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Facilities policies & procedures manual

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South Carolina Commission on Higher Education



Facilities Policies & Procedures Manual

Revised May 2019

Division of Fiscal Affairs

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Foreword

The review of permanent improvement projects for South Carolina's 33 public colleges and universities is one of the most important on-going activities of the Commission on Higher Education (CHE or the Commission). The Commission's role and responsibilities in this area were first addressed by the General Assembly in 1967 in the legislation that established CHE.

This manual incorporates the permanent improvement requirements of the Department of Administration and the Joint Bond Review Committee to the extent possible. (Institutions should ensure compliance with the manual of the Capital Budgeting Office at the Department of Administration.) The manual has been developed for use in making the submission and review of facilities projects as simple and straightforward as possible.

Questions, comments, and suggestions related to the manual format or its contents should be directed to the Program Manager for Facilities.

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SC Commission on Higher Education Membership

As of May 2019

<u>Name</u>	<u>Appointment</u>	<u>Term Expires</u>
Mr. Wes Hayes	Chairman	July 1, 2020
Mr. Charles Munns	Vice Chair Second District	July 1, 2018
Mr. Charles E. Dalton	Statewide Appointee	July 1, 2020
Mr. Ben W. Satcher, Jr.	Statewide Appointee	July 1, 2020
Ms. Terrye C. Seckinger	First District	July 1, 2020
Ms. Bettie Rose Horne	Third District	July 1, 2008
Ms. Julie Godshall Brown	Fourth District	July 1, 2022
Mr. Patrick White	Fifth District	July 1, 2022
Dr. Cleveland Sellers	Sixth District	July 1, 2022
Mr. Edgar Dyer	Seventh District	July 1, 2022
Mr. James Battle	Public Research Institutions	July 1, 2021
Ms. Linda L. Dolny	Public Four-Year Institutions	July 1, 2021
Mr. Paul O. Batson	Public Technical Colleges	July 1, 2018
Dr. Mark Smith	Independent Colleges	July 1, 2021

Fourteen members are appointed to the Commission including: for 4-year terms—1 at-large appointee serving as Chair; 3 at-large, statewide appointees; and 1 appointee from each of the six Congressional districts, and for 2-year terms—1 representative each from the Board of Trustees of a research institution, a comprehensive college, and a technical college and 1 president of an independent college. Members are appointed by the Governor upon the advice and consent of the Senate, except for Congressional District Representatives who are recommended by their legislative delegations.

Finance & Facilities Committee Membership

As of May 2019

Mr. Charles E. Dalton
Chair

Mr. Paul O. Batson
Vice Chair

Ms. Linda L. Dolny

Mr. Edgar Dyer

Mr. Patrick White

CHE Division of Fiscal Affairs Staff

As of March 2019

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Overview

The role and responsibilities of the Commission in reviewing facilities projects was first established in its enabling legislation in 1967. The Commission is charged with examining the State's institutions of higher learning relative to both short- and long-range programs and missions, including capital funding requirements. CHE is also charged with making recommendations to the Governor's Office, the State Fiscal Accountability Authority (SFAA), and the General Assembly as to policies, programs, curricula, facilities, administration, and financing of all State-supported institutions of higher learning.

Any state agency seeking to undertake permanent improvement projects must submit requests for these projects to the Joint Bond Review Committee (JBRC) and to SFAA for review and approval. Section 2-47-40 of the SC Code of Laws requires institutions of higher education submit the appropriate documentation to CHE. The Commission has charged the Committee on Finance and Facilities to review and provide recommendations on institutional permanent improvement projects for the full Commission's approval. After review, CHE is required by law to forward each permanent improvement project and supporting documentation received to the South Carolina Department of Administration (DOA) along with its recommendations for each project.

The Commission is charged with the following responsibilities concerning facilities:
(Codes can be found online at www.scstatehouse.gov)

SECTION 59-103-60. Recommendations to Governor's Office and General Assembly.

The commission shall make such recommendations to the Governor's Office and the General Assembly as to policies, programs, curricula, facilities, administration, and financing of all state supported institutions of higher learning as may be considered desirable. The House Ways and Means Committee, the Senate Finance Committee, and the Office of the Governor may refer to the commission for investigation, study, and report any requests of institutions of higher learning for new or additional appropriations for operating and for other purposes and for the establishment of new or expanded programs.

