AGENCY NAME:	University of South Carolina		
AGENCY CODE:	H270	SECTION:	20A

Fiscal Year 2025-26
Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS *(FORM B1)*		**For FY 2025-26, my agency is (mark "X"):**
	X	Requesting General Fund Appropriations.
	X	Requesting Federal/Other Authorization.
		Not requesting any changes.

NON-RECURRING REQUESTS *(FORM B2)*		**For FY 2025-26, my agency is (mark "X"):**
		Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
	X	Not requesting any changes.

CAPITAL REQUESTS *(FORM C)*		**For FY 2025-26, my agency is (mark "X"):**
	X	Requesting funding for Capital Projects.
		Not requesting any changes.

PROVISOS *(FORM D)*		**For FY 2025-26, my agency is (mark "X"):**
	X	Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
		Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	Name	*Phone*	*Email*
PRIMARY CONTACT:	Kelly Epting	803-777-8411	eptingk@mailbox.sc.edu
SECONDARY CONTACT:	Kevin Russell	803-777-0781	russelkr@mailbox.sc.edu

I have reviewed and approved the enclosed FY 2025-26 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	*Board or Commission Chair*
SIGN/DATE:	8/26/24	9/24/24
TYPE/PRINT NAME:	Michael Amiridis	Thad H. Westbrook

This form must be signed by the agency head – not a delegate.

Agency Name:	University Of South Carolina
Agency Code:	H270
Section:	20A

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Tuition Mitigation	25,800,000	0	0	0	25,800,000	0.00	0.00	0.00	0.00	0.00
2	C - Capital	Neurological Critical Care and Rehabilitation Services in South Carolina	150,000,000	0	0	0	150,000,000	0.00	0.00	0.00	0.00	0.00
3	B1 - Recurring	Neurological Critical Care and Rehabilitation Services in South Carolina	30,000,000	0	0	0	30,000,000	0.00	0.00	0.00	0.00	0.00
4	C - Capital	Battery Center Facility	20,000,000	0	0	0	20,000,000	0.00	0.00	0.00	0.00	0.00
5	B1 - Recurring	STEM/Health Science and Other High Demand Fields	5,000,000	0	0	0	5,000,000	0.00	0.00	0.00	0.00	0.00
6	C - Capital	Science and Technology Investment– New Building for Academic and Research Space	90,000,000	0	0	0	90,000,000	0.00	0.00	0.00	0.00	0.00
7	C - Capital	Information Technology Infrastructure and Security	50,000,000	0	0	0	50,000,000	0.00	0.00	0.00	0.00	0.00
8	C - Capital	Maintenance Repair and Renovation: Coker College Maintenance Renovation	34,000,000	0	0	0	34,000,000	0.00	0.00	0.00	0.00	0.00
9	B1 - Recurring	Artificial Intelligence Consortium	7,000,000	0	0	0	7,000,000	0.00	0.00	0.00	0.00	0.00
10	B1 - Recurring	Federal and Other Funds Authorization	0	50,000,000	50,000,000	0	100,000,000	0.00	0.00	200.00	0.00	200.00
11	B1 - Recurring	Schools of Medicine Access & Affordability for In-State Students: Tuition Mitigation Funding	20,000,000	0	0	0	20,000,000	0.00	0.00	0.00	0.00	0.00

12	B1 - Recurring	Joseph F Rice School of Law Access & Affordability for In-State Students: Tuition Mitigation Funding	5,200,000	0	0	0	5,200,000	0.00	0.00	0.00	0.00	0.00
TOTALS			437,000,000	50,000,000	50,000,000	0	537,000,000	0.00	0.00	200.00	0.00	200.00

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**1**

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**Tuition Mitigation**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $25,800,000** **Federal: $0** **Other: $0** **Total: $25,800,000**

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	**0.00**

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
X	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request supports multiple Goals, Strategies and Objectives contained in the annual Accountability Report, but primarily Goals 1 and 5 related to Education, Training and Human Development. This request supports objectives 1.2.1 and 2.1.1 dealing with student retention rates and student/ faculty ratios. Goal 4 related to Government and Citizens is supported, specifically objectives 4.2.1, 4.2.2 and 4.2.3 dealing with underrepresented students, full-time faculty and staff.

The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that *strategy? How would the use of these funds be evaluated?*

RECIPIENTS OF FUNDS	The University of South Carolina is requesting funds to be allocated across all academic and administrative units to offset mandated cost increases due to state budget actions on pension, health insurance and cost of living adjustments as well as increased funding to cover required inflationary costs.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	The top budget priority for the University of South Carolina System is continuing to partner with the state to invest in predictable funding to mitigate against annual resident tuition increases. With this partnership, USC Columbia has held tuition flat for a record six consecutive years. Note while USC Columbia is the most affordable R1 in the state (charging almost $2,500 less per year than Clemson for in-state student tuition and required fees), Columbia receives less state funding (including for tuition mitigation) per resident undergraduate student than Columbia's peer R1 in SC (Clemson). HEPI provides an objective estimate of inflationary pressure specific to higher education. When applying HEPI index over both state appropriations and tuition (Education and General operating funds), the University continues to experience lost purchasing power even when factoring tuition mitigation funding, for which USC is grateful. To fulfill its mission to maintain quality programs that benefit the citizens of South Carolina while managing cost increases, the University continually assesses viability of programs. As such, and considering the aforementioned factors, USC looks forward to working with the state to ensure fair, equitable and reliable state investment going forward.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**3**

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**Neurological Critical Care and Rehabilitation Services in South Carolina**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $30,000,000** **Federal: $0** **Other: $0** **Total: $30,000,000**

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	**0.00**

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

	Mark "X" for all that apply:
X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
X	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:
X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request supports multiple Goals, Strategies and Objectives contained in the annual Accountability Report, but primarily Goals 2 and 4 related to Healthy Families and State Infrastructure.

The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	The University of South Carolina will be responsible for the administration of these funds as they pertain to the initiative outlined below.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	South Carolina, with a population of five million, faces significant challenges from chronic medical conditions and neurological diseases, leading to extensive care needs. The cost and delay of out-of-state care are prohibitive. This operating request seeks recurring capital funding for an 80-bed neurological critical-care hospital and a 32-bed rehabilitation hospital. The Journal of the American Medical Association highlights the increasing burden of noncommunicable neurological disorders in the US, with South Carolina identified as part of the "stroke belt" with high stroke and dementia mortality rates. The current neurological care options in the state are limited, forcing residents to seek care outside the state, which delays early diagnosis and treatment, leading to extended hospital stays and significant financial burdens. A neurological center of excellence located in Columbia will utilize advanced technologies like robotics, AI, and telemedicine. An affiliate rehabilitation facility will reduce the need for out-of-state transfers after surgical care. The University of South Carolina is prepared to offer its management expertise and its 50 years of experience in the hospital, clinical, research and medical education realm to bring these necessary facilities to the State's capital city. The direct annual return on investment to the State's economy in terms of the significant capital outlay would be the combined earnings reinvested by the hospitals plus the state income-taxes paid by the employees or approximately $32 million or an annual ROI of 10% beginning in year 3. The current recurring investment required for research and capital renewal are being spent by South Carolinians, insurers, and the Department of Health and Human Services today in the form of added patient travel costs and healthcare costs paid for care delivered outside South Carolina. **Objectives**: • Establish a Neurological Critical-Care Hospital in Columbia, SC. • Develop a Neurological Rehabilitation Hospital in conjunction with the critical care hospital. • Recruit top physicians and clinical support. • Improve access to timely diagnosis and treatment. • Leverage advanced technologies to enhance patient care. • Conduct large-scale clinical research. Timely access to critical care improves outcomes and reduces costs. A local center of excellence will provide immediate, high-quality care, reducing the burden on patients and the healthcare system. **Financial Projections:** • Capital and start-up costs: $350 million. • Annual costs include hiring of hospital executive leadership, physicians, support staff, and non-personnel operating costs with additional funding for capital renewal. • At combined annual 80% utilization rate, the hospitals can financially break even after two years.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**5**

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**STEM/Health Science and Other High Demand Fields**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $5,000,000** **Federal: $0** **Other: $0** **Total: $5,000,000**

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	**0.00**

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request supports multiple Goals, Strategies and Objectives contained in the annual Accountability Report, but primarily Goals 1 and 5 related to Education, Training and Human Development.

The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	The University of South Carolina is requesting funds to be allocated across all academic and administrative units to offset mandated cost increases due to state budget actions on pension, health insurance and cost of living adjustments as well as increased funding to cover required inflationary costs.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	The University thanks the State of South Carolina for its FY2024 recurring investment in STEM and other high demand fields. FY2024 and FY2025 investment is being used in many ways to educate our students for job readiness within the state in fields that elevate students and our state. To build on this momentum, we request additional funds for each category: • Out-of-state institutions are successfully poaching our top producing instructional and research faculty. Financial investment allows the university to be competitive in attracting and retaining highly productive faculty. Indeed, many students acknowledge and credit outstanding faculty in mentoring and instructing them to pursue challenging fields such as in STEM and other high demand areas. • Technical fields require state of the art teaching tools and up-to-date lab equipment. This equipment comes with costly annual maintenance contracts and should be replaced regularly as innovations occur. It is imperative that the students have the skills and experience to work with the most up-to-date equipment, so they are competitive when they enter the workforce. • Students can experience skill and knowledge gaps when pursuing highly technical fields, especially in the foundational courses. Additional student support helps bridge those gaps so that students may continue with their desired path of study resulting in a career-ready workforce for the State.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY

9

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Artificial Intelligence Consortium

Provide a brief, descriptive title for this request.

