

From: Mayer, Doug <DougMayer@gov.sc.gov>
To: Soura, Christian <ChristianSoura@gov.sc.gov>
CC: Baker, Josh <JoshBaker@gov.sc.gov>
Date: 6/20/2014 2:47:03 PM
Subject: RE: UofSC faces increased costs in FY2015

Yes, I will handle wanted to know what you thought.

From: Soura, Christian
Sent: Friday, June 20, 2014 2:46 PM
To: Mayer, Doug
Cc: Baker, Josh
Subject: Re: UofSC faces increased costs in FY2015

She looking for a reaction or what?

CLS

On Jun 20, 2014, at 1:32 PM, "Mayer, Doug" <DougMayer@gov.sc.gov> wrote:

From: Sausser, Lauren [<mailto:lsausser@postandcourier.com>]
Sent: Friday, June 20, 2014 1:31 PM
To: Mayer, Doug
Subject: FW: UofSC faces increased costs in FY2015

From: McDermott, John
Sent: Friday, June 20, 2014 12:28 PM
To: Sausser, Lauren
Subject: FW: UofSC faces increased costs in FY2015

From: Jeff Stensland [<mailto:stenslan@mailbox.sc.edu>]
Sent: Friday, June 20, 2014 12:25 PM
To: McDermott, John
Subject: UofSC faces increased costs in FY2015



June 20, 2014

UofSC faces increased costs in FY2015

Contact: Wes Hickman, whickman@mailbox.sc.edu, 803-777-7440

The University of South Carolina family began this year's legislative budget cycle with great optimism. Students, parents and alumni joined in the call to freeze tuition in return for the state providing a modest funding increase and covering state-mandated spending increases.

Instead, USC will start FY2015 applying nearly \$18 million toward the additional costs of state-mandated employee pay raises, health and retirement benefits and implementation of the Affordable Care Act.

Today, in an effort to cover those added costs and continue to maintain its excellent academic quality, the university's Board of Trustees approved a modest tuition increase averaging 3.2 percent — or about \$171 per semester for in-state students on the Columbia campus. This is in keeping with the small increases of the past few years.

"State policy on funding public higher education is fast evolving," said USC Chief Operating Officer Ed Walton. "While state support for many public entities is being restored and sometimes surpassing pre-recession levels, the state's public higher education system is being increasingly funded by student tuition."

Walton noted that state support for USC has decreased nearly 40 percent from a high of \$230 million in FY2008 (23 percent of USC's budget) to \$144 million this year comprising only 10.8 percent of our total revenue. That's less than in-state tuition, out-of-state tuition, auxiliaries, research grants and philanthropy.

For its part, USC has persevered and continued to thrive as a destination of choice with record applications, record numbers of freshmen and graduates — and academics at an all-time high.

"We have done more with less, outsourced when possible and reduced costs in many areas in order to focus resources on the education mission at USC," said Walton. "USC cut costs and completely reworked its business model to successfully emerge from the recession. At this time, USC is a lean operation providing outstanding educational opportunities for South Carolinians at an excellent price. We are very concerned about the long-term effects of increased costs mounting upon the university without additional resources."

Walton further noted that USC has accomplished a great deal while keeping prices low. Both Princeton Review and Kiplinger's Personal Finance magazine rank USC as a best value in higher education, and U.S. News & World Report recently named USC one of the 15 most efficient national universities while ranking in the bottom half of resources available. Average out-of-pocket tuition and fees for in-state undergraduates in fall 2013 was \$2,700.

"We are now at a critical tipping point," said university President Harris Pastides. "The current trajectory is no longer sustainable for our students, parents and taxpayers. We must ensure all South Carolinians have access to an affordable college education and the opportunity to earn workforce-ready baccalaureate degrees. Our state's future economic prosperity depends on it."

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Budget Data

Base funds: Increase of approximately \$1.8 million (\$1.2 million for On Your Time (OYT) and \$600,000 in parity funding divided among system campuses). Total base recurring state funds \$134 million.

Nonrecurring funding: \$3.8 million (\$1.2 million for OYT; \$975,000 in parity funds among system campuses; \$495,000 for USC Lancaster science labs and nursing simulation center; \$1.1 million for an efficiency study that duplicates one already conducted by the university. The efficiency study money is earmarked for a state consultant.).

Unfunded required cost increases: Total unfunded mandate cost in pay package and expected fringe benefit increases is \$17.7 million across all funds, approximately \$10 million for employees involved in the core mission of the university. The state is only expected to cover a fraction of the pay increase and associated fringe and health insurance increases for employees involved in the core mission of USC. The state provides no funding for salaries and fringe benefits or health insurance for employees in auxiliary enterprises or funded by grant activity. The state also provides no funding for mandated increases in employer contribution to retirement or the expected increase due to the implementation of the Affordable Care Act.

Unfunded mandates breakdown: The 2 percent employee pay package requires \$9.5 million in additional costs across all funds — \$7.75 million for core employees, of which the state is expected to fund \$2.5 million. Health insurance increases are expected to cost USC \$6.5 million across all funds — \$3.4 million for core employees, of which the state is expected to fund \$1.7 million. Retirement impact on the USC budget will be \$1.3 million with no funds from the state. The implementation of the Affordable Care Act is estimated to cost USC up to \$4.5 million from Jan. 1, 2015, through June 30, 2015.

Deferred maintenance: No deferred maintenance funds from the South Carolina Education Lottery were allocated in the FY2015 state budget. In FY14, deferred maintenance funding totaled \$5.9 million. For FY15,

\$3.3 million is provided to cover some critical equipment repair and replacement.

FY2015 tuition per semester

Columbia Campus

Undergraduate:

Resident- \$5,579

Nonresident- \$14,720

Graduate:

Resident- \$6,212

Nonresident- \$13,085

Medical School – Columbia

Resident- \$18,640

Nonresident- \$41,800

Medical School – Greenville

Resident- \$18,640

Nonresident- \$41,800

USC Aiken

Resident- \$4,776

Nonresident- \$9,438

USC Beaufort

Resident- \$4,677

Nonresident- \$9,687

USC Upstate

Resident- \$5,174

Nonresident- \$10,349

Regional Campuses - under 75 credit hours

Resident- \$3,343

Nonresident- \$8,065

Regional Campuses – 75 or more credit hours

Resident- \$4,852

Nonresident- \$9,514

Palmetto College

Resident- \$4,856

Nonresident- \$9,518

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