



TABLE OF CONTENTS

Executive Summary	iii
--------------------------------	-----

Overview	1
-----------------------	---

Budget	
Delegation of Authority to the Administration	1
Summary Revenue and Expense by Program Budget	2
Summary Revenue and Expense by Account Budget	3
Operating Resources by Source	4
Operating Uses by Program	6
Operating Uses by Account	8

Student Fees	
Academic Fee Schedule	
Undergraduate Student Academic Fee Schedule	1
Graduate Student Academic Fee Schedule	3

Supplementals	
Comparison of the Operating Budget with Audited Financial Statements	1
Operating Resources by Source	3
Operating Uses by Program	4
Operating Uses by Account	5

Glossary	
Definition of Terms	1

EXECUTIVE SUMMARY

Introduction

This document presents Clemson University's proposed FY 2011-12 Operating Budget and the Student Tuition and Fee Schedules as approved by the Board of Trustees on May 12, 2011. The proposed budget is an estimate of the anticipated sources and uses of funds in FY 2011-12. It reflects the University's plan and serves as a management tool to drive accountability by providing a reference point for measuring actual financial performance. Multiple views of the proposed operating budget are presented in the **Budget** section to promote a consistent, transparent basis for reporting financial performance to the Board throughout FY 2011-12. A new section has been added to this document offering an alternative view of the budget that is comparable to the *Statement of Revenues, Expenses and Changes in Net Assets* (SRECNA) in the University's Comprehensive Annual Financial Report (CAFR), which is based on Generally Accepted Accounting Principles (GAAP). The **Supplemental** section describes the differences between an operating budget perspective and the financial statement or CAFR perspective, and provides a view reconciling the two perspectives.

Operating Budget Highlights:

Since June 30, 2008, Clemson has aggressively managed approximately \$80.9M in State funding cuts through increased revenue generation, conservative spending, deep internal cuts and reallocations, and efficiency gains. As a result of responsible financial management, Clemson's financial health is strong. While many universities are now enduring the strain of significant budget cuts, Clemson's early and decisive action has positioned the University to begin executing its 2020 Plan. In accordance with this, the proposed FY 2011-12 Operating Budget supports a plan that allows the University to continue to provide a top-quality education for students, expand research endeavors, provide exemplary public service programs, and to drive economic development in South Carolina. Through strategic divestment, resource reallocations and increased revenue generation, the plan further advances the University's mission objectives by enhancing student engagement, providing IT infrastructure, addressing critical deferred maintenance and improvement of physical assets, and increasing investments in world-class faculty and staff.

The most important summary observation concerning Clemson University's FY 2011-12 comprehensive budget is that operating revenues and expenses are projected to grow very modestly, approximately 2.6% in unrestricted funding and less than 1.0% in restricted funding in comparison to FY 2010-11 levels. Total operating resources, including unrestricted, restricted, and fund balance resources plus noncash waivers, results in a modest 2.2% overall increase in resources to support annual operating uses. Likewise, total projected operating uses increased 2.2%, less than the most recently reported Consumer Price Index (CPI) at 3.6%. More specifically, projected unrestricted annual operating revenues and expenses for the University's two most important core mission areas, Educational and General (E&G) and Public Service Activities (PSA) are anticipated to decrease by \$1.6M, or 4/10%, essentially flat. This demonstrates the wisdom and importance of the University's strategy of helping to fund critical investments with a combination of reallocations and divestments, coupled with new revenue generation.

Revenue Summary:

Unrestricted Funds Revenue Summary

- The net loss of an additional \$3.3M in recurring state appropriations, as well as the loss of \$19.1M in stimulus funding are the major challenges faced by the University's E&G and PSA operations for FY 2011-12. Helping to offset these losses is projected growth of approximately \$14.8M in tuition and fee revenue, attributable to continuing growth in off-campus, distance, and continuing education, as well as revenue growth from a modest tuition and fee increase of 3.8%.
- Highlighting new revenue generation, it is important to recognize that the University's auxiliary operations are projected to contribute the majority of net unrestricted revenue growth with an anticipated increase of approximately \$15.5M or 14.6%. The projected growth is primarily attributable to increases in athletic sales and services from a new ACC broadcasting contract, corporate sponsorships, and improved ticket sales and contributions. Additional growth in auxiliary revenues are attributable to continued growth in contract services provided to external clients by Clemson Computing and Information Technology, as well as modest increases in housing and meal plan revenues.

Restricted Funds Revenue Summary

- Total Restricted Revenues are projected to increase \$1.3M (0.7%) in FY 2011-12. The largest contributor to this net growth is increased revenue generation in sponsored program activities supporting core University research, which is projected to increase just over \$3.0M or 5.1%. This growth is tempered by a \$2.0M decrease in Other Restricted revenue as a result of the University Center of Greenville incorporating and operating as a separate private legal entity.

Total Operating Resources Summary

- Including all unrestricted resources, restricted revenues and noncash waivers, the projected total operating resource budget is \$815.3M, resulting in a 2.2% increase over FY 2010-11 levels.

Expense Summary:

- The University's commitment to divest and aggressively generate new revenue to fund the 2020 Plan is evidenced by a modest 2.6% projected increase in Unrestricted annual operating expenses. As with total resources, including Restricted annual operating uses, which are projected to be essentially flat, the anticipated use of fund balance resources supporting the return of generated funds, start-up commitments, and research initiatives, plus waiver expenses, total operating uses are projected to increase to \$815.3M. This is a modest 2.2% increase over FY 2010-11 levels, which is significantly lower than the most recently reported CPI of 3.6%. As in FY 2010-11, compensation and fringe benefits continue to decline.
- While annual operating expenses are anticipated to decline slightly in Clemson's core mission areas, E&G and PSA, operating expenses are projected to increase 14.6% in the University's auxiliary operations. The \$15.5M increase in expenses is primarily supported by substantial new revenue generation in Athletics and Clemson Computing and Information Technology. A modest increase in housing and meal plan revenues will support the 2020 investments in major housing and dining facility upgrades and inflationary expenses anticipated in FY 2011-12.
- Despite additional losses in State funding, the following examples highlight Clemson's most critical investment strategies for FY 2011-12:
 - Clemson's FY 2011-12 proposed investment in core land-grant mission functions, Instruction, Research and Public Service, is approximately \$6.0M above FY 2010-11 levels when excluding the impacts of nearly \$6.6M in one-time funding associated with FY 2010-11 voluntary personnel reduction plans.

- ▶ Instruction is projected to increase \$2.8M to a total of \$186M, representing almost 23% of the total annual operating uses, the University's single largest expense category.
- ▶ Research investments are anticipated to increase \$1.6M. As the second largest component of Clemson's proposed annual operating budget, the \$136.3M investment is 16.7% of Clemson's FY 2011-12 total annual operating expenses.
- ▶ Public Service related expenses are projected to grow \$1.5M an approximate increase of 2.5%.
- Institutional Support is projected to decline for the third consecutive year, demonstrating the University's continued commitment to invest in core mission activities through divestments, reallocations and increased efficiencies. This is Clemson's smallest cost category at 3.1% of total operating uses. In FY 2007-08, institutional support represented 7.0% of the total budget.
- Auxiliary program expenses are increasing by \$9.5M or 10.3%, as a direct result of the auxiliary revenue increases and contractual obligations described above.
- Excluding the impacts of one-time expenses related to voluntary personnel reduction plans offered in FY 2010-11, total compensation and benefits are projected to decrease approximately \$3.5M (1.0%). The FY 2011-12 budget of \$389.8M is less than the FY 2008-09 budget.

Unrestricted Funds Expense Summary

- Total unrestricted annual operating expenses are anticipated to increase approximately 2.6%. Clemson's largest unrestricted investment resides in its core mission activities, Instruction, Research and Public Service, representing over 50% of the unrestricted annual operating budget. Excluding the impacts of the voluntary personnel reduction plans in FY 2010-11, core mission investments increased modestly by \$3.6M, or 1.3%, which is significantly lower than the CPI at 3.6%, demonstrating a continued dedication to cost control and increased efficiencies. Additionally, Clemson's compensation and benefits are expected to decrease nearly 1.0%; however, when excluding voluntary personnel reduction plan impacts, these costs are expected to increase only 1.0%, significantly below the CPI.

Restricted Funds Expense Summary

- As with restricted resources, restricted uses are essentially flat, increasing less than 1.0%. The most important highlights from the restricted operating expense budget are described below:
 - Core sponsored research expenditures are projected to increase \$3.2M, a 5.1% increase over FY 2010-11 levels moving this cost category to the forefront as Clemson's single largest restricted expense category.
 - Restricted Academic Support expenses will decrease \$2.0M as a result of the University Center of Greenville's decision to incorporate and operate as a separate private legal entity.

Total Operating Uses Summary

- Including all unrestricted uses, restricted expenses and noncash waivers, the projected total operating uses budget is \$815.3M. The modest 2.2% increase over FY 2010-11 levels, when compared to the current CPI at 3.6% demonstrates the University's strategic management of costs and commitment to fund the 2020 Plan through new revenue generation and aggressive internal reallocations.

PROPOSED FY 2012 OPERATING BUDGET (In 000's)

The total proposed operating budget for FY 2011-12 is \$815.3M, 2.2% above the FY 2010-11 budget. It is comprised of three major components – Unrestricted Operating Funds, Restricted Funds and Noncash Items. The total budgets for these components are summarized in **Figure 1**.

Figure 1. Operating Budget by Resource Category

Operating Resources	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent of Total FY 2011-12 Budget	Change Amount	Percent Change
Unrestricted*	\$ 591,049	\$ 574,532	72.5%	\$ 16,517	↑2.9%
Restricted	183,227	181,906	22.5%	1,321	↑0.7%
Noncash Items	41,000	40,944	5.0%	56	↑0.1%
Total Sources	\$ 815,276	\$ 797,382	100.0%	\$ 17,894	↑2.2%

*Unrestricted operating resources include fund balance resources from prior years.

➤ **Unrestricted Funds Resource Summary**

Excluding unrestricted fund balance resources, unrestricted operating revenues are projected to increase a modest 2.6%. This is less than the most recently reported CPI of 3.6%. Including \$38.2M in prior years' fund balances required to support the anticipated return of generated funds, contractual start-up commitments and research initiatives, total unrestricted operating resources are projected to increase 2.9% above FY 2010-11 levels to \$591.0M. Unrestricted resources represent nearly 73.0% of the University's resources, which are available to further the mission activities of the University.

Unrestricted Operating Revenues and Resources include four major categories of funding:

- o **Educational and General** (E&G) additional cuts of \$3.8M in recurring state appropriations and the loss of \$16.5M in stimulus funding is partially offset by growth in tuition and fee revenues and increased departmental revenue

generation. In total, E&G operating revenues are expected to decrease by 0.3% to \$369.3M. These operating revenues comprise 45.3% of the total resource budget and 66.8% of the unrestricted operating revenue budget. At this level, E&G State Appropriations will be at their lowest nominal level since 1986.

