



South Carolina Commission on Higher Education

Brig Gen John L. Finan, USAF (Ret.), Chair
Dr. Bettie Rose Horne, Vice Chair
Ms. Natasha M. Hanna
Ms. Elizabeth Jackson
Dr. Raghu Korrapati
Ms. Leah B. Moody
VADM Charles Munns, USN (Ret.)
Mr. Kim F. Phillips
Mr. Y. W. Scarborough, III
Dr. Jennifer B. Settlemeyer
Mr. Rodney A. Smolla
Mr. Hood Temple
The Honorable Lewis R. Vaughn

Ms. Julie J. Carullo
Acting Executive Director

TO: Mr. Bill Scarborough, Chair, and Members of the Committee on Finance & Facilities

FROM: Mr. Gary S. Glenn, Director of Finance, Facilities, & MIS

SUBJECT: Committee Meeting, October 4

DATE: September 28, 2012

A meeting of the Committee is scheduled to **be held in the Commission's Main Conference Room at 9:00 a.m. on Thursday, October 4.** The agenda and materials for the meeting are enclosed.

If you have any questions about the materials, please contact me at (803) 737-2155. We look forward to meeting with you on October 4.

Enclosures

AGENDA
COMMITTEE ON FINANCE & FACILITIES
OCTOBER 4, 2012
9:00 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

1. Introductions
2. Minutes of August 8 Meeting
3. FY 2012-13 Quarterly Budget Presentation (For Information, No Action Required)
4. CHE Budget Requests & Priorities, FY 2013-14
5. Interim Capital Projects
 - A. Clemson University
 - i. Wastewater Treatment Plant Upgrade
- *establish construction budget*
 - B. Medical University of South Carolina
 - i. Thurmond Gazes Building Envelope & Exhaust Systems Renovations
- *increase budget, revise scope*
 - C. Lander University
 - i. Pedestrian Plaza & Vehicular Access Enhancement
- *establish project*
 - ii. Student Housing Construction
- *establish construction budget*
 - D. Horry-Georgetown Technical College
 - i. New Culinary Arts Building
- *increase budget, change source of funds*
 - ii. Building 100, 200, 1000 Energy Upgrade/Renovation
- *change source of funds*
 - iii. Building 400
- *change source of funds*
 - E. Midlands Technical College
 - i. Airport Support Center Upfit
- *establish construction budget*
6. Master Land Acquisition Plan (MLAP)
 - A. College of Charleston
7. Clemson University - Greenville One
 - A. Greenville One Building Lease
- *new lease*
 - B. Greenville One Upfit
- *establish project*
8. Other Business
 - A. Lists of Capital Projects & Leases Processed by Staff for August & September 2012
(For Information, No Action Required)

MINUTES

COMMITTEE ON FINANCE AND FACILITIES
AUGUST 8, 2012
9:45 A.M.
MAIN CONFERENCE ROOM
SC COMMISSION ON HIGHER EDUCATION
1122 LADY STREET, SUITE 300
COLUMBIA, SC 29201

Committee Members Present

Chairman Bill Scarborough
Commissioner Hood Temple
Commissioner Lewis Vaughn

Mr. Walter Hardin
Ms. Beth McInnis
Ms. Sandy Williams (Phone)

Guests Present

Commissioner Betty Rose Horne
Ms. Stacie Bowie (Phone)
Ms. Donna Collins

Staff Present

Ms. Julie Carullo
Mr. Gary Glenn
Ms. Courtney Blake
Ms. Trudy Norton

For the record, notification of the meeting was made to the public as required by the Freedom of Information Act.

I. Call to Order

Chairman Scarborough called the meeting to order at 9:50 a.m. Ms. Blake introduced guests in attendance.

The following matters were considered:

II. Approval of Minutes of Meeting on June 7, 2012

A motion was made (Temple), seconded (Vaughn), and carried to approve the minutes of the June 7, 2012 meeting.

III. Master Land Acquisition Plans (MLAP's)

Mr. Glenn explained the purpose of the MLAP's noting that the Commission has a policy which allows institutions to present for conceptual approval master plans that outline proposed land acquisitions. The conceptual approval is good for a five-year period during which institutions may request, and CHE staff has been delegated authority to approve, the purchase of land included in the plan so long as the institution has received Property Management acceptance for the environmental study and appraisal, and provided no student fee increase is required. CHE staff report all such acquisitions to the Committee on Finance and Facilities and Commission monthly.

Chairman Scarborough provided institutional representatives the opportunity to speak on their proposed MLAP's. Ms. Stacie Bowie, from Coastal Carolina University, stated the University's MLAP is a renewal of their previous five year plan. She noted that the MLAP is consistent with the University's new Campus Master Plan. Mr. Glenn stressed that by conceptually approving the Master Land Acquisition Plan the Committee is not approving an acquisition or obligating funding for the acquisition of property.

Commissioner Vaughn asked about the displacement of current tenants in Winthrop's MLAP. Mr. Walter Hardin, from Winthrop University, explained that all property listed in the MLAP is contingent upon it being available and for sale. He noted that the majority of property included in their MLAP is public property.

Commissioner Vaughn asked that the paragraph noting current CHE policy for accepting MLAP's be modified to read:

*Institutions may present to the Finance and Facilities Committee and the Commission for conceptual approval master plans that outline proposed land acquisitions. The granting of conceptual approval shall be good for an initial five-year period and may be renewed by action of the Commission. If the plan is endorsed by the Commission, future land acquisitions, provided they were included in the master plan presentation and received Property Management acceptance for the environmental study and appraisal, and provided that no student **tuition or** fee increase is required, will be considered by the CHE staff and will not require additional review by the Finance and Facilities Committee or the Commission. CHE staff will report any acquisition activity to the Finance and Facilities Committee and Commission monthly.*

It was moved (Vaughn), seconded (Temple), and voted to amend the policy and to approve Coastal Carolina University's and Winthrop University's MLAP.

IV. Election of New Committee Vice Chair

Committee Member Lewis Vaughn was nominated for Vice Chairman, it was moved (Temple), seconded (Scarborough), and voted to appoint Commissioner Vaughn as Committee Vice Chair.

V. Other Business

The lists of Capital Projects & Leases processed by staff for June and July 2012 were presented for information.

Mr. Glenn opened discussion about a Committee retreat to discuss the CHE budget. Chairman Scarborough agreed that the Committee should have a better understanding of where money flows from and to in the budget. He suggested a one sheet summary be presented on a quarterly basis with budget updates. It was agreed that the Committee will meet the morning before its next Committee meeting on September 6, 2012 to discuss the CHE budget. Commissioner Vaughn asked for information to be distributed in advance so that there is enough time to review and form opinions.

With no further business, Chairman Scarborough adjourned the meeting at 10:25 a.m.

Respectfully submitted,

Courtney W. Blake
Recorder

**Attachments are not included in this mailing but will be filed with the permanent record of these minutes and are available for review upon request.*

FY 2012-13 QUARTERLY BUDGET PRESENTATION
(For Information, No Action Required)

Agenda Item 3
Finance & Facilities Committee

SC Commission on Higher Education - Quarterly Budget Information Report, FY2012-13

