

May 25, 2006

TO: Members, Subcommittee to Review the Higher Education Facilities Approval Process

FROM: Lynn W. Metcalf, Director of Finance, Facilities & MIS

SUBJECT: Subcommittee Meeting, June 1, 2006

The second meeting of the Subcommittee to Review the Higher Education Facilities Approval Process is scheduled to be held in the Commission's Palmetto Conference Room (Student Services area) at 8:30 a.m. on Thursday, June 1.

This meeting is specifically to consider draft recommendations to address the established issues. The meeting is expected to last two hours, as there is a Commission meeting at 11 a.m.

Attached are an agenda and materials for the meeting. If you have any questions, please call me at (803) 737-2265. We look forward to meeting with you on June 1.

Attachments

A G E N D A
Subcommittee to Review the Higher Education Facilities Approval Process
June 1, 2006
8:30 a.m.
Palmetto Conference Room
Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201

1. Welcome
2. Discussion of S. 572
3. Discussion of Draft Recommendations
4. Other Business
5. Selection of Next Meeting Date

**SUBCOMMITTEE TO REVIEW FACILITIES APPROVAL PROCESS
COMMISSION ON HIGHER EDUCATION**

Draft Recommendations

Improve Institutional Planning

RECOMMENDATION: Adopt code changes allowing institutions to conduct feasibility/planning studies without requiring State-level approvals to plan. (State Law changes)

RATIONALE: Institutions should be allowed to complete a feasibility/planning study to include space program, schematics and cost estimating prior to seeking State project approval. Currently, institutions must seek State approval to do such planning if the planning exercise will likely result in a project. This costs valuable time and requires institutions to establish projects based on very limited knowledge. Institutional project planning should occur before the State-level project approval process is initiated. This initial planning would reduce confusion when subsequent State approvals must be obtained because of the knowledge and understanding gained through the planning process.

RECOMMENDATION: Require each institution to develop and submit for State approval a funding plan to bring its deferred maintenance to an acceptable level of three to five percent of the building replacement cost. (State Policy change)

RATIONALE: Due to the magnitude of deferred maintenance at some institutions, a 20-year timeframe may be required to reach this goal. Each plan developed must take into account the current deferred maintenance level plus the projected annual growth. Most are generally aware of the critical deferred maintenance issue facing our institutions. The Comprehensive Permanent Improvement Plan (CPIP) requires that deferred maintenance be addressed. Too often these plans are incomplete or simply statements of the problem offering no long-term solution. The State needs to take this issue seriously as evidenced through its review and acceptance of CPIPs.

Improve State Planning

RECOMMENDATION: The State's Comprehensive Permanent Improvement Plan (CPIP) process should be made meaningful. (State Code and/or behavior change)

RATIONALE: CPIP, as initially conceived, has much to offer in support of rational planning and the timely approval of permanent improvement projects. What is largely lacking is a commitment from the State to consider CPIPs in a timely manner. The untimely consideration of CPIPs has resulted in a process that has become ineffective.

CPIP was established to ensure the one-time State approval of an institution's work plan for the ensuing fiscal year. Adherence to this principle would allow most of the interim permanent approval requests to be processed at staff level.

It is counter-productive to rational planning for the State to require CPIPs and then approve them midway through the fiscal year that the plan addresses. In recent years, CPIPs have not been presented to the State's Budget and Control Board for review and approval.

A reinvigorated CPIP process would have the following benefits:

- Review and approval of all permanent improvement projects for the ensuing fiscal year could be obtained prior to the beginning of the fiscal year. The CPIP process should follow the timeline of the State budget cycle.
- Institutions would annually assess the extent of their deferred maintenance.
- Institutions would address how they will maintain existing facilities in an acceptable manner.
- Institutions would define their construction needs.

RECOMMENDATION: Eliminate the duplication of submissions to the Office of State Budget for capital projects through both the CPIP and its “Detailed Justification for Capital Budget Priorities” portion of the annual State Budget Request.

RATIONALE: The same information is required to be submitted twice by institutions (in somewhat different formats) to the Office of State Budget.

Streamline State Approval Process

RECOMMENDATION: Eliminate the project approval requirement for repair, maintenance, and replacement of building systems provided the Office of State Engineer and State Procurement requirements remain intact. (State Code change)

RATIONALE: When a building system requires repair or replacement, there is little value added in following the current State approval process. Institutions should simply be permitted to proceed.

RECOMMENDATION: Increase the capital project amount requiring state approval for higher education institutions. (State Code change)

RATIONALE: State institutions with total expenditures above a defined minimum (such as the median expenditure level for all institutions) would require approval on capital projects above \$1 million. Institutions below the median would require approval on capital projects above \$500,000.

RECOMMENDATION: Approval authority should increase annually by a factor such as the Higher Education Price Index (HEPI) to recognize the effects of inflation on capital expenditures. (State Code change)

RATIONALE: A system should be flexible enough to recognize the affect of factors such as inflation. Having authority set at an arbitrary point in time does not provide this flexibility.

Establish an Effective Alternative Delivery System

RECOMMENDATION: If design-build is chosen as the appropriate delivery system, allow selection based on qualifications of teams prior to the development of a space program, building specification, schematic, design, etc. (State Code change)

RATIONALE: Currently, a space program, site selection, building specification, schematic, etc. are developed before the design-build competition is initiated. This defeats the fundamental purpose and efficiency that can be gained through the sound application of this process.