

CS 3.10.1 - Financial Stability

The institution's recent financial history demonstrates financial stability.

Compliance Finding: In Compliance

Narrative:

The University of South Carolina Beaufort (USC Beaufort) has a documented history of financial stability. Through sound, conservative fiscal management, USC Beaufort has successfully managed to substantially increase its academic program growth and develop as a four-year campus with less than favorable state appropriation funding for higher education. USC Beaufort's financial situation has been enhanced by a significant recurring commitment of financial support from Beaufort and Jasper Counties. In addition to a \$28 million dollar investment in Beaufort's four-year status, the Beaufort and Jasper County allocations to USC Beaufort are directly tied to millage; 1.5 mils from Beaufort and 4 mils from Jasper County generated \$2,845,590 for FY 2007-2008. Both Beaufort and Jasper County are committed to the success of USC Beaufort.

Table 1 Funding History

| YEAR | STATE FUNDING | % CHANGE | LOCAL FUNDING | % CHANGE | STUDENT TUITION AND FEES | % CHANGE |
|-------|---------------|----------|---------------|----------|--------------------------|----------|
| 2002 | \$2,517,946 | | \$896,368 | | \$2,175,103 | |
| 2003 | \$2,273,299 | -9.72% | \$2,353,771 | 162.59% | \$2,834,955 | 30.34% |
| 2004 | \$2,273,900 | 0.03% | \$2,335,373 | -0.78% | \$3,868,661 | 36.46% |
| 2005 | \$2,358,769 | 3.73% | \$2,535,373 | 8.56% | \$4,673,795 | 20.81% |
| 2006 | \$3,404,681 | 44.34% | \$2,481,437 | -2.13% | \$5,730,285 | 22.60% |
| 2007 | \$3,477,625 | 2.14% | \$2,586,900 | 4.25% | \$7,053,340 | 23.09% |
| 2008* | \$3,179,222 | -8.58% | \$2,845,590 | 10.00% | \$8,367,000 | 18.62% |

*2008 figures are based on actual collections through February 2008 and projected collections through June 2008.

Because of state funding reductions, USC Beaufort has become more reliant on student tuition and fees, combined with local support, to provide a more stable financial base. During a time of limited state resources, USC Beaufort has become a baccalaureate campus, developed an entire new campus site with three academic and administrative facilities, maintenance facilities, and student housing, and has expanded and enhanced its academic program offerings. USC Beaufort received a one-time non-recurring parity state allocation of approximately \$500,000 FY 2006-2007.

This stability is demonstrated by financial data provided in USC Beaufort's audited financial statements for the fiscal years ending June 30, 2002 through June 30, 2007. These statements document a consistent pattern of growth in revenue, expenditures, and net assets: audited financial statement 2002 [i], audited financial statement 2003 [ii], audited financial statement 2004 [iii], audited financial statement 2005 [iv], audited financial statement 2006 [v], and audited financial statement 2007 [vi].

Table 2 Statement of Revenues, Expenses and Changes in Net Assets

| Statement of Revenues, Expenses and Changes in Net Assets | | | | | |
|--|----------------|-----------------|---|----------------------------|---------------------|
| | Revenue | Expenses | Non-operating Rev (expenses) | Increase (decrease) | |
| | | | | Net Assets | Total Assets |
| 2002 | \$4,624,430 | \$7,252,545 | \$2,978,357 | \$201,061 | \$9,086,558 |
| 2003 | \$5,056,134 | \$8,614,352 | \$6,721,717 | \$3,143,793 | \$12,230,351 |
| 2004 | \$6,059,068 | \$10,738,690 | \$4,338,743 | \$1,972,685 | \$14,203,036 |
| 2005 | \$6,684,257 | \$11,318,398 | \$4,079,957 | \$1,608,458 | \$15,811,493 |
| 2006 | \$8,354,064 | \$15,066,337 | \$5,387,562 | \$29,309,173 | \$45,120,666 |
| 2007 | \$9,126,363 | \$16,364,483 | \$6,093,545 | \$(332,850) | \$44,787,816 |

The most recent audit confirms USC Beaufort's financial strength with net assets of \$44.7 million, an increase of \$32.5 million since the transition to four year status.

The development and expansion of baccalaureate degree programs, combined with the facilities enhancements offered by the new South Campus site have provided a significant increase in enrollment, which in turn has increased revenue from tuition and fees.

Table 3 Enrollment, Tuition and Fees 2002 - 2008

| FISCAL YEAR | STUDENT TUITION AND FEES | % CHANGE | TOTAL HEAD COUNT | % CHANGE | TOTAL FTE | % CHANGE |
|--------------------|---|---------------------|---------------------------------|---------------------|----------------------|---------------------|
| 2002 | \$2,175,103 | | 1083 | | 650 | |
| 2003 | \$2,834,955 | 30.34% | 1203 | 11.08% | 680 | 4.62% |
| 2004 | \$3,868,661 | 36.46% | 1209 | .50% | 723 | 6.32% |
| 2005 | \$4,673,795 | 20.81% | 1277 | 5.62% | 832 | 15.08% |
| 2006 | \$5,730,285 | 22.60% | 1319 | 3.29% | 916 | 10.10% |
| 2007 | \$7,053,340 | 23.09% | 1386 | 5.08% | 997 | 8.84% |

| | | | | | | |
|--------------|-------------|--------|------|-------|------|--------|
| *2008 | \$8,367,000 | 18.62% | 1461 | 5.41% | 1101 | 10.43% |
|--------------|-------------|--------|------|-------|------|--------|

*2008 figures are based on actual collections through February 2008 and projected collections through June 2008.