Source	Activity	Expended in FY 2011-12	FY 2012-13 Budgeted					Expended Through		
			Salary & Fringe	Operating	Major Contracts	Flow-Through	Scholarships	Total	9/20/2012	
									Amount	% Expended
CHE Operating and Programs										
State	CHE General Administration	1,745,123	1,616,263	264,083				1,880,346	385,060	20.5%
State	CHE General Administration (Carryover)			158,532				158,532	3,803	2.4%
Lottery	Lottery Administration	254,742	239,455	20,545				260,000	64,402	24.8%
Lottery	Lottery Administration (Carryover)			5,258				5,258	5,258	100.0%
State	Licensing	58,531	58,832					58,832	11,758	20.0%
Revenue	Licensing	205,819	181,466	39,861				221,327	60,909	27.5%
State	Education & Economic Development Act (EEDA)	1,168,936	237,945	25,837	916,794			1,180,576	646,875	54.8%
State	Education & Economic Development Act (EEDA) (Carryover)				11,640			11,640	11,640	100.0%
Revenue	Education & Economic Development Act (EEDA)	125,000			15,501			15,501	-	0.0%
EIA	Centers of Excellence (through SCDE to CHE per Proviso 1A.47)	884,438	38,165	10,361		839,000		887,526	360,668	40.6%
Federal	Improving Teacher Quality (ITQ)	866,278	34,575	20,392		830,909		885,876	113,938	12.9%
Federal	State Approving Agency (Veterans Education & Training)	258,395	263,059	53,158				316,217	66,851	21.1%
State	GEAR UP	177,201	65,895	26,602	84,704			177,201	27,583	15.6%
Federal	GEAR UP	1,925,005	173,622	87,346	258,019	2,969,803		3,488,790	427,145	12.2%
Federal	GEAR UP RTI Grant	14,981								
Revenue	College Goal Sunday	41,334		35,000				35,000	-	0.0%
Federal	College Access Challenge Grant	854,394	149,603	873,769	957,693			1,981,065	42,587	2.1%
Federal	Statewide Longitudinal Data System (SLDS)	1,028,805			1,404,133			1,404,133	178,774	12.7%
Subtotal		9,608,983	3,058,880	1,620,744	3,648,484	4,639,712	-	12,967,821	2,407,249	18.6%
Other Agencies and Entities										
State	State Electronic Library (PASCAL) - CHE Operating Support	15,597		16,194				16,194	2,406	14.9%
State	State Electronic Library (PASCAL) - CHE Operating Support (Carryover)			597				597	597	100.0%
State	State Electronic Library (PASCAL)	148,095				148,095		148,095	-	0.0%
Revenue	State Electronic Library (PASCAL)	1,941,772				2,186,577		2,186,577	917,100	41.9%
Lottery	State Electronic Library (PASCAL) (Carryover) ¹					1,253,581		1,253,581	406,845	32.5%
Federal	Statewide Electronic Library (PASCAL) LSTA Grant	13,106						-	-	0.0%
Trust	SmartState Administration (CHE Support) ²	479,554	239,904	41,993	267,387			549,284	83,982	15.3%
Trust	SmartState Administration (Institution Support) ²	300,000				300,000		300,000	300,000	100.0%
Trust	SmartState State Matching Funds ²	17,221,717						-	-	0.0%
State	Univ. Center of Greenville - Greenville Technical College	594,390				594,390		594,390	297,195	50.0%
State	Univ. Center of Greenville - Operations	1,084,899				1,084,899		1,084,899	542,450	50.0%
State	Lowcountry Graduate Center	785,099				785,099		785,099	392,550	50.0%
State	Academic Endowment	160,592				160,592		160,592	-	0.0%
State	EPSCoR	167,878				161,314		161,314	80,657	50.0%
State	Performance Funding (Distributed per Proviso 6.9)									
State	EPSCoR	1,118,015				1,118,015		1,118,015	559,008	50.0%
State	SC State University	279,505				279,505		279,505	139,752	50.0%
State	African American Loan Program (Distributed per Proviso 6.5)							-		
State	SC State University	87,905				87,905		87,905	43,953	50.0%
State	Benedict College	31,395				31,395		31,395	15,698	50.0%
State	Charleston Transition Connection	179,178				179,178		179,178	89,589	50.0%
State	SC Manufacturing Extension Partnership (SCMEP) ³	682,049								
Lottery	2-Yr & 4-Yr Public Institutions Lottery Technology	4,154,702				7,301,816		7,301,816	-	0.0%
Lottery	Higher Education Excellence Enhancement Program (HEEEP)	3,000,000				3,000,000		3,000,000	-	0.0%
EIA	Teacher Recruitment (to CHE through SCDE & Distributed per Proviso 1A.10)							-		
EIA	CERRA	3,904,045				3,904,045		3,904,045	976,011	25.0%
EIA	SC State Univ. PRRMT	339,482				339,482		339,482	-	0.0%
Subtotal		36,688,975	239,904	58,784	267,387	22,915,888	-	23,481,963	4,847,792	20.6%

SC Commission on Higher Education - Quarterly Budget Information Report, FY2012-13

Source	Activity	Expended in FY 2011-12	FY 2012-13 Budgeted					Expended Through		
			Salary & Fringe	Operating	Major Contracts	Flow-Through	Scholarships	Total	9/20/2012	
									Amount	% Expended
State-Supported Student Scholarship and Grant Programs										
State	SREB Contract Program & Assessments ⁴	3,362,550					3,430,040	3,430,040	89,890	2.6%
State	SREB Contract Program & Assessments (Carryover)						176,110	176,110	176,110	100.0%
State	SREB Arts Program (NC School for the Arts)	7,177					7,177	7,177	-	0.0%
State	LIFE Scholarships	65,335,669					65,154,048	65,154,048	8,298,623	12.7%
Lottery	LIFE Scholarships	104,618,265					106,976,237	106,976,237	(7,914)	0.0%
Lottery	LIFE Scholarships (Carryover)						6,871,400	6,871,400		0.0%
State	Palmetto Fellows - Educational Endowment ⁵	12,000,000					12,000,000	12,000,000	1,451,648	12.1%
State	Palmetto Fellows Scholarships	7,109,427					7,109,427	7,109,427	-	0.0%
Lottery	Palmetto Fellows Scholarships	32,700,907					30,777,240	30,777,240		0.0%
Lottery	Palmetto Fellows Scholarships (Carryover)						4,905,346	4,905,346	6,700	0.1%
State	HOPE Scholarships	431,727					231,727	231,727	231,727	100.0%
Lottery	HOPE Scholarships	7,402,051					7,779,856	7,779,856		0.0%
Lottery	HOPE Scholarships (Carryover)						823,792	823,792	314,343	38.2%
State	Need-based Grants - Educational Endowment ⁵	12,000,000					12,000,000	12,000,000	5,244,620	43.7%
Lottery	Need-based Grants	10,966,682					11,631,566	11,631,566	-	0.0%
Lottery	Need-based Grants - Lottery FY 2011-12 Surplus						4,000,000	4,000,000	-	0.0%
Lottery	Need-based Grants (Carryover)						1,658,384	1,658,384	-	0.0%
Lottery	Lottery Tuition Assistance (LTA) ⁶	2,182,221					2,455,000	2,455,000	-	0.0%
Lottery	Lottery Tuition Assistance (LTA) ⁶ (Carryover)						1,163,375	1,163,375	-	0.0%
State	National Guard College Assistance Program	89,968	81,891	8,077				89,968	27,105	30.1%
Lottery	National Guard College Assistance Program	1,700,000					1,700,000	1,700,000	-	0.0%
Trust	National Guard Loan Repayment Trust ⁷	3,059,124	31,091	9,898				728,632	146,074	19.0%
Trust	DAYCO Scholarship ⁸	3,040								
Subtotal		262,968,807	112,982	17,975	-	-	281,579,357	281,710,314	15,978,926	5.7%
Grand Total All Funds and Programs		309,266,765	3,411,766	1,697,503	3,915,871	27,555,600	281,579,357	318,160,097	23,233,967	7.3%
	State	108,820,907	2,060,826	340,793	1,001,498	4,630,387	99,932,419	107,965,923	18,578,146	17.2%
	State Carryover	-	-	159,129	11,640	-	176,110	346,879	192,150	55.4%
	Revenue	2,313,925	181,466	74,861	15,501	2,186,577	-	2,458,405	978,010	39.8%
	Other - EIA & Trust	26,191,400	309,160	62,252	267,387	5,382,527	728,632	6,749,958	1,866,734	27.7%
	Lottery	166,979,570	239,455	20,545	-	10,301,816	165,319,899	175,881,715	56,488	0.0%
	Lottery Carryover	-	-	5,258	-	1,253,581	15,422,297	16,681,136	733,146	4.4%
	Federal	4,960,964	620,859	1,034,665	2,619,845	3,800,712	-	8,076,081	829,294	10.3%

Notes:

