

The State Budget Process

The University's Annual Accountability Report

The annual budgetary processes kick off in September with the annual reflection on the previous year's accomplishments. The annual accountability report is geared to report on the Agency's performance for the previous fiscal year while providing prospective goals, strategies, and objectives for the future. This report is submitted to the Governor and State Legislature and used as the platform for review of prior year activity by the state. At the time of this report we were developing our 2016 Accountability Report for the fiscal year 2015-16. The Annual Accountability Report Fiscal Year 2014-2015, which covers the fiscal year 2014-15, is already published.

The University's State Budget Plan, the Presentation Process, and Appropriation Act

The State over the last few years has significantly modified their data collection process for the creation of the Governor's Executive Budget as well as the development of the Annual Appropriation Act. The State Budget Plan is a brief document describing requested adjustments to the University's appropriation base as well as its authorization to receive other and federal funds. While higher education institutions are considered a line item agency receiving only minimal oversight of their expenses and revenue processes at the State Comptroller and Treasurer level, it is monitored to ensure that these authorization limits are not materially exceeded without proper justification. South Carolina higher education institutions have historically prepared this budget to reflect budgetary estimates that are comparable to the audited financial statements of the institution. This budgetary methodology is not sufficient for operational budgeting therefore the University has an internal budget process that culminates with the creation of the Board of Trustees' Budget.

After the development of the State Budget Plan, the University is required to present to the Governor's Office, The House Ways and Means Committee, as well as the Senate Finance Committee. Each presentation is different and typically follows a prescribed text as determined by the entity requesting our presentation. Typically, we cover in these presentations our previous fiscal year efforts, goals for the current year, and our requests for appropriation and budget consideration for the forthcoming fiscal year. From these meetings the appropriation process proceeds with the development of the Appropriation Act which establishes any new appropriations that are integrated into our internal budget process.

The Internal Budget Process

While the internal budget process technically begins with the development of the State Budget Plan and our request for adjustment to appropriations for major programmatic programs and other infrastructure needs of the University, we begin actual deliberation of internal budgets typically in February. Unlike the state budget which relies on previous fiscal year information and budget expectations, we are able to use current fiscal year data points as well as current year enrollment trends to better gauge revenues as well as departmental expense budget needs.

Departments typically discuss budgetary needs with their divisional managers (The Provost for Academic Programs and the various VPs for administrative departments) prior to the President calling together the Budget Group. The Budget Group is tasked with setting divisional budget projections, revenue estimates and any potential fee increases needing to be proposed to the Board of Trustees for approval. This process ends in late May early June with the finalization of the proposed internal budget, finalization of the divisional budgets based on these meetings, preparation of the Departmental Expense Budget Forms, Revenue Projection finalization and ultimately the development of the proposed Board of Trustees Budget.

Departmental Expense Budget Process

Both academic and administrative departments consider their goals for current and succeeding years in order to develop their annual budget needs. Their departmental plans are presented to their respective Provost or Vice President for consideration who then considers the plans and incorporates such plans as they deem necessary into the divisional budget plans proposed to the President for consideration. Annual budgets are largely the same each year with the exception of budget adjustments noted via the budgetary planning process described above. Requests for changes are typically communicated to the Provost or Vice Presidents informally through discussion and email and if such requests are approved further budgetary planning occurs to provide the President with solid budgetary projections for the coming fiscal year. Once the Budget Group finalizes divisional budgets based on their meetings Departmental Expense Budget forms are distributed which reconcile back to the Divisional budget and ultimately the Board of Trustees Budget.

Revenue Projection Process

Revenue projections are established in two phases: appropriation revenue projections are established during the State Budget Planning process with appropriation request which are made to the state annually as described in the process above. Tuition, fees and other revenues are projected and incorporated into the Board of Trustee budget during the internal budget process. Once the Appropriation Act has been finalized we review all revenue sources one last time before finalizing our Board of Trustees budget.

Budget Approved by the Governing Board

The annual budgetary process culminates at the June Board meeting with the Vice President for Business Affairs providing the Financial Affairs and Facilities Committee of the Board of Trustees a Budget Resolution for their consideration and approval. Once approved by the Committee the Committee Chair presents the budget to the full Board of Trustees for ratification with the Committee's recommendation for such.

Budgetary Oversight after Approval of the Budget

Internally, Departments, Divisions, the Office of Financial Services and Senior Administration review the budget with the President calling for periodic budget meetings to further discuss the status of the University's compliance to the annual budget. The Board of Trustees Financial

Affairs and Facilities Committee members receive monthly reports on the status of the University's general funds budget and expenditures. At each quarterly meeting, the Committee is given a more detailed briefing by the Vice President for Business Affairs, including scholarship expenditures, auxiliaries, and capital projects. The Committee then submits a quarterly budget summary report to the Board of Trustees. The Executive Budget Office is required by Proviso to monitor all state entities to ensure no entity operates at a deficit during the fiscal year. To comply with this proviso, the University submits quarterly reports to the Executive Budget Office for review.