AMOUNT

General: $7,000,000

Federal: $0

Other: $0

Total: $7,000,000

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request supports multiple Goals, Strategies and Objectives contained in the annual Accountability Report, but primarily Goals 1 and 5 related to Education, Training and Human Development. Goal 4 related to Government and Citizens is supported.

The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	The University of South Carolina will be responsible for the administration of these funds as they pertain to the initiative outlined below.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	As South Carolina's flagship R1 institution, USC should play a pivotal role in driving artificial intelligence (AI) advancement statewide by fostering partnerships with other universities, government agencies, private sector, and non-governmental organizations in line with the vision of the General Assembly and the S.C. House's Committee on Artificial Intelligence, Cybersecurity, and Cyber Crimes. USC can catalyze transformative initiatives in critical areas such as energy research, healthcare, K-12 AI literacy and STEM education, and statewide AI coordination. Leveraging its established centers of excellence in AI application, USC is uniquely positioned to lead and foster collaboration in AI innovation. By combining our expertise with the insights and capabilities of other institutions, we can harness AI to benefit South Carolina's citizens and economy, shaping a unified and thriving future for the state.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**10**

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**Federal and Other Funds Authorization**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $0** **Federal: $50,000,000** **Other: $50,000,000** **Total: $100,000,000**

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	**200.00**

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
X	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
X	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request is to increase spending authorization for Education and General Other Earmarked Funds, which are generated by the University and provide support for Education, Training, and Human Development as well as Public Infrastructure and Economic Development.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

Use of these funds benefits the USC Columbia student body and the

RECIPIENTS OF FUNDS	faculty/administrative staff who serve them.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

USC Columbia is requesting an increase to its spending authority for Other Earmarked Funds based on a projection of E&G Unrestricted and Restricted revenues. Contributing factors to the increase include the following:

E&G $15m

- Increased enrollment (Fall 2024: record freshmen class)
- Rising mandatory costs such as:
- State, tenure and/or market salary increases
- Employee fringe benefits including retirement and health insurance
- Property and liability insurance
- Cost of materials, travel and facilities maintenance costs
- Utility costs

Auxiliary $25m

- Increased enrollment (Fall 2024: record freshmen class)
- SEC revenue growth and regulation changes
- Rising mandatory costs such as:
- State mandate and/or market salary increases
- Employee fringe benefits including retirement and health insurance
- Property and liability insurance
- Cost of materials, travel and facilities maintenance costs
- Utility costs

Federal $50m

- Increased enrollment (Fall 2024: record freshmen class)
- Increased activity in research
- Rising mandatory costs such as:
- State, tenure and/or market salary increases
- Employee fringe benefits including retirement and health insurance
- Property and liability insurance
- Cost of materials, travel and facilities maintenance costs
- Utility costs

School of Medicine Greenville $10m

- Rising mandatory costs such as:
- State, tenure and/or market salary increases
- Employee fringe benefits including retirement and health insurance
- Property and liability insurance
- Cost of materials, travel and facilities maintenance costs
- Utility costs

This request is associated with enrollment growth, the corresponding increase in demand for Auxiliary services and increasing fringe benefits rates (health and retirement)

Continued delivery of Auxiliary services to the student body including Housing, Health

	Services, Food Services, Bookstores and Parking based on enrollment growth and demand for services. Continued growth in revenue and expenditures for the Athletic department. Continue ability to pay employer benefits for faculty and staff. Allowance for enrollment growth, anticipated employer benefits increases, and comprehensive Auxiliary services all have a direct impact on an institution's ability to recruit, attract, retain and educate students in today's competitive higher education market. Factors associated with each of these are detailed in the University's annual Accountability Report.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	11

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	**Schools of Medicine Access & Affordability for In-State Students: Tuition Mitigation Funding**

Provide a brief, descriptive title for this request.

AMOUNT	**General: $20,000,000** **Federal: $0** **Other: $0** **Total: $20,000,000**

What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00

Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

This request supports multiple Goals, Strategies and Objectives contained in the annual Accountability Report, but primarily Goals 1 and 5 related to Education, Training and Human Development. This request supports objectives 1.2.1 and 2.1.1 dealing with student retention rates and student/ faculty ratios. Goal 4 related to Government and Citizens is supported, specifically objectives 4.2.1, 4.2.2 and 4.2.3 dealing with underrepresented students, full-time faculty and staff.

The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	The top budget priority for the University of South Carolina System remains continuing to partner with the state to invest in predictable funding to mitigate against annual resident tuition increases. These funds would enable the School of Medicine to freeze tuition for in-state students for another consecutive year by 1) offsetting the tremendous rise in current inflationary costs expected to remain higher than historic norms for the foreseeable future, 2) covering the customarily unfunded portion of state funding requirements for pension, health insurance, and cost of living adjustments, and 3) continuing to make strategic investments improving access to higher education for students across South Carolina.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	**School of Medicine Recurring $20,000,000**
	• **Access & Affordability for In-State Students - Greenville ($5,000,000)** The top budget priority for the University of South Carolina Professional Schools remains continuing to partner with the state to invest in predictable funding to mitigate against annual resident tuition increases.
	• **Access & Affordability for In-State Students - Columbia ($5,000,000)** The top budget priority for the University of South Carolina Professional Schools remains continuing to partner with the state to invest in predictable funding to mitigate against annual resident tuition increases.
	• **Brain Health investment ($10,000,000)**
	  ◦ **Pediatric Brain Health ($5,000,000)** Additional recurring support will supplement federal, one-time award to establish center for pediatric brain health (e.g., autism, epilepsy, Downs Syndrome, ADHD).
	  ◦ **Graduate Education in Brain Health ($5,000,000)** Support for the synergistic expansion of curriculum related to Brain Health.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	**12**
	Provide the Agency Priority Ranking from the Executive Summary.
TITLE	**Joseph F Rice School of Law Access & Affordability for In-State Students: Tuition Mitigation Funding**
	Provide a brief, descriptive title for this request.
AMOUNT	**General: $5,200,000** **Federal: $0** **Other: $0** **Total: $5,200,000**
	What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.
NEW POSITIONS	**0.00**
	Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST

Mark "X" for all that apply:

X	Change in cost of providing current services to existing program audience
	Change in case load/enrollment under existing program guidelines
	Non-mandated change in eligibility/enrollment for existing program
	Non-mandated program change in service levels or areas
	Proposed establishment of a new program or initiative
	Loss of federal or other external financial support for existing program
	Exhaustion of fund balances previously used to support program
	IT Technology/Security related
	HR/Personnel Related
	Consulted DTO during development
	Related to a Non-Recurring request – If so, Priority #

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:

X	Education, Training, and Human Development
	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

This request supports multiple priorities, goals and objectives contained in the annual Accountability Report, but primarily Strategic Priorities 1 and 6.

Strategic Priority 1: Attract, Inspire, Challenge, and Enable our students to become innovative thinkers and transformative leaders.

Goal: Provide the highest quality of rigorous instruction and student-centric educational experience to all students.

Objective-

- Assure student growth in critical thinking and analytical skills across different knowledge domains, communications skills and leadership skills.

Objective-

- Provide superior graduate programs and other post-baccalaureate learning programs.

Strategic Priority 6: Spur innovation and economic development through impactful community partnerships.

ACCOUNTABILITY OF FUNDS	Goal: Create future opportunities in research, education and scholarship through state, federal and industry partnerships. Objectives- • Expand collaboration and research with federal partners. • Increase collaboration with entrepreneurs/private industry. Goal: Be an engine for business development in the state of South Carolina: Objectives- • Increase the university's annual economic impact on the state. • Enable faculty members and students to access funding and engage the business community. Goal: Expand community partnerships to create business opportunities, develop new relationships and increase experiential learning Objectives- • Increase student research and community service engagement to meet state/regional workforce needs. • Foster innovation-based economic development. • Create partnerships to integrate student living/learning and community service with the private and public sectors. The University assesses academic and administrative units annually, using Blueprints for Academic and Service Excellence as measured against stated goals. Regular evaluation versus peer institutions is permitted through data consortia such as the Consortium for Student Retention Data Exchange, the South Universities Group Salary Study, IPEDS and the Delaware Study. Data regarding student learning and other outcomes are gathered locally and compared to national norms. Excellence is measured through regular reaffirmation of accreditation with the Southern Association of Colleges and Schools Commission on Colleges, along with program- and discipline-specific accreditation reviews. Factors associated with The University's ability to attract, recruit, retain and educate students in today's competitive higher education market are also detailed in the University's annual Accountability Report.