- 1) Funds were carried over from FY 2011-12 via an appropriation of excess unclaimed prize funds received at fiscal year-end.
- 2) Funds represent administrative support authorization included in the FY 2012-13 Appropriation Act. SmartState matching funds are added as endowed chair's matches are perfected. Current trust balance is \$29.7 million. No new funds have been appropriated for SmartState since FY 2008-09.
- 3) SCMEP funds transferred out of CHE's budget section to Commerce by the General Assembly in the FY 2012-13 per Appropriations Act per Part 1B Proviso 40.19.
- 4) FY 2011-12 includes balance of \$68,910 appropriated in FY 2010-11 from nonrecurring, increased enforcement collection per Proviso 90.16.
- 5) The Education Endowment was initially established with Barnwell Nuclear Fee Revenues but is now supported solely with State General Funds. Per SC Code of Laws, Section 48-46-30(F), the Endowment is to be funded at least at the 1999-2000 levels. Higher education funds from the endowment are divided per statute equally between Palmetto Fellows and Need-Based Grants.
- 6) CHE and the Technical College System Office share administrative responsibilities for LTA. As of a proviso change effective with FY2011-12, the appropriation for LTA is split between CHE and the SC Technical College System Office. Of the \$49.1 million appropriated in FY 13, \$2.455 million comes to CHE to support LTA grants to students USC 2-Yr Campuses and Spartanburg Methodist College
- 7) Fund balance for the National Guard Loan Repayment Program is held in trust and used to support the National Guard Tuition Assistance Program payments > \$1.7M provided in Lottery. Current budget will deplete the trust account in FY 2012-13. (National Guard Loan Repayment closed to new participants in 2007 in lieu of the established College Assistance Program)
- 8) Dayco Scholarships are budgeted as awards are received. Current fund balance is \$91.4K.

rev. 9/26/2012

CHE BUDGET REQUESTS & PRIORITIES, FY 2013-14

October 4, 2012

A summary of CHE agency budget requests for FY 2013-14 are enclosed. The requests include additional funds to support critical agency staffing needs and to continue participation in SREB services and programs at current levels. CHE continues also to request recurring support for PASCAL and increased emphasis on need-based grant funds by including support at least at increased levels provided in FY 2012-13. Also included are other budgetary and FTE authorization adjustments as outlined in the attached enclosure.

CHE is not presently seeking any new provisos or substantive changes to existing provisos. A listing is provided of provisos that need to be amended to conform to funding or fiscal year, that could be deleted due to the provision being codified or no longer applicable, or that could be codified into permanent law.

Higher Education priorities follow the enclosed summary specific agency requests. Consistent with requests in recent years, our higher education priorities continue to include:

- increased investment in S.C.'s public colleges and universities,
- support for capital and campus maintenance and infrastructure facilities needs,
- continued support of student scholarship and grant programs with a particular focus on need-based grant funds, and
- investment in important collaborative and statewide programs including PASCAL and SmartState™.

Finally, CHE continues to encourage and support progress in regulatory reform for higher education and consideration of a more strategic CHE oversight role.

RECOMMENDATION:

Staff recommends approval of the enclosed FY 2013-14 budget requests and priorities as outlined.

SC COMMISSION ON HIGHER EDUCATION (CHE)

AGENCY DETAILED BUDGET REQUESTS AND HIGHER EDUCATION PRIORITIES FY 2013-14

CHE Requests State General Funds

- 1) CHE is seeking **\$200,000 to address critical staffing needs**. The inability to fund vacated positions has led to staffing shortages and increases in staff workload that are not sustainable in effectively fulfilling the agency's mission. Funding for additional positions is needed throughout the agency with the greatest staffing need presently in the Academic Affairs Division. The requested funds include support for professional staff needs for carrying out mission critical functions related to ensuring quality academic programs and providing direction at the state-level in the area of academic quality by developing state-level policies and best practices guidance in key program areas. The increase will support salary and fringe for an estimated 2 FTE positions that are presently vacant and cannot be supported with current funds. The request represents a 6% increase over agency state general funds of \$3.4M, excluding flow-through and scholarships and grants, or 0.2% of total state funds of \$108M in FY 2012-13.
- 2) CHE is requesting **an increase of \$79,710 for SREB** to continue support of SREB programs and services at the current level of participation. The needed increase results from a 3% programmed increase in contract prices for slots held for South Carolina students in optometry and veterinary medicine programs. SREB is funded in FY 2012-13 at \$3,437,217. The total need for FY 2013-14 is \$3,642,327. The request factors in carry forward funds of \$125,400 resulting from not all contract slots being filled in FY 2012-13. (A fact sheet on SREB programs and estimated FY 2013-14 assessments is enclosed.)

CHE Requests for Restricted Other Funds (EIA and Lottery)

- 3) CHE is requesting **an increase of \$36,000 for the EIA-funded Centers of Excellence**. The Centers of Excellence is a longstanding competitive grants program original to the Educational Improvement Act (EIA) of 1984. The program enables eligible institutions or groupings of institutions to serve as "state of the art" resource centers for South Carolina in a specific area related to the improvement of teacher education. The Centers concentrate on assisting low-performing schools and districts by providing training and support to teachers in those schools and districts. A proposed Center must demonstrate a substantial likelihood of achieving success with its K-12 partners and developing a reputation for state excellence within the five-year funding period. The current appropriation is \$887,526 including \$537,536 for CHE Centers of Excellence program and \$350,000 for the Francis Marion Center of Excellence to Prepare Teachers of Children of Poverty. Funds for the program flow through SDE to CHE for the intended purpose. The requested increase of \$36,000 is needed in order to bring a new on-line in FY 2013-14 that will focus on College and Career Readiness and to fully fund the two continuing Centers at Newberry College and Claflin University and the Center at The Citadel that was approved in FY 2012-13 for start up in FY 2013-14. CHE is submitting this request through the EOC process as required for consideration.
- 4) CHE continues to encourage **increases for Need-based Grants** which assists the state's neediest students with college affordability. In FY 2012-13, Need-based grants are funded at \$27.6M including \$12M from the Educational Endowment, \$11,631,136 from certified lottery funds and \$4M in lottery surplus. The **requested \$4M provides level funding** with FY 2012-13. As of the current appropriations, the state's merit-based scholarship programs (Palmetto Fellows, LIFE and S.C. HOPE) continue to represent 70% of approximately \$330M in dollars appropriated, whereas state need-based aid programs (CHE Need-Based and Tuition Grants) represent 16%, and Lottery Tuition Assistance at two-year institutions represents 14%.
- 5) **PASCAL** is a cooperative and collaborative effort among the state's public and private higher education libraries that enables an enhanced and more cost-effective means of sharing academic collections statewide. PASCAL is funded in FY 2012-13 with state General Funds of \$169,674, , other state funding from the SC Education Lottery (up to \$1.5M) that is contingent upon the realization of uncertified excess unclaimed prize funds, and also assessments from participating institutions (\$2,186,577). In addition to level base recurring funds, CHE is **requesting \$1.5M from lottery or General Funds or a combination** of these sources to sustain current funding for this very important collaborative program. (See also priorities below.)

SC COMMISSION ON HIGHER EDUCATION (CHE)
AGENCY DETAILED BUDGET REQUESTS AND HIGHER EDUCATION PRIORITIES FY 2013-14

CHE Requests to adjust other budget and FTE authorizations

- 6) **Licensing** - CHE is the sole authority for licensing degree- and non-degree granting for profit and not-for-profit institutions seeking to operate in South Carolina. This process is designed to provide consumer protection by ensuring minimum standards which have been increasingly aligned to standards of SACS, the regional accrediting body. The licensing function is supported predominately by fees from entities seeking licensure. **CHE is requesting additional authorization of \$85,000 supported by existing fee revenues collected from licensing activities.** We are also request shifting 2 vacant federal FTE positions to other funded FTE positions for the licensing program. The request is a result of increases in program activity supported by the existing fee structure and not the result of any fee increase. The increased authorization supports staffing and operating needs.
- 7) **Other Budget Adjustments Requested** – CHE is requesting moving authorization of \$54,646 in federal funds provided for unclassified positions in CHE Part 1A budget Section I. Administration to the appropriate federal grant program lines in Section VIII. CHE Grants and Other Collaborations for GEAR UP (\$32,788) and CACG (\$21,858).
- 8) CHE is requesting the **deletion of authorization added to EEDA program activities in FY 2012-13 to recognize a one-time other funds authorization \$15,501.** Through EEDA CHE, the institutions, and K-12 partners are working to improve transfer and articulation at all levels to ensure seamless educational pathways and facilitate the transition of students from high school to postsecondary education and the workforce. The program is funded with state General Funds that focus largely on two programs, SC Course Alignment Project and SC Transfer and Articulation System.
- 9) **SmartState (formerly Endowed Chairs or Research Centers of Excellence)** - SmartState funds have been previously appropriated from lottery funds and held in trust for SmartState as authorized per S.C. Code of Laws §2-75-10 et seq. Funds are available from the trust for program operations and for approved SmartState Centers. While authorization for program operating funds has been recognized in CHE's budget, the state matching funds for Centers have not been included. CHE will continue to work with the Review Board and Joint Other Funds Oversight Committee to request authorization through the budget or proviso in order to recognize the authorization of trust funds for approved SmartState Centers for which institutions have realized and CHE has confirmed the necessary matching requirement.