SECTION 59-103-70. Reports.

The Commission shall make reports to the Governor and the General Assembly at least annually on the status and progress of higher education in the State, with such recommendations as may be appropriate.

SECTION 59-103-110. Approval for new construction; exemptions.

No public institution of higher learning shall be authorized to construct or purchase any new permanent facility at any location other than on a currently approved campus or on property immediately contiguous thereto unless such new location or purchase of improved or unimproved real property has been approved by the commission.

SECTION 2-47-55. Comprehensive Permanent Improvement Plan.

(A) All state agencies responsible for providing and maintaining physical facilities are required to submit a Comprehensive Permanent Improvement Plan (CPIP) to the Joint Bond Review

Committee and the authority. The CPIP must include all of the agency's permanent improvement projects anticipated and proposed over the next five years beginning with the fiscal year starting July first after submission. The purpose of the CPIP process is to provide the authority and the committee with an outline of each agency's permanent improvement activities for the next five years. Agencies must submit a CPIP to the committee and the authority on or before a date to be determined by the committee and the authority. The CPIP for each higher education agency, including the technical colleges, must be submitted through the Commission on Higher Education which must review the CPIP and provide its recommendations to the authority and the committee. The authority and the committee must approve the CPIP after submission and may develop policies and procedures to implement and accomplish the purposes of this section.

(B) The State shall define a permanent improvement only in terms of capital improvements, as defined by generally accepted accounting principles, for reporting purposes to the State.

SECTION 2-47-40. Information to be furnished by agencies and institutions.

(A) To assist the authority and the Joint Bond Review Committee in carrying out their respective responsibilities, any agency or institution requesting or receiving funds from any source for use in the financing of any permanent improvement project, as a minimum, shall provide to the authority, in such form and at such times as the authority, after review by the committee, may prescribe: (1) a complete description of the proposed project; (2) a statement of justification for the proposed project; (3) a statement of the purposes and intended uses of the proposed project; (4) the estimated total cost of the proposed project; (5) an estimate of the additional future annual operating costs associated with the proposed project; (6) a statement of the expected impact of the proposed project on the five-year operating plan of the agency or institution proposing the project; (7) a proposed plan of financing the project, specifically identifying funds proposed from sources other than capital improvement bond authorizations; and (8) the specification of the priority of each project among those proposed.

(B) All institutions of higher learning shall submit permanent improvement project proposal and justification statements to the authority, through the Commission on Higher Education, which shall forward all such statements and all supporting documentation received to the authority together with its comments and recommendations. The recommendations of the Commission on Higher Education, among other things, shall include all of the permanent improvement projects requested by the several institutions listed in the order of priority deemed appropriate by the Commission on Higher Education without regard to the sources of funds proposed for the financing of the projects requested.

The authority shall forward a copy of each project proposal and justification statement and supporting documentation received together with the authority's recommendations on such projects to the committee for its review and action. The recommendations of the Commission on Higher Education shall be included in the materials forwarded to the committee by the authority.

(C) No provision in this section or elsewhere in this chapter, shall be construed to limit in any manner the prerogatives of the committee and the General Assembly with regard to recommending or authorizing permanent improvement projects and the funding such projects may require.

SECTION 59-53-57. State funds; procedures for appropriations.

State funds for the South Carolina Technical Education System must be appropriated to the board by the General Assembly and funds budgeted for the technical institutions must be allocated in a uniform and equitable manner. Monies appropriated for special schools must be retained at the state level and expended upon recommendation of the board. The board and all institutions under its direction shall use prescribed statewide accounting and budgeting systems which shall account for all revenues and expenditures regardless of sources of funds and purposes for which expended. The systems shall include provisions to identify specific revenues with the specific expenditures to which they relate when the fund source so requires.

The board and institutions are eligible to receive state funds for capital facilities. Prior to the withdrawal of authorized funds from the State Treasurer, the State Board for Technical and Comprehensive Education shall obtain and transmit to the State Treasurer a certificate from the appropriate official at the technical institution stating that a minimum of twenty percent of each project cost has been provided by the local support area. The provisions of this paragraph do not apply to Denmark and Beaufort Technical Colleges.

SECTION 59-101-370. New technical college construction projects; matching state funds.

