University Budget Basics
First – The Basics

- Fiscal Year
- Fund Types
  - Unrestricted vs. Restricted
- Account Codes
  - Sources – 3s, 4s and 81s
  - Uses – 5s, 6s and 86s
- Operating Units
  - Academic or Service
- Budget vs. Actual
- Auxiliary Units
- System Campuses

CL038 – Moore School of Business
150000 A0001 – DMSB
40140 – Fall Tuition Revenue
52024 – Domestic Travel
More Basics – System Overview

Flagship Institution
USC Columbia

Schools of Medicine
USC SOM Columbia
USC SOM Greenville

Comprehensive Institutions
USC Aiken
USC Beaufort
USC Upstate

Palmetto College Institutions
USC Lancaster
USC Salkehatchie
USC Sumter
USC Union
Basics Continued

Total Current Funds – **Unrestricted** and **Restricted**
At USC, this includes funds:

Excludes funds:
  T, V, W, X, Y & Z

General Operating – State Appropriations, Tuition & Fees
Departmental – Student Activities, Sales and Service
Auxiliary – Enterprise Services
Grants, Contracts and Gifts
Basics Continued

➢ Many operating units have multiple fund types (e.g. A, E, R, etc.)

➢ Those with budget responsibility will need to carefully monitor each fund type to have a full perspective of the unit’s overall financial situation.
Where is the University Budget

http://www.sc.edu/about/offices_and_divisions/budget/index.php

Why Do We Need to Budget?

The University budget and unit budgets are spending plans that:

- Determine sources of funds
- Allow maximum use of resources
- Control spending
- Coordinate activities to meet goals & objectives
- Serve as a communication tool
Why Do We Need to Budget?

State Law
Accreditation Standards
Board Bylaws
What Does the Budget Office Do?

Prepare the annual budget document for consideration by the Board of Trustees that reflects the mission and vision of the University of South Carolina.

Assist business officers and administrative heads of colleges, campuses and other University units in executing the Board-approved budget and in maximizing their use of limited resources to meet the University's mission of providing high quality instruction, research and public service to its customers.

Prepare and submit the University's state budget to appropriate agencies and assist legislative contacts in justifying budget requests.

Assist executive staff in ensuring that the University maintains a sound financial status and operates within the budget limitations established by the General Assembly and the Board of Trustees.
What Does the Budget Office Do?

Budget Development

Budget Execution

Budget Analysis and Reporting

Budget Planning
## What Does the Budget Office Do?

### Last (Actual), Current and Next Fiscal Year

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<th>Next External</th>
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<td>November</td>
<td>Reporting</td>
<td>Fall Review</td>
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<td>BEA (1st) Revenue Estimate</td>
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<td>December</td>
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<td>Execution</td>
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What are “A” Funds?

- Operating/General funds
- Majority provided from tuition and fees and state appropriations
- These funds are also called Education and General – or “E&G” funds
- “A” funds are unrestricted – dollars may be used to accomplish the goals of the unit within the constraints of State and University policies, procedures & procurement guidelines
What About the Lottery?

The South Carolina Education Lottery provides scholarships and assistance to in-state resident students based on merit for use at public and private institutions in South Carolina.
HEPI

Higher Education Price Index

Similar to the Consumer Price Index (CPI)

Calculated by the CommonFund in Washington
  - Interim reports periodically
  - Annually updated in July

HEPI is made up of 8 variables – most personnel
  - Faculty, administrative, clerical, and service salaries
  - Fringe benefits
  - Misc. services
  - Supplies and materials
  - Utilities
Why Does Tuition Go Up?