CHE Proviso Requests

CHE is not requesting new provisos or substantive changes to existing provisos at this time. In reviewing its provisos, CHE finds the following could be conformed, codified, or deleted.

Amend –The following provisos should be amended to conform funding or dates:

6.5 or Renumbered 11.4 (CHE: African American Loan Program) – Conform to funding.

6.9 or Renumbered 11.8 (CHE: Performance Improvement Pool Allocation) – Conform to funding.

89.83 or Renumbered 117.89 (GP: Printed Report Requirements) – Proviso continued with dates of applicability updated for continuation FY 2013-14.

Delete – The following provisos may be deleted as they have been codified or have been accomplished:

6.3 or Renumbered 11.3 (CHE: Access & Equity Programs) – If program funding that was lost when a gubernatorial veto was sustained in 2011 is restored, the proviso should be conformed to funding. Without funding, the proviso may be deleted.

6.15 or Renumbered 11.11 (CHE: Grants and Scholarships) – Proviso is consistent with permanent law and provisions that were enacted with the passage of the state's Illegal Immigration Reform Act (Act 280 of 2008) and could be deleted.

Codify – The following provisos are recommended for continuation but could be codified in permanent law if a codification bill is considered:

6.10 or Renumbered 11.9 (CHE: Troops-to-Teachers)

6.14 or Renumbered 11.10 (CHE: Need-based Grants for Foster Youth)

6.17 or Renumbered 11.12 (CHE: Tuition Age)

6.19 or Renumbered 11.13 (CHE: LIFE and Palmetto Fellows Enhancement Stipends)

SC COMMISSION ON HIGHER EDUCATION (CHE)
AGENCY DETAILED BUDGET REQUESTS AND HIGHER EDUCATION PRIORITIES FY 2013-14

BEGIN INCREASING THE STATE'S INVESTMENT IN CORE HIGHER EDUCATION FUNDING

We understand the enormous continued pressures on the state's budget. In light of the beginnings of an economic recovery and in consequence of higher education's central role in sustaining and enhancing that recovery, we recommend that the state begin working over the next several years toward restoring core state support that has been lost – 43% from FY 2007-08 to present – from our public institutions. Many other important higher education programs have lost similar amounts. **Progressively increasing support as our economy recovers would lessen the tuition and fee burden on students and families and support institutions as they enroll increasing numbers of students and continue improving quality and student outcomes.**

GIVE PRIORITY TO A BOND BILL OR NON-RECURRING FUNDS FOR CAPITAL NEEDS

Higher education has received almost nothing for its capital projects needs since 2000 which puts increased pressure on resources and the need for increased tuition and fees. Capital is a normal operating cost—not an exceptional or unusual one. The latest data from institutional survey building data reflect nearly \$1 billion in maintenance and infrastructure repair and renovation needs across the state's public colleges and universities. Higher education greatly appreciated the General Assembly's investment of one-time Capital Reserve Funding of \$39M in FY 2011-12 for deferred maintenance needs and in FY 2012-13, \$32.5M for deferred maintenance and another approximately \$30M for other facilities needs. **Recognizing that a bond bill is not likely for FY 2013-14, continued investment of one-time funds at least at levels of FY 2013-14 would continue to provide much needed support for our 33 public colleges and universities toward campus maintenance and facilities needs and help reduce costs that must otherwise be supported by students and families through tuition and fees.**

CONTINUED SUPPORT OF STUDENT FINANCIAL AID PROGRAMS, WITH INCREASED EMPHASIS ON NEED-BASED AID, AND SUPPORT OF SREB STUDENT CONTRACT PROGRAMS

Student financial aid programs are providing incentives for our students to enroll in and complete programs in South Carolina. Need-based aid is a critical element for any state seeking to enhance participation in and completion of degree programs for those with limited means. For the first time in several years, a much needed and appreciated boost to need-based aid was provided. **In addition to continued support for the merit programs, need-based aid should be supported in FY 2013-14 at least at the current level and increased to the extent possible.**

The Lottery Tuition Assistance (LTA) program improves access for students not qualified for merit programs who may be entering higher education for the first-time or returning to acquire training to enter or remain in the workforce. **Funding was increased by \$2.1M to a total of \$49.1M in FY 2012-13. We are supportive of continuing funding at the increased level in FY 2013-14.**

Southern Regional Education Board (SREB) contract programs offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees. South Carolina participates by contracting through SREB for seats for 24 students in Optometry and 104 students in Veterinary Medicine at 5 partner institutions. **To continue SREB participation at the current levels, base recurring dollars plus \$79,710 is requested.**

SUPPORT THE LEADING EDGE OF EFFICIENCY AND PRODUCTIVITY – PASCAL (WWW.PASCAL.ORG)

PASCAL (Partnership Among South Carolina Academic Libraries) is a government best practice, providing cooperative sharing of physical and electronic resources among all of the state's public and private academic institutions at greatly reduced rates. In FY 2004-05, the state began investing \$2M annually, but with the economic downturn, funding was reduced to just under \$200,000 as of FY 2007-08. Increased institutional investment and a reduction in available electronic collections have enabled PASCAL to continue. In FY 2011-12, PASCAL was given first priority for \$1.5M in excess unclaimed prize funds above the first \$12.4M and received \$1.25M at year-end. Again in FY 2012-13, PASCAL has been included in the first priority position for excess unclaimed prize funds at \$1.5M. Whether this funding will be realized is uncertain. **Funding of \$1.5M from a more stable source is needed to ensure PASCAL's continued success.**

SC COMMISSION ON HIGHER EDUCATION (CHE)
AGENCY DETAILED BUDGET REQUESTS AND HIGHER EDUCATION PRIORITIES FY 2013-14

INVEST IN SMARTSTATE™ (CENTERS OF ECONOMIC EXCELLENCE PROGRAM)

Through SmartState (www.smartstatesc.org), our research universities are advancing SC's economy by successfully recruiting a critical mass of top-notch researchers in science and engineering. In turn, our economy is benefiting through research and discovery, technology transfer and commercialization. To date, the SmartState Review Board has awarded \$191.6M in state funds which are matched, \$1-for-\$1 with non-state funds, for the creation of 48 Centers of Economic Excellence and 86 specialized endowed professorships. SmartState has resulted in direct investment approaching \$1B non-state dollars in SC's economy and the creation of approximately 7,000 jobs.

Lottery funding for SmartState, which began in FY 2002-03, was eliminated in FY 2008-09 and has not been restored. The SmartState Program has survived on interest revenue accrued over the life of the program. This funding is depleting as additional centers come on line and projections are that without additional state support, the fund will be near zero by the end of FY 2012-13. Restoration of annual funding to the extent possible will continue this important critical investment in SC's future.

CONTINUE PROGRESS IN REGULATORY REFORM

Higher Education greatly appreciates the regulatory reforms granted during 2011 with the passage of the Higher Education Administrative Procedures and Efficiencies Act. These reforms were a positive step. Continued progress in reforming regulatory provisions for higher education remains a focus.

A MORE STRATEGIC CHE OVERSIGHT ROLE

During the many meetings the Higher Education Study Committee had around the state to discuss the Action Plan, CHE heard frequent concerns that there was insufficient coordination of higher education—that the public lacked a clear view of how the pieces fit together and why all are necessary. Building on these and on recent conversations with Presidents and others, CHE agrees it should take a stronger role in ensuring that college and university plans create a coherent whole that effectively and efficiently meets the needs of the state, especially as stated in the Action Plan of March 2009.