- o **Public Service Activities** (PSA) operating revenues are approximately 7.6% of the total resource budget and 11.2% of the unrestricted operating revenue budget. PSA operating revenues are expected to decrease minimally to \$61.9M. State appropriations for PSA have been reduced by approximately \$200K and federal stimulus resources were not continued in FY 2011-12.
- o **Auxiliary Enterprises** operating revenues represent 14.9% of the total resource budget and 22.0% of the unrestricted operating revenue budget. Auxiliary enterprises operating revenues are expected to increase 14.6% to \$121.6M.
- o **Fund Balance Resources**, projected at \$38.2M, complete the remainder of the unrestricted operating resource budget.
- **Restricted Resources** account for 22.5% of the total budget and are projected to remain essentially flat, increasing less than 1.0% to \$183.2M. Restricted funds, limited by legal requirements, are available for designated purposes. Restricted Funds include three major categories of funding:
 - o **Sponsored Programs Activities** revenues are projected to rise by 5.1% to \$83.5M, a growth of 46.7% since FY 2001.
 - o **Scholarships and Student Aid** revenues are expected to increase 0.6% to \$86.1M, almost 2.5 times the actual amount in FY 2001.
 - o **Other Restricted** revenues are forecasted to decrease 19.0% to \$13.6M, primarily due to the University Center of Greenville incorporating and operating as a separate private legal entity as of July 1, 2011.
- Noncash Items represent 5.0% of the total budget and include Noncash Waivers only, which are a valuable tool supporting the University's recruitment and retention of quality students.

PROPOSED FY 2012 OPERATING RESOURCES BUDGET (In 000's)

The operating resources budget consists of the major funding sources shown in **Figure 2**:

Figure 2. Operating Resources Budget

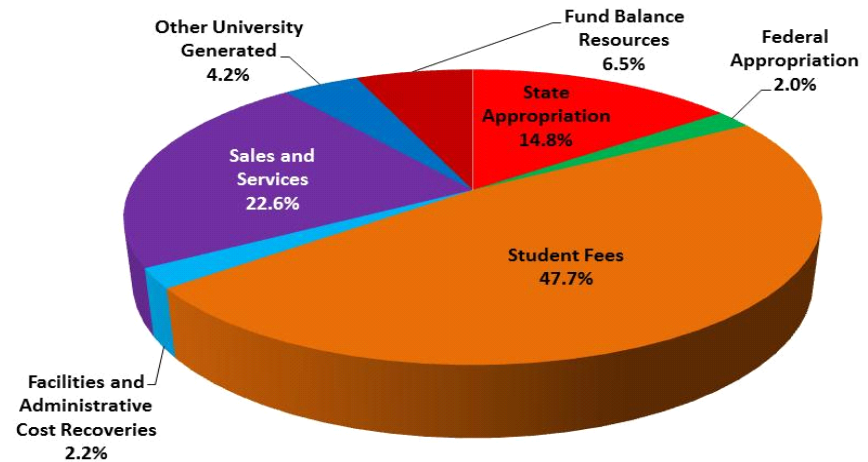
Revenue Source	FY 2011-12 Proposed Budget	Percent of Total FY 2011-12 Budget	FY 2010-11 Initial Budget	Percent of Total FY 2010-11 Budget
Unrestricted Operating Revenue Budget				
State Appropriations	\$ 87,325	10.7%	\$ 90,648	11.4%
Federal Appropriations	11,898	1.5%	11,964	1.5%
Federal Stimulus	—	0.0%	19,085	2.4%
Student Fees	282,133	34.6%	267,344	33.5%
Facilities and Administrative Cost Recoveries	13,150	1.6%	12,100	1.5%
Sales and Services	133,624	16.4%	116,409	14.6%
Other University Generated	24,706	3.0%	21,315	2.7%
Fund Balance Resources	38,213	4.7%	35,667	4.5%
Total Unrestricted Operating Revenue Budget	\$ 591,049	72.5%	\$ 574,532	72.1%
Restricted Operating Revenue Budget				
Financial Aid-State Higher Education Grants	\$ 45,250	5.6%	\$ 46,046	5.8%
Financial Aid-Grants and Contracts and Other Revenues	40,859	5.0%	40,415	5.1%
Grants and Contracts	95,521	11.7%	93,098	11.6%
Other Restricted Revenue	1,597	0.2%	2,347	0.3%
Total Restricted Operating Revenue Budget	\$ 183,227	22.5%	\$ 181,906	22.8%
Graduate and Undergraduate Waivers	\$ 41,000	5.0%	\$ 40,944	5.1%
Total Clemson FY 2012 Operating Budget	\$ 815,276	100.0%	\$ 797,382	100.0%

Figure 2 details the distribution of the University's revenue by funding sources and provides a comparison between FY 2010-11 and FY 2011-12. It demonstrates the impact of State funding cuts on a proportional basis and the University's greater reliance on Student Fees, Grants and Contracts and other revenue sources.

UNRESTRICTED OPERATING RESOURCES BUDGET (In 000's)

The Unrestricted Resources budget represents 72.5% of the overall operating resources. The distribution of resources is shown in **Graph 1**.

Graph 1. - Unrestricted Operating Budget



The following sections provide a summary analysis of the FY 2011-12 budget for each of the University's unrestricted funding sources.

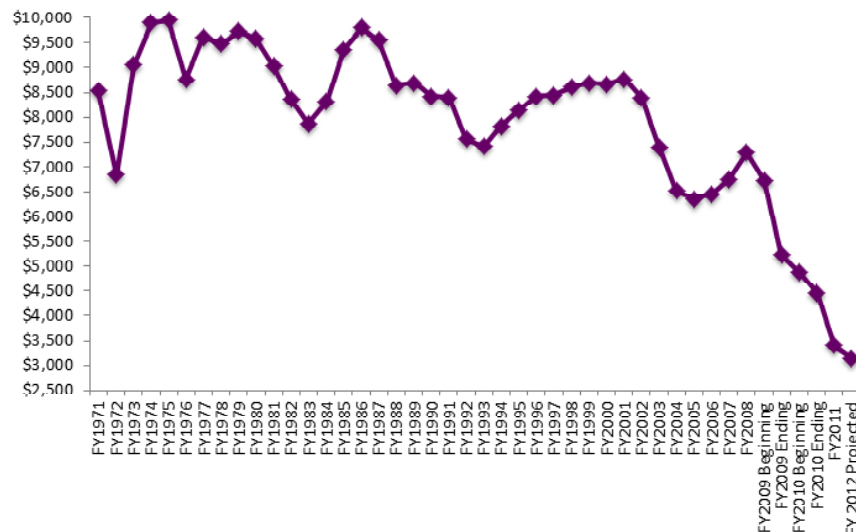
◆ State Appropriations↓

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 87,325	\$ 90,648	↓ \$ (3,323)	↓ (3.7)%

As a result of cumulative state budget cuts, the State Appropriations budget is decreasing by \$3.3M to \$87.3M. State Appropriations represent 14.8% of the unrestricted operating revenue budget and 10.7% of the overall budget. At the beginning of FY 2010-11, State Appropriations were 15.8% of the unrestricted operating budget and 11.4% of the total budget.

Cuts in State funding since FY 2007-08 total \$80.9M, a reduction of 49.0%. Adjusted for inflation, E&G State funding per student is approximately 68.0% lower than it was in 1973. This level of funding represents the lowest level of nominal appropriations since 1986.

Graph 2. — CU Inflation - Adjusted Educational and General State Appropriations per Student



◆ Federal Appropriations↓

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 11,898	\$ 11,964	↓ \$ (66)	↓ (0.6)%

Federal Appropriations are a small percentage of the University's total revenue sources (1.5%). Public Service and Agriculture is the only division in the University projected to receive unrestricted federal appropriations in FY 2011-12. Federal Appropriations represent 19.1% of PSA's total unrestricted resources.

◆ Student Fees (includes Cash Waivers)↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 282,133	\$ 267,344	↑ \$ 14,789	↑ 5.5%

Student Fees represent the largest single source of revenue for the University. The FY 2011-12 projected Student Fees account for 47.7% of the unrestricted budget and 34.6% of the total budget.

The Board of Trustees approved a 3.8% increase for both resident and non-resident tuition and fees for Fall 2011. The tuition and fee increase is the lowest increase in a decade, both in terms of percentage and dollars, due to aggressive cost-cutting measures and a commitment to use internal reallocations and other revenues as primary sources of funding for the 2020 Plan. The tuition increase will generate revenue for enhanced student engagement opportunities, academic facilities, technology and other activities adding value to the educational experience and directly benefiting students. The tuition and fee increase is expected to generate \$11.9M in additional general fund revenue for the coming year. Increases in off-campus, online education and other earmarked programs account for an additional \$2.9M in growth.

◆ **Facilities and Administrative Cost Recoveries**↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 13,150	\$ 12,100	↑ \$ 1,050	↑ 8.7%

The University recovers Facilities and Administrative Costs (F&A) from extramural sources to cover overhead costs generated by sponsored program activities. As a result of increased sponsored program activities, F&A Cost Recoveries are expected to increase 8.7% and represent 1.6% of total revenue sources.

◆ **Sales and Services**↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 133,624	\$ 116,409	↑ \$ 17,215	↑ 14.8%

Sales and Services are the result of mission-oriented revenue generating activities in the Educational and General and Public Service and Agricultural areas, as well as in Auxiliary Enterprises. Sales and services revenues are expected to increase 14.8% in FY 2011-12. Public service activities will experience a 15.1% increase attributed to increases in revenue from the Youth Learning Institute and new revenue growth. Auxiliary enterprises will grow by 14.8%. This growth results from an increase of \$5.9M for the Athletics ACC Broadcasting contract, corporate sponsorships and increased ticket sales producing a 16.6% increase in sales and services revenues overall for Athletics. The Board approved a 4.0% increase in room and board fees in anticipation of improvements in dining, housing and student life facilities. Clemson Computing and Information Technology (CCIT) expects an additional \$4.7M in revenue in FY 2011-12.

◆ **Other University Generated Revenues**↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 24,706	\$ 21,315	↑ \$ 3,391	↑ 15.9%

Other University Generated revenue is projected to increase 15.9%, a reflection of the University's commitment to generate other sources of revenue. This revenue source represents 3.0% of the total revenue budget and 4.2% of the unrestricted revenue budget. A \$2.5M increase in revenues is expected based on higher participation levels in off-campus and Study Abroad programs and growth in self-generated revenue for academic and support units.

◆ **Graduate and Undergraduate Waivers (Noncash)**↑

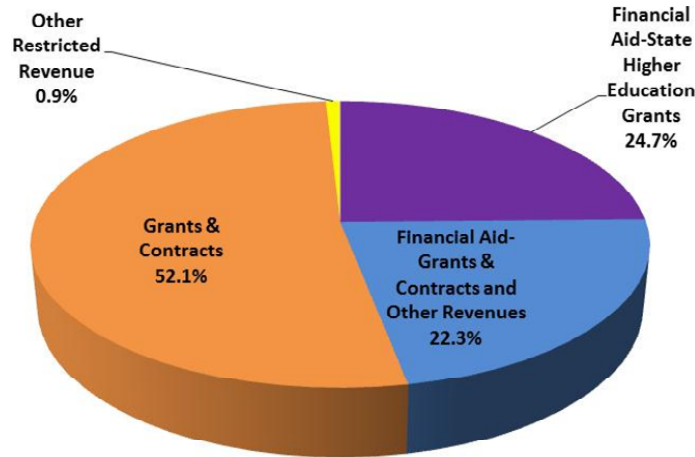
FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 41,000	\$ 40,944	↑ \$ 56	↑ 0.1%

Noncash Waivers do not have a cash flow impact and should not be viewed as a monetary operating resource. However, these waivers are important to the University's financial aid strategy and allow Clemson to recruit and retain quality students. Noncash waivers are expected to increase slightly in FY 2011-12.

RESTRICTED OPERATING RESOURCES BUDGET (In 000's)

The restricted operating revenue budget accounts for 22.5% of the University's overall resources. The distribution of the restricted revenue budget is shown in **Graph 3**.

