Retention
Fall 2016 to Fall 2017

On-Campus: 88.53%
Off-Campus: 83.44%

Why? Because It Works
Why? Because It Works

Housing: First-Year GPA
Fall 2016 Freshmen

- On-Campus GPA: 3.4
- Off-Campus GPA: 3.25

Why? Because It Works
And Because It Matters

Pell Grant Recipients: First-Year Retention
Fall 2016 to Fall 2017

On-Campus: 91.41%
Off-Campus: 72.29%
A Best Practice – Getting Even Better

First to Second Year Retention
(All Participants)

Data for 2008 to 2013 cohorts provided by the Office of Institutional Research, Assessment and Analytics.
Data for 2014 and later cohorts provided by Student Data Enrollment Analytics.
A Best Practice – Getting Even Better

![Graph showing 6-Year Graduation Rate (2011 Cohort)]

- **All Participants**: 74.6%
- **Without Honors College Population**: 69.9%
- **Lowest Predicted GPA Quartile**: 68.8%

Legend:
- U101
- Non-U101
A Best Practice – Getting Even Better

Supplemental Instruction

<table>
<thead>
<tr>
<th>Semester</th>
<th>SI DWF Rate</th>
<th>Non-SI DWF Rate</th>
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</thead>
<tbody>
<tr>
<td>Fall 2012</td>
<td></td>
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<tr>
<td>Spring 2013</td>
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<tr>
<td>Fall 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spring 2014</td>
<td></td>
<td></td>
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<tr>
<td>Fall 2014</td>
<td></td>
<td></td>
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<tr>
<td>Spring 2015</td>
<td></td>
<td></td>
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<tr>
<td>Fall 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spring 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fall 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Piloted – And Proven

First-Year Retention Survey

Fall 2017 first-year retention survey posited: “My costs will be covered next semester”

Students who disagreed were analyzed for unmet need and payment plan data

31 freshmen awarded a $1,500 renewable grant

25 of them enrolled in Fall 2018, with average of 3.3 GPA and 16 credit hours

$269,000 net tuition revenue
Piloted – And Proven

Spring Progress Reports

In Spring 2018, School of Business faculty members issued 1,841 progress reports.

As a result, 209 students visited the Student Success Center for a consultation.

Students attending a consultation earned a .25 letter grade higher than their peers.

14% higher pass rate for students attending a consultation.
What About Career Outcomes?

Survey of 2012-2016 Graduates

- 1,715 responses; 1,455 analyzed
- Gainful Employment Score
  - Employed FT
  - Job Requires College Degree
  - Salary (regionally adjusted)
  - Career Fulfillment and Engagement
- 91% Agree or Strongly Agree
  "My USC experience had a very positive influence on my life."
- Activities That Most Positively Impacted Career Outcomes
  - Starting job search > 1 year before graduation
  - Attending campus recruiting events & job fairs
  - Utilizing career center resources
  - Paid internships
  40%
Everyone you meet is fighting a hard battle you know nothing about.

Be kind. Always.
References


Barshay, Jill. “College students predicted to fall by more than 15% after the year 2025.” Column. 18 September 2018. Web.


Parks, Craig (2018). *Trends in SC Higher Education State Finance: how SC’s higher education funding----and funding model----has changed over time and how SC compares to its neighbors, region and the nation*. Columbia, SC: Senate Finance Committee.
Overview of Project Goals and Objectives

Huron has partnered with USC to develop and prepare for the implementation of an incentive-based budget model that aligns with the institution’s mission, culture, and strategic priorities through an inclusive and iterative process.

**Project Goals and Objectives**

1. Build on the Board and Elliott Davis’ recent financial modeling efforts to develop a University budget model
2. Engage stakeholders in a discussion about changes in higher education that are driving the need for a new USC business model
3. Develop a set of guiding principles and facilitate discussions about potential model adjustments to reflect those principles
4. Introduce draft budget models to stakeholders through an iterative process to find common ground, and obtain stakeholder buy-in for an agreed upon model to position USC for implementation
5. Enhance current budget processes, tools, reports, and governance structures to support the operationalization of the new budget model
Steering Committee – Roles and Membership

The University has established a Steering Committee of faculty and staff to provide guidance for this initiative, to review project status reports, and to validate the opportunities presented.