Technical education colleges receiving funds for new construction projects, not including funds provided for deferred maintenance or renovations, pursuant to authorizations for state capital improvement bonds shall match the state funds provided with at least twenty percent nonstate funds toward the total costs of the project identified in the bond authorization. This match requirement does not apply to any project that received A&E funding prior to July 1, 1995.

General Policy

In reviewing permanent improvement project requests, CHE places general emphasis on the following: consistency with institutional mission, needs assessment, and the proposal for addressing the needs. While the law does not specifically require the consideration of cost or the source of funds, CHE also considers these factors as integral components of the overall projects.

In addition to approval of permanent improvement projects, each new lease, at a total annual cost of \$100,000 or more and for a term of three or more months, requires CHE review and approval. Subsequent renewals, which are not included in the initial lease negotiation, are treated as new leases and require CHE approval.

CHE is committed to the development of policies and research of data that will further enhance the permanent improvement approval process while also considering the best interests of the State. CHE maintains the CHE Management Information System (CHEMIS) which consists of several components of State institutional data, one of which is the “Facilities” component. The “Facilities” component is comprised of detailed building and room records for each public college and university in the State. These records are updated each fall and published in a series of reports for evaluation, assessment, and planning purposes.

Definitions & Policy Detail

► Permanent improvement projects

Section 2-47-50(D) of the SC Code of Laws defines permanent improvements as:

1. acquisition of land, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority up to two hundred fifty thousand dollars;
2. acquisition, as opposed to the construction, of buildings or other structures, regardless of cost, with staff level review of the committee and the State Fiscal Accountability Authority, up to two hundred fifty thousand dollars;
3. work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work involved is one million dollars or more;
4. architectural and engineering and other types of planning and design work, regardless of cost, which is intended to result in a permanent improvement project. Master plans and feasibility studies are not permanent improvement projects and are not to be included;
5. capital lease purchase of a facility acquisition or construction in which the total cost is one million dollars or more;
6. equipment that either becomes a permanent fixture of a facility or does not become permanent but is included in the construction contract shall be included as a part of a project in which the total cost is one million dollars or more; and
7. new construction of a facility that exceeds a total cost of five hundred thousand dollars.

Any permanent improvement project that meets the above definition must become a project, regardless of the source of funds. However, an institution of higher learning that has been authorized or appropriated capital improvement bond funds, capital reserve funds or state appropriated funds, or state infrastructure bond funds by the General Assembly for capital improvements shall process a permanent improvement project, regardless of the amount. This means that projects that do not meet the statutory thresholds above still need to be set up in the South Carolina State Permanent Improvement Reporting System (SPIRS) if they are funded partially or fully by bonds or legislative appropriations.

These definitions focus on the significance rather than on the types of improvements being made. Significance is measured primarily in terms of the magnitude of funds being spent. For example, a \$1,000,000 renovation is considered significant as is a \$1,000,000 project to replace a roof.

The State Board for Technical and Comprehensive Education (SBTCE) and the technical colleges are eligible to receive State funds for capital facilities. Section 59-53-57 requires that SBTCE shall obtain and transfer to the State Treasurer a certificate from the appropriate official at the technical college stating that a minimum of 20 percent of each project cost has been provided by the local support area if the College is using state funds. (Denmark Technical College and Technical College

of the Lowcountry are exempted from this provision.) In addition, Section 59-101-370 requires a 20-percent match of non-state funds for new construction projects authorized with state capital improvement bonds.

Comprehensive Permanent Improvement Plan (CPIP)

Section 2-47-55 of the SC Code of Laws requires each institution responsible for providing and maintaining physical facilities to submit a CPIP describing its permanent improvement projects anticipated and proposed over the next five years. The purpose of the CPIP process is to provide SFAA and JBRC with an outline of each agency's permanent improvement activities for the next five years. Institutions of higher education are also required to submit their CPIPs to CHE, which reviews the CPIPs and provides recommendations to SFAA and JBRC.

Year One of the CPIP covers one fiscal year, from July 1 to June 30, and should include all permanent improvement projects for which the institution has certainty of funding. The purpose of Year One of the CPIP is to focus on each institution's expectations for permanent improvements for the year except for emergencies and other unanticipated critical needs.

Years Two, Three, Four, & Five of the CPIP focus on projects for which the agency will request funds from the General Assembly, as well as projects for which the institution anticipates having its own or other non-state funding sources. Specifically, Year Two should be closely harmonized with the agency's operating budget request for the following fiscal year and include clear project descriptions. Projects proposed for Years 3, 4, and 5 should include as much detail as is reasonably available, including at a minimum a cost estimate and an indication of the sources of funds contemplated to finance the projects.

