# EXCERPT FROM THE PRELIMINARY REPORT
# OF THE REAFFIRMATION COMMITTEE

## Statement Regarding the Report

*The Board of Trustees of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) is responsible for making the final determination on reaffirmation of accreditation based on the findings contained in this committee report, the institution's response to issues contained in the report, other assessments relevant to the review, and application of the Commission's policies and procedures. Final interpretation of the* Principles of Accreditation *and final action on the accreditation status of the institution rest with SACSCOC Board of Trustees.*

**Name of the Institution:** **University of South Carolina - Columbia**

**Date of the Review:** **November 3-4, 2020**

**SACSCOC Staff Member**: **Dr. Linda Thomas-Glover**

**Chair of the Committee:**
**Dr. Timothy S. Brophy**
**Director, Institutional Assessment**
**and Professor, Music Education**
**University of Florida**
**Gainesville, FL 32606**

## 13.1 Financial Resources

13.1 **The institution has sound financial resources and a demonstrated, stable financial base to support the mission of the institution and the scope of its programs and services.**
*(Financial resources)* **[CR]**

### Compliance

The Off-Site Reaffirmation Committee found support for the institution's case for compliance.

As a state-supported higher education institution, the institution's economic position is closely tied to the State of South Carolina. COVID-19 emerged as a dangerous public health crisis in March, and the impact of this on the statewide economy was severe and almost immediate, resulting in significant erosions in state tax revenues. The growth rate through February 2020 was 8.5 percent but by year end the rate was cut in half. For fiscal year 2021, the institution had anticipated additional funding, however the State of South Carolina is operating under a continuing resolution for the near future. The institution anticipates funding from the state to be flat due to COVID-19 when the funding plan for fiscal year 2021 is addressed.

The institution relies on tuition and fees to support the general operating budget and for fiscal year 2021, the institution does not have a tuition increase. Overall enrollment for fall 2020 is expected to increase by 1 percent.

Within the institution, the COVID-19 fiscal impact during fiscal year 2020 was primarily in two areas: 1) refunds given to students for housing, dining, and parking and transportation and 2) costs for personal protective equipment (PPE), cleaning, sanitation, and virus testing and tracing. Refunds to students were $19.8 million for the university system, and mitigation costs exceeded $12.4 million. The institution addressed this impact by implementing travel restrictions, hiring freezes, and renegotiating contracts. Federal CARES Act funds as well as FEMA Disaster Relief funds are available to mitigate some of the refunds and additional costs.

Despite COVID-19, the institution reported total assets and deferred outflows of resources at $2.8 billion on June 30, 2020, compared to $2.7 billion on June 30, 2019. Total assets increased by 2.6 percent from the prior year, and total liabilities increased 1.1 percent for the same period. Total assets changes were due to the increase in cash and cash equivalents. Total liabilities increased due to increases in net pension liability and net other postemployment benefit liability. Operating revenues decreased 0.7 percent as compared to the prior year due to decreases in sales and services from auxiliary enterprises because of housing and other refunds related to COVID-19 campus closures. Net nonoperating revenues increased 7.4 percent over the prior year, reflecting an increase in state appropriations. Conversely, operating expenses increased 4.1 percent, due in large part to increases in salaries and fringe benefits and scholarship expenses related to emergency grants to students provided through the federal CARES Act.

For the Fiscal Year ended June 30, 2020, the institution reported that current assets cover current liabilities 5.44 times. Current assets, excluding restricted cash and cash equivalents, cover 6.75 months of total operating expenses, excluding depreciation. For fiscal year 2020, one month of operating expenses were approximately $113.1 million.

The institution has had strong credit ratings for debt issuance for capital projects. In the institution's most recent appearance in the Bond market, (August 2017) Moody's Investors Service assigned a Aa2 rating to the institution's $20.8 million of Higher Education Refunding Revenue Bonds, Series 2017A, and a Aa3 rating to the $47.0 million of Athletic Facilities Revenue Bonds Refunding Series 2017B. Moody's maintains Aa2 and Aa3 ratings on the institution's $388.8 million of outstanding Higher Education, Special Higher Education, and Athletic Facilities Revenue Bonds. Fitch Ratings for the same issue was AA. On June 30, 2020, the institution's debt service coverage ratio was 1.21. The decrease in the coverage ratio from the prior year was due to the housing, parking and transportation refunds that were returned to the students due to campus closures in response to COVID-19.