Steering Committee Charge

- Provide guidance surrounding the development of a new incentive-based budget model
- Monitor and review project progress
- Validate key decisions by providing constructive feedback on budget model developments
- Engage with the campus community, acting as a liaison between the steering committee and various constituent groups

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joan Gabel – Provost, Co-Chair</td>
<td>Mary Alexander – Chief of Staff, Assistant Provost</td>
</tr>
<tr>
<td>Leslie Brunelli – CFO, Co-Chair</td>
<td>Stacey Bradley – AVP, Student Affairs</td>
</tr>
<tr>
<td>Peter Brews – Dean, Business</td>
<td>Kelly Epting – AVP, Finance</td>
</tr>
<tr>
<td>Lacy Ford – Dean, Arts and Sciences</td>
<td>Tom Regan – Chair, Faculty Budget Committee</td>
</tr>
<tr>
<td>Hossein Haj-Hariri – Dean, Engineering and Computing</td>
<td>Jeff Tallant – CFO, Athletics</td>
</tr>
<tr>
<td>Cheryl Addy – Associate Provost</td>
<td>Brian D’Amico – Shareholder, Elliott Davis</td>
</tr>
</tbody>
</table>

Joe Sobieralski - System Budget Director, Working Group Staff Lead
Huron has partnered with USC to develop and prepare for the implementation of an incentive-based budget model that aligns with the institution’s mission, culture, and strategic priorities through an inclusive and iterative process.

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>Jan</td>
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<tr>
<td>Feb</td>
<td>Feb</td>
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<td>Mar</td>
<td>Mar</td>
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<td>Apr</td>
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<td>Oct</td>
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<td>Nov</td>
<td>Nov</td>
</tr>
<tr>
<td>Dec</td>
<td>Dec</td>
</tr>
</tbody>
</table>

1. **Due Diligence and Visioning**
   - Develop a clear understanding and vision through an assessment of current resource allocation practices

2. **Financial Modeling**
   - Build-out a “pro-forma” model to provide a platform for testing different model alternatives

3. **Stakeholder Engagement**
   - Address change management through methodical, data-driven stakeholder engagement

4. **Infrastructure Development**
   - Develop supporting tools, reports, budget processes, and governance to operationalize the new budget model

5. **Parallel Process**
   - Test a new model to understand outcomes if the new model were implemented
Budget Model Redesign

Industry Overview
Recent Trends in Budgeting

A significant number of institutions have recently decided to undertake budget redesign initiatives to find a long-term solution to recent financial challenges.

- Institutions are working diligently to reframe budgeting as a way to develop new revenues, promote desired activities, and funnel resources to strategic priorities

- A 2016 Inside Higher Ed Survey reported that 47% of U.S. institutions surveyed have changed their budget model in the past 4 years with 35% of those that have not changed their institution’s model planning to do so
  - 21% of those surveyed say their institution uses a Responsibility-Centered Management (RCM) model

- Recent changes have resulted in more inclusive strategies that acknowledge the powerful impact engaged faculty and staff can have on institutional resources

- With enhanced inclusiveness, universities have needed to produce more timely, comprehensive, and insightful data and reports

- Ultimately, universities appear to be adopting hybrid budgeting models that are highly customized to institutional cultures and goals
Recent Higher Education Budget Redesigns

Since the Great Recession, and with the continued strain on revenue sources, universities are undertaking comprehensive budget redesign initiatives with increasing frequency.

5 Primary Reasons for Budget Redesigns
1) Strengthen Allocation Methodology
2) Promote Revenue Growth
3) Drive Operational Efficiencies
4) Increase Transparency
5) Align Institutional Incentives

The number of institutions pursuing budget redesigns continues to grow as universities face fiscal challenges and seek to expand the number of institutional leaders focused on resource maximization.
Budget Model Redesign

Model Overview
## Guiding Principles

Steering Committee members developed a set of guiding principles, which are summarized below. These principles have been used to inform decisions on the development of the proposed budget model.

