

13.3 Financial responsibility

The institution manages its financial resources in a responsible manner.

Compliance Judgment: In Compliance

Rationale

As mentioned in the [narrative to Standard 13.1 Financial resources](#) ^[1], USC Aiken has built up resources through a combination of prudent management, increases in state funding, conservative tuition and fee increases, and student growth. In response to this standard, USC Aiken asked the following questions:

- Are we operating within our financial means?
- Are we managing our indebtedness?
- Do we have sufficient operational liquidity?
- Are our strategies for managing financial resources sustainable?

We Operate Within our Financial Means. As shown in Table 13.3-1, the total net assets, and unrestricted net assets, excluding the university's share of deferred pension liabilities and other post-employee benefits associated with GASB 68 and 75, has increased over the past 8 fiscal years. The total net position has strengthened by \$11,562,305 since fiscal year 2012-2013. Unrestricted net assets, exclusive of deferred liabilities have increased by \$13,596,391 over the same period.

Table 13.3-1. Net Assets Exclusive of Deferred Compensation

Fiscal Year (links to audited statements)	Total Net Assets (Exclusive of Deferred Compensation)	Unrestricted Net Assets (Exclusive of Deferred Compensation)
2012-13 ^[2]	\$49,714,250	\$10,783,566
2013-14 ^[3]	\$50,108,569	\$11,427,887
2014-15 ^[4]	\$51,594,264	\$13,855,197
2015-16 ^[5]	\$54,940,383	\$16,806,986
2016-17 ^[6]	\$57,693,274	\$20,351,190
2017-18 ^[7]	\$59,895,127	\$22,830,004
2018-19 ^[8]	\$61,276,555	\$24,379,957

Total revenue relative to total expenses, as shown in Table 13.3.2, show that revenues have exceeded costs for five of the past seven years

Table 13.3-2. Revenue Relative to Expenses

Fiscal Year (links to audited statements)	Total Revenue	Total Expenses
2012-13 ^[2]	\$43,574,367	\$44,999,887
2013-14 ^[3]	\$46,237,386	\$45,857,538
2014-15 ^[4]	\$48,507,874	\$48,237,518
2015-16 ^[5]	\$50,776,519	\$49,081,724
2016-17 ^[6]	\$53,626,169	\$52,433,647
2017-18 ^[7]	\$53,371,055	\$53,302,261
2018-19 ^[8]	\$54,128,758	\$55,417,818

We Manage Our Indebtedness. Table 13.3-3 shows that overall debt decreased by \$10,563,598 from FY 2013 to FY 2019 supporting a positive conclusion that our indebtedness is being well managed.

Table 13.3-3. Debt

Fiscal Year	Debt
2012-13 ^[2]	\$37,876,374
2013-14 ^[3]	\$36,031,933
2014-15 ^[4]	\$34,247,762
2015-16 ^[5]	\$32,400,828
2016-17 ^[6]	\$32,173,621
2017-18 ^[7]	\$29,621,866
2018-19 ^[8]	\$27,312,776

We have Sufficient Operational Liquidity. Table 13.3-4 shows that the university has sufficient cash and equivalents to fully cover all current and long-term debt. Current holdings of cash and cash equivalents is sufficient to cover 55% of annual operating expenses and 54% of the total annual expenses.

Table 13.3-4. Cash and Cash Equivalents Relative to Debt and Expenses

Fiscal Year	Relative to Expenses (see Table 13.3-5)			
	Cash & Equivalents	Debt	Operational Expenses	Total Expenses
2012-13 ^[2]	\$14,697,099	39%	34%	33%
2013-14 ^[3]	\$15,896,568	44%	36%	35%
2014-15 ^[4]	\$17,915,255	52%	38%	37%
2015-16 ^[5]	\$20,601,720	64%	43%	42%
2016-17 ^[6]	\$25,694,525	80%	50%	49%
2017-18 ^[7]	\$27,600,804	93%	53%	52%
2018-19 ^[8]	\$29,934,338	110%	55%	54%