Steps to accomplish this include:

- Consideration of revisions to CHE regulatory authority within the context of a strengthened or revitalized planning framework such that colleges and universities can move with confidence to implement approved plans.
- Greater system coherence, effectiveness and efficiency in statewide planning with CHE working in close collaboration with a revitalized Council of Presidents should:
 - Use existing authority to provide the Governor, General Assembly, and public with an annual report that outlines recommendations, both statewide and by institution, on progress toward the goals of CHE's Action Plan for Higher Education. This should include specific comments on such issues as: success in serving South Carolinians, increasing participation and success of under-represented populations, enrollment growth, tuition policy, new academic program priorities, facilities needs, and shared infrastructure needs (both physical and operational).
 - In this context, CHE would seek necessary regulatory revisions to enhance its coordinating authority but would not seek governing authority on any of these factors. To do so would conflict with the responsibility of institutional boards of trustees.

SOUTH CAROLINA PARTICIPATION IN SREB PROGRAMS AND SERVICES

- The Southern Regional Education Board (SREB) was founded in 1948 by the Governors of the member states specifically to help states share resources and improve higher education.
- Today, SREB continues to organize and administer regional arrangements to avoid costly duplication and expensive development of programs that provide access to undergraduate and graduate programs in specialized areas by waiving out-of-state tuition.
- SREB data collection, SREB policy documents, comparative research and publications on K-20 issues as well as participation in several other programs are benefits of South Carolina's membership in this sixteen state consortium.
- The SREB operates through state support provided by the member states. SREB's 16 member states are AL, AR, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, and WV.
- Each year, the Governors of the member states receive an invoice for their share of SREB general operations and regional education programs of the SREB and contracts-for-services. The Commission on Higher Education (CHE) coordinates South Carolina's participation in higher education programs under the SREB, and state funding for SREB participation and programs flows through CHE.
- Over the years, state support has enabled numerous South Carolinians to benefit directly through access to programs at rates not available without South Carolina's participation in SREB. Last year alone, over 241 students took part in SREB higher education programs. South Carolina itself benefited from timely policy information and other regional programs.

SREB General Operation and Regional Education Programs offers benefits by enabling access to student programs such as the *Academic Common Market*, which provides access to undergraduate and graduate programs in specialized areas, and the *Electronic Campus*, which is an "electronic marketplace" for courses, programs and services. In addition, South Carolina benefits from access to a wealth of SREB publications and data sharing resources and ability to participate in other regional programs. SREB works with higher education and K-12 agencies in the 16 member states to collect and share timely comparative information and data and to produce policy reports used extensively by state leaders.

SREB Higher Education Contract Programs offer students pursuing professional health degrees admission to schools in other states for the price of in-state tuition and fees at public institutions and for reduced tuition at private institutions. Participating states pay schools to maintain spots in their professional programs and save the expense of building and staffing these schools. South Carolina participates in Veterinary Medicine at Tuskegee University, the University of Georgia, and Mississippi State University and in Optometry at Southern College in Tennessee and the University of Alabama Birmingham. SREB serves as the fiscal agent and handles the administrative duties for participating states. SC has participated in veterinary medicine programs since 1958 and optometry since 1973. Funding supports a total of 104 students in veterinary medicine and 24 in optometry.

Academic Common Market was established in 1974 by SREB to share among member states specified degree programs located at southern public colleges and universities through an exchange of students across borders at in-state rates. As a cooperative agreement among states, the Academic Common Market seeks to eliminate unnecessary duplication of degree programs while supporting those programs which are able to serve additional students. The program allows residents of the 16 member states to pay in-state tuition rates while enrolled in certain degree programs at participating out-of-state colleges and universities. In accord with SREB policy, eligible programs are those undergraduate and graduate programs which are at least 50 percent different in course content from programs offered in the home state. Currently, SC institutions have made 93 programs available through the Academic Common Market, and SC residents have access to 430 out-of-state programs. In 2011, 106 South Carolinians were certified to access programs in other SREB states.

Doctoral Scholars Program provides financial assistance and academic support to minority students who are admitted to doctoral programs. The program's purpose is to produce more minority PhDs and to encourage them to seek faculty positions. The program was begun in 1993. In 2006, SREB announced its 300th graduate and noted that almost 80 percent of the program's graduates are now employed on college and university campuses in 38 states. This past year, 15 new and continuing students from SC participated in the program.

Tuition Aid Program (Arts Program) provides tuition assistance to SC residents to attend the North Carolina School of the Arts, a conservatory-based high school program in Winston-Salem to train professionals in the arts. The amount per student is determined by the amount appropriated divided by the number of South Carolina residents who attend. In 2011, two students received support.

SREB Funding and FY 2013-14 Request

Current FY 2012-13 appropriations for SREB programs and services total \$3,437,217. In FY 2013-14, the appropriations for SREB are found across two lines in CHE's base budget – SREB Contract Program and Assessments (3,430,040) and SREB Arts Program (\$7,177).

For FY2013-14, CHE is requesting funding to maintain level participation in the SREB programs. The requested increase over recurring base funds needed to fund program participation at the current level is \$79,710.

FY 2013-14, SREB program costs and requested funding are outline as follows:

SREB Contract Programs	\$3,133,600*
Veterinary Medicine at University of Georgia, Mississippi State University and Tuskegee (104 students at \$26,600 per student) and Optometry at Southern College of Optometry and University of Alabama (24 students at \$15,300 per student).	
Doctoral Scholars Program (12 students at \$25,000 per student)	\$300,000
Tuition Aid Program (Arts Program)	\$7,177
SREB General Appropriations and Regional Education Programs Including Technology Initiative	\$201,550
Total FY 2013-14 Need	\$3,642,327

FY 2012-13 Recurring General Fund Appropriation	(\$3,437,217)
<i>Unexpended SREB funds carried forward**</i>	<i>(\$125,400)</i>

Resulting FY 2013-14 request after consideration of estimated available recurring funds and carry forward: Recurring Increase of \$79,710

*Per student rates for Optometry and Veterinary Medicine increased in FY 2013-14 per SREB scheduled increases - Optometry contract costs were increased by \$500 per student and Veterinary Medicine by \$800 per student or an overall increase of \$95,200 (104x\$800 plus 24x\$500). Other SREB lines remain at the same level as the previous year. The increase in contract seats is a planned SREB increase and represents a 3% increase over FY 2012-13 contract rates.

**CHE is authorized by budget proviso (FY 2012-13, Part 1B 6.8) to carry forward funds appropriated for SREB programs and expend such funds for the same purpose. Carry forward funds may result in any year if all available funded SC contract seats are not fully filled due to occasional student stop-outs which may occur during the year. The request for FY 2013-14 anticipates all seats being filled and factors in estimated carry forward from any seats not filled in the current year.

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

October 4, 2012

CLEMSON UNIVERSITY

PROJECT NAME: Wastewater Treatment Plant Upgrade
REQUESTED ACTION: Establish Construction Budget
REQUESTED ACTION AMOUNT: \$4,704,770
INITIAL CHE APPROVAL DATE: August 23, 2011

Project Budget	Previous	Change	Revised
Professional Service Fees	\$69,800	\$330,200	\$400,000
Interior Building Renovations	\$0	\$4,000,000	\$4,000,000
Labor	\$19,200	\$180,800	\$200,000
Contingency	\$6,230	\$193,770	\$200,000
Total	\$95,230	\$4,704,770	\$4,800,000

Source of Funds	Previous	Change	Revised
Institutional Capital Project Fund	\$95,230	\$4,704,770	\$4,800,000
Total	\$95,230	\$4,704,770	\$4,800,000

** Phase II (construction) is being brought through the interim capital project process for approval because Phase I (pre-design) was approved prior to the implementation of the revised approval process.*

DESCRIPTION:

The University requests approval to establish the construction budget to upgrade the waste water treatment plant. Improvements include construction of an influent pump station and headworks, associated electrical system replacement and emergency power upgrade, replacement of primary clarifier equipment, and beginning control system automation upgrades. These changes will address maintenance needs and reliability issues and meet new regulatory standards for water quality.

The waste water treatment plant was constructed in 1964 and has received some upgrades over the last forty-seven years, but much of the equipment is now antiquated. A recent planning effort shows the need to expand plant capacity and improve quality of treatment to meet future processing and regulatory needs.