<table>
<thead>
<tr>
<th></th>
<th>Guiding Principle</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Create a model that seeks to <strong>advance the University’s mission</strong> as an institution for excellence and remains <strong>flexible</strong> enough to adapt to changing priorities over time</td>
</tr>
<tr>
<td>2</td>
<td><strong>Feature incentives</strong> that promote balanced growth by rewarding entrepreneurship, innovation, and collaboration within and across disciplines</td>
</tr>
<tr>
<td>3</td>
<td>Develop a <strong>highly collaborative</strong> and sustainable budgeting process that <strong>promotes transparency</strong> and <strong>accountability</strong> across all units</td>
</tr>
<tr>
<td>4</td>
<td>Reflect a <strong>shared commitment to the fiscal health</strong> of the campus ensuring optimal efficiencies and that <strong>institutional priorities can be funded</strong></td>
</tr>
<tr>
<td>5</td>
<td>Provide a <strong>consistent and fair methodology</strong> for revenue and cost allocation that is relatively <strong>simple</strong> and easy to understand</td>
</tr>
<tr>
<td>6</td>
<td>Use <strong>trusted and reliable data</strong> to facilitate strategic decision making and to <strong>enable enhanced forecasting and planning</strong></td>
</tr>
</tbody>
</table>

---

**Guiding Principles**

Steering Committee members developed a set of guiding principles, which are summarized below. These principles have been used to inform decisions on the development of the proposed budget model.
## Revenue and Expense Allocation Overview

In general, incentive-based budget models share five common elements related to the flow of revenues and expenses across the institution.

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Revenues</strong></td>
<td>- Typically recognized as revenue by the unit for goods or services provided</td>
</tr>
<tr>
<td><strong>Allocation of General Revenues</strong></td>
<td>- Models devolve ownership of revenues from central administration to the academic units that generate them; particularly, general state appropriations, and tuition and fees</td>
</tr>
<tr>
<td><strong>Direct Expenses</strong></td>
<td>- Units have traditionally been accountable for, and actively managed, direct expenses</td>
</tr>
<tr>
<td><strong>Allocation of Indirect Expenses</strong></td>
<td>(Cost Pool Allocations)</td>
</tr>
<tr>
<td></td>
<td>- Optimal decision-making requires that the full costs of activities be understood; not just the direct costs, but also the facilities utilized and central services provided</td>
</tr>
<tr>
<td></td>
<td>- By understanding how indirect costs are allocated, management can estimate the full marginal costs of proposed initiatives</td>
</tr>
<tr>
<td></td>
<td>- Each academic unit pays for its own direct expenses plus a share of the central support unit expenses</td>
</tr>
<tr>
<td><strong>Use of Central Funding</strong></td>
<td>- Allocations from central sources (i.e. “subventions”) to academic units are used to support mission-critical units with under-funded operating costs</td>
</tr>
<tr>
<td></td>
<td>- In part, the use of a central fund addresses the economic problem of the commons</td>
</tr>
</tbody>
</table>
Critical Model Decision Points (1 of 2)

Moving to an incentive-based budget model requires many decisions regarding the model’s scope, structure, and methodology. The Steering Committee has established decisions regarding the following key model components:

Key Model Components:

1. **Model Philosophy**: How decentralized should budgeting authority be? How closely should the model reflect economic reality?

2. **Model Structure**: How should institutional units be classified and treated (e.g. academic, administrative & support, auxiliaries)?

3. **Tuition (Graduate and Undergraduate)**: What is the appropriate balance of allocating tuition on the basis of instructed credit hours v. department enrollments?

4. **State Appropriations**: What activities (e.g. instruction, advising, research) should state funding be allocated to support?

5. **Research Support**: How should growth and increased quality of the research enterprise be incentivized and subsidized?

6. **Cost Pools**: How many cost pools should be established? How much detail should be available about administrative overhead costs?

7. **Cost Allocations**: What metrics should be used to allocate administrative overhead costs?
Critical Model Decision Points (2 of 2)

Moving to an incentive-based budget model requires many decisions regarding the model’s scope, structure, and methodology. The Steering Committee has established decisions regarding the following key model components:

Key Model Components:

8. **Scholarships, Aid and Waivers**: What types of financial aid and scholarships should be charged directly to academic units and what should remain as a central cost?