As a four-year teaching institution, USC Beaufort has been able to implement appropriate tuition and fee increases although we still maintain the lowest tuition rate of the three Senior Teaching campuses of the University of South Carolina System. The complete schedule of fees is available for public view on the USC Bursar website [[vii](#)]. The following chart represents a summary of the tuition for the three Senior Teaching campuses, USC Aiken, USC Upstate, and USC Beaufort.

Table 4 2007-2008 Tuition Per Semester

| USC BEAUFORT | |
|---------------------|---------|
| RESIDENT | \$2,957 |
| NON-RESIDENT | \$6,788 |
| USC AIKEN | |
| RESIDENT | \$3,403 |
| NON-RESIDENT | \$6,861 |
| USC UPSTATE | |
| RESIDENT | \$3,750 |
| NON-RESIDENT | \$7,746 |

The growth in programs and facilities has brought with it related expense increases. USC Beaufort has expanded the number of faculty, student support services and student activities appropriate to a baccalaureate institution. USC Beaufort is also now managing two full service campus sites. Educational and General Expenses have increased by \$4 million since FY2004. During FY2007 E & G Expenses totaled \$11,280,127. USC Beaufort anticipated these increases and has identified the appropriate recurring or one-time funding sources to sustain the appropriate operations with a combination of accumulated fund balances, local support and/or new or higher fees and tuition.

USC Beaufort continues to enhance the campus community through the acquisition, construction, and improvement of its capital assets. The institution continues to make significant investments in buildings and infrastructure as it implements its long-range plan to modernize the historic North Campus (Beaufort), which utilizes older teaching and research facilities. This is balanced with new construction projects scheduled for the 200 acres campus at the South Campus (Bluffton). On June 30, 2007, USC Beaufort had approximately \$40 million invested in capital assets, net of accumulated depreciation of \$1.258 million.

USC Beaufort continues to follow its history of well qualified individuals charged with the fiscal

management of the campus. The Interim Vice Chancellor for Finance and Operations joined the USC Beaufort administration February 4, 2008. Although he is new to the USC Beaufort Campus, he has over twenty-one years of service with the University of South Carolina system. He has served as Director of Finance, Assistant Director of Contracts and Grant Accounting, Assistant Budget Director, Associate Vice President for Business and Finance and Director of Budgets, Director of Finance, and Interim Vice President for Business and Finance during his tenure with the USC system. In addition, he has taught accounting at the University of South Carolina and is a Certified Public Accountant. His tenure outside of the University system includes twelve years service in the University of Georgia system as the Assistant to the Vice Chancellor for Finance and as the Vice President for Business and Finance. Additional service as the Vice President for Finance and Operations and Treasurer to the Board in the Florida system at Beacon College completes his resume. He holds a Bachelor of Science degree in Business Administration and a Master of Accountancy from the University of South Carolina, holds certificates from Harvard University in Management Development and completed the National Association of College and University Business Officers Executive Management Institute.

Endowment funds at USC Beaufort continue to grow as a result of the efforts of the USC Foundation and the dedicated development staff. While the total number of accounts has only increased by one since 2004, the total dollar increase in endowed funds has increased over 150%, from \$759,699 to \$1,957,382.

Table 5 Endowment Funding

| Year ended Dec 31 | 2004 | | 2005 | | 2006 | | 2007* | |
|----------------------|------|-----------|------|-----------|------|-----------|-------|-------------|
| | # | Amount | # | Amount | # | Amount | # | Amount |
| Endowed Scholarships | 14 | \$424,331 | 14 | \$444,718 | 14 | \$516,593 | 14 | \$ 547,884 |
| General Endowed | 3 | \$ 75,416 | 4 | \$ 79,541 | 4 | \$ 87,628 | 4 | \$1,092,119 |
| Endowed Chair | 1 | \$259,952 | 1 | \$274,595 | 1 | \$303,507 | 1 | \$ 317,379 |
| Total | 18 | \$759,699 | 19 | \$798,854 | 19 | \$907,728 | 19 | \$1,957,382 |
| % Change | | | | 5% | | 14% | | 116% |

Supporting Documentation

- [i USC Beaufort -- Audited Financial Statements 2002](#)
- [ii USC Beaufort -- Audited Financial Statements 2003](#)
- [iii USC Beaufort -- Audited Financial Statements 2004](#)
- [iv USC Beaufort -- Audited Financial Statements 2005](#)
- [v USC Beaufort -- Audited Financial Statements 2006](#)
- [vi USC Beaufort -- Audited Financial Statements 2007](#)
- [vii Bursar's Office Statement of Fees](#)