What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS	The University of South Carolina's School of Law will be responsible for the administration of these funds as they pertain to the initiative outlined below.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST	**Joseph F. Rice School of Law Recurring $5,200,000** • **Access & Affordability for In-State Students ($700,000)** The top budget priority for the University of South Carolina Professional Schools remains continuing to partner with the state to invest in predictable funding to mitigate against annual resident tuition increases. • **South Carolina Student Scholarship Program ($1,750,000)** Within authorized state guidelines, additional scholarship funds for in-state South Carolina students will further enhance recruitment of South Carolina students and alleviate the out-migration of high-achieving South Carolina students to out-of-state law schools. • **Business Associations Faculty ($500,000)** The Professor of Business Associations will educate Carolina law students as well as large and small businesses to become practice-ready in areas of business law. • **Practice-ready Enhancements ($1,000,000)** The Rice School of Law plans to expand its Academic Success programming by offering a mandatory mock Bar exam to all rising 3L students as well as a new advanced legal writing courses will be offered to all students. • **Student Organization Programming Support ($250,000)** The Rice School of Law's Mock Trial and Moot Court teams have steadily increased their presence nationally as winning competition teams against other schools. Funding will help with competitions expenditures.

	- **Master of Legal Studies Support ($1,000,000)** The School of Law is expanding its masters programming in policing, environmental law, and cybersecurity as well as growing our health law program.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	2

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Neurological Critical Care and Rehabilitation Services in South Carolina

Provide a brief, descriptive title for this request.

AMOUNT	$150,000,000

How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	Not in CPIP

Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	Approvals from the University Institutional Board, CHE, JBRC and SFAA must be secured.

What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY

The University is grateful to the State for its partnership in the Health Sciences Campus through its commitment of previous appropriations of more than $200 million. With this $300 million project, the University recognizes its role in supporting the healthcare needs in the State of South Carolina where more than half its medical graduates remain in the Palmetto state and serve rural and underserved areas more than any school in the country.

The current neurological care options in the state are limited, forcing SC residents to seek care outside the state, which delays early diagnosis and treatment, leading to extended hospital stays and significant financial burdens. A neurological center of excellence located in Columbia will complement the investment in the USC Health Sciences Campus and allow the citizens of SC to obtain high quality care within our borders for better outcomes and lower healthcare costs.

The expected useful life of the capital improvement is more than 60-80 years.

What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

South Carolina, with a population of five million, faces significant challenges from chronic medical conditions and neurological diseases, leading to extensive care needs. The cost and delay of out-of-state care are prohibitive. This operating request seeks capital funding for an 80-bed neurological critical-care hospital and a 32-bed rehabilitation hospital.

The Journal of the American Medical Association highlights the increasing burden of noncommunicable neurological disorders in the US, with South Carolina identified as part of the "stroke belt" with high stroke and dementia mortality rates. The current neurological care options in the state are limited, forcing residents to seek care outside the state, which delays early diagnosis and treatment, leading to extended hospital stays and significant financial burdens.

A neurological center of excellence located in Columbia will utilize advanced technologies like robotics, AI, and telemedicine. An affiliate rehabilitation facility will reduce the need for out-of-state transfers after surgical care.

SUMMARY

The University of South Carolina is prepared to offer its management expertise and its 50 years of experience in the hospital, clinical, research and medical education realm to bring these necessary facilities to the State's capital city. The direct annual return on investment to the State's economy in terms of the significant capital outlay would be the combined earnings reinvested by the hospitals plus the state income-taxes paid by the employees or approximately $32 million or an annual ROI of 10% beginning in year 3. The current recurring investment required for research and capital renewal are being spent by South Carolinians, insurers, and the Department of Health and Human Services today in the form of added patient travel costs and healthcare costs paid for care delivered outside South Carolina.

Objectives:

- Establish a Neurological Critical-Care Hospital in Columbia, SC.
- Develop a Neurological Rehabilitation Hospital in conjunction with the critical care hospital.
- Recruit top physicians and clinical support.
- Improve access to timely diagnosis and treatment.
- Leverage advanced technologies to enhance patient care.
- Conduct large-scale clinical research.

Timely access to critical care improves outcomes and reduces costs. A local center of excellence will provide immediate, high-quality care, reducing the burden on patients and the healthcare system.

Financial Projections:

- Capital and start-up costs: $350 million.
- Annual costs estimated at $30 million for hiring of hospital executive leadership, physicians, support staff, non-personnel operating costs as well as a capital renewal fund.
- At combined annual 80% utilization rate, the hospitals can financially break even after two years.

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	4

Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Battery Center Facility

Provide a brief, descriptive title for this request.

AMOUNT	$20,000,000

How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	Not in CPIP

Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	Approvals from the University Institutional Board, CHE, JBRC and SFAA must be secured.

What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY	The university spends approximately $20 million of ICPF/Maintenance Reserve annually on maintenance and capital renewal. Of these funds, most are spent on buildings, but a portion is also spent on utility plants. Improvements to utility and energy plants create operational savings due to newer equipment being more efficient. While it is impossible to accurately predict savings prior to design and specification of replacement systems, anticipated savings of 10% is reasonable. Equipment and infrastructure funded by this project should have an expected useful life of 25 years.

What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

	Over the past eighteen months, more than $10B of investments have been announced by companies in and relocating to South Carolina across the EV and battery value chain, bringing at least 10,000 new jobs. These opportunities, particularly in under-resourced and rural areas, are expected to result in significant social and economic benefits. This growth is anticipated to continue following Governor McMaster's Energy Summit in June 2023 and the creation of "PowerSC" for utility-scale energy storage. South Carolina stands poised to become the epicenter of the emerging "battery belt." To leverage these investments, South Carolina needs to develop intellectual infrastructure, requiring more graduates in science and engineering and offering training and retraining programs for manufacturing jobs. The Carolina Institute for Battery Innovation (CIBI) aims to train South Carolinians and attract out-of-state talent, fostering sustainable technological growth. USC is ideal for CIBI, with a large concentration of battery researchers and expertise in every aspect of batteries, along with relevant

coursework and accessibility across the state.

Executing CIBI's vision will position South Carolina as a leader in the battery revolution, providing high-tech, high-paying jobs, and improving the socio-economic status of its citizens. The state will be recognized globally for its leadership in battery technology.

SUMMARY

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	6
	Provide the Agency Priority Ranking from the Executive Summary.
TITLE	Science and Technology Investment– New Building for Academic and Research Space
	Provide a brief, descriptive title for this request.
AMOUNT	$90,000,000
	How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.
CPIP PRIORITY	CPIP Priority 1 in Year 2
	Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.
OTHER APPROVALS	Approvals from the University Institutional Board, CHE, JBRC and SFAA must be secured.
	What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)
LONG-TERM PLANNING AND SUSTAINABILITY	A recent project comprehensively renovated approximately 60% of the current building. This ~47 million project was primarily funded with State Institution Bonds and included $5 million of State Appropriations. The Science and Technology Building is comprised of two towers separated by a public lobby space. The west tower was upfit for chemistry teaching labs completed in 2020. The 50,000 square foot, three story, east tower remains a shell ready for renovation as academic space. Justification: Generally, more classrooms are needed at the western district of the campus. Additional general classrooms that are well equipped with the most modern AV/IT infrastructure will benefit numerous academic programs.
	What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?
	The State-of-the-art facility will support Columbia's work in research and economic development for the state and provide opportunities for undergraduate participation in research. With increased recurring investment in STEM and other high demand fields in the state, the additional dedicated space to STEM activity is critical. Additional general classrooms that are well-equipped with the most modern AV/IT infrastructure will benefit numerous academic programs. To fulfill the need for more classrooms at the western district of the campus, the University requests 100% of the cost of a new building for classrooms. Description: The project will construct a new 100,000 gross square foot academic facility for teaching classes and labs in the fields of science, technology, engineering, and mathematics (STEM). The building will prioritize new classrooms that are well-equipped with the most modern audio/visual and information technology infrastructure. The

SUMMARY	classrooms will be scheduled to optimize the benefit to numerous academic programs. The proposed site for the building is an existing parking lot adjacent to the recently renovated Science and Technology Building and across from other academic science-focused buildings such as Jones Physical Science Center, Earth and Water Sciences Building, Coker Life Sciences, and Sumwalt Engineering Building. Justification: Based on defined enrollment growth projections, the 2018 University Master Plan proposes the renovation and optimization of existing facilities to provide needed academic space until 2025. Beyond 2025, new academic classroom and instructional lab space will be needed to accommodate the trajectory of enrollment growth and to provide updated learning environments with modern technology infrastructure. The proposed location is specifically identified as an optimal site in the Master Plan and will address the need for more classrooms at the western district of campus where the campus can accommodate growth. Alternatives Considered: Once the existing shell space in the adjacent Science and Technology Building is renovated, (as part of a separate project), there will be no more shell space on the campus in which to construct more academic space. Therefore, the strategy of a new building as anticipated in the Master Plan becomes the only alternative.

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM C – CAPITAL REQUEST

AGENCY PRIORITY

7

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Information Technology Infrastructure and Security

Provide a brief, descriptive title for this request.

AMOUNT

$50,000,000

How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY

Not in CPIP

Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS

Approvals from the University Institutional Board, CHE, JBRC, and SFAA must be secured.

What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY

The university spends approximately $20 million of ICPF/Maintenance Reserve annually on maintenance and capital renewal. Of these funds, most are spent on buildings, but a portion is also spent on information technology.