Graph 3. — Distribution of Restricted Resources



The following sections provide an analysis of the FY 2011-12 budget for each of the University's restricted funding sources.

◆ Financial Aid — State Higher Education Grants↓

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 45,250	\$ 46,046	↓ \$ (796)	↓ (1.7)%

State Higher Education Grants, primarily Life and Palmetto Scholarships, comprise 5.6% of the projected total revenue budget and 24.7% of the restricted revenue budget. The FY 2011-12 budget for State Higher Education Grants is reduced by 1.7% due to the University Center of Greenville incorporating and operating as a separate private legal entity as of July 1, 2011. State Higher Education grants to Clemson students are projected to remain stable or to grow slightly during the FY 2011-12 budget period.

◆ Financial Aid — Grants and Contracts and Other Revenues↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 40,859	\$ 40,415	↑ \$ 444	↑ 1.1%

Financial Aid Grants and Contracts and Other Revenues are expected to increase 1.1%, with Federal student aid increasing funding assistance to Veterans.

◆ Grants and Contracts↑

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 95,521	\$ 93,098	↑ \$ 2,423	↑ 2.6%

Grants and Contracts, excluding Financial Aid, are comprised of Sponsored Program Activities and other earmarked funds from external sources. Sponsored program activities are projected to increase 2.6% as compared to the FY 2010-11 operating revenue budget with the majority expected in federally sponsored activities.

◆ Other Restricted Revenue↓

FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
\$ 1,597	\$ 2,347	↓ \$ (750)	↓ (32.0)%

Other Restricted Revenue is another small revenue resource representing 0.2% of projected total revenue and 0.9% of restricted revenue. Other restricted revenues are projected to decrease 32.0% primarily due to the private incorporation and operation of the University Center of Greenville on July 1, 2011.

PROPOSED OPERATING USES BUDGET BY PROGRAM (In 000's)

Clemson's proposed operating expense budget for FY 2011-12 is \$815.3M, a modest 2.2% increase over FY 2010-11 levels. As noted previously, this is significantly below the current reported CPI of 3.6%. The operating uses budget is presented by program and by account category. The expense budget by program is presented first, as it reflects the University's plan and programmatic priorities. It is summarized in **Figure 3, Figure 4 and Graph 4.**

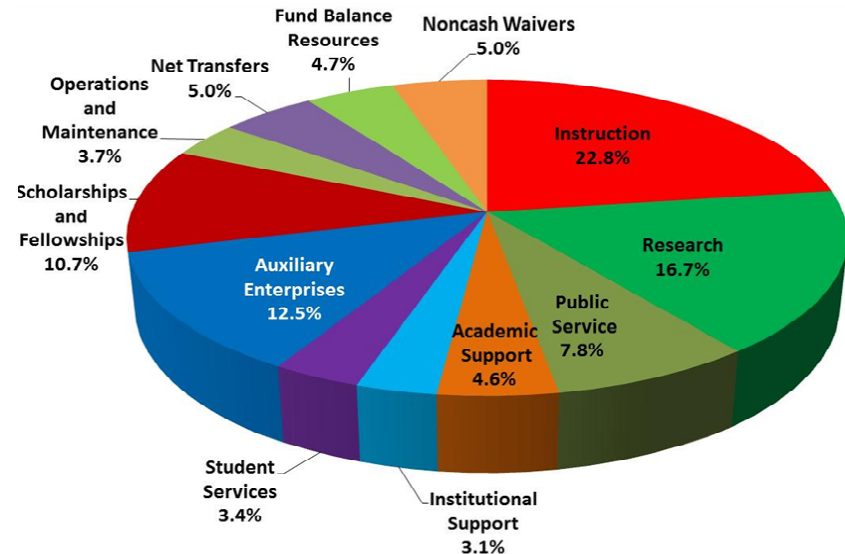
Figure 3. Total University Operating Expense by Program

Program	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Instruction	\$ 185,999	\$ 186,488	(0.3)%
Research	136,316	138,016	(1.2)%
Public Service	63,930	62,386	2.5%
Academic Support	37,614	41,011	(8.3)%
Institutional Support	25,402	25,533	(0.5)%
Student Services	27,672	26,363	5.0%
Auxiliary Enterprises	101,882	92,346	10.3%
Scholarships and Fellowships	87,172	86,445	0.8%
Operations and Maintenance	30,195	29,887	1.0%
Net Transfers	39,881	32,296	23.5%
Total Current Expense	\$ 736,063	\$ 720,771	2.1%
Fund Balance Resources	38,213	35,667	7.1%
Total Restricted & Unrestricted Expenses	\$ 774,276	\$ 756,438	2.4%
Noncash Waivers	41,000	40,944	0.1%
Total Operating Uses by Program by Program	\$ 815,276	\$ 797,382	2.2%

Figure 4. Operating Expense Budget by Program

Program	Unrestricted	Restricted	Total
Instruction	\$ 180,540	\$ 5,459	\$ 185,999
Research	63,594	72,722	136,316
Public Service	47,900	16,030	63,930
Academic Support	37,163	451	37,614
Institutional Support	23,931	1,471	25,402
Student Services	26,850	822	27,672
Auxiliary Enterprises	101,882	—	101,882
Scholarships and Fellowships	15,642	71,530	87,172
Operations and Maintenance	30,195	—	30,195
Net Transfers	25,139	14,742	39,881
Fund Balance Resources	38,213	—	38,213
Total Operating Expense Budget by Program (Cash)	\$ 591,049	\$ 183,227	\$ 774,276
Noncash Waivers	41,000	—	41,000
Total Operating Expense Budget by Program	\$ 632,049	\$ 183,227	\$ 815,276

Graph 4 - Distribution of Expenses by Program



Instruction is projected as the largest expenditure category on a program basis. This aligns with Budget Task Force recommendations to protect Clemson's academic core. Instruction represents 22.8% of total projected expenses and, when excluding one-time funding in the FY 2010-11 budget for voluntary personnel reduction plans, is expected to increase above FY 2010-11 levels by 1.6%. Research expenditures are the second largest program category, and when also adjusting for voluntary personnel reduction plans in the FY 2010-11 budget expenditures, are projected to remain constant. The third largest program component, Auxiliary Enterprises, is expected to increase 10.3%. The fourth largest program component, Scholarships and Fellowships, is expected to increase approximately \$700K, bringing the total to \$87.2M, which continues to be more than the combined budgets for Institutional Support, Student Services and Operations and Maintenance.

◆ **Instruction**↓

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 180,540	\$ 181,002	↓ \$ (462)	↓ (0.3)%
Restricted	\$ 5,459	\$ 5,486	↓ \$ (27)	↓ (0.5)%

Projected expenses for instructional activities are expected to remain relatively flat. Unrestricted Instruction represents 22.1% of the total budget. The slight decrease in unrestricted instruction is primarily due to the FY 2010-11 budget including one-time funding for voluntary personnel reduction plans. When adjusting the FY 2010-11 budget for these one-time costs, instruction expense is projected to increase approximately \$2.9M or 1.6%. The budget also includes meaningful increases and reallocations of salary and other cost savings to instructional expenses for University strategic initiatives such as Faculty Cluster Hires, Creative Inquiry projects and Competitive Compensation for faculty and staff.

◆ **Research**↓

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 63,594	\$ 67,016	↓ \$ (3,422)	↓ (5.1)%
Restricted	\$ 72,722	\$ 71,000	↑ \$ 1,722	↑ 2.4%

After adjusting for one-time costs of retirement incentive plans in the prior year, total Research expenditures are projected to remain relatively constant. However, very meaningful and important growth is projected in support for core sponsored research programs, approximately 5.1% or \$3.2M.

◆ **Public Service**↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 47,900	\$ 47,001	↑ \$ 899	↑ 1.9%
Restricted	\$ 16,030	\$ 15,385	↑ \$ 645	↑ 4.2%

Total Public Service expenses are projected to increase 2.5% in FY 2011-12. The unrestricted public service budget is projected to increase by 1.9%, approximately \$900K. This is primarily due to growth in revenues for the Outdoor Laboratory. The restricted public service budget is expected to increase 4.2%, or \$645K, as a result of growth in sponsored programs.

◆ **Academic Support**↓

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 37,163	\$ 38,576	↓ \$ (1,413)	↓ (3.7)%
Restricted	\$ 451	\$ 2,435	↓ \$ (1,984)	↓ (81.5)%

Academic Support represents 4.6% of the proposed expense budget. Expenses for academic support are projected to decline in total by 8.3%, with the major contributor being the reduction of \$2.0M as a result of the University Center of Greenville incorporating and operating as a private separate legal entity.

◆ Institutional Support↓

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 23,931	\$ 24,327	↓ \$ (396)	↓ (1.6)%
Restricted	\$ 1,471	\$ 1,206	↑ \$ 265	↑ 22.0%

Institutional Support includes administrative support activities, such as fiscal operations, legal services and human resources. In total, projected institutional support is 3.1% of the FY 2011-12 total expense budget. There continues to be a decline in institutional support due to a keen focus on the core mission activities and continuing efforts to manage administrative costs.

◆ Student Services↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 26,850	\$ 26,209	↑\$ 641	↑ 2.4%
Restricted	\$ 822	\$ 154	↑\$ 668	↑ 433.8%

Student Services represent 3.4% of the total projected FY 2011-12 expense budget. Student services include expenditures contributing to the emotional and physical well-being of Clemson students, including counseling and career guidance and student organizations. Quality student services are a critical element of the University's ability to retain its students. The unrestricted student services budget is projected to increase by 2.4% or approximately \$600K.

◆ Auxiliary Enterprises↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 101,882	\$ 92,346	↑\$ 9,536	↑ 10.3%
Restricted	\$ —	\$ —	\$ —	0.0%

The Auxiliary Enterprises expense budget is expected to increase 10.3% in FY 2011-12. This largely reflects growth in expenditures that are directly tied to contractual obligations in Athletics, CCIT contracts, meal plan contracts and housing and dining facility improvement investments.

◆ Operations and Maintenance↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 30,195	\$ 29,851	↑ \$ 344	↑ 1.2%
Restricted	\$ —	\$ 36	↓ \$ (36)	↓(100.0)%

Projected Operations and Maintenance expenses are only 3.7% of the total expense budget and are anticipated to increase in FY 2011-12 by 1.0%. This minimal increase is the direct result of aggressive and successful management of energy consumption and cost. Evidence of this is that the CPI for energy for the past 12 months was 21.5%, while Clemson's actual costs are projected to increase minimally.

◆ Scholarships and Fellowships↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 15,642	\$ 15,290	↑ \$ 352	↑ 2.3%
Restricted	\$ 71,530	\$ 71,155	↑ \$ 375	↑ 0.5%

Scholarships and Fellowships, the fourth largest expenditure category, is expected to increase \$727K in FY 2011-12, bringing the total to \$87.2M, which is more than the combined budgets for Institutional Support, Student Services and Operations and Maintenance. Funding for Scholarships and Fellowships continues to grow and has more than doubled since FY 2000.

◆ Net Transfers, Noncash Waivers and Projected Fund Balance Expenditures

Net Transfers, Noncash Waivers and Projected Fund Balance Expenditures are applied in the same manner to the expense budget by program and account. These activities will be discussed in detail in a later section.