9. **Subvention Funding**: How large should the subvention (“strategic investment pool”) pool be? How should it be funded, and how should strategic investments be allocated back to the institution?

10. **Model Sensitivity**: How responsive should the model be to one-year changes in institutional activity? For example, how long should changes in enrollment, instruction, or research activity take to affect model allocations?

11. **Model Infrastructure**: Does the institution currently have the professional and technological resources to manage a sophisticated, decentralized model? What additional investments are necessary?

12. **Model Governance**: What stakeholder group will have ultimate authority for annual budget system operations? Who will influence changes to the model ruleset and who will govern committees that address concerns related to administrative service delivery, space management, academic quality, etc.?
Using campus stakeholder feedback, the Steering Committee guided the development of a model framework that allows for unit-level funds flow statements. A condensed version of the structure, for illustrative purposes, is below.

### Model Framework

<table>
<thead>
<tr>
<th>Row #</th>
<th>Allocation Type</th>
<th>ARTS AND SCIENCES</th>
<th>EDUCATION</th>
<th>ENGINEERING</th>
<th>COMPUTING</th>
<th>HOSPITALITY</th>
<th>RETAIL SPORTS &amp; WINE</th>
<th>LAW</th>
<th>MASS COMMUNICATION STUDIES</th>
<th>DARLA MOORE SCHOOL OF BUSINESS</th>
<th>NURSING</th>
<th>PHARMACY</th>
<th>ARNOLD SCHOOL OF PUBLIC HEALTH</th>
<th>MUSIC</th>
<th>SOCIAL WORK</th>
<th>ACADEMIC UNITS</th>
<th>AUXILIARY UNITS</th>
<th>PRIMARY UNITS</th>
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<th>COLUMBIA BUDGET</th>
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</tbody>
</table>
Undergraduate Tuition Allocation

The new budget model allocates general undergraduate tuition based on each academic unit’s share of either instructed or enrolled student credit hours.

<table>
<thead>
<tr>
<th>Tuition Allocated to College of Instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Recognizes direct costs of instruction</td>
</tr>
<tr>
<td>▪ Incentive for course competition and redundancy</td>
</tr>
<tr>
<td>▪ Misaligned incentives for academic advising</td>
</tr>
</tbody>
</table>

Distribution of Undergraduate Tuition Revenue Examples

<table>
<thead>
<tr>
<th>College of Instruction</th>
<th>College of Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tuition Allocated to College of Record</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Promotes recruitment and retention</td>
</tr>
<tr>
<td>▪ Does not recognize direct costs of instruction</td>
</tr>
<tr>
<td>▪ Can lead to “holding company” mentality</td>
</tr>
</tbody>
</table>

Examples:
- 50/50
- 60/40
- 75/25
- 80/20
- 86/14
- 100/0
State Appropriations Allocation

State appropriations are allocated based on each academic unit’s share of sponsored revenue to support research, and student enrolled credit hours to support instruction.

General State Approp. to Academic Programs
- Promotes externally funded research
- Often aligns with legislative intent
- Creates a lopsided funded model
- Increases risk for research portfolio

Distribution of General State Appropriations Examples

- University A: Minimal Research
- University B: Medical School
- University C: Medium Research
- University D: High Research
- University E: High Research
- University A: Minimal Research

General State Approp. to Research
- Encourages mission based activities
- Recognizes the need to subsidize research
- Optically unfeasible (legislative intent)
- May place a large burden on instruction portfolio
USC’s support units have been grouped into eleven cost pools; net expenditures will be allocated to academic units based on specific activity-level metrics.