What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

The CrowdStrike outage in July 2024 highlighted the vulnerabilities in IT infrastructure worldwide. Universities and state agencies face similar threats. USC's IT infrastructure, network, and data center are outdated and vulnerable, necessitating one-time funding to enhance security and accessibility for students, faculty, and staff.

Modernizing USC's infrastructure is essential to provide seamless access to online resources, educational platforms, and digital collaboration tools, which are crucial for effective learning and competitiveness. A robust, updated network enhances campus connectivity for research, communication, and innovation, preparing students for a technology-driven world.

This multi-year plan aims to modernize USC's IT infrastructure, network, and data center, including residential and academic spaces, to ensure reliable and advanced connectivity. The funding will enable modern IT instructional and research services, support state-of-

SUMMARY	the-art classroom technologies, rebuild essential skills, facilitate the return of employees to campus, and enhance in-house capabilities.

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	8
	Provide the Agency Priority Ranking from the Executive Summary.
TITLE	Maintenance Repair and Renovation: Coker College Maintenance Renovation
	Provide a brief, descriptive title for this request.
AMOUNT	$34,000,000
	How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.
CPIP PRIORITY	Plan Year Three Priority 1 of 9
	Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.
OTHER APPROVALS	Approvals from the University Institutional Board, CHE, JBRC and SFAA must be secured.
	What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)
LONG-TERM PLANNING AND SUSTAINABILITY	Recently, approximately $1.5 million of university ICPF and State Appropriations has been spent on the roof and exterior envelope at Coker. Also, a $1.5 million generator and switchgear renovation is being executed to enhance reliability of the electrical infrastructure. This work is funded with internal energy maintenance reserves. Other localized interior renovations driven by both maintenance needs and functional enhancement have also occurred. No other requests for funding at Coker are anticipated in the future. The more comprehensive renovation contemplated with this request will create operational savings through more efficient HVAC systems and lighting. The useful life of the capital improvement will be approximately 25 years.
	What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?
	The project will provide a comprehensive renovation of the 186,000 gross square foot structure constructed in 1975. The building houses academic and research programs within the College of Pharmacy and departments within the College of Arts and Sciences. The renovation will replace the aged mechanical and electrical infrastructure original to the 46-year-old building. Worn interior finishes will also be replaced and certain life safety and accessibility upgrades will be implemented. Coker College has only had localized maintenance over the past few decades including a recent roof replacement, envelope repairs, and mechanical and electrical upgrades. A more comprehensive renovation is needed to elevate the condition of the building to be more consistent with other academic and research facilities on the campus.

SUMMARY

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	117.90
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	SECTION 117 - X900 - GENERAL PROVISIONS (GP: USC Greenville Medical School
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	117
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.
REQUESTED ACTION	Delete
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	None
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	Request: Strike proviso to allow for state appropriation funding for USC Greenville Medical School.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	None.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT	~~**117.90.** (GP: USC Greenville Medical School) It is the intent of the General Assembly that during the current fiscal year, no general funds shall be appropriated for the new medical school at the University of South Carolina in Greenville. In addition, no state funds may be transferred from state earmarked or restricted funds held by the University of South Carolina to the medical school except for grants, contributions, contractual payments, and tuition and required fees for students attending the new medical school at the University of South Carolina in Greenville that are specifically designated for the medical school at the University of South Carolina in Greenville.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	3.6
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	SECTION 3 - H660 - LOTTERY EXPENDITURE ACCOUNT (LEA: FY 2024-25 Lottery Funding)
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	3
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.
REQUESTED ACTION	Amend
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	None
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	With the legislature's $4.5M lottery appropriation, USC has created a new innovative internship program designed to partner USC students with SC businesses including manufacturers, aerospace, health and other STEM and high demand fields. Students receive $3,000 stipends to support their internship participation – a benefit both to the student and sponsoring employer who also benefit from USC student talent, ultimately helping to keep more SC students in-state. ***Request: Please continue the $4,500,000 in the current lottery proviso in the FY24-25 lottery proviso as well.***

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	None

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

3.6. (LEA: FY ~~2024-25~~ 2025-26 Lottery Funding) There is appropriated from the Education Lottery Account for the following education purposes and programs and funds for these programs and purposes shall be transferred by the Executive Budget Office as directed below. These appropriations must be used to supplement and not supplant existing funds for education. For cash flow purposes, the Executive Budget Office may facilitate limited transfers from the general deposits of the state for the exclusive purpose of ensuring the timely distribution of scholarships and tuition assistance payments as provided below. Any use of this transfer allowance must include full reimbursement from the Education Lottery Account to the general deposit accounts of the state prior to the close of the fiscal year.

The Executive Budget Office is directed to prepare the subsequent Lottery Expenditure Account detail budget to reflect the appropriations of the Education Lottery Account as provided in this section.

All Education Lottery Account revenue shall be carried forward from the prior fiscal year into the current fiscal year including any interest earnings, which shall be used to support the appropriations contained below.

For Fiscal Year ~~2024-25~~ 2025-26, certified net lottery proceeds and investment earnings for the current fiscal year, Fiscal Year ~~2022-23~~ 2023-24 certified surplus, and Fiscal Year ~~2023-24~~ 2024-25 projected surplus and undesignated fund balance are appropriated as follows:

(1) Commission on Higher Education - LIFE Scholarships as providedin Chapter 149, Title 59 $210,341,233;

(2) Commission on Higher Education - HOPE Scholarships as provided in Section 59-150-370 $12,113,310;

(3) Commission on Higher Education - Palmetto FellowsScholarships as provided in Section 59-104-20 $63,259,863;

(4) Commission on Higher Education and State Board for Technical and Comprehensive Education - Tuition Assistance $51,100,000;

(5) Commission on Higher Education - Need-Based Grants $80,000,000;

(6) Higher Education Tuition Grants Commission - Tuition Grants $20,000,000;

(7) Commission on Higher Education - SC National GuardCollege Assistance Program as provided in Section 59-111-75 $6,200,000;

(8) State Board for Technical and Comprehensive Education -South Carolina Workforce Industry Needs Scholarship $78,651,047;

(9) South Carolina State University $2,500,000;

(10) Commission on Higher Education - Nursing Initiative $10,000,000;

(11) Commission on Higher Education - PASCAL $1,500,000;

(12) State Board for Technical and Comprehensive Education -readySC $5,000,000.

For Fiscal Year 2024-25, funds certified from unclaimed prizes are appropriated as follows:

(1) Department of Alcohol and Other Drug Abuse Services - Gambling Addiction Services $100,000;

(2) State Board for Technical and Comprehensive Education - South Carolina Workforce Industry Needs Scholarship $15,348,953;

(3) Instructional Materials $1;

(4) Commission on Higher Education - College Transition Program Scholarships $3,551,046; and

(5) Commission on Higher Education - Newberry College Dyslexia Program $1,000,000.

Any unclaimed prize funds available in excess of the Board of Economic Advisors estimate of $20,000,000 shall be appropriated as follows:

Department of Education - School Bus Purchase $ All remaining.

For Fiscal Year 2024-25, the cash balance of lottery funds on hand at the Commission on Higher Education at the end of Fiscal Year 2022-23 are appropriated as follows:

(1) Clemson University - Student Experiential Learning $4,500,000;

(2) University of South Carolina System - Carolina Internship Pilot Program $4,500,000;

(3) State Board for Technical and Comprehensive Education -High Demand Job Skill Training Equipment $25,000,000;

(4) Department of Education - School Bus Purchase $28,299,999;

(5) Department of Education - Instructional Materials $35,000,000;

(6) Commission on Higher Education - Higher Education Excellence Enhancement Program (HEEEP) $9,000,000;

(7) Graduate Medical Education $1;

(8) State Board for Technical and Comprehensive Education - Intellectual and Developmental Disabilities Pilot Program $700,000;

(9) Commission on Higher Education - Technology - PublicFour-Year, Two-Year, and State Technical Colleges $8,000,000;and

(10) Department of Education - Teacher Strategic Compensation PilotProgram $5,000,000.

If the lottery revenue received from certified unclaimed prizes for Fiscal Year 2024-25 is less than the amounts appropriated, the projects and programs receiving appropriations for any such year shall have their appropriations reduced on a pro rata basis.

Fiscal Year 2024-25 funds appropriated to the Commission on Higher Education and the State Board for Technical and Comprehensive Education for Tuition Assistance must be distributed to the technical colleges and two-year institutions as provided in Section 59-150-360. Annually, the State Board for Technical and Comprehensive Education and the Commission on Higher Education shall develop the Tuition Assistance distribution of funds.

The provisions of Section 2-75-30 regarding the aggregate amount of funding provided for the Centers of Excellence Matching Endowment are suspended for the current fiscal year.

The Commission on Higher Education is authorized to temporarily transfer funds between appropriated line items in order to ensure the timely receipt of scholarships and tuition assistance. It is the goal of the General Assembly to fund the Tuition Assistance program at such a level to support at least $996 per student per term for full-time students.

Fiscal Year 2024-25 net lottery proceeds and investment earnings in excess of the certified net lottery proceeds and investment earnings for this period are appropriated and must be used to ensure that all LIFE, HOPE, and Palmetto Fellows Scholarships for Fiscal Year 2024-25 are fully funded.