Initially, the projected project cost was \$3.2M. Relocation of the headworks to an adjacent area with an increased floor height for potential storm water flood plain and improvements to access road; the addition of an emergency generator for backup power; the addition of a robust automation system for the new headworks as well as monitoring of existing plant systems; and increasing construction contingency due to improving economy and higher material costs have contributed to the increased project cost.

E&G MAINTENANCE NEEDS REDUCTION:

The project will alleviate a portion of the \$6,471,820 in existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

MEDICAL UNIVERSITY OF SOUTH CAROLINA

PROJECT NAME: Thurmond Gazes Building Envelope & Exhaust Systems Renovations
REQUESTED ACTION: Increase Budget, Revise Scope
REQUESTED ACTION AMOUNT: \$6,377,359
INITIAL CHE APPROVAL DATE: July 1, 2010

<u>Project Budget</u>	<u>Previous</u>	<u>Change</u>	<u>Revised</u>
Professional Service Fees	\$437,000	\$563,000	\$1,000,000
Building Utilities Renovations	\$3,429,235	\$0	\$3,429,235
Exterior Building Renovations	\$2,833,560	\$5,366,440	\$8,200,000
Contingency	\$300,205	\$447,919	\$748,124
<i>Total</i>	<i>\$7,000,000</i>	<i>\$6,377,359</i>	<i>\$13,377,359</i>

<u>Source of Funds</u>	<u>Previous</u>	<u>Change</u>	<u>Revised</u>
State Institution Bond	\$6,895,000	\$0	\$6,895,000
Institutional Capital Project Fund	\$105,000	\$0	\$105,000
Lawsuit Settlement	\$0	\$6,377,359	\$6,377,359
<i>Total</i>	<i>\$7,000,000</i>	<i>\$6,377,359</i>	<i>\$13,377,359</i>

DESCRIPTION:

The University requests approval to increase the budget and revise the project scope to include additional latent defects identified as the result of a lawsuit. Latent defects identified include unsupported brick, inadequate exterior stud wall track fasteners, improper sealant application, improper window fabrication, improper flashing and shelf angle installation, and improper vapor/air barrier.

The original scope of work included work to address waterproofing issues that had been identified at the time of project submission for an estimated \$3M as well as an exhaust portion that was estimated at \$4M. Once the project was approved, an article appeared in the local paper about mold problems within the building which resulted in a destructive forensic investigation where several latent defects were identified and a lawsuit settlement to address those defects.

E&G MAINTENANCE NEEDS REDUCTION:

The project will alleviate a portion of the \$11,977,810 in existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

LANDER UNIVERSITY

PROJECT NAME: Pedestrian Plaza & Vehicular Access Enhancement
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$2,300,000
INITIAL CHE APPROVAL DATE: N/A

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Construction)</u>	<u>Total Proposed Budget</u>
E&G Renovation Reserve	\$34,500	\$2,265,500	\$2,300,000
<i>Total</i>	<i>\$34,500</i>	<i>\$2,265,500</i>	<i>\$2,300,000</i>

DESCRIPTION:

The University requests approval to establish a project to redesign the existing pedestrian student plaza and develop vehicular access around prominent E&G buildings to facilitate traffic flow. The pedestrian plaza is a multi-tiered concrete and brick area. Over time, geotechnical settling has resulted in the cracking and settling of the concrete walk-ways and brick causing a safety concern due to trip hazards. The University is seeking a universal ADA design for the plaza with enhanced pedestrian routing, social congregation areas, softening of the area by incorporating new hardscape, landscaping, lighting, and a water feature. The redesign of the plaza will allow the University to consolidate underground utilities and provide new conduits for the fiber optic connectivity across campus.

The internal projected project cost is \$2.3M to be paid for with E&G Renovation Reserves. This project will not increase student tuition or fees. Each FTE student pays \$290 annually in support of the E&G renovation reserve. This project was not included in the institutions FY 2012-13 CPIP year one because funding was not on hand at the time of CPIP submission.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Site Development

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

LANDER UNIVERSITY

PROJECT NAME: Student Housing Construction
REQUESTED ACTION: Establish Construction Budget
REQUESTED ACTION AMOUNT: \$15,000,000
INITIAL CHE APPROVAL DATE: January 6, 2011

Project Budget	Previous	Change	Revised
Professional Service Fees	\$240,000	\$900,750	\$1,140,750
Site Development	\$0	\$1,049,975	\$1,049,975
New Construction	\$0	\$12,006,908	\$12,006,908
Landscaping	\$0	\$15,750	\$15,750
Other	\$0	\$225,000	\$225,000
Contingency	\$0	\$801,617	\$801,617
Total	\$240,000	\$15,000,000	\$15,240,000

Source of Funds	Previous	Change	Revised
Institution Bonds	\$0	\$15,000,000	\$15,000,000
Housing Reserves	\$240,000	\$0	\$240,000
Total	\$240,000	\$15,000,000	\$15,240,000

** Phase II (construction) is being brought through the interim capital project process for approval because Phase I (pre-design) was approved prior to the implementation of the revised approval process.*

DESCRIPTION:

The University requests approval to establish the construction budget to construct a 71,000 SF, three story, suite style student housing facility that will house 210 students. The second and third floors will be dedicated to student rooms with a meeting/study/social room on each floor. The first floor will consist of student rooms as well as space for building utilities, a laundry room, a resident manager suite, study rooms, and a 60 person instructional classroom.

The recently completed Campus Master Plan will phase in new student housing with subsequent demolition of the seven 1970's constructed Brookside Housing Units. These units present numerous and continued maintenance and security challenges. In addition, these units do not meet newer housing standards or student expectations. A preliminary renovation study determined that the renovation costs of these units are "not justifiable." The new building will be situated so that Brookside beds will remain on line during construction. Once construction is complete, four Brookside Units will be immediately demolished. The remaining three units will remain in service while the University completes a renovation of 100 beds housed in historic Chipley Hall. Once that renovation is complete, the remaining three Brookside Units will be demolished.

The facility will be LEED Silver certified and is expected to be completed in August 2015. Construction will be funded with Institution Bonds and Housing Reserves. General room revenues will fund the debt service and operating costs associated with this facility. Existing housing room rates for the academic year range from \$3,712 to \$4,792.

This project was not included in the institution's FY 2012-13 CPIP year one because funding was not on hand at the time of CPIP submission.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – New Construction

ANNUAL OPERATING COSTS/SAVINGS:

Electrical, natural gas, water and sewer will require additional operating costs of \$75,020 in the first year, \$42,872 in the second year, and \$32,156 in the third year following project completion. These costs will be reduced/offset by demolition of the Brookside Housing Units.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

HORRY-GEORGETOWN TECHNICAL COLLEGE

PROJECT NAME: New Culinary Arts Building - Grand Strand Campus
REQUESTED ACTION: Increase Budget, Change Source of Funds
REQUESTED ACTION AMOUNT: \$3,200,000
INITIAL CHE APPROVAL DATE: Approved by CHE on May 3, 2012 as part of CPIP FY 2012-13 year one.

<u>Source of Funds</u>	<u>FY 2012-13 CPIP year one</u>	<u>Project Establishment</u>
State Institution Bonds	\$9,800,000	\$0
College Funds	\$0	\$7,340,000
Penny Tax	\$0	\$3,000,000
Private	\$0	\$2,660,000
<i>Total</i>	<i>\$9,800,000</i>	<i>\$13,000,000</i>

DESCRIPTION:

The College requests approval to establish a project to construct a new 38,000 SF Culinary Arts building on the Grand Strand Campus.

Since its inception in the mid 1970's, the Culinary Arts Program has continued to be one of the more successful academic programs as measured by enrollment, job placement, and starting salaries. The program is currently housed in Building 600 on the Conway campus and Building 600 on the Grand Strand campus. These buildings are spatially constrained, preventing enrollment growth, and are not conducive to modern instructional methods. Building 600 on the Conway campus is scheduled to be demolished, and Building 600 on the Grand Strand campus will be re-purposed into classroom and lab space to accommodate ongoing growth.