Permanent Improvement Project Approvals

Regardless whether a permanent improvement project is included in an agency's CPIP, higher education institutions must submit permanent improvement projects to CHE and the Department of Administration concurrently based on submittal deadlines established each calendar year. The Department of Administration's Capital Budget Office outlines the required documentation that must be submitted to it and CHE. <https://www.admin.sc.gov/budget/capital-budget-office/forms-and-instructions>. In general, institutions must submit an A-1 form that provides a summary of the project, cost, and revenue estimates, answer a questionnaire, and provide information on annual costs/savings resulting from the project for two distinct phases of the project.

The first phase, Phase I, allows an institution to contract and perform architectural and engineering work, which is typically 1.5% of the total project budget. The purpose of this phase is to refine the scope of the project and get it ready for being bid out for construction. The second phase, Phase II, seeks to establish the full construction budget and finish the project.

All projects that have an estimated Phase II budget of \$500,000 or greater for new construction projects or \$1,000,000 or greater for work on existing facilities will be reviewed by the Committee on Finance and Facilities. These thresholds are established in statute. In addition, the Committee on Finance and Facilities reviews all land acquisition and building or other structure acquisitions regardless of cost.

The Commission has delegated some of its authority to staff. This includes reviewing projects that are solely funded through legislative appropriations regardless of cost. CHE's staff's role is to verify that the project cost and scope is within the purview of the appropriation and provide its

recommendation to the Department of Administration for the project to be established. In addition, the Commission has granted staff authority to review projects that are funded through legislative appropriation and other funds if the combined value is less than the statutory definition of a permanent improvement project, such as work on an existing facility that totals less than \$1,000,000. The Commission has also delegated staff the authority to approve project close-outs, lease proposals valued up to \$1,000,000 over a five-year period, source of funds changes up to \$500,000 that do not result in an increase in student tuition or fees, and budget transfers up to 10% between previously-approved projects. Notwithstanding this authority, staff retain the right to refer projects to the full review and approval process of the Committee on Finance and Facilities and the Commission. Projects approved by CHE staff will be submitted as information only to the Commission monthly.

Scope Revisions

If an institution determines during either phase of a permanent improvement project that a change in the use, purpose, or programming of the facility is necessary, the institution must submit a request to revise the project scope to be reviewed and approved by the Joint Bond Review Committee or by staff of the Department of Administration. Prior to one of their reviews, an institution must submit and have the scope revision reviewed by the Commission, which will provide its recommendation to Department of Administration staff.

Intra-Phase Increase Budget Request

If an institution experiences cost overruns over its approved budget within Phase I or Phase II, it will need to fill out a new A-1 and provide other appropriate documentation to A1@che.sc.gov. The increase budget request must be reviewed by the Committee on Finance and Facilities, regardless of the amount. Notwithstanding the previous statement, if the increase was legislatively-authorized or results from a transfer from another previously-approved project and does not increase the budget by more than 10 percent, then the Commission has delegated review to staff.

Source of Funds Change Requests

All source of funds change requests that will result in an increase in student tuition or fees will require review of the Committee on Finance and Facilities, regardless of the amount of the requests.

Approval authority for source of funds change requests that do not increase tuition or fees will depend on the amount of the requests. Requests for changes up to \$500,000 may be reviewed and approved by staff. Requests for source of funds changes of \$500,000 or more will require review of the Committee on Finance and Facilities.

Budget Transfers

Commission staff have authority to process budget transfers between previously approved projects as long as the transfer does not increase the budget of the receiving project by more than 10% or change the project scope. If a project has previously had a budget increase during Phase II, then the budget transfer request, regardless of the amount, will require review by the Committee on Finance and Facilities.

Emergency Requests

Section 11-35-1570 of the SC Code of Laws provides guidance for making emergency requests. It states: “Notwithstanding any other provision of this code, the chief procurement officer, the head of a purchasing agency, or a designee of either officer may make or authorize others to make emergency procurements only when there exists an immediate threat to public health, welfare, critical economy and efficiency, or safety under emergency conditions as defined in regulations promulgated by the board; and provided, that such emergency procurements shall be made with as much competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.”