If the lottery revenue received for Fiscal Year 2024-25 certified net lottery proceeds and investment earnings for the current fiscal year, Fiscal Year 2023-24 projected surplus, and Fiscal Year 2022-23 certified surplus and the undesignated fund balance are less than the amounts appropriated, the Executive Budget Office is authorized to use surplus lottery proceeds accumulated in the lottery account from previous fiscal years to fully fund appropriations from the lottery authorized by the General Assembly. If a revenue shortfall still exists once the fund balance has been exhausted, then the projects and programs

PROPOSED PROVISO TEXT

receiving appropriations for any such year shall have their appropriations reduced on a pro rata basis, except that a reduction must not be applied to the funding of LIFE, HOPE, and Palmetto Fellows Scholarships.

The Higher Education Tuition Grants Commission is authorized to use up to $70,000 of the funds appropriated in this provision for Tuition Grants to provide the necessary level of program support for the grants award process.

Of the funds appropriated to the Commission on Higher Education for College Transition Scholarships, the commission shall provide scholarships to South Carolina resident students enrolled at a public institution of higher education in an established College Transition Program (CTP) that serves students with intellectual disabilities. The commission, in consultation with the CTPs, shall develop guidelines establishing scholarship eligibility, retention, and/or renewal requirements in accordance with this paragraph.

Scholarships shall be awarded to each South Carolina resident student enrolled in an established public CTP in an amount of at least $2,500 per semester, not to exceed $10,000 per academic year (including summer semester), and no student may receive a scholarship for more than eight semesters in total. In addition, the limitations of Proviso 11.12 notwithstanding, individual CTPs shall have the discretion to allocate a portion of their aggregate funding provided pursuant to this provision for need-based grants to eligible students. This discretion is allowable only to the extent that the funding for need-based grants for eligible CTP students provided pursuant to Proviso 11.12 has first been fully exhausted. The commission, in cooperation with the CTPs, shall collect and report the number of scholarship recipients and other information determined necessary to evaluate the effectiveness of these scholarships in assisting students with intellectual disabilities in college transition programs. The commission shall provide this report to the Governor, the Chairman of the House Education and Public Works Committee, the Chairman of the Senate Education Committee, the Chairman of the House Ways and Means Committee, and the Chairman of the Senate Finance Committee no later than September 30. Unexpended funds may be carried forward and used for the same purpose, except that up to $250,000 may be used by the CTP consortium (known as The South Carolina Inclusive Post-Secondary Education Consortium) to be used collaboratively by the consortium to promote better awareness of CTP programs statewide as an option for youth with intellectual disabilities after high school through dedicated support for activities such as, but not necessarily limited to, student recruitment, development and maintenance of a consortium website and associated materials, and the provision of strategic informational events for prospective students and families across the State.

Of the funds appropriated to the Commission on Higher Education for Need-Based Grants, public colleges and universities must submit requests to carry forward Need-Based Grants to the Commission on Higher Education by June 30, 2025, and final invoices for Need-based Grants by a date determined by the commission. For Fiscal Year 2024-25, all eligible students must be awarded up to the maximum allowable amount prior to any Need-Based Grant funds being carried forward. Funds only shall be carried forward if all eligible Need-based Grant students at the public colleges and universities are fully funded with financial aid that does not require student repayment. Funds allocated for Fiscal Year 2024-25 must be distributed in the same academic year.

Of the funds appropriated to the Commission on Higher Education for the Nursing Initiative, the commission shall use the funds to address the nursing shortage. Funds shall be allocated accordingly to the state's public colleges and universities, including technical colleges and two-year institutions of the University of South Carolina, that have accredited nursing programs accredited by a national accrediting agency recognized by the United States Department of Education. For purposes of this provision, two-year institutions of the University of South Carolina System shall be eligible if their programs are accredited by and/or through the accreditation of a comprehensive or research institution within the University of South Carolina system. The first $5 million shall be used to provide bonuses or supplement the salaries of existing full-time faculty and the hourly rates of part-time faculty, or the salaries of clinical nursing faculty, which includes adjunct faculty. The funds shall be allocated to each public college or university, including technical colleges, based on the number of students enrolled in nursing programs as defined by the Commission on Higher Education. The second five million shall be used to provide tuition reimbursement or scholarships for students enrolled in regionally accredited, not-for-profit, South Carolina based, public and private institution's graduate-level Master of Science (MSN) programs, Doctor of Nursing Practice, Ph.D., or other like programs appropriate to prepare individuals for faculty roles. The recipient must agree to assume a faculty role in a public South Carolina nursing program after graduation for a minimum of two years for each year they receive the scholarship. Annually by February 1, the Commission shall report on the Nursing Initiative, at a minimum, the following: (1) total number of students receiving tuition reimbursements or scholarships; (2) total number of students receiving tuition reimbursements or scholarships subsequently hired as faculty; (3) total number of students receiving tuition reimbursements or scholarships not hired as faculty; (4) amount of funding allocated to each institution with eligible nursing programs; (5) expenditures and encumbrances of Nursing Initiative funds for eligible faculty for each program; and (6) retention rates, new hires and vacancies for full-time, part-time (including adjunct), and clinical faculty for each eligible program. The Commission may also request institutions to provide other information related to nursing workforce development. This report shall be submitted to the House Education and Public Works Committee, House Ways and Means Committee, Senate Education Committee, and Senate Finance Committee.

Of the funds appropriated to the Commission on Higher Education for institutions of higher learning entitled "Technology-Public Four Year Institutions, Two Year Institutions, and State Technical Colleges," (Technology), the commission shall allocate the realized funds on a proportional basis as follows:

(1) The Citadel $336,141;

(2) University of Charleston $704,188;

(3) Coastal Carolina University $699,612;

(4) Francis Marion University $320,888;

(5) Lander University $341,677;

(6) South Carolina State University $262,080;

(7) USC - Aiken Campus $310,494;

(8) USC - Upstate $394,951;

(9) USC - Beaufort Campus $240,556;

(10) USC - Lancaster Campus $131,927;

(11) USC - Salkehatchie Campus $98,932;

(12) USC - Sumter Campus $116,052;

(13) USC - Union Campus $109,659;

(14) Winthrop University $389,413;and

(15) State Technical Colleges and State Board for Technicaland Comprehensive Education $3,543,430.

Each institution shall use the amount appropriated only for technology repair and related technology maintenance and/or upgrades that are necessary to support an institution's educational purpose.

Prior to the utilization of these funds, institutions must certify to the Commission on Higher Education, in a manner it prescribes, the extent to which they have met this requirement.

Not later than one hundred twenty days after the close of the fiscal year, the Commission on Higher Education shall report to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee regarding the utilization of this provision.

Funds not expended in the prior fiscal year may be carried forward into the current fiscal year and utilized for the same purpose, subject to certification from the Commission on Higher Education that they continue to meet the requirement of this provision.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	Indirect Cost Recovery (IDC) Threshold Increase for Teaching and Training
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	20
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.
REQUESTED ACTION	Add
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	Higher Ed institutions that receive teaching and training grants.
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	**Indirect Cost Recovery (IDC) Threshold Increase for Teaching and Training Grants** The USC System supports suspension of the statute that collects indirect cost recovery awarded to universities for teaching and training grants. Currently, the state collects IDC earned on teaching and training grants awarded to colleges and universities (a requirement that is largely unique to S.C.) and that has not been updated by the state since 1999. ***Request: <u>Implement</u> the proviso to allow colleges to retain their teaching and training IDCs to reinvest those funds in the Universities' vital programs.***

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The estimated impact to the State related to USC is approximately $350,000. (Using prior year awards for calculation.) We would not anticipate the impact from additional colleges to be substantially higher and thus the statewide impact, in the aggregate should be modest while the import to individual colleges will be substantial.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

Proviso [XX.XX]: Indirect Cost Recovery Threshold Increase for Teaching and Training Grants

Effective immediately, the collection of indirect cost recovery (IDC) from teaching and training grants awarded to universities and colleges in South Carolina is suspended. This suspension shall apply to all grants that fall under the teaching and training categories, allowing these institutions to retain IDC funds that were previously collected by the state. The purpose of this provision is to enable universities and colleges to reinvest these funds into their critical programs and initiatives.