This project was approved by CHE on May 3, 2012 as the institution's priority number one on the FY 2012-13 CPIP year one. However, the budget has increased by \$3.2M, the square footage has increased by 3,000 SF, and the source of funds has changed from State Institution Bonds to College Funds, Penny Tax, and Private Donations. Therefore, the project is being brought through the interim capital project process.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – New Construction (*Note: Subsequent demolition of Building 600 on the Conway campus will eliminate \$512,912 in existing maintenance needs.*)

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

HORRY-GEORGETOWN TECHNICAL COLLEGE

PROJECT NAME: Buildings 100, 200, 1000 Energy Updates & Classroom Renovations
REQUESTED ACTION: Change Source of Funds
REQUESTED ACTION AMOUNT: \$0
INITIAL CHE APPROVAL DATE: January 5, 2012

Project Budget	Previous	Change	Revised
Professional Service Fees	\$600,000	\$0	\$600,000
Site Development	\$100,000	\$0	\$100,000
Interior Building Renovations	\$358,000	\$0	\$358,000
Roofing	\$187,000	\$0	\$187,000
Exterior Building Renovations	\$4,000,000	\$0	\$4,000,000
Landscaping	\$75,000	\$0	\$75,000
Other	\$50,000	\$0	\$50,000
Contingency	\$630,000	\$0	\$630,000
Total	\$6,000,000	\$0	\$6,000,000

Source of Funds	Previous	Change	Revised
Capital Reserve Fund	\$660,000	\$362	\$660,362
Penny Tax	\$3,000,000	(\$1,500,000)	\$1,500,000
College Funds	\$2,340,000	\$1,499,638	\$3,839,638
Total	\$6,000,000	\$0	\$6,000,000

DESCRIPTION:

In June 2012, CHE Staff approved the construction budget for the renovation/upgrade of a combined 133,000 SF in buildings 100, 200, and 1000 on the College's Conway Campus. At that time, the project was funded with the Penny Tax as well as College Funds and Capital Reserve Funds. Due to changes in the economy the College would like to change \$1.5M in Penny Tax to College Funds.

E&G MAINTENANCE NEEDS REDUCTION:

The project will alleviate a portion of the \$8,122,665 in combined existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

HORRY-GEORGETOWN TECHNICAL COLLEGE

PROJECT NAME: Building 400
REQUESTED ACTION: Change Source of Funds
REQUESTED ACTION AMOUNT: \$0
INITIAL CHE APPROVAL DATE: September 30, 2009

Project Budget	Previous	Change	Revised
Professional Service Fees	\$474,231	\$0	\$474,231
Site Development	\$3,436,460	\$0	\$3,436,460
Other	\$50,000	\$0	\$50,000
Contingency	\$515,469	\$0	\$515,469
Total	\$4,476,160	\$0	\$4,476,160

Source of Funds	Previous	Change	Revised
Penny Tax	\$4,476,160	(\$4,476,160)	\$0
College Funds	\$0	\$4,476,160	\$4,476,160
Total	\$4,476,160	\$0	\$4,476,160

DESCRIPTION:

In March 2011, CHE staff approved a decrease in budget and revision of scope which decreased the project by \$8,978,840 and changed the project scope from construction and infrastructure upgrades to demolition and infrastructure improvements. At that time, the project was solely funded by the "Penny Tax". After further review, the tax referendum only allows for the construction and renovation of existing buildings but is silent regarding infrastructure improvements. Thus, to ensure full compliance with the referendum, the College desires to adjust the source of funds from the "Penny Tax" to College Funds.

E&G MAINTENANCE NEEDS REDUCTION:

Demolition of building will alleviate \$1,240,439 in existing maintenance needs.

ANNUAL OPERATING COSTS/SAVINGS:

The project is not expected to generate additional operating costs at this time.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

MIDLANDS TECHNICAL COLLEGE

PROJECT NAME: Airport Support Center Upfit
REQUESTED ACTION: Establish Construction Budget
REQUESTED ACTION AMOUNT: \$4,962,500
INITIAL CHE APPROVAL DATE: March 22, 2011

Project Budget	Previous	Change	Revised
Professional Service Fees	\$37,500	\$429,653	\$467,153
Equipment and/or Materials	\$0	\$50,000	\$50,000
Interior Building Renovations	\$0	\$4,085,061	\$4,085,061
Contingency	\$0	\$397,786	\$397,786
Total	\$37,500	\$4,962,500	\$5,000,000

Source of Funds	Previous	Change	Revised
Institutional Capital Project Funds	\$37,500	\$2,852,071	\$2,889,571
Local County Funds	\$0	\$2,110,429	\$2,110,429
Total	\$37,500	\$4,962,500	\$5,000,000

** Phase II (construction) is being brought through the interim capital project process for approval because Phase I (pre-design) was approved prior to the implementation of the revised approval process.*

DESCRIPTION:

The College requests approval to establish the construction budget to upfit the interior of the Support Center located on its Airport Campus to provide for the expanding Industrial Technologies credit programs and the Continuing Education non-credit programs. The Support Center was built in 2003 and has 25,000 SF of floor space and an additional 9,600 SF of mezzanine floor space. This project will allow for the two programs to utilize the same equipment and floor space.

Fall enrollment has increased 68% in the Industrial Technology programs and 260% in the Continuing Education related programs since 2005. These growing programs require large lab space for their training equipment such as welding machines, controller boards, plumbing displays, construction mock-ups, power tools and equipment. Rooms adjacent to large lab spaces allow for instructional time while minimizing travel back and forth to labs. Collaboration between Industrial Technology and Continuing Education departments maximizes utilization of space. Growing need for industrial education continues with local economic development expansion such as the SCANNA nuclear reactors, Fort Jackson, and other local industry expansions and relocations.

Originally the total projected budget for this project was \$2.5M. At that time, the scope included the welding program which would not allow for an HVAC system. While programming during Phase I, it was determined to locate the welding program elsewhere which allowed for all industrial programs to locate in the Support Center. These programs require HVAC in the learning spaces as well as a significant outdoor covered teaching area. Exterior stairwells and an elevator were not perceived as necessary during the initial internal estimate because the mezzanine was planned for storage only. New plans have designed the mezzanine for classroom and support space.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Newly Acquired Facility.

ANNUAL OPERATING COSTS/SAVINGS:

Utilities, maintenance, custodial, and insurance will require additional operating costs of \$159,852 in the first year, \$166,246 in the second year, and \$172,895 in the third year following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed.

MASTER LAND ACQUISITION PLAN (MLAP)

October 4, 2012

The current policy for accepting MLAP's is as follows:

Institutions may present to the Finance and Facilities Committee and the Commission for conceptual approval master plans that outline proposed land acquisitions. The granting of conceptual approval shall be good for an initial five-year period and may be renewed by action of the Commission. If the plan is endorsed by the Commission, future land acquisitions, provided they were included in the master plan presentation and received Property Management acceptance for the environmental study and appraisal, and provided that no student tuition or fee increase is required, will be considered by the CHE staff and will not require additional review by the Finance and Facilities Committee or the Commission. CHE staff will report any acquisition activity to the Finance and Facilities Committee and Commission monthly.

COLLEGE OF CHARLESTON

In January 2012, the College of Charleston Board of Trustees adopted the 2012 Campus Master Plan, which is an update of the 2004 plan. The plan, as a major implementation document of the College's strategic plan, *Gateways to Greatness*, provides direction for physical changes that are needed to realize the College's strategic vision.

The Campus Master Plan represents a year-long effort led by the master planning firm of Hanbury Evans Wright Vlattas, based in Virginia. Two committees informed and guided the process, and students, faculty, staff, City of Charleston staff, and representatives from local neighborhoods had an opportunity to participate as well.

The Campus Master Plan has four five-year phases to address needed physical and technical infrastructure upgrades to meet 21st century collegiate living and learning standards.

The College's historic urban campus provides for a unique opportunity for students. Yet, the institution is increasingly landlocked given limited land and building acquisition opportunities as well as local zoning and building restrictions. The Campus Master Plan outlines adjacent properties for potential acquisition as illustrated in the attached image. The College would also be open to the acquisition of other properties that are contiguous to the current campus parameters.

The College is requesting the Commission on Higher Education approve the attached Master Land Acquisition Plan so that should future opportunities arise, the College can act quickly.

RECOMMENDATION:

Staff recommends conceptual approval of this Master Land Acquisition Plan (MLAP) as proposed.