PROPOSED OPERATING USES BUDGET BY ACCOUNT CATEGORY

The proposed operating uses by account category for FY 2011-12 are summarized below in **Figure 5**, **Figure 6** and **Graph 5**. The following section presents an alternative view of expenditures. Instead of focusing on program based expenditures, this section will look at a few summary observations from an “account” perspective. In particular this section will highlight Compensation and Benefits. Compensation and benefits account for approximately 47.8% of the University’s total operating resources. The remainder of the operating uses budget is distributed between Other Costs (42.5%), Noncash Waivers (5.0%) and Fund Balance Resources (4.7%). Other costs include basic operating costs such as travel, supplies, equipment, services, utility costs and other nonpersonnel operating items. As noted in the “Expenditure by Program” section, total expenditures are projected to increase by a very modest 2.2%, which is less than the current CPI estimate of 3.6%.

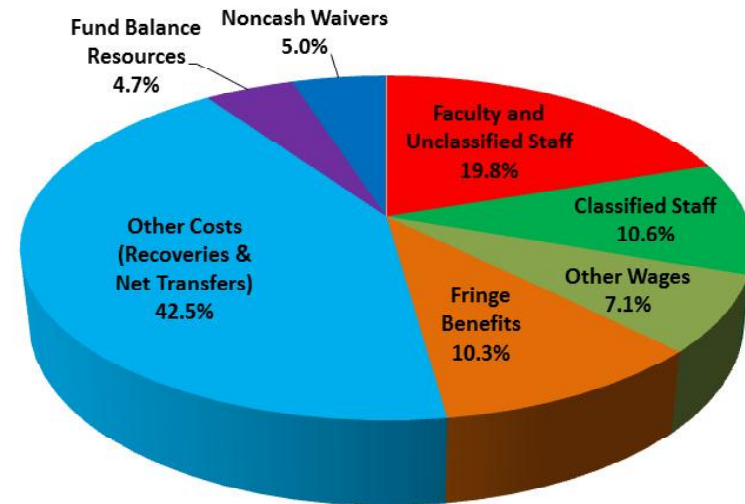
Figure 6. Operating Expense Budget by Account Category

Account Category	Unrestricted	Restricted	Total
Compensation and Benefits:			
Faculty and Unclassified Staff	\$ 151,286	\$ 10,223	\$ 161,509
Classified Staff	83,683	2,550	86,233
Other	34,791	23,126	57,917
Fringe Benefits	76,554	7,614	84,168
Total Compensation and Benefits	\$ 346,314	\$ 43,513	\$ 389,827
Other Costs (include Net Transfers and Recoveries)	206,522	139,714	\$ 346,236
Fund Balance Resources	38,213	—	38,213
Total Operating Expense Budget (Cash)	\$ 591,049	\$ 183,227	\$ 774,276
Noncash Waivers	41,000	—	\$ 41,000
Total Operating Expense Budget	\$ 632,049	\$ 183,227	\$ 815,276

Figure 5. Total University Operating Expense by Account

Account	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Compensation and Benefits:			
Faculty and Unclassified Staff	\$ 161,509	\$ 160,211	0.8%
Classified Staff	86,233	89,577	(3.7)%
Other	57,917	59,616	(2.8)%
Fringe Benefits	84,168	90,625	(7.1)%
Total Compensation and Benefits	\$ 389,827	\$ 400,029	(2.6)%
Other Costs (Recoveries and Net Transfers)	346,236	320,742	7.9%
Fund Balance Resources	38,213	35,667	7.1%
Total Restricted and Unrestricted Expenses	\$ 774,276	\$ 756,438	2.4%
Noncash Waivers	41,000	40,944	0.1%
Total Operating Uses by Account	\$ 815,276	\$ 797,382	2.2%

Graph 5. - Distribution of Expenses by Account Category



◆ **Compensation and Benefits**↓

Unrestricted Uses

Account Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Faculty and Unclassified Staff	\$ 151,286	\$ 148,477	↑ \$ 2,809	↑ 1.9%
Classified Staff	83,683	86,157	↓ (2,474)	↓ (2.9)%
Other	34,791	33,192	↑ 1,599	↑ 4.8%
Fringe Benefits	76,554	81,781	↓ (5,227)	↓ (6.4)%
Total Compensation and Benefits	\$ 346,314	\$ 349,607	↓ \$ (3,293)	↓ (0.9)%

Restricted Uses

Account Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Faculty and Unclassified Staff	\$ 10,223	\$ 11,734	\$ (1,511)	↓ (12.9)%
Classified Staff	2,550	3,420	↓ (870)	↓ (25.4)%
Other	23,126	26,424	↓ (3,298)	↓ (12.5)%
Fringe Benefits	7,614	8,844	↓ (1,230)	↓ (13.9)%
Total Compensation and Benefits	\$ 43,513	\$ 50,422	↓ \$ (6,909)	↓ (13.7)%

Given the magnitude of the salary expenditures in higher education, this analysis will primarily address important trends and observations related to wages and benefits. This has been a category of inflexible costs that the Board of Trustees has been particularly interested in monitoring and managing. Excluding the FY 2010-11 one-time costs associated with the University’s voluntary personnel reduction plans, Compensation and Benefits are projected to decrease almost 1.0% or \$3.5M in FY 2011-12. Factoring in the one-time severance costs in the prior year, compensation and benefits are projected to decrease approximately 2.6%, or \$10.2M, as compared to the prior year. Total salaries and benefits are projected to be approximately \$4.4M less in FY 2011-12 than in FY 2008-09. Additionally, Fringe Benefits costs are projected to be lower in FY 2011-12 than these costs were in FY 2005-06. The

University’s aggressive efforts to manage salary and benefit costs through voluntary personnel reductions and continuing reductions in administrative staffing are evident. These recurring base obligations have been managed aggressively through the elimination of over 400 filled permanent positions and over 100 additional vacant positions.

At the same time that the University has reduced full-time permanent positions, the University has increased its use of temporary, time-limited, as well as student staffing. In fact, these categories are expected to see an increase of approximately 4.8% in the coming year, at the same time that compensation for permanent salaries and benefits are being reduced both from unrestricted and restricted sources.

◆ **Other Costs**↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 233,045	\$ 220,267	↑ \$ 12,778	↑ 5.8%
Restricted	\$ 124,972	\$ 116,435	↑ \$ 8,537	↑ 7.3%

Other Costs represent approximately 43.9% of total operating uses. This large cost category includes anticipated expenditures ranging from utilities and travel to printer cartridges and paper. Budgets for this large group of operational spending categories are established at a high level in “Other Costs”. However, actual spending is accounted for in detail as expenditures occur throughout the fiscal year.

Representing 28.6% of total operating uses at \$233.0M, unrestricted other costs are anticipated to increase \$12.8M. As previously noted, approximately \$9.0M of the increase is a direct result of auxiliary revenue increases and contractual obligations. Additionally, due to improved budgeting practices reflecting a more accurate expenditure plan, PSA’s other costs are projected to increase approximately \$3.0M. An increase of less than 1.0% is anticipated for E&G other costs when compared to FY 2010-11. The \$800K increase is directly supported by increased revenue generation at the Outdoor Laboratory.

Restricted other costs are expected to increase 7.3% to \$125.0M and represent approximately 15.3% of total operating uses. Approximately 57.0% of restricted other costs are related to Scholarships and Fellowships, which are projected to increase nearly \$1.0M as compared to FY 2010-11. Sponsored Program Activities represent almost 38.0% of total restricted other costs and are anticipated to increase almost \$8.4M. The growth in restricted expenses is offset by \$1.0M decrease in other costs associated with the University Center of Greenville’s recent incorporation as a separate private legal entity.

◆ Recoveries (Presented on a Revenue Basis)↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ (51,662)	\$ (48,256)	↑ \$ (3,406)	↑ 7.1%
Restricted	\$ —	\$ —	\$ —	0.0%

Recoveries are revenues generated from sales and services or allocation of costs to internal customers of the University. Recoveries include revenues generated from the internal sale and distribution of telecommunication, information technology, fuel, facilities services and departmental services. The majority of the \$3.4M increase in unrestricted recoveries is due to \$1.5M in additional computer center costs and \$1.2M in athletics for pass through payments for coaches' services and broadcasters and internal recoveries for transportation services.

Explanation of Net Transfers and Noncash Expenses

◆ Net Transfers↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 25,139	\$ 17,247	↑ \$ 7,892	↑ 45.8%
Restricted	\$ 14,742	\$ 15,049	↓ \$ (307)	↓ (2.0)%

Net Transfers include internal transfers of resources between operating unrestricted and restricted funds and funding for debt service and capital projects. Internal transfers routinely include the funding of student activities and athletic scholarships from IPTAY. Capital projects and debt service are funded by transfers of student fees and auxiliary funds. The FY 2012 budget includes an increase of almost \$2.0M in debt service transfers. Athletic transfers for scholarships from IPTAY are increasing by \$2.9M. In anticipation of improvements to housing and dining facilities in the 2020 Plan, transfers from these units to capital improvement funds are increasing approximately \$2.1M.

◆ Noncash Waivers↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 41,000	\$ 40,944	↑ \$ 56	↑ 0.1%
Restricted	\$ —	\$ —	\$ —	0.0%

Noncash Waivers have no impact on cash flow; however, they are an important part of Clemson's financial aid strategy. Waivers are used to attract and retain high quality students. This expense is expected to increase by less than 1.0% in FY 2011-12.

◆ Fund Balance Resources↑

Resource Category	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Change Amount	Percent Change
Unrestricted	\$ 38,213	\$ 35,667	↑ \$ 2,546	↑ 7.1%
Restricted	\$ —	\$ —	\$ —	0.0%

The University projects that it will utilize up to \$38.2M of prior years' fund balance resources, primarily for the return of generated funds, contractual start-up commitments for faculty, continuation of undergraduate creative inquiry programs and research incentives for faculty. Fund balances are also utilized to make investments in labs, classrooms and other capital investments funded by individual budgetary units. For FY 2011-12, fund balance will also be used to fund one-time costs associated with voluntary personnel reduction plans. The use of fund balance resources increased \$2.5M, reflecting conservative spending patterns over the past several years during a period of major recurring state funding cuts.

Delegation of Authority to the Administration

In approving budgets, the Board of Trustees recognizes that (1) amounts budgeted as income are estimates and subject to change, (2) amounts budgeted for expenditures are a reflection of plans and workload estimates as of the time the budget is prepared, (3) each day may bring new challenges and developments requiring adjustments in plans, programs, estimates, and budget items. To provide for continuity and essential flexibility in operations, the Board of Trustees reaffirms the delegation of necessary authority to the President to act in all matters, and to the Chief Financial Officer to act in fiscal, contractual and other business matters, including specifically, authority to negotiate and make timely changes in contracts, to approve transfers and expenditures of funds permitted in the General Appropriations Act, including those funds commonly referred to as “contribution or gift funds” to be retained at the University, to adjust operating, permanent improvement and other income and expenditure items, and to take such other actions considered necessary in fiscal, contractual and other business matters in response to changing conditions and estimates. The Chairman of the Board, the Finance and Facilities Committee, the Executive and Audit Committee, or the full Board is to be consulted for further specific directions and approval as conditions appear to warrant.