This proviso acknowledges that the current IDC collection statute, last updated in 1999, imposes a unique and outdated requirement on South Carolina's institutions of higher education. By suspending this requirement, institutions are better positioned to enhance their educational and training programs.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	State's Lottery Investment in Access and Affordability – USC Colleges of Medicine – In-State Student Scholarship Support
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	3
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.
REQUESTED ACTION	Add
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	None
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	The USC System proposes scholarship assistance for SC in-state residents wishing to seek a medical degree at USC's medical colleges – Columbia and Greenville - by providing these residents with financial scholarship assistance. To help alleviate the state's physician shortage, these scholarships exclusively for the benefit of South Carolina resident students would enhance recruitment and alleviate the out-migration of high-achieving South Carolina students to out-of-state schools. In doing so, USC can recruit, enroll, and retain qualified residents by providing accessible and affordable medical education opportunities for all, especially in underserved areas of our state. Resident medical students educated in our state are more likely to remain in the state and USC medical graduates are more likely to practice in underserved communities. Note: According to the latest national rankings, both USC's medical schools rank in the Top 10 in placing graduates in underserved areas (Columbia #5 and Greenville #7). ***Request: $3,500,000 allocation to be utilized by USC's colleges of medicine for the exclusive benefit of supporting medical education costs of SC in-state residents.***

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	$3,500,000 lottery funds

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT	Proviso [XX.XX]: Scholarship Assistance for SC In-State Medical Students From funds appropriated to the University of South Carolina System, an allocation of $3,500,000 shall be provided exclusively to the USC Colleges of Medicine in Columbia and Greenville. These funds are to be utilized for the purpose of providing financial scholarship assistance to South Carolina resident students pursuing a medical degree at these institutions.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	NEW *Cite the proviso according to the renumbered list (or mark "NEW").*
TITLE	SC TEACHER Advisory Council *Provide the title from the renumbered list or suggest a short title for any new request.*
BUDGET PROGRAM	20 *Identify the associated budget program(s) by name and budget section.*
RELATED BUDGET REQUEST	*Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.*
REQUESTED ACTION	Add *Choose from: Add, Delete, Amend, or Codify.*
OTHER AGENCIES AFFECTED	N/A *Which other agencies would be affected by the recommended action? How?*
SUMMARY & EXPLANATION	**SC TEACHER Advisory Council –** From funds appropriated to SC Teacher, an Advisory Committee shall be appointed to study and recommend policy changes to enhance the teaching workforce. Members shall include the Governor or his designee, the Superintendent of Education or their designee, the Dean of the College of Education at USC or their designee, the Chairs of Senate Education Committee or their designee, the Chair of House Education or their designee. SC Teacher shall serve as staff to the Advisory Committee and shall report annually to the Governor and General Assembly. ***Request: No dollars requested. <u>Implement</u> a proviso to establish Advisory Committee.***

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	N/A

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT	**Proviso [XX.XX]: SC Teacher Advisory Council– From funds appropriated to SC Teacher, an Advisory Committee shall be appointed to study and recommend policy changes to enhance the teaching workforce. Members shall include the Governor or his designee, the Superintendent of Education or their designee, the Dean of the College of Education at USC or their designee, the Chairs of Senate Education Committee or their designee, the Chair of House Education or their designee. SC Teacher shall serve as staff to the Advisory Committee and shall report annually to the Governor and General Assembly.**

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	Educational Scholarships for In-State students – Access and Affordability
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	Section 11
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2025-2026? If so, cite it here.
REQUESTED ACTION	Add
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	None
	Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION

Educational Scholarships for In-State students – Access and Affordability

- This request benefits all colleges and universities in the state. It does not require any institution to implement the additional flexibility, so there is no adverse impact.
- Currently, South Carolina code section 59-101-620 stipulates, "A public institution of higher learning may offer educational fee waivers to no more than four percent (4%) of the undergraduate student body." <u>This request would allow an additional four percent (4%) dedicated to low-income South Carolinians</u>. It will allow greater support for Pell-eligible residents and those residents that just miss Pell eligibility and face growing loan debt. This will also assist in reducing out-of-pocket costs and aid in recruitment and retention of low-income students. As the state is considering additional investment in South Carolinians with financial need, this request allows, but does not require, institutions to increase their investment and does not directly impact on the state's budget.

Request: <u>Implement</u> the proviso to increase authority of institutions to provide more funding for in-state students in the form of fee waivers.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	None

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT	Proviso [XX.XX]: Increase in Authority for Educational Fee Waivers for In-State Students Notwithstanding the provisions of South Carolina Code Section 59-101-620, public institutions of higher learning are authorized to offer educational fee waivers to up to an additional four percent (4%) of their undergraduate student body, specifically dedicated to South Carolinians.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan

AMOUNT	$8,540,527

What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	Further review would be necessary to determine the number of positions likely impacted by such a State appropriation reduction. Preliminary review indicates approximately thirty (30) positions would be impacted.

How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	Education and General Unrestricted (I.A and II.A) and associated Employee Benefits (II.C. and IV.). The University's primary mission of providing instructional services to students would be specifically impacted. However, in order to minimize the impact on instructional programs, service units (administration, libraries, law enforcement and safety, student affairs, etc.) would also be directed to reduce expenditures. Both academic and service units are funded from the University's general fund which is comprised almost exclusively from State General Fund and student tuition and fee revenue. Three special items as identified in the State Appropriation Act would also be reduced.

What programs or activities are supported by the General Funds identified?

SUMMARY

The University would reduce expenditures for every academic (including the School of Medicine) and service unit in response to 3% reduction in State General Funds.

Academic Units – The financial reduction within the academic units will result in vacant faculty and staff positions going unfilled. Specifically, this reduction will result in foregoing the hiring of approximately ten faculty (savings of $3,021,454 – salary and fringe) and fifteen staff (savings of $1,776,260 - salary and fringe) positions across campus. This will unfortunately increase faculty:student ratio or alternatively reduce course offerings. USC Columbia has maintained a low faculty:student ratio to ensure that students receive quality, personalized attention and support. This may impact our unique college experience and may increase the time to graduate thereby increasing the financial impact to families. The reduction in staff across campus will impede the operations within the departments through increased workloads for the staff that remain.

Within the Evening Program, a $62,828 decrease in recurring funds will reduce the number of temporary faculty or adjuncts, which will result in fewer course offerings or larger class sizes. These classes are offered not only during the evenings but on the weekends as well and many times include the Carolina Core classes that all students are required to take to graduate. Due to the physical plant constraints on the number of class offerings the University of South Carolina can provide throughout the day, this is a great alternative for students to take advantage of and still stay on track to graduate within four years.

School of Medicine would transfer four administrative positions (cost-savings of $850,057– salary and fringe) associated with clinical practices and administration to key clinical partner, including three human resources positions. The School's Human Resources Office contributes to the mission of the USC Division of Human Resources by supporting the Basic Science and Clinical Departments within the School through planning, implementing, and promoting human resources programs and practices that enhance the School's ability to attract, develop, reward, and retain an exceptional faculty and staff. The transfer of staff will place an additional burden on remaining staff and lead to delays in the processing of time-sensitive payroll documents, as well as impede the academic units' timeliness in resolving HR matters.

Service units including Administration and Finance, Law Enforcement and Safety, Student Affairs and Facility Services would be directed to reduce expenditures by $2,735,021. In response to those reductions, these units would, among other things, reduce the number of student employees, cut back on marketing materials, transportation services, and eliminate research supplements. The Division of Law Enforcement and Safety would specifically have to eliminate a Campus Safety Officer program. Student Affairs would reduce participation in a National Student Engagement program. Limited and targeted reductions in force would also need to be implemented. Although further review would be necessary to determine the number of staff that would likely be impacted, such a reduction within the service units alone would probably involve at least four staff positions.

Special Items as listed in the State Appropriation Act include Law Library, Small Business Development Center and Palmetto Poison Center. These items would be reduced by a total of $94,907.

Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

See summary above for expenditure reductions that would be implemented in response to a State General Funds reduction. The University continues to re-evaluate programs and services as a part of its overall effort to operate within limited resources and will continue taking various measures to absorb the reduction in operating funds as well as combat the impacts of inflation.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than $50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Agency Name:	University Of South Carolina		
Agency Code:	H270	Section:	20A

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Reducing Cost and Burden to Businesses and Citizens –University of South Carolina Columbia

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	The University has implemented programs and taken steps over the last several years designed to assist students in obtaining a degree in a timely manner and to minimize the overall cost of obtaining a quality education. Providing a quality workforce to the businesses within the State is a vital aspect of continuous economic development. The savings to citizens and business of the state are incalculable. The economic impact of the University on the State of South Carolina is significant and highlights are provided further below.

What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	**Mark "X" for all that apply:**	
		Repeal or revision of regulations.
		Reduction of agency fees or fines to businesses or citizens.
		Greater efficiency in agency services or reduction in compliance burden.
	X	Other

METHOD OF CALCULATION	Highlights of a recent study found that USC: • Has a total economic impact (all 8 campuses statewide) of approximately $6.2 billion when measured in terms of annual state output. • Supports over 60,000 jobs statewide. • Returns $202 million annually to the state in tax revenue. Other findings and the complete study can be found at: https://www.sc.edu/uofsc/image...

Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	The only published State of South Carolina regulations USC are those contained in Chapter 119 dealing with motor vehicle registration, parking, obeying traffic signs and adhering to posted speed limits while on campus. These regulations were promulgated under the authority of Section 59-117-40 of the S.C. Code of Laws. All tuition, fees and fines are reviewed annually before being presented to the Board of Trustees for their consideration and approval. These tuition and fees are contained in the annual budget and are related to providing instructional services to enrolled students. There are a few fines contained in that schedule which all relate to parking.

Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	The University's regulations do not pertain to business operations. Nor do they pertain to the citizens of the State in general. The University has taken steps over the last several years to assist students in obtaining a degree in a timely manner and to minimize the overall cost of obtaining a quality education. See summarized highlights below.

Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

	New Aid Program for Top 10%: A new affordability initiative to cover tuition and academic fees on any system campus for in-state students graduating in the top 10 percent of their high class and whose family's annual household income is below the state average. Gamecock Guarantee: Since 2008 this covenant program has offered financial and academic assistance to the financially-neediest SC students enrolled. USC Access Grant: Designed to help lower middle-income families who do not qualify federal grants such as the Pell Grant. Forever to Thee Fund: Designed to cover one-time emergency expenses for students.