- **Labor**
  - % of budget for personnel & fringe
  - Health insurance and retirement increases
  - Academic labor market

- **Technology**

- **Utilities**

- **Enrollments Go up**

- **Fund New Initiatives**
Other Fees

- Technology Fee
- Enrichment/Program Fee
- Lab Fees
- Housing, Food, Parking, etc.
Who Has Input into Developing the Budget?
External Budget Development & Execution

Budget Development

- Commission on Higher Education
- Governor
- General Assembly

Budget Execution

- Fiscal Accountability Authority
- Executive Budget Office
- State Treasurer
- Comptroller General
External Budget Process
External Budget Process

Governor’s Executive Budget
House Ways & Means Budget
Senate Finance Budget
Conference Committee Budget
Internal Budget Process

- Budget Update Group Meets (Throughout the Fiscal Year)
- Planning, Budgeting & Assessment Directions for Blueprint from President (December)
- Comprehensive Mid-Year Review (January)
- Preliminary Determination of Fiscal Year Budget Requirements (January)
- Columbia Budget Freeze Date (February 28)
- All Columbia Units and Campuses Prepare Budget Submissions (May)
- President meets with Vice Presidents and Direct Reports - Review Blueprints for Service Excellence and Budget Requests (Late April – Early May)
- Vice Presidents and President’s Direct Reports Draft Blueprints (April 15)
- Provost Conducts Strategic Planning Meetings with Deans Review Blueprints for Academic Excellence and Five-Year Budget Model (March)
- Budget Office Develops Base Line Item Budget (Early March)
- Budget Update Group Reviews Budget Submissions (May)
- Consensus on Budget Priorities (Late May)
- Appropriations Act Approved by the General Assembly (Late May/Early June)
- President Notifies Vice Presidents and Direct Reports of Proposed Budget (Mid June)
- Vice Presidents and Direct Reports Revise and Submit Final Blueprint (July-August)
- Budget Proposal to Board of Trustees (Late May/Early June)
- Board of Trustees Executive Committee Reviews and Approves Budget Proposal and Fee Requests (Mid June)
- Implementation of Fiscal Year Budget (July 1)
- Full Board of Trustees Reviews and Approves Budget and Fees (Late June)
- President Returns Blueprint Drafts with Comments to Vice Presidents (July)
Resources

- **State Appropriations**
  - 31500/31525/31510

- **Columbia Unit Base Budget**
  - 31900

- **BOT Allocations**
  - 36XXX (One-Time Allocations) / 37XXX (Permanent Allocations)

- **Carryforward**
  - 31534/31533

- **Tuition & Fees (Academic Units)**
  - 401XX

- **Other Revenue**
  - 4XXXX

- **Transfers**
  - 81XXX
Uses

Expenditures

➤ 5XXXX

Contra-Expenditures

These offset expenditures and are usually in the form of IITs or other recoveries. You should contact the Controller’s Office if you have specific questions about Contra-Expenditures.

➤ 6XXXX

Transfers

➤ 86XXX
## “A” Fund Use Examples

<table>
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<th>Personnel</th>
<th>Fixed Costs</th>
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<td>Full-time (Classified, Unclassified, Administrative, Faculty)</td>
<td>Rents</td>
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<td>Part-Time (Staff, Graduate Assistants, Student, Faculty)</td>
<td>Insurance</td>
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<td>Fringe Benefits (General Fund vs. Department Paid)</td>
<td>Tuition Abatements</td>
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<table>
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<th>Equipment</th>
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<tr>
<td>Travel</td>
<td>Library Books</td>
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<tr>
<td>Telephone Utilities</td>
<td>Computers</td>
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<tr>
<td>Repair Services</td>
<td>Non-Capital ($500 to $4,900)</td>
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<td>Printing</td>
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<table>
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<th>Offset to Expenditures/Recoveries</th>
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<td>Intra-Institutional Transfers (IITs)</td>
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<tr>
<td>Educational</td>
<td>Personnel</td>
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<tr>
<td>Postage</td>
<td>Contractual Services</td>
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<td>Maintenance</td>
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<td>Data Processing</td>
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“Bottom Line” Constraint

Budgeted Resources
- Budget Uses
Bottom Line

The “bottom line” must be zero. The goal is to accomplish a balanced budget where uses do not exceed resources.
What is Carryforward?

- Surplus funds that are retained by the unit at the end of the fiscal year and included in the following year’s budget.
- Account codes 31534 & 31533
- Recurring expenditures should generally NOT be funded with carryforward funds.
- There is a small surtax on carryforward funds. This applies only to the Columbia campus.