SUMMARY REVENUE AND EXPENSE BY PROGRAM BUDGET

(dollars in thousands)

	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Operating Resources			
Unrestricted Revenue:			
State Appropriations	\$ 87,325	\$ 90,648	(3.7)%
Federal Appropriations	11,898	11,964	(0.6)%
Federal Stimulus/Stabilization Funding	—	19,085	(100.0)%
Student Fees	282,133	267,344	5.5%
Facilities and Administrative Cost Recoveries	13,150	12,100	8.7%
Sales and Services	133,624	116,409	14.8%
Other University Generated	24,706	21,315	15.9%
Total Unrestricted Revenue	552,836	538,865	2.6%
Fund Balance Resources	38,213	35,667	
Total Unrestricted Revenue and Fund Balance Resources	591,049	574,532	2.9%
Restricted Revenue:			
State Higher Education Grants	45,250	46,046	(1.7)%
Financial Aid - Grants and Contracts and Other Revenues	40,859	40,415	1.1%
Grants and Contracts	95,521	93,098	2.6%
Other Restricted Revenue	1,597	2,347	(32.0)%
Total Restricted Revenue	183,227	181,906	0.7%
Total Revenue and Fund Balance Resources	774,276	756,438	2.4%
Noncash Resources			
Graduate and Undergraduate Waivers	41,000	40,944	0.1%
Total Noncash Resources	41,000	40,944	0.1%
Total Operating Resources	\$ 815,276	\$ 797,382	2.2%

NOTE: The FY 2010-11 restricted revenue budget section included \$2.0M for the University Center of Greenville, with \$800K in State Higher Education Grants and \$1.2M in Other Restricted Revenue. When excluding these pass-through funds, the FY 2011-12 budget for Total Restricted Revenue is increasing by 1.8% and Total Operating Resources are increasing by 2.5%.

	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Operating Uses			
Unrestricted Expense:			
Instruction	\$ 180,540	\$ 181,002	(0.3)%
Research	63,594	67,016	(5.1)%
Public Service	47,900	47,001	1.9%
Academic Support	37,163	38,576	(3.7)%
Institutional Support	23,931	24,327	(1.6)%
Student Services	26,850	26,209	2.4%
Auxiliary Enterprises	101,882	92,346	10.3%
Scholarships and Fellowships	15,642	15,290	2.3%
Operations and Maintenance	30,195	29,851	1.2%
Net Transfers	25,139	17,247	45.8%
Current Unrestricted Expense	552,836	538,865	2.6%
Projected Fund Balance Expenditures	38,213	35,667	
Total Unrestricted Expense	591,049	574,532	2.9%
Restricted Expense:			
Instruction	5,459	5,486	(0.5)%
Research	72,722	71,000	2.4%
Public Service	16,030	15,385	4.2%
Academic Support	451	2,435	(81.5)%
Institutional Support	1,471	1,206	22.0%
Student Services	822	154	433.8%
Auxiliary Enterprises	—	—	0.0%
Scholarships and Fellowships	71,530	71,155	0.5%
Operations and Maintenance	—	36	(100.0)%
Net Transfers	14,742	15,049	(2.0)%
Total Restricted Expense	183,227	181,906	0.7%
Total Expense	774,276	756,438	2.4%
Noncash Uses			
Graduate and Undergraduate Waivers	17,700	16,444	7.6%
Fringe Benefits - Graduate Assistant Differential	23,300	24,500	(4.9)%
Total Noncash Uses	41,000	40,944	0.1%
Total Operating Uses	\$ 815,276	\$ 797,382	2.2%

NOTE: The FY 2010-11 unrestricted expense budget included \$6.6M for voluntary personnel reduction plans, and the FY 2010-11 restricted expense budget included \$2.0M (academic support) for the University Center of Greenville. When excluding these funds, the FY 2011-12 budget reflects a 3.9% increase in Total Unrestricted Expense, a 1.8% increase in Total Restricted Expense and a 3.4% increase in Total Operating Uses.

SUMMARY REVENUE AND EXPENSE BY ACCOUNT BUDGET

(dollars in thousands)

	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Operating Resources			
Unrestricted Revenue:			
State Appropriations	\$ 87,325	\$ 90,648	(3.7)%
Federal Appropriations	11,898	11,964	(0.6)%
Federal Stimulus/Stabilization Funding	—	19,085	(100.0)%
Student Fees	282,133	267,344	5.5%
Facilities and Administrative Cost Recoveries	13,150	12,100	8.7%
Sales and Services	133,624	116,409	14.8%
Other University Generated	24,706	21,315	15.9%
Total Unrestricted Revenue	552,836	538,865	2.6%
Fund Balance Resources	38,213	35,667	
Total Unrestricted Revenue and Fund Balance Resources	591,049	574,532	2.9%
Restricted Revenue:			
State Higher Education Grants	45,250	46,046	(1.7)%
Financial Aid - Grants and Contracts and Other Revenues	40,859	40,415	1.1%
Grants and Contracts	95,521	93,098	2.6%
Other Restricted Revenue	1,597	2,347	(32.0)%
Total Restricted Revenue	183,227	181,906	0.7%
Total Revenue and Fund Balance Resources	774,276	756,438	2.4%
Noncash Resources			
Graduate and Undergraduate Waivers	41,000	40,944	0.1%
Total Noncash Resources	41,000	40,944	0.1%
Total Operating Resources	\$ 815,276	\$ 797,382	2.2%

NOTE: The FY 2010-11 restricted revenue budget section included \$2.0M for the University Center of Greenville, with \$800K in State Higher Education Grants and \$1.2M in Other Restricted Revenue. When excluding these pass-through funds, the FY 2011-12 budget for Total Restricted Revenue is increasing by 1.8% and Total Operating Resources are increasing by 2.5%.

	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Operating Uses			
Unrestricted Expense:			
Compensation and Benefits:			
Faculty and Unclassified Staff	\$ 151,286	\$ 148,477	1.9%
Classified Staff	83,683	86,157	(2.9)%
Other Wages	34,791	33,192	4.8%
Fringe Benefits	76,554	81,781	(6.4)%
Total Compensation and Benefits	346,314	349,607	(0.9)%
Operating Costs	233,045	220,267	5.8%
Net Transfers	25,139	17,247	45.8%
Recoveries	(51,662)	(48,256)	7.1%
Current Unrestricted Expense	552,836	538,865	2.6%
Projected Fund Balance Expenditures	38,213	35,667	
Total Unrestricted Expense	591,049	574,532	2.9%
Restricted Expense:			
Compensation and Benefits:			
Faculty and Unclassified Staff	10,223	11,734	(12.9)%
Classified Staff	2,550	3,420	(25.4)%
Other	23,126	26,424	(12.5)%
Fringe Benefits	7,614	8,844	(13.9)%
Total Compensation and Benefits	43,513	50,422	(13.7)%
Operating Costs	124,972	116,435	7.3%
Net Transfers	14,742	15,049	(2.0)%
Recoveries	—	—	0.0%
Total Restricted Expense	183,227	181,906	0.7%
Total Expense	774,276	756,438	2.4%
Noncash Uses			
Graduate and Undergraduate Waivers	17,700	16,444	7.6%
Fringe Benefits - Graduate Assistant Differential	23,300	24,500	(4.9)%
Total Noncash Uses	41,000	40,944	0.1%
Total Operating Uses	\$ 815,276	\$ 797,382	2.2%

NOTE: The FY 2010-11 unrestricted expense budget included \$6.6M for voluntary personnel reduction plans, and the FY 2010-11 restricted expense budget included \$2.0M for the University Center of Greenville. When excluding these funds, the FY 2011-12 budget reflects a 3.9% increase in Total Unrestricted Expense, a 1.8% increase in Total Restricted Expense and a 3.4% increase in Total Operating Uses.

Operating Resources by Source

(dollars in thousands)

	Educational and General			Public Service Activities			Auxiliary Enterprises			Total Unrestricted		
	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Unrestricted Revenue:												
State Appropriation	\$ 58,900	\$ 62,014	(5.0)%	\$ 28,425	\$ 28,634	(0.7)%	\$ —	\$ —	0.0%	\$ 87,325	\$ 90,648	(3.7)%
Federal Appropriation	—	—	0.0%	11,898	11,964	(0.6)%	—	—	0.0%	11,898	11,964	(0.6)%
Federal Stimulus	—	16,485	(100.0)%	—	2,600	(100.0)%	—	—	0.0%	—	19,085	(100.0)%
Student Fees	277,378	262,738	5.6%	—	—	0.0%	4,755	4,606	3.2%	282,133	267,344	5.5%
Facilities and Administrative Cost Recoveries	11,050	10,000	10.5%	2,100	2,100	0.0%	—	—	0.0%	13,150	12,100	8.7%
Sales and Services	—	20	(100.0)%	18,918	16,436	15.1%	114,706	99,953	14.8%	133,624	116,409	14.8%
Other University Generated	22,003	19,284	14.1%	562	511	10.0%	2,141	1,520	40.9%	24,706	21,315	15.9%
Total Unrestricted Revenue	369,331	370,541	(0.3)%	61,903	62,245	(0.5)%	121,602	106,079	14.6%	552,836	538,865	2.6%
Fund Balance Resources	36,800	24,622		441	11,345		972	(300)		38,213	35,667	
Total Unrestricted Revenue and Fund Balance Resources	406,131	395,163	2.8%	62,344	73,590	(15.3)%	122,574	105,779	15.9%	591,049	574,532	2.9%
Noncash Resources:												
Graduate and Undergraduate Waivers	41,000	40,944	0.1%	—	—	0.0%	—	—	0.0%	41,000	40,944	0.1%
Total Noncash Resources	41,000	40,944	0.1%	—	—	0.0%	—	—	0.0%	41,000	40,944	0.1%
Total Operating Resources	\$ 447,131	\$ 436,107	2.5%	\$ 62,344	\$ 73,590	(15.3)%	\$ 122,574	\$ 105,779	15.9%	\$ 632,049	\$ 615,476	2.7%

	Sponsored Program Activities			Scholarships and Student Aid			Other Restricted			Total Restricted		
	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Restricted Revenue:												
State Higher Education Grants	\$ —	\$ —	0.0%	\$ 45,250	\$ 45,200	0.1%	\$ —	\$ 846	(100.0)%	\$ 45,250	\$ 46,046	(1.7)%
Financial Aid - Grants and Contracts and Other Revenue	—	—	0.0%	40,859	40,415	1.1%	—	—	0.0%	40,859	40,415	1.1%
Grants and Contracts	82,393	79,326	3.9%	—	—	0.0%	13,128	13,772	(4.7)%	95,521	93,098	2.6%
Other Restricted Revenues	1,079	127	749.6%	—	—	0.0%	518	2,220	(76.7)%	1,597	2,347	(32.0)%
Total Restricted Revenue	83,472	79,453	5.1%	86,109	85,615	0.6%	13,646	16,838	(19.0)%	183,227	181,906	0.7%
Noncash Resources:												
Graduate and Undergraduate Waivers	—	—	0.0%	—	—	0.0%	—	—	0.0%	—	—	0.0%
Total Noncash Resources	—	—	0.0%	—	—	0.0%	—	—	0.0%	—	—	0.0%
Total Operating Resources	\$ 83,472	\$ 79,453	5.1%	\$ 86,109	\$ 85,615	0.6%	\$ 13,646	\$ 16,838	(19.0)%	\$ 183,227	\$ 181,906	0.7%

	Total Unrestricted			Total Restricted			Total University			
	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	
Total Restricted and Unrestricted Revenues:										
Total Revenue Resources	\$ 591,049	\$ 574,532	2.9%	\$ 183,227	\$ 181,906	0.7%	\$ 774,276	\$ 756,438	2.4%	
Total Noncash Resources	41,000	40,944	0.1%	—	—	0.0%	41,000	40,944	0.1%	
Total Operating Resources by Source	\$ 632,049	\$ 615,476	2.7%	\$ 183,227	\$ 181,906	0.7%	\$ 815,276	\$ 797,382	2.2%	

NOTE: The FY 2010-11 restricted revenue budget section included \$2.0M for the University Center of Greenville, with \$800K in State Higher Education Grants and \$1.2M in Other Restricted Revenue. When excluding these pass-through funds, the FY 2011-12 budget for Total Restricted Revenue is increasing by 1.8% and Total Operating Resources are increasing by 2.5%.