<table>
<thead>
<tr>
<th>Cost Pool</th>
<th>Illustrative Support Units</th>
<th>FY17 Net Expenses</th>
<th>Allocation Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Services &amp; Administration</td>
<td>Admin &amp; Finance, Finance, Business Affairs, Human Resources,</td>
<td>$66.2MM</td>
<td>Total Employee FTE</td>
</tr>
<tr>
<td>Facilities</td>
<td>Facility Services, Utilities, Facilities Operating Projects</td>
<td>$48.9MM</td>
<td>Net Assignable Sqft</td>
</tr>
<tr>
<td>Enrollment &amp; Scholarships</td>
<td>Enrollment Management, Scholarships, Trio Programs</td>
<td>$28.7MM</td>
<td>UG Student FTE</td>
</tr>
<tr>
<td>Information Technology</td>
<td>University Technology Services, OneCarolina</td>
<td>$20.8MM</td>
<td>Total HC</td>
</tr>
<tr>
<td>Libraries</td>
<td>University Libraries</td>
<td>$18.0MM</td>
<td>Student FTE + Faculty FTE</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>Faculty Senate, Provost, Graduate School, International Programs</td>
<td>$17.8MM</td>
<td>Student FTE + Tenure-Track FTE</td>
</tr>
<tr>
<td>Research</td>
<td>Office of Research/Research Administration</td>
<td>$5.0MM$^1</td>
<td>Sponsored Revenue</td>
</tr>
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<td>Academic Access &amp; Degree Completion Programs</td>
<td>On Your Time, Palmetto College Administration, Distributed Learning</td>
<td>$3.9MM</td>
<td>UG Student FTE</td>
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<td>Executive Affairs</td>
<td>Board of Trustees, President, Legal Affairs, Economic Engagement</td>
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<td>Total Direct Exp. (Less Transfers)</td>
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<td>Academic Support &amp; Student Services</td>
<td>University 101, Residential Learning Centers, Student Affairs – Admin, Academic Support Services</td>
<td>$2.3MM</td>
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<td>Honors College</td>
<td>Honors College</td>
<td>$1.4MM</td>
<td>UG Student FTE</td>
</tr>
</tbody>
</table>

1 – One time revenue items amounting to $4.2MM were removed to be more reflective of future years
Other Critical Model Decision Points

In addition to the allocation methodologies previously discussed, below are four additional model decision points that have been made by the Steering Committee during model development.

<table>
<thead>
<tr>
<th>Decision Point</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Graduate and Summer Tuition</td>
<td>- Graduate and summer tuition will continue to be directly assigned to the unit responsible for generating the revenues</td>
</tr>
<tr>
<td>2) IDC</td>
<td>- Allocate 100% to campus units where IDC is generated</td>
</tr>
</tbody>
</table>
| 3) Central Funding Mechanism | - Used to address mission-critical needs and university-wide priorities  
  - Sourced from a participation fee (tax) and legacy model adjustment |
| 4) Carryforward | - Current carryforward tax policy will continue to be applied moving forward  
  - No retroactive changes to prior year carryforward amounts |

Moving to an incentive-based budget model requires many decisions regarding the model’s scope, structure, and methodology, which have been decided through a highly iterative process.
Budget Model Redesign

Moving Forward
Model's Impact on Decision Making

Incentive-based models have the potential to materially transform institutions over a five to ten-year period as they change the culture of decision making.

- **President’s Executive Council**: remove luxury of “all things to all people” by forcing difficult decisions
  - Institutions understand how colleges and schools are creating and using resources
  - Allocations reflect the institution’s mission and act as “value judgments” for institutional units

- **President, Provost, and COO**: force clarity regarding priorities and strategic initiatives
  - Through the design of incentives, priorities have meaning and produce funding for local units
  - There is full transparency in how resources are used to promote strategic initiatives

- **Deans**: know the full-cost of activities (academic programs, research, etc.) and prioritize them through cross-subsidies between their revenue generating activities and their mission-driven activities
  - Program growth is no longer a question of simply “doing more with less”
  - Promotes understanding that research activities lose money and must be subsidized

- **Central Support Units**: connect service levels and resource levels
  - Administrative budgets must be justified and paid for by revenue producing units, which introduces enhanced accountability

- **Department Chairs and Faculty Members**: see how activities drive funding for their respective units
  - Incentivize innovation in the classroom, much like incentives for innovation in research
Ongoing Efforts

In order to continue progressing the University’s budget model redesign initiative, the following next steps have been identified:

- Continue refining governance structures, reports, and tools to enhance the operationalization of the new budget model
- Optimize the annual budget process to accommodate the new budget model
- Finalize multiple years of the model to show effect of the new budget methodology over time
- Continue preparing for implementation of the new incentive-based budget model for a target go-live date of July 1, 2019
Breakout Sessions
Division of Information Technology
Updates
Dr. Douglas Foster
Vice President of DoIT
Security Enhancements