Those expenses threaten the ability of the student to remain enrolled.

SUMMARY

USC Institutional Grant: Designed to assist financially-needy students with charges on their bill for which they have no means to pay.

Palmetto College Online was designed to make Bachelor's completion degrees more accessible and affordable for in-state place bound residents. The number of programs available through Palmetto College continues to grow each year thereby reducing the need for residents to choose the more expensive "for-profit" online college. Centralizing distance learning efforts for the USC System helps contain costs associated with program startup, marketing and admissions. Over 1,200 students have graduated from Palmetto College Online and nearly 1,000 are currently enrolled.

The "On Your Time" initiative was designed to give students a greater opportunity to complete their degrees quicker and reduce overall tuition costs and loan debt. "On You Time" was designed, in large part, to provide for a full third term during the summer months that equates to Fall and Spring terms in relation to course offering, workforce preparations, and academic counseling. Research shows that the key driver of student debt is taking longer than 8 semesters to graduate. Since the creation of the "On Your Time" initiative, the four-year graduation rate has increased by 7 percentage points. Nearly half of USC Columbia students graduate with no debt and of those who do, it is less than the state and national average.

Lastly, due in part to the State's recent investment in tuition mitigation funding, The University of South Carolina system has frozen tuition in each of the last six years.

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

AGENCY NAME:	University of South Carolina		
AGENCY CODE:	H270	SECTION:	20A

FORM H – TUITION MITIGATION (PROVISO 117.187)

TITLE	Tuition Mitigation Proviso 117.187

AMOUNT	$25,800,000

What is the amount needed for Tuition Mitigation for FY26? This amount should correspond to the priority 1 recurring budget request. Tuition Mitigation should ONLY include the state funding necessary to continue existing operations on July 1, 2025, with no in-state undergraduate tuition or mandatory fee increases. Tuition Mitigation should not include any new programs or expansion of existing academic programs that may be contemplated for Fiscal Year 2025-26.

EXPLANATION OF METHODOLOGY

USC is appreciative of tuition mitigation to reduce some cost pressures and keep tuition low for our in-state students. HEPI provides an objective estimate of inflationary pressure specific to higher education. When applying HEPI index over both state appropriations and tuition (Education and General operating funds), the University continues to experience lost purchasing power even when factoring tuition mitigation funding (see table in "Cost Savings" section of Form H below). To fulfill its mission to maintain quality programs that benefit the citizens of South Carolina while managing cost increases, the University continually assesses viability of programs (see "Low Enrollment" section of Form H below as well as addendum for more information). As such, and considering the aforementioned factors, USC looks forward to working with the state for continued fair, equitable and reliable state investment going forward.

With investment from the governor and legislature, USC Columbia has held tuition and required fees for in-state students at the same level for a record six straight years, as follows:

Academic Year	Tuition and Required Fees
2018-19	$12,616
2019-20	$12,688
2020-21	$12,688
2021-22	$12,688
2022-23	$12,688
2023-24	$12,688
2024-25	$12,688*

*Note: Adjusted for inflation, the real cost of the in-state tuition sticker price of $12,688 is down by 25% since 2019. It is also important to note that the average South Carolinian attending USC Columbia pays substantially less than the listed tuition and fee price of $12,688 thanks to a combination of university, state, federal and other financial aid at approximately $6,229 per year, or more than 50% less than the published tuition noted above.

For context, it is important to note that USC Columbia is the state's least expensive public R1 research institution – charging almost $2,500 less per year for in-state tuition and required fees than South Carolina's other major public R1, Clemson.

FY26 Tuition Mitigation Calculation – USC Columbia

Out of USC's mutually shared desired with the governor and legislature to keep tuition for in-state students at the same level ($12,688) for the 7th straight year, USC Columbia respectfully requests continued tuition mitigation support from the governor and legislature for FY26 calculated as follows:

FY25 Projected Expenses (Total): $1.829B
Less Adjustments (-)
*Self-Supporting Auxiliaries: ($241M)
*Restricted/Research: ($416M)
*Adjustment for Professional Schools: ($130M)
*Adjustment for Non-resident Tuition: ($237M)

FY25 Projected Expenses (Adjusted): $804.7M

FY25 Adjusted Expenses x HEPI (1.034): $832.1M = FY26 projected expenses

(A) FY26 projected expenses (adjusted): $832.1M
(B) FY25 projected expenses (adjusted): $804.7M

(A) – (B) = FY26 Tuition Mitigation: $27.4M*

*Note: In an effort to be conservative (out of sensitivity to state resources), USC Columbia's official request ***reduces*** this tuition mitigation calculation by $1.6M so as to match (and therefore not exceed) last year's (FY25) request. As such, USC Columbia's official request for tuition mitigation funding for FY26 is:

$25,800,000

The Difference between "Fee Waivers" and "Abatements" and the Importance of Both

Fee Waivers

Fee waivers are statutorily authorized by SC state law allowing colleges to provide institutional financial aid/scholarships to students. Unlike abatements (more on abatements below), a waiver is actual cash that must be funded (and budgeted) by institutions. Note: In SC, fee waivers are statutorily limited to the equivalent of 4% of the prior year's undergraduate tuition revenue for both resident and non-resident students.

It is important to note that 99.6% of USC Columbia's fee waivers are provided to **in-state** students as follows:

In-state fee waivers: $15,840,066
Out-of-state fee waivers: $67,800
TOTAL (FY24): $15,907,866*

*Awarded to 5,638 undergrad students.

It should also be noted that most of the funding is for the resident Institutional Scholarship Programs, the Gamecock Guarantee program, the USC Institutional Grant program, and the USC Access Grant program.

*Note: See USC's related proviso request in Section 20 of our budget submission that would increase the outdated statutory 4% waiver limit thereby allowing all colleges (not just USC) to further improve affordability by packaging more institutional aid for in-state students than currently permitted by state law. USC's proposal comes at no cost to the state budget or taxpayers.

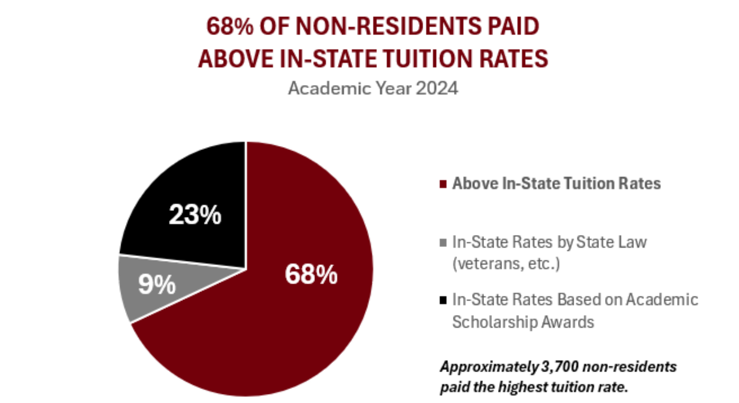
Abatements

The use of tuition abatements (discounts off of full price) to attract non-resident students is standard practice among U.S. higher education institutions that wish to attract academically talented students to their schools.

Price points are market-sensitive, meaning that setting them too high would result in high-performing students attending college elsewhere. Non-resident students do not displace South Carolina students. Every South Carolina student that meets admissions criteria is admitted.

In-state residents benefit from the contributions of non-resident students:

- Non-residents provide $8 million per year in scholarships for South Carolina residents.
- Non-residents provide about $8 million more in debt service per year than South Carolina resident students.
- Only non-resident students support debt service on athletic projects financed through bonds. In-state students are spared this expense as a result.



Total Non-resident abatements for Academic Year 2023-2024 $125,707,786. Abatements are tuition discounting - a tool used to attract customers in the free market of higher education. These are not cash payments to students.

USC Columbia: Prioritizing in-state students and serving more than ever before.

USC Columbia is educating more South Carolina residents than in any time in its 223-year history, as follows:

Fall 2024 Undergraduate Enrollment

In-state:	16,895*
Out-of-state:	13,263
Total:	30,158

*Based on the latest available data, USC's Columbia's 56% SC resident undergraduate population is in-line with the state's other similar R1 institution. In raw numbers, based on the latest available data, USC Columbia is educating almost 20% more South Carolinians than the next largest institution.

$

Please provide a detailed explanation of the methods used to estimate the FY26 tuition mitigation needs. What standard inflation factor is being used (HEPI, CPI, etc.)? What base budget items is the inflation factor applied to? What is the impact of tuition waivers and abatements, including the amount of foregone revenue, and its impact on the need for additional state funding.

COST SAVINGS

USC Columbia is ranked the best value R1 public research institution in SC by US News and World Report and is listed among the most efficient universities in the nation. As a system, USC offers one of the most cost-effective pathways to a bachelor's degree in the state.

As noted above, USC Columbia has frozen tuition for in-state students for six straight years. Adjusted for inflation, the real cost of in-state tuition is down by 25% since 2019.