**CLEMSON UNIVERSITY DESCRIPTION OF LEASE AND INTERIM CAPITAL PROJECT FOR
CONSIDERATION**

October 4, 2012

CLEMSON UNIVERSITY

LEASE NAME: Greenville One Building
REQUESTED ACTION: New Lease
REQUESTED ACTION AMOUNT: \$26,566,370

DESCRIPTION:

The University requests approval of a new lease for 71,801 SF of classroom, office, and administrative space in the Greenville One Building located at the intersection of Main Street and Washington Street in Downtown Greenville. Once construction is complete, the space will be owned by the Clemson University Land Stewardship Foundation (CULSF). Contingent upon approval of the Commission on Higher Education, The College of Business & Behavioral Science (CBBS) Masters in Business Administration, Masters in Marketing, Masters in Management, Masters in Real Estate Development, and the Masters in Accounting programs will relocate to Greenville One. Additionally, the Small Business Development Center, The Spiro Institute, and the Center for Corporate Learning will also relocate. These programs rely heavily on the involvement of private industry partners and the local business community.

Space in the Bowater facility that currently houses the Masters in Business Administration, Masters in Marketing, and Masters in Management programs, and the Small Business Development Center, the Spiro Institute, and the Center for Corporate Learning will not be backfilled. The proposed relocation of the Masters in Real Estate Development and Masters in Accounting programs currently offered on the main campus will free up much needed space to grow and serve more undergraduate students as well as provide opportunities for graduate school expansion.

As a part of the process leading up to the decision to relocate to Greenville One, the University carefully explored and examined available alternatives, including the University Center of Greenville and a reconsideration of the Bowater building. Neither of these options met the needs of the University's expanding professional graduate programs in business, the Small Business Development Center, and the daily interaction with business and industry in the same location as the academic programs. The results of this exploration revealed that locating in Greenville One was the most effective, most secure long-term, and the most appropriate space for the students, clients, and businesses involved.

The lease has an estimated commencement date of January 31, 2013 with an initial term of 25 years and one 25 year renewal option upon the same terms and conditions except Basic Rent. Should the University decide to extend the lease for an additional 25 year term, basic rent will be \$1 per year plus an amount equal to CULSF's unrecovered costs. The per SF rate for the entire lease term is \$8.00. The monthly rental rate will be \$47,867.33 (rounded), resulting in an annual cost of \$574,408. Unlike traditional leases, there is no escalator or inflation clause. Costs will remain constant for the entire term. The requested lease does not include operating expenses. Operating costs are projected to average approximately \$488,246.80 (\$6.80/SF) annually. Operating costs and utilities will be managed as a transparent pass through cost to the University. At the completion of this lease, the University has the option to purchase the property for \$1 plus the Foundation's unrecovered costs, if any. Parking will not be included in this lease; however, parking located near the building will be made available by the City of Greenville to students, faculty, and staff.

Funding for this lease will come from revenue generated by the advanced degree programs that will be housed in this facility.

RECOMMENDATION:

Staff recommends approval of this lease contingent upon programmatic approval by the Commission on Higher Education and provided the rates and terms are approved by the Budget and Control Board.

CLEMSON UNIVERSITY

PROJECT NAME: Greenville One Building Upfit
REQUESTED ACTION: Establish Project
REQUESTED ACTION AMOUNT: \$6,700,000
INITIAL CHE APPROVAL DATE: N/A

<u>Source of Funds</u>	<u>Phase I (Pre-Design)</u>	<u>Phase II (Construction)</u>	<u>Total Proposed Budget</u>
Institutional Capital Project Fund	\$100,500	\$6,599,500	\$6,700,000
<i>Total</i>	<i>\$100,500</i>	<i>\$6,599,500</i>	<i>\$6,700,000</i>

DESCRIPTION:

The University requests approval to establish a project to upfit approximately 71,801 SF of leased shell space on floors five through eight and a portion of the first floor of the Greenville One Building currently under construction in downtown Greenville. The upfit will complete the necessary infrastructure needs for relocation of the College of Business and Behavioral Science Masters in Business Administration, Masters in Marketing, Masters in Management programs, and the Small Business Development Center, the Spiro Institute, and the Center for Corporate Learning currently located in the leased Bowater facility, as well as the Masters in Real Estate Development and Masters in Accounting programs which are currently housed on the University's main campus.

Scope of work will include completion of mechanical, electrical, IT, and internal wall spacing, as well as furnishing and equipping the space to meet programmatic needs. The building is being constructed by a private developer who is seeking LEED Silver certification. The Clemson University Land Stewardship Foundation (CULSF) will purchase the 71,801 SF which will then be leased to the University. By upfitting the space itself, the University will control and own the interiors of the space for the benefit and flexibility of the academic programs.

The University made a strategic decision in 2001 to develop a major presence through expanded programming efforts in the Greenville community. Specifically, there was a commitment to becoming an integral part of the vital economy of the City of Greenville as well as the community as a whole. Due to market driven opportunities, Clemson has made significant strides in growing its programs and presence in Greenville including CU-ICAR and the downtown CBBS MBA Program. This project will further advance the University's commitment to its continued success in Greenville and the community.

E&G MAINTENANCE NEEDS REDUCTION:

N/A – Upfit of newly acquired property.

ANNUAL OPERATING COSTS/SAVINGS:

The Utilities and maintenance component of the total operating costs per the lease agreement will require additional operating costs of \$360,000 in the first year, \$370,800 in the second year, and \$381,924 in the third year following project completion.

RECOMMENDATION:

Staff recommends approval of this project as proposed contingent upon programmatic approval by the Commission on Higher Education.

INFORMATION ITEM

Capital Projects & Leases Processed by Staff August 2012							
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date
Close-Outs							
8/9/2012	9712	USC Columbia	Housing Access Control System	decrease budget, close project	(\$92,836)	\$1,257,164	2/14/1994
8/16/2012	6001	TC of the Lowcountry	Mungin Center Renovation	decrease budget, close project	(\$3,272)	\$1,165,728	6/30/2009
8/28/2012	9570	Coastal Carolina	Commons Dining Hall Addition	decrease budget, close project	(\$103,798)	\$1,896,202	4/23/2009
8/28/2012	9571	Coastal Carolina	Athletic Training/Locker Room Renovation ¹	decrease budget, change source of fund, close project	(\$264,824)	\$535,176	5/15/2009

¹Change source of funds to include a \$445,000 private gift from the Brooks family.

Capital Projects & Leases Processed by Staff September 2012							
Date Approved	Project #	Institution	Project Name	Action Category	Budget Change	Revised Budget	Original Approval Date
Routine Staff Approvals							
9/18/2012	9614	College of Charleston	Dixie Plantation Development	change source of funds	\$0	\$4,500,000	1/6/2005
9/18/2012	9554	Coastal Carolina	Atheneum Hall Renovation ¹	establish construction budget	\$2,970,000	\$3,000,000	4/18/2008
9/18/2012	9590	Coastal Carolina	Food Service Catering Kitchen/Dining Facility Construction ¹	establish construction budget	\$2,955,000	\$3,000,000	11/14/2011
9/25/2012	6054	Central Carolina TC	Sumter Property Acquisition (Former Wal-Mart Property) ²	increase budget, change source of funds, change project name	\$950,000	\$975,000	4/19/2012
Close-Outs							
9/18/2012	9583	Coastal Carolina	Baseball/Softball Stadium Land Donation	decrease budget, close project	(\$10,454)	\$9,546	4/18/2011
9/18/2012	9584	Coastal Carolina	Student Center Annex Land Donation	decrease budget, close project	(\$11,404)	\$8,596	4/18/2011

¹Approved by CHE on May 3, 2012 as part of CPIP FY 2012-13 year one.

²This project is for the purchase of property located at 853 Broad Street in Sumter, formerly occupied by Wal-Mart. The property consists of 8.67 acres, 415 parking spaces, and a 103,686 SF building. The property will be used as a training facility for Continental Tire as well as expansion and addition of new industrial training programs. The project is funded with \$950,000 State Appropriated funds per the 2012 Part IA, Proviso 90.20. State Appropriated funds supersede CHE approval authority; therefore, the amount of this addition is \$25,000 and falls within staff approval limits.