• More than 75,000 individuals registered for multifactor authentication through Duo Security

• New employees required to complete SANS Securing the Human online IT security awareness program to increase knowledge of safe computing practices

• A more secure Virtual Private Network (VPN) that allows 10x more users than before was introduced

• New SPAM filters and email threat protection programs

• Cameras, secure server racks, and other security measures were added to the university Data Center
Research Computing Resources

- Introduced Hyperion, a 300 TeraFLOP HPC cluster providing 15 times more hardware and 30 times more performance; expanded computational resource capabilities from 500 to 6,760 compute cores

- Seminars regarding the Linux computing environment, Python/ iPython programming and more to allow collaboration among researchers; Symposium on Research Computing welcomed more than 100 researchers

- Partnered with IBM, who donated an OpenPOWER server and two high-end GPUs to the HPC environment

- Nvidia helped expand virtual reality capabilities through the donation of a P-100 GPU with 16 GB memory and 6,000 GPU cores for compute-intense calculations and three M-6000 GPUs each with 24 GB memory and 3,072 GPU cores
Modernization

- Multi-year project to upgrade the campus wireless infrastructure is underway

- Began implementation of Banner 9 that will bring a fresh user experience, new tools, an enhanced navigation experience and a more consistent look and feel

- Comprehensive Identity and Access Management program will provide a single sign-on for all students and employees, eliminating the need to maintain multiple passwords; will be easier for students and employees and reduce administrative overhead

- Employee email being moved to the Cloud to allow greater collaboration among students, improved functionality, and larger mailbox sizes
Teaching and Technology

• Partnered with the Center for Teaching Excellence to hold the first Educational Technology Showcase, aimed to improve the teaching and learning environment and spotlight the latest technology used by higher education instructors

• Upgraded Blackboard to enable assignment reminders for students, assignments submission receipts, a new inline grading tool, and the ability to drop and drag files and folders

• Offered training on Office 365 tools including Teams, SharePoint, and more

• Reorganized Blackboard and Classroom Support under Teaching and Learning Technologies organization
Data and Analytics

• Hired Data Standards Program Manager and purchased the Data Cookbook to manage data definitions, improving the visibility of existing reports and providing clear, agreed-upon terms for the creation of new ones.

• Partnered with the Division of Student Affairs on analytical program utilizing Beyond The Classroom Matters® and Banner to link participation in experiential programs to academic outcomes

• Hiring Business Intelligence lead to develop reporting and analytics practice
IT Governance

Decision Making Bodies:
- IT Executive Board
- Student Systems Council

Advisory Groups:
- Technical Review Board
- Faculty & Staff IT Advisory Committee
- Student IT Advisory Committee
- IT Security Advisory Committee
- Faculty Senate IT Committee
- Research Computing Advisory Committee
Service Improvements

- Introduction of a self-service portal, http://sc.edu/ithelp, to allow for easy request of technology assistance

- Enhanced Knowledge Base, which provides step-by-step instructions to address common IT requests such as password resets

- ServiceNow tool to manage simple questions by customers or large incidents. Over time, added benefits will include: improved problem management and change management

- Change Advisory Board established to review all changes and modifications to IT services to minimize risk and reduce conflicts
PeopleSoft Payroll and HR

- Completing final step to replace the university’s 30-year-old payroll system; when fully implemented in early 2019, the system will significantly improve compliance, reduce risk, provide better data for decision making, and increase standardization and best practices across the institution.

- The decommissioning of the university mainframe is underway; no longer cost-effective to operate and will be the final step toward modernizing these critical business processes and reducing risk.
Expanded Offerings

- Negotiated contracts with Amazon, Google, and Microsoft to enable cloud solutions to improve service offerings

- System-wide license to MATLAB, a high-level language for scientific and engineering computing

- Qualtrics licenses available to faculty and staff across the university for the creation of surveys related to their work and/or academic studies

- Blackboard Ally, which helps build more inclusive learning environments and improve the student experience by making digital course content more accessible
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
Welcome Back

- SACS
- Conflict of Interest
- Survey
- Questions