Institutions should submit a Form A-1 as soon as practicable following emergency procurements if the subject of the procurement otherwise meets the definition and criteria requiring establishment of a permanent improvement project. While there is general commitment to heightened responsiveness throughout the review and approval processes for genuine emergencies outside of an institution’s control, there are no formal statutory or policy exemptions to the review and approval processes for permanent improvements established because of such circumstances.

Institutions are encouraged to exercise their best judgment commensurate with the circumstances, particularly in cases of life safety, with notification to CHE staff as soon as prudent and practicable following the actions taken to address the emergency.

Submission of Project Close-outs

All requests for close-outs must be submitted by the institutions to CHE for its recommendation prior to being closed by staff of the DOA. Institutions seeking a project close-out must submit an A-1 form. The Commission has granted staff authority to process project close-outs. To recommend close-out, the final project budget must equal the final expenditure amount in the South Carolina Enterprise Information System (SCEIS).

Leases

A lease, as defined by the South Carolina Treasurer’s Office, is a signed agreement by an institution that commits an institution to future payments for the use of property. Each lease, including renewals, with a term of three or more months in a single fiscal year and at a total annual cost of \$100,000 or more must be approved by the Commission. The Commission has delegated staff the authority to approve leases which commit less than \$1,000,000 in a five-year period and which do not involve equity accrual. All leases over \$1,000,000 in a five-year period are subject to action by the full Commission.

Acquisition of Facilities by Private Foundations and Other Agents

The 1987 General Assembly amended Section 11-35-40 of the 1976 Code to make the South Carolina Consolidated Procurement Code applicable to certain actions of foundations and eleemosynary organizations. The Commission’s policy concerning the acquisition of facilities is consistent with the intent of the 1976 Code as amended. The policy requires the acquisition of any facility or permanent improvement (as previously defined) by a foundation or eleemosynary organization (including an Area Higher Education Commission or an Area Technical Education Commission) or any other agent (henceforth referred to as foundation) on behalf of or for the use of any public institution of higher education which involves the use of public funds in the

acquisition, financing, construction, maintenance, or current or subsequent leasing of the facility must have prior approval of CHE.

A permanent improvement acquired by a foundation on behalf of an institution and intended solely for resale or investment purposes need not be approved by CHE. However, if after the acquisition, the intended use changes and the institution plans to use the facility, CHE approval is required prior to taking occupancy of the facility for institutional purposes.

Acquisition of Real Property

The Department of Administration's "Policies and Guidance for Establishment and Maintenance of Permanent Improvement Projects," *available at:*

<https://www.admin.sc.gov/files/PIP%20Manual%202018%20%287%29%20with%20Ribbons.pdf>, outlines the necessary procedures agencies must undertake when acquiring land and/or existing facilities before they submit their project(s) for recommendation to the Commission on Higher Education.

Institutions should provide CHE for its review via A1@che.sc.gov:

- Form A-1;
- Form A-49;
- JBRC Questionnaire (submitted during Phase I only)
- Map of the Property;
- Property Acquisition Information Form;
- Letters of support from County Council and School District (if property is on tax rolls);
- Official letter requesting permission to acquire property on agency letterhead;
- Environmental Study;
- Appraisal (if purchasing, not needed if donated);
- Building Condition Assessment (needed if a building is on property that will be used by public);
- Budget Load Worksheet;
- Copy of Deed (needed before the project can be closed by Staff after approved by the Commission).

Procedures

Submission of Permanent Improvement Project Requests

All requests must be sent to A1@admin.sc.gov and A1@che.sc.gov by the submission deadlines approved by The Department of Administration and CHE at the beginning of the calendar year. After consideration by the Commission or its staff, staff will forward recommendation(s) to the appropriate staff of the Department of Administration who provide the necessary preparation for the meetings of JBRC and SFAA.

Each request submitted to CHE for action must include the appropriate DOA form. The Capital Budget Office of the Department of Administration keeps a list of the forms needed depending on the type of project, which can be found here:

<https://www.admin.sc.gov/files/PIP%20Required%20Documentation.pdf>. For electronic forms, refer to the Capital Budget Office of the Department of Administration's website:

<https://www.admin.sc.gov/budget/capital-budget-office/forms-and-instructions>.

Submission of Project Close-outs

All requests for close-outs must be submitted by the institutions to CHE for its recommendation prior to being closed by staff of the DOA. Institutions seeking a project close-out must submit an