Operating Uses by Program⁽¹⁾

(dollars in thousands)

	Educational and General			Public Service Activities			Auxiliary Enterprises			Total Unrestricted		
	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Unrestricted Expense:												
Instruction	\$ 178,772	\$ 179,203	(0.2)%	\$ —	\$ —	0.0%	\$ 1,768	\$ 1,799	(1.7)%	\$ 180,540	\$ 181,002	(0.3)%
Research	41,066	44,316	(7.3)%	22,528	22,700	(0.8)%	—	—	0.0%	63,594	67,016	(5.1)%
Public Service	8,163	7,477	9.2%	39,737	39,524	0.5%	—	—	0.0%	47,900	47,001	1.9%
Academic Support	36,792	37,857	(2.8)%	371	719	(48.4)%	—	—	0.0%	37,163	38,576	(3.7)%
Institutional Support	23,931	24,327	(1.6)%	—	—	0.0%	—	—	0.0%	23,931	24,327	(1.6)%
Student Services	20,978	20,149	4.1%	—	—	0.0%	5,872	6,060	(3.1)%	26,850	26,209	2.4%
Auxiliary Enterprises	(178)	(183)	(2.7)%	—	—	0.0%	102,060	92,529	10.3%	101,882	92,346	10.3%
Scholarships and Fellowships	7,760	7,463	4.0%	—	—	0.0%	7,882	7,827	0.7%	15,642	15,290	2.3%
Operations and Maintenance	30,195	29,851	1.2%	—	—	0.0%	—	—	0.0%	30,195	29,851	1.2%
Net Transfers	21,852	20,081	8.8%	(733)	(698)	5.0%	4,020	(2,136)	(288.2)%	25,139	17,247	45.8%
Current Unrestricted Expense	369,331	370,541	(0.3)%	61,903	62,245	(0.5)%	121,602	106,079	14.6%	552,836	538,865	2.6%
Projected Fund Balance Expenditures	36,800	24,622		441	11,345		972	(300)		38,213	35,667	
Total Unrestricted Expense	406,131	395,163	2.8%	62,344	73,590	(15.3)%	122,574	105,779	15.9%	591,049	574,532	2.9%
Noncash Uses												
Graduate and Undergraduate Waivers	17,700	16,444	7.6%	—	—	0.0%	—	—	0.0%	17,700	16,444	7.6%
Fringe Benefits - Graduate Assistant Differential	23,300	24,500	(4.9)%	—	—	0.0%	—	—	0.0%	23,300	24,500	(4.9)%
Total Noncash Uses	41,000	40,944	0.1%	—	—	0.0%	—	—	0.0%	41,000	40,944	0.1%
Total Operating Uses	\$ 447,131	\$ 436,107	2.5%	\$ 62,344	\$ 73,590	(15.3)%	\$ 122,574	\$ 105,779	15.9%	\$ 632,049	\$ 615,476	2.7%

Operating Uses by Account

(dollars in thousands)

	Educational and General			Public Service Activities			Auxiliary Enterprises			Total Unrestricted		
	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change	FY 2011-12 Proposed Budget	FY 2010-11 Initial Budget	Percent Change
Unrestricted Expense												
Compensation and Benefits:												
Faculty and Unclassified Staff	\$ 114,777	\$ 113,424	1.2%	\$ 18,813	\$ 19,192	(2.0)%	\$ 17,696	\$ 15,861	11.6%	\$ 151,286	\$ 148,477	1.9%
Classified Staff	61,513	62,209	(1.1)%	10,812	12,704	(14.9)%	11,358	11,244	1.0%	83,683	86,157	(2.9)%
Other Wages	23,808	22,336	6.6%	5,373	5,534	(2.9)%	5,610	5,322	5.4%	34,791	33,192	4.8%
Fringe Benefits	55,280	58,836	(6.0)%	10,974	12,199	(10.0)%	10,300	10,746	(4.2)%	76,554	81,781	(6.4)%
Total Compensation and Benefits	255,378	256,805	(0.6)%	45,972	49,629	(7.4)%	44,964	43,173	4.1%	346,314	349,607	(0.9)%
Other Costs	141,150	140,336	0.6%	17,586	14,629	20.2%	74,309	65,302	13.8%	233,045	220,267	5.8%
Net Transfers	21,852	20,081	8.8%	(733)	(698)	5.0%	4,020	(2,136)	(288.2)%	25,139	17,247	45.8%
Recoveries	(49,049)	(46,681)	5.1%	(922)	(1,315)	(29.9)%	(1,691)	(260)	550.4%	(51,662)	(48,256)	7.1%
Current Unrestricted Expense	369,331	370,541	(0.3)%	61,903	62,245	(0.5)%	121,602	106,079	14.6%	552,836	538,865	2.6%
Projected Fund Balance Expenditures	36,800	24,622		441	11,345		972	(300)		38,213	35,667	
Total Unrestricted Expense	406,131	395,163	2.8%	62,344	73,590	(15.3)%	122,574	105,779	15.9%	591,049	574,532	2.9%
Noncash Uses:												
Graduate and Undergraduate Waivers	17,700	16,444	7.6%	—	—	0.0%	—	—	0.0%	17,700	16,444	7.6%
Fringe Benefits - Graduate Assistant Differential	23,300	24,500	(4.9)%	—	—	0.0%	—	—	0.0%	23,300	24,500	(4.9)%
Total Noncash Uses	41,000	40,944	0.1%	—	—	0.0%	—	—	0.0%	41,000	40,944	0.1%
Total Operating Uses	\$ 447,131	\$ 436,107	2.5%	\$ 62,344	\$ 73,590	(15.3)%	\$ 122,574	\$ 105,779	15.9%	\$ 632,049	\$ 615,476	2.7%

Academic Fee Schedule
Undergraduate Student Academic Fee Schedule
 Effective Fall 2011

	Resident	Non-Resident
Full-Time Undergraduate Fees per Semester (twelve hours or more):		
Base Academic Fee	\$ 5,157	\$ 12,345
Tuition	514	1,270
Other Debt Retirement and Plant Fund Transfers	91	226
Matriculation	5	5
Activity Fee	40	40
Software License Fee	12	12
Fike Fee	50	50
Medical Fee	131	131
Career Services Fee	4	4
Transit Fee	33	33
Information Technology Fee	115	115
Total Full-Time Undergraduate Fees per Semester	<u>\$ 6,152</u>	<u>\$ 14,231</u>
Additional Full-Time Undergraduate Fees per Semester:		
Library Fee (30+ credit hours)	\$ 50	\$ 50
Part-Time Undergraduate Fees per Credit Hour (less than twelve hours):		
Base Academic Fee	\$ 464	\$ 1,090
Tuition	43	107
Other Debt Retirement and Plant Fund Transfers	8	19
Activity Fee	4	4
Information Technology Fee	9	9
Total Part-Time Undergraduate Fees per Credit Hour	<u>\$ 528</u>	<u>\$ 1,229</u>
Additional Part-Time Undergraduate Fees per Semester:		
Matriculation	\$ 5	\$ 5
Software License Fee	12	12
Fike Fee (6+ on-campus credit hours)	50	50
Medical Fee (6+ credit hours)	131	131
Library Fee	4	4
Career Services Fee (6+ credit hours, excluding staff)	4	4

Academic Fee Schedule
Undergraduate Student Academic Fee Schedule
 Effective Fall 2011 (*continued*)

	<u>Resident</u>	<u>Non-Resident</u>
Summer Session Fees per Credit Hour:		
Base Academic Fee	\$ 464	\$ 1,090
Tuition	43	107
Other Debt Retirement and Plant Fund Transfers	8	19
Activity Fee	4	4
Information Technology Fee	9	9
Total Summer Session Fees per Credit Hour	\$ 528	\$ 1,229
Additional Fees per Summer Sessions:		
Fike Fee (<i>3+ on-campus credit hours, excluding staff</i>)	\$ 15	\$ 15
Maymester/Summer School Fee	5	5
Other Undergraduate Fees (<i>Debt Service and Other Mandatory Fees apply</i>):		
Per Semester:		
Business and Behavioral Science Junior/Senior Differential Tuition	\$ 1,000	\$ 1,000
Per Credit Hour:		
Business and Behavioral Science — Non-Majors Surcharge/Credit Hour 300/400	\$ 100	\$ 100
Cardiovascular Technology Concentration for Health Science Majors	200	200
Electrical and Computer Engineering — On-Line Courses Academic Fee	581	581
Summer Study Abroad Academic Fee	581	581
Audit Fee	264	615
Per Seat:		
Variable Laboratory Fee Based on Specific Course Labs	\$ 75-200	\$ 75-200
Contract Courses:		
Level 1 — Graduate Tier 1 and 2 Programs	\$ 700-1,000	\$ 750-1,050
Level 2 — Graduate Tier 1 and 2 Programs	550-699	600-749
Level 3 — Graduate Tier 2 and 3 Programs	400-549	450-599
Level 4 — Undergraduate, Graduate Tier 3 and 4 Programs	250-399	300-449
Level 5 — Professional Development, High School Programs	100-249	150-299

Academic Fee Schedule
Graduate Student Academic Fee Schedule
 Effective Fall 2011

	<u>Resident</u>	<u>Non-Resident</u>
Full-Time Graduate Fees per Semester (twelve hours or more):		
Tier 1 Program — Base Academic Fee	\$ 3,861	\$ 7,773
Tier 2 Program — Base Academic Fee	3,173	6,395
Tier 3 Program — Base Academic Fee	2,661	5,370
Tier 4 Program — Base Academic Fee	2,293	4,634
Tier 5 Program — Base Academic Fee	1,747	3,585
Additional Full-Time Graduate Fees per Semester:		
Tuition	\$ 514	\$ 1,270
Other Debt Retirement and Plant Fund Transfers	91	226
Matriculation	5	5
Activity Fee	20	20
Software License Fee	12	12
Fike Fee	50	50
Medical Fee	131	131
Transit Fee	33	33
Information Technology Fee	115	115
Career Services Fee	2	2
Total Additional Full-Time Graduate Fees per Semester	<u>\$ 973</u>	<u>\$ 1,864</u>
Full-Time Graduate Assistant Fees per Semester:		
Base Academic Fee	\$ 756	\$ 756
Tuition	8	8
Other Debt Retirement and Plant Fund Transfers	3	3
Matriculation	5	5
Activity Fee	20	20
Software License Fee	12	12
Fike Fee	50	50
Medical Fee	131	131
Transit Fee	33	33
Career Services Fee (6+ credit hours, excluding staff)	2	2
Total Full-Time Graduate Assistant Fees per Semester	<u>\$ 1,020</u>	<u>\$ 1,020</u>

Academic Fee Schedule
Graduate Student Academic Fee Schedule
 Effective Fall 2011 (*continued*)

	<u>Resident</u>	<u>Non-Resident</u>
Part-Time Graduate Fees per Credit Hour (<i>less than twelve hours</i>):		
Tier 1 Program — Base Academic Fee	\$ 551	\$ 1,079
Tier 2 Program — Base Academic Fee	476	929
Tier 3 Program — Base Academic Fee	351	679
Tier 4 Program — Base Academic Fee	301	579
Tier 5 Program — Base Academic Fee	251	479
 Additional Part-Time Graduate Mandatory Fees per Credit Hour:		
Tuition	\$ 43	\$ 107
Other Debt Retirement and Plant Fund Transfers	<u>8</u>	<u>19</u>
Total Additional Part-Time Graduate Mandatory Fees per Credit Hour	<u>\$ 51</u>	<u>\$ 126</u>
 Other Part-Time Graduate Fees:		
<i>Per Credit Hour:</i>		
Information Technology Fee	\$ 9	\$ 9
<i>Per Session:</i>		
Matriculation	5	5
Activity Fee (<i>6+ credit hours</i>)	20	20
Software License Fee	12	12
Fike Fee (<i>6+ on-campus credit hours</i>)	50	50
Medical Fee (<i>6+ credit hours</i>)	131	131
Career Services Fee (<i>6+ credit hours, excluding staff</i>)	2	2