With an intentional focus on greater access and affordability for South Carolinians from all backgrounds, and with support from the governor and legislature, USC Columbia has more than doubled the number of students receiving state need-based financial assistance since 2021, as follows:

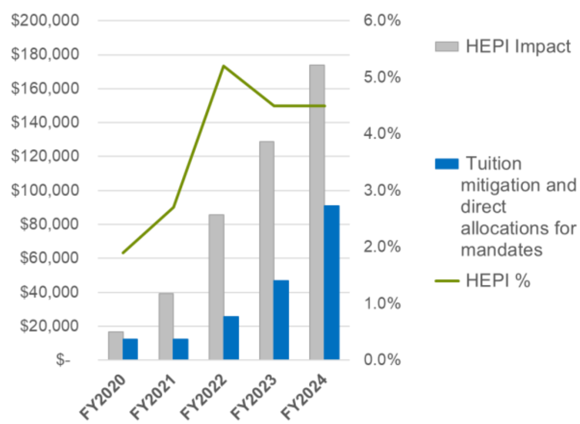
	2021	2024
State Need Aid – # of Students:	2,000	4,100*
State Need Aid – Avg. Award:	$2,000	$3,500**

*Students from all 46 SC counties receive state need based aid at USC Columbia

**$3,500 is the current maximum award permitted by SC/CHE

As a result of USC's focus on affordability, nearly 50% of USC Columbia's students graduate with zero ($0) debt.

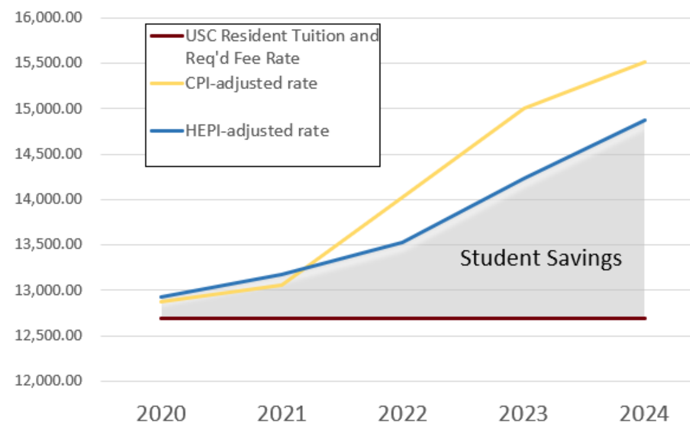
As noted above regarding USC Columbia's strategic use of abatements, revenue from out-of-state students positively impacts the bottom-line for in-state students, representing the single largest source of university revenue (32%), with state appropriations comprising the smallest share of revenue (15%). Specifically, out-of-state students support nearly $8 million per year in scholarships for in-state students and contributed more than $8 million per year towards debt service not otherwise borne by resident students or taxpayers. Note a recent WSJ article titled "Sorry, Harvard. Everyone wants to Go to College in the South Now" highlights USC Columbia's value and attractiveness to out-of-state students including reference to the important role universities – and students from out-of-state – play in a vibrant local economy: wsj.com



HEPI provides an objective estimate of inflationary pressures specific to Higher Education. This graph applies the index to USC's total education and general budget (excluding Auxiliaries) since 2020, providing an approximation of cumulative *lost purchasing power*.

USC has managed this gap with a) State appropriations for tuition mitigation and direct allocations and b) cost-saving measures such as forced efficiencies and reprioritization. From 2017 to 2023, USC internally cut and reallocated $48M to support growth and high need areas. This internal cut averted what could have been the equivalent of a 16% tuition increase.

As inflationary pressures impact faculty and staff hiring as well as cost of goods and services, the University will continue to employ sound budgeting principles and operate efficiently to educate South Carolina residents.



This chart provides a comparison of the resident undergraduate tuition rates to what rates could have reached under HEPI and CPI.

With support from the state and the University's efficient cost containment* during this period of historic inflation, USC has provided education to SC citizens at the same rate for a record 6 consecutive years.

The University will continue to assess less healthy programs for termination and expand programs contributing to South Carolina workforce needs. Faculty and staff productivity and resources will continue to be optimized. Funds will be reallocated and mission critical initiatives prioritized for highest and best use in educating South Carolinians.

*In 2023, USC examined how the Columbia campus' administrative costs compared to three groups: other public colleges in South Carolina, the 14-member SEC conference schools and public member institutions of the American Association of Universities. The study found that:
• On a per-student basis, USC's **administrative costs fell below all three benchmark groups** for three consecutive years (2020-22).
• USC Columbia is, on average, more **administratively efficient than all three benchmark groups**.
In addition to this cost analysis, USC has created a new Office of Organizational Excellence and Effectiveness focused on improving experiences for students and employees, with an eye toward optimizing both the delivery of services and the effective use of resources.

The university implemented a series of strategic budget decisions cutting $47.8 million as outlined below. While difficult, this necessary process involved close collaboration between the administration, faculty, and staff to ensure the reductions protected the institution's core mission of education, research, and public service.

Of the $43.5 million strategically reallocated, $17 million was set aside specifically for the Health Science Campus. Through this funding, the first $100 million accumulated was designated to cover capital expenses for the campus, aligning with the state's increasing focus on healthcare education and innovation. The continued use of the $17 million recurring funds are designated for the future campus maintenance, utilities and capital renewal.

By aligning its internal funding with state priorities, the university demonstrated its commitment to long-term growth and ensuring continued excellence in health sciences and other critical fields. Combined with the state's investment, USC's strategic savings have enabled the Health Science Campus to be built entirely debt free.

DETAIL ON $48 MILLION IN USC UNIT CUTS FOR REALLOCATION/REPURPOSING

	($000s)
University budget reduction programs - recurring	
Excellence initiative	17,000
Efficiency initiative	10,800
President's Reserves	20,000
Total initiative cut to units for reallocation	**47,800**
(reductions taken across the board for all units except for President's reserves assessed on academic units through responsibility centered management cost pool principles based on proportional size of colleges)	
Reallocation of recurring dollars	
Health Sciences Campus (first $100M designated to capital project; subsequent collection of annual dollars for future Campus maintenance, utilities, and capital renewal)	17,000
University Libraries	865
Faculty hiring programs	4,950
IT infrastructure	600
Organizational effectiveness	860
Student Affairs	1,009
Support units compensation programs	2,624
Internal audit	116
Title IX	210
Provost office	92
Research	345
Faculty hiring programs (to be executed)	14,780
Total initiative cut to units for reallocation	**43,451**
Remaining reserves to be allocated over time	**4,349**

Provide a detailed analysis of any cost savings measures taken since FY19 to offset undergraduate tuition and fee increases and attach quantifiable documentation. Please include documentation of actions taken by the board of trustees or board of visitors or by administration. Attach any cost savings studies that have been undertaken and provide an explanation of actions taken to implement these studies. Provide future quantifiable cost savings plans and expectations for implementation.

AGENCY NAME:	University of South Carolina		
AGENCY CODE:	H270	SECTION:	20A

LOW ENROLLMENT	**Program review occurs**: • 3 -5 years following the launch of a new academic program. • Compares the actual enrollment and financial support of new programs to original program projections. **Institutions review program results and assign a rating:** • Healthy (meeting projections) • Becoming Healthy (not meeting projections but is expected to do so soon) • Becoming Unhealthy (not meeting projections and trending in wrong direction • or Unhealthy (not meeting projections) Programs deemed unhealthy or becoming healthy/unhealthy in Year 3 are reviewed for an additional two years. USC also participates in CHE's Program Productivity Review Process. See attached for specific programs. Resources from programs that are eliminated are invested in new programs that align with market demands.

Provide a list of any undergraduate programs, academic or other, that have been reduced or eliminated since FY19. Please document the reasons for the reduction or elimination. If the institution has, or is expected to have, a decline in in-state undergraduate student enrollment, provide analysis on how the institution will ensure the corresponding reduction in tuition will not lead to requests for additional state funding.

UNOBLIGATED FUND BALANCE	Reserves in ($000s) State-$0.00; Federal-$0.00; Other-$705,397 Institutional Breakdown: Academic $170,214 & Operational $361,687; Auxiliaries $94,167; Professional Schools $79,329 Balances reflect all deposits and investments under the control of the State Treasurer for investing and excludes endowment funds that are not invested by the State Treasurer. Essentially all the University's unrestricted net position/reserves have been internally designated for core missions such as instruction, research, and associated programs and initiatives that enhance these areas. Additional funds are used for capital projects that align with the University's highest priorities, including capital renewal. Appropriate levels of fund balance are unique to each institution and the pressure of outside forces. GFOA suggests at a minimum two months, while also considering each government entity's own unique circumstances. For USC, we strive to maintain 3-6 months of fund balance to mitigate risks within our operating budget. USC is currently at 6 months or 50% of its operating budget. Good budget discipline in concert with student market strength supports consistent operating results. The USC System has maintained an operating margin of least 3% over the past five years. Our financial discipline has earned the System the AA+/Aa2 credit rating, and raters note USC's sound financial management. USC has been awarded the Certification of Achievement for Excellence in Financial Reporting for 13 consecutive years.

Provide the institution's unobligated fund balance for the most recently completed fiscal year. Attach documentation showing this balance disaggregated to identify amounts that are restricted in their use by external authorities (General Assembly, Federal Government, donors, etc.) and those that are not subject to such restrictions. Provide an explanation of the amount the institution considers to be an appropriate unrestricted fund balance as a percentage of its operating budget and the percentage of the institution's operating budget that the fund balance represents.