Table 13.3-5. Total Debt and Expenses

Fiscal Year	Debt	Operational Expense	Total Expenses
2012-13 ^[2]	\$37,876,374	\$42,640,463	\$44,999,887
2013-14 ^[3]	\$36,031,933	\$44,274,390	\$45,857,538
2014-15 ^[4]	\$34,247,762	\$46,588,369	\$48,237,518
2015-16 ^[5]	\$32,400,828	\$47,663,788	\$49,081,724
2016-17 ^[6]	\$32,173,621	\$51,278,907	\$52,433,647
2017-18 ^[7]	\$29,621,866	\$52,532,896	\$53,302,261
2018-19 ^[8]	\$27,312,776	\$54,477,662	\$55,417,818

Minor Adjustments May be Required to Maintain Sustainability. While the analyses indicate USC Aiken has done a good job managing its financial resources, some adjustments will have to be made to ensure future sustainability. Table 13.3-2 shows changes in net investment in capital assets. The table illustrates a fairly consistent loss in the capital value of the campus due to depreciation. As discussed in the narrative to [Standard 13.7 – Physical resources](#),^[9] for many years there was a widening gap between available state funding and the annual investment necessary to properly maintain campus infrastructure; maintenance had been under funded for years by the state. Fortunately, some progress has recently been made to procure funds to

address deferred maintenance, and continued infusion of funding into the campus capital is expected.

Fiscal Year (links to audited statements)	Net investment in capital assets	% change from previous year
2012-13 ^[2]	\$36,020,949	-2.46%
2013-14 ^[3]	\$35,334,236	-1.91%
2014-15 ^[4]	\$34,523,088	-2.30
2015-16 ^[5]	\$34,130,783	-1.14
2016-17 ^[6]	\$33,601,442	-1.55
2017-18 ^[7]	\$33,906,047	0.91%
2018-19 ^[8]	\$33,510,225	-1.17%

Several years ago, USC Aiken started strategically aligning its programs and services for growth opportunities. Those efforts are now starting to show some promise of having an anticipated positive impact on the campus and its future. The FY20 Consolidated Appropriations Bill included \$25 million toward the Savannah River National Laboratory's Advanced Manufacturing Collaborative (AMC) to be located on the USC Aiken campus.

This center will become an economic driver for the region, leveraging intellectual capital between SRNL and the Department of Energy (DOE) complex. Coupling world-class science and engineering with a new facility located at the USC Aiken campus in close proximity to the Savannah River Site (SRS) will add to the groundbreaking work already on-going at SRNL. The AMC will include labs, high bay and industrial workspace, along with office space. The modern, environmentally friendly, energy efficient space will house personnel conducting research, engineering, manufacturing and administrative work within a space of approximately 50,000 square feet.

Funding was also recently procured to establish the Aiken Scholars Academy on the campus. The Aiken Scholars Academy (ASA) is a groundbreaking collaboration between Aiken County Public Schools and the University of South Carolina Aiken to create an academic school of excellence. The Academy, located on campus at USC Aiken, offers advanced students an engaging educational experience that introduces

and then immerses them into the collegiate environment beginning in their first year of high school as freshmen.

Finally, the Governor has identified USC Aiken for a future National Guard DreamPort Collaborative. The National Guard DreamPort Collaborative will increase the state's cyber capability. It will provide classified and unclassified environments where experts can solve some of the most pressing challenges in the cyber realm and utilize the National Guards' cyber security expertise to the benefit of our state.

South Carolina is one of three states with a resident National Guard Cyber Battalion. The facility is proposed to be located in close proximity to the National Laboratory's Advanced Manufacturing Collaborative on the USC Aiken campus, and will create a space for cyber experts in the private, government and academic sectors who will work closely with Fort Gordon's Cyber Operations and the national laboratory's cyber researchers.

Supporting Documentation

1. [Narrative to Standard 13.1 Financial resources](#)
2. [Audited Financial Statements for 2012-13](#)
3. [Audited Financial Statements for 2013-14](#)
4. [Audited Financial Statements for 2014-15](#)
5. [Audited Financial Statements for 2015-16](#)
6. [Audited Financial Statements for 2016-17](#)
7. [Audited Financial Statements for 2017-18](#)
8. [Audited Financial Statements for 2018-19](#)
9. [Narrative to Standard 5.3 Institution-related entities](#)