	Resident	Non-Resident
Summer School Graduate Fees per Credit Hour (<i>less than twelve hours</i>):		
Tier 1 Program — Base Academic Fee	\$ 551	\$ 1,079
Tier 2 Program — Base Academic Fee	476	929
Tier 3 Program — Base Academic Fee	351	679
Tier 4 Program — Base Academic Fee	301	579
Tier 5 Program — Base Academic Fee	251	479
 Additional Summer School Graduate Mandatory Fees per Credit Hour:		
Tuition	\$ 43	\$ 107
Other Debt Retirement and Plant Fund Transfers	<u>8</u>	<u>19</u>
Total Additional Summer School Graduate Mandatory Fees per Credit Hour	<u>\$ 51</u>	<u>\$ 126</u>
 Other Summer School Graduate Fees:		
<i>Per Credit Hour:</i>		
Information Technology Fee	\$ 9	\$ 9
<i>Per Session:</i>		
Matriculation	5	5
Activity Fee (<i>6+ credit hours</i>)	20	20
Software License Fee	12	12
Fike Fee (<i>6+ on-campus credit hours</i>)	50	50
Medical Fee (<i>6+ credit hours</i>)	47	47
Career Services Fee (<i>6+ credit hours, excluding staff</i>)	2	2

Academic Fee Schedule
Graduate Student Academic Fee Schedule
 Effective Fall 2011 (*continued*)

	Resident	Non-Resident
Online Programs Graduate Fees per Credit Hour¹:		
Tier 1 Program — Base Academic Fee	\$ 951	\$ 951
Tier 2 Program — Base Academic Fee	701	701
Tier 3 Program — Base Academic Fee	551	551
Tier 4 Program — Base Academic Fee	401	401
Tier 5 Program — Base Academic Fee	251	251
Additional Mandatory Graduate Fees per Credit Hour:		
Tuition	\$ 43	\$ 43
Other Debt Retirement and Plant Fund Transfers	8	8
Total Additional Mandatory Graduate Fees per Credit Hour	\$ 51	\$ 51
Other Online Graduate Fees per Session:		
<i>Per Credit Hour:</i>		
Information Technology Fee	\$ 9	\$ 9
<i>Per Session:</i>		
Matriculation	5	5
Software License Fee	12	12
Career Services Fee (6+ credit hours, excluding staff)	2	2

1) Online programs include Human Resources Development, Youth Development and Leadership, Public Administration, Industrial Engineering and non-thesis Biological Sciences.

	Resident	Non-Resident
Other Graduate Fees (Debt Service and Other Mandatory Fees apply):		
Premier Program Academic Fees per Semester:		
Masters in Historic Preservation	\$ 14,000	\$ 14,000
Masters in Real Estate Development (<i>students entering Fall 2011</i>)	13,750	13,750
Graduate International Exchange Program Academic Fees per Semester:		
Full-Time Non-Assistantship	\$ 2,747	\$ 2,747
Full-Time Assistantship	756	756
Graduate International Exchange Program Academic Fees per Credit Hour:		
Part-Time Non Assistantship	\$ 491	\$ 491
Summer Session Non-Assistantship	491	491
Summer Session Graduate Fees:		
Graduate Assistantship Academic Fee per Session	\$ 315	\$ 315
Graduate International Exchange Program Academic Fee per Session (<i>summer assistantship</i>)	315	315
Summer Study Abroad Academic Fee per Credit Hour	491	491
Special Masters in Business Administration (MBA) Programs:		
MBA Program in Santiago, Chile — Academic Fee for the 18-month program	N/A	\$ 31,000
Certificate Programs:		
International Family and Community Studies Professional Certificate Program Academic Fee per Credit Hour	N/A	\$ 200
Contract Courses:		
Level 1 — Graduate Tier 1 and 2 Programs	\$ 700-1,000	\$ 750-1,050
Level 2 — Graduate Tier 1 and 2 Programs	550-699	600-749
Level 3 — Graduate Tier 2 and 3 Programs	400-549	450-599
Level 4 — Undergraduate, Graduate Tier 3 and 4 Programs	250-399	300-449
Level 5 — Professional Development, High School Programs	100-249	150-299
Other Graduate Fees:		
Variable Laboratory Fees Based on Specific Course Labs per Seat	\$ 75-200	\$ 75-200
Audit Fee per Credit Hour	223	442

Academic Fee Schedule
Graduate Student Academic Fee Schedule
Effective Fall 2011 (*continued*)

NOTE: Pursuant to Section 59-112-70 of the South Carolina Code of Laws, the Board of Trustees will authorize Clemson University to provide non-resident fee waivers for students participating in international Sister-State agreement programs which the Governor and the General Assembly have entered to promote the economic development of South Carolina. The Commission on Higher Education will annually notify the public institutions of the Sister-State agreements eligible for the non-resident fee waivers. Eligible Sister-State agreements currently are as follows: State of Rhineland-Palatinate/Rhineland Pfalz, Germany; State of Thuringen, Germany; State of Brandenburg, Germany; State of Queensland, Australia; Province of Taiwan, Republic of China.

COMPARISON OF THE OPERATING BUDGET WITH AUDITED FINANCIAL STATEMENTS

Operating Budget with a Financial Reporting Perspective

The University's operating budget and audited financial statements as reflected in the University's Comprehensive Annual Financial Report (CAFR) serve equally important and distinct purposes. The operating budget reflects the University's 2020 Plan and serves to drive accountability by providing a reference point for measuring actual financial performance. As such, the budget establishes responsible spending levels (required for regulatory and contractual compliance) for operating purposes. Audited financial statements are historical snapshots of the financial position prepared in accordance with Generally Accepted Accounting Principles, allowing for comparability among public higher education institutions.

A summary supplemental schedule reconciling the Operating Budget and CAFR has been provided to aid in understanding the differences in methodology between the two perspectives. The first column, labeled "FY 2011-12 Initial Budget," displays the proposed operating resources and uses. The second columnar section, titled "CAFR Adjustments," summarizes the key adjustments that must be taken into account in comparing the "Operating Budget" to the "CAFR." Finally in the third columnar section, titled "FY 2011-12 CAFR Perspective," the net results are presented to demonstrate a CAFR perspective of the proposed Budget figures in accordance with Generally Accepted Accounting Principles.

CAFR Adjustments

Adjustments made to translate the Operating Budget, controlled at unrestricted and restricted fund levels, to a university-wide perspective as prescribed by Generally Accepted Accounting Principles are as follows:

Internal Eliminations – Resources and uses are budgeted and managed by funding types. As a result, budgets must account and authorize spending at an unrestricted and restricted funding level. In many instances, the same funds must be budgeted and "used" or "spent" in more than one funding source. To eliminate a double counting of resources and uses at a university-wide perspective, Generally Accepted Accounting Principles mandates the elimination of activities that may be accounted for in multiple funds. Failure to recognize internal eliminations may result in overestimates or double counting of resources and uses when observing the overall financial position of the University. The examples below provide practical illustrations highlighting the differences between a "Budget" and a "CAFR" perspective.

- Internal Charges — When departments provide goods or services to another area of the University, a revenue or expense budget is established to facilitate the budget process for each area. The internally generated revenue and expense are required to be eliminated for financial reporting purposes.
- Scholarship Allowances - Scholarships awarded to students are budgeted by restricted sources, gifts and grants. These scholarships are used to pay student fees which are also budgeted as an unrestricted revenue source. Budgeting these resources both in restricted and unrestricted fund sources is required to obtain the necessary "spending authority" to ensure accountability and discipline within each discreet fund source. The practice of budgeting by fund sources requires an elimination adjustment to avoid double counting of revenues.
- Facility and Administrative Recoveries – Grants and contracts are budgeted as a restricted source. When grants and contracts incur facilities and administrative charges, a corresponding unrestricted revenue or source is budgeted for the recoveries. The practice of budgeting by the unrestricted and restricted source requires an elimination adjustment to avoid a double counting of revenues for financial reporting purposes.

Capital, Debt and Endowment Activities – As previously noted, operating sources ("revenues") and uses ("expenditures") must be budgeted and carefully tracked on an annual basis. Capital and debt activities that are occurring in the Plant Fund and endowment activities occurring in the Endowment Fund are not budgeted as annual operating, but are required to be included in the annual financial report per Generally Accepted Accounting Principles. Below are some helpful examples.

- Transfers for Capital and Debt Activity – Tuition and fees and operating sources that are designated for construction projects or restricted for debt service payments are budgeted as an operating source with a transfer to the Plant Fund as an operating use. Transfers from the operating sources are applied as a source in the Plant Fund for construction projects and restricted to meet debt covenant requirements. These transfers are required to be eliminated for financial reporting purposes. Construction projects when completed result in a capital asset which is depreciated over the useful life of the asset.
- Equipment - Equipment purchases are budgeted as a use (annual expense) of annual resources in the operating budget. For financial reporting purposes all equipment is required to be capitalized and depreciated over the useful life of the asset. Therefore, equipment "expenditures" that are "expensed" in a single fiscal year from a Budget perspective must be restated and amortized over multiple fiscal years in the CAFR perspective.

-
- Depreciation – Financial reporting requires capital asset costs (buildings and equipment) to be allocated or expensed (depreciated) over the useful life of the asset.
 - Interest Expense – Financial reporting requires interest payments for the long-term debt activity in restricted debt service plant funds to be recorded as interest expense.
 - Plant Fund Activities – Funds designated for construction projects may result in activities that are not required to be capitalized. Expenses in the plant fund that do not meet the capitalization criteria are not budgeted as an operating use but are classified as an expense for financial reporting purposes.
 - Endowment Contributions – Contributions or additions to endowments are required to be classified as revenues for financial reporting purposes. Even though these contributions are classified as revenues, they are not available to spend for operating purposes. They are required to be used as the restricted base for future investment earnings.

Year End Reporting Adjustment - Reporting and State adjustments are adjustments required for financial reporting purposes. Typically, these are activities that occur after accounting records are closed for the fiscal year but are related to the financial reporting period.

- Reporting Adjustments - Adjustments are made after the close of the accounting records but are required for financial reporting purposes. Examples of reporting adjustments include grant subcontracts and construction activities that are billed after the fiscal year end but relate to activities in the reporting period. Some of these additional costs may be offset with a related billing or revenue receivable for the same reporting period.
- State Adjustments – A State reporting adjustment is required to reflect the market change in the value for funds held by the State Treasurer. While this adjustment is required for reporting, it is not available to be budgeted as an operating source.

These adjustments highlight differences in perspectives which are normally and generally accepted in the fiscal management of public colleges and universities.

Operating Budget with a Financial Reporting Perspective Operating Resources by Source

(dollars in thousands)

	FY 2011-12 Initial Budget	Description	CAFR Adjustments			FY 2011-12 CAFR Perspective
			Internal Eliminations	Capital, Debt and Endowment Activities	Year End Reporting Adjustments	
Unrestricted Revenue:						
State Appropriation	\$ 87,325		\$ —	\$ —	\$ —	\$ 87,325
Federal Appropriation	11,898		—	—	—	11,898
Federal Stimulus	—		—	—	—	—
Student Fees	282,133	Scholarship Allowances	(70,836)	—	—	208,906
		Facilities and Administrative Recoveries	(2,391)	—	—	—
Facilities and Administrative Cost Recoveries	13,150	Facilities and Administrative Recoveries	(13,150)	—	—	—
Sales and Services	133,624	Internal Charges	(4,000)	—	—	116,603
		State Adjustments	—	—	1,000	—
		Reporting Adjustments	—	—	250	—
		Scholarship Allowances	(14,271)	—	—	—
Other University Generated	24,706		—	—	—	24,706
Total Unrestricted Revenue	552,836		(104,648)	—	1,250	449,438
Fund Balance Resources	38,213		—	—	—	38,213
Total Unrestricted Revenue and Fund Balance Resources	591,049		(104,648)	—	1,250	487,651
Restricted Revenue:						
Financial Aid - State Higher Education Grants	45,250		—	—	—	45,250
Financial Aid - Grants and Contracts and Other Revenues	40,859		—	—	—	40,859
Grants and Contracts	95,521	Reporting Adjustments	—	—	950	96,471
Other Restricted Revenue	1,597	Capital Additions	—	25,000	—	30,597
		Reporting Adjustments	—	—	4,000	—
Total Restricted Revenue	183,227		—	25,000	4,950	213,177
Noncash Resources:						
Graduate and Undergraduate Waivers	41,000	Scholarship Allowances	(17,700)	—	—	23,300
Total Noncash Resources	41,000		(17,700)	—	—	23,300
Total Operating Resources	\$ 815,276		\$ (122,348)	\$ 25,000	\$ 6,200	\$ 724,128

Operating Budget with a Financial Reporting Perspective

Operating Expenses by Program

(dollars in thousands)

	FY 2011-12 Initial Budget	Description	CAFR Adjustments			FY 2011-12 CAFR Perspective
			Internal Eliminations	Capital, Debt and Endowment Activities	Year End Reporting Adjustments	
Current Expense:						
Instruction	\$ 185,999	Facilities and Administrative Recoveries	\$ (97)	\$ —	\$ —	\$ 185,902
Research	136,316	Noncapital Repairs and Renovations	—	(3,563)	—	121,924
		Facilities and Administrative Recoveries	(11,779)	—	—	
		Reporting Adjustments	—	—	950	
Public Service	63,930	Facilities and Administrative Recoveries	(1,274)	—	—	62,656
Academic Support	37,614		—	—	—	37,614
Institutional Support	25,402	Facilities and Administrative Recoveries	—	75	—	25,477
Student Services	27,672		—	—	—	27,672
Auxiliary Enterprises	101,882	Scholarship Allowances	(14,271)	(4,000)	—	83,611
Scholarships and Fellowships	87,172	Scholarship Allowances	(70,836)	—	—	16,336
Operations and Maintenance	30,195	Noncapital Repairs and Renovations	—	7,565	—	42,960
		Reporting Adjustments	—	—	5,200	
Net Transfers	39,881	Transfers for Capital and Debt	—	(39,881)	—	—
Depreciation	—	Depreciation	—	38,387	—	38,412
		Reporting Adjustments	—	—	25	
Interest Expense	—	Interest Expense	—	7,600	—	7,600
Current Expense	736,063		(98,257)	6,183	6,175	650,164
Projected Fund Balance Expenditures	38,213		—	—	—	38,213
Total Current Expense	774,276		(98,257)	6,183	6,175	688,377
Noncash Uses:						
Graduate and Undergraduate Waivers	17,700	Scholarship Allowances	(17,700)	—	—	—
Fringe Benefits - Graduate Assistant Differential	23,300		—	—	—	23,300
Total Noncash Uses	41,000		(17,700)	—	—	23,300
Total Operating Uses by Program	\$ 815,276		\$ (115,957)	\$ 6,183	\$ 6,175	\$ 711,677

Operating Budget with a Financial Reporting Perspective

Operating Expenses by Account

(dollars in thousands)

	FY 2011-12 Initial Budget	Description	CAFR Adjustments			FY 2011-12 CAFR Perspective
			Internal Eliminations	Capital, Debt and Endowment Activities	Year End Reporting Adjustments	
Current Expense:						
Compensation and Benefits:						
Faculty and Unclassified Staff	\$ 161,509	Noncapital Repairs and Renovations	\$ —	\$ (341)	\$ —	\$ 161,168
Classified Staff	86,233	Noncapital Repairs and Renovations	—	(58)	—	86,175
Other	57,917	Noncapital Repairs and Renovations	—	(30)	—	57,887
Fringe Benefits	84,168	Noncapital Repairs and Renovations	—	(3,709)	—	80,459
Total Compensation and Benefits	389,827		—	(4,138)	—	385,689
Other Costs	358,017	Noncapital Repairs and Renovations	—	4,215	—	316,137
		Scholarship Allowances	(85,107)	—	—	
		Depreciation	—	38,387	—	
		Interest Expense	—	7,600	—	
		Reporting Adjustments	(13,150)	—	—	
		Facilities and Administrative Recoveries	—	—	6,175	
Net Transfers	39,881	Transfers for Capital and Debt	—	(39,881)	—	—
Recoveries	(51,662)		—	—	—	(51,662)
Current Expense	736,063		(98,257)	6,183	6,175	650,164
Projected Fund Balance Expenditures	38,213		—	—	—	38,213
Total Current Expense	774,276		(98,257)	6,183	6,175	688,377
Noncash Uses:						
Graduate and Undergraduate Waivers	17,700	Scholarship Allowances	(17,700)	—	—	—
Fringe Benefits - Graduate Assistant Differential	23,300		—	—	—	23,300
Total Noncash Uses	41,000		(17,700)	—	—	23,300
Total Operating Uses by Account	\$ 815,276		\$ (115,957)	\$ 6,183	\$ 6,175	\$ 711,677

Definition of Terms

Academic Support — Program expenses for libraries, computing support and academic administration.

Account — Classification of expense by type (i.e. travel, classified salary, equipment, etc.)

Auxiliary Enterprises — An Auxiliary Enterprise furnishes goods or services to students, faculty and staff, other institutional departments and incidentally to the general public for a fee related to the cost of the service. Auxiliary enterprises are expected to be self supporting, with revenues supporting the operating and capital needs of the enterprise. Examples include residence halls, dining, athletics and bookstores. Program expenses related to auxiliary enterprise activities are defined as auxiliary enterprises expenses.

Capital Activity — Plant fund activity for construction and equipment expenditures.

Capital, Debt and Endowment Activities — Activities not included in the University operating budget. Plant fund activities include construction, equipment and debt expenditures. Endowment fund activities include gifts and grants and contracts restricted for endowments.

Capital Projects — Approved projects that build, improve or significantly extend the life of capital assets such as buildings, infrastructure, major renovations or land acquisition.

Comprehensive Annual Financial Report (CAFR) — The annual University financial report prepared under Generally Accepted Accounting Principles with an independent audit report.

Clemson University Foundation (CUF) — A related organization chartered to support the University's private fund-raising efforts.

Current Funds — Resources of the institution expendable for the operating purposes of the University.

Debt Service — Principal and interest payments on debt.

Depreciation — Allocation of the costs of capital assets, buildings and equipment across the useful life of the assets.

Educational and General (E&G) — Educational and General are the operations related to the educational mission of the University including instruction, research, public service, academic support, student services, institutional support and maintenance and operation of the physical plant. Educational and General revenues consist primarily of state general fund appropriations and tuition and fees generated by the University.

Federal Appropriations — Appropriations received from the Federal Government used primarily by Agricultural Experiment Stations and Cooperative Extension.

Federal Stimulus — Federal economic stimulus pass-through grants from the State of South Carolina funded by the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009.

Fringe Benefits — The employer contribution for benefits offered to employees such as medical, dental, disability and life insurance, social security tax and unemployment contribution. The graduate assistant differential is also budgeted under fringe benefits.

Fund Balances — Fund Balance is the result of an annual accumulation of revenues offset by expenses within a fund. Fund balances may be designated for the continuation of programs, strategic initiatives and to meet capital requirements in future years. Fund balances are budgeted as a source, Fund Balance Resources. Fund balance resources are budgeted as a use, Projected Fund Balance Expenditures.

GAAP (Generally Accepted Accounting Principles) — Financial reporting and accounting standards required by Governmental Accounting Standards Board for all public higher education institutions.

Definition of Terms (*continued*)

Institutional Support — Program expenses for institutional and executive-level activities that manage and provide long range planning of the University. Examples include the governing board, executive management, planning and programming operations, legal services, fiscal operations, fund raising, space management, human resources, procurement and other support services for faculty and staff not operated as an auxiliary enterprise.

Instruction — Program expenses for the teaching faculty, support staff, instructional equipment and operating costs directly related to instruction. Departmental research which is not separately budgeted is also included in this category.

Internal Eliminations — Financial reporting adjustments to remove corresponding revenue and expenses managed as multiple funds for accounting and budget purposes.

Internal Recoveries — Charges for services performed or supplies provided between University departments.

Mandatory Transfers — Legally required transfer of funds, generally related to debt covenants requiring the payment of principal and interest on bonds and other indebtedness.

Net Assets — The balance of assets offset by liabilities. In public higher education net assets may be classified as unrestricted net assets, restricted net assets and invested in capital assets, net of related debt.

Noncash Resources and Uses — Budgeted resources and uses that have no cash flow impact to the University. External accounting requires a tracking of noncash items such as waivers and graduate assistant differentials.

Nonmandatory Transfers — Discretionary transfer between funds and programs.

Operating Budget — Provides for an annual plan of operating sources and uses. It is also used as an authorization for spending.

Operation and Maintenance of Plant — Program expenses for buildings and grounds maintenance, safety and security, utilities and general services.

Program — Major classification of functions within the University regardless of organizational placement (i.e. Instruction, Research, etc.).

Public Service — Program expenses associated with non-instructional services beneficial to individuals and groups external to the institution.

Public Service Activities (PSA) — State and federally funded activities for the Clemson Cooperative Extension Service, Agricultural Research, Regulatory Services and Livestock and Poultry Health.

Recoveries — Revenues generated for sales and services of activities from within the University. External financial reporting requires internally generated revenue be offset from the related expense.

Related Organizations — Separately chartered legal entities whose activities primarily provide financial assistance and other support to the University and its educational programs.

Research — Program expenses for research sponsored by parties outside the University as well as separately budgeted University funded research.

Restricted Funds — Current operating funds received primarily from gifts and grants and contracts that are restricted by donors or other outside parties.

Scholarships and Fellowships — Program expenses for undergraduate and graduate student assistance and are primarily funded from gifts, endowment income and federal and state sources.

State Appropriations — Legislative appropriations from the State of South Carolina for the operation of the University.

State Higher Education Grants — Grants received for state scholarship programs such as Palmetto Fellows and Life Scholarships or pass-through appropriations from other state agencies.

Student Fees — Revenues collected from students for registration in educational programs.

Student Services — Program expenses contributing to the students' emotional and physical well being and intellectual, cultural and social development outside the context of the formal classroom. The Admissions Office, the Registrar, expenses for student organizations, counseling and career guidance, and student financial aid administration are some examples of student service areas.

University Generated Revenue — Revenue from sales and services to external parties.

Unrestricted Funds — Current funds derived from state appropriations, student fees, institutional revenue and auxiliary operations.

Waivers — An accounting term that establishes the value of institutional student aid as the difference between the established student fee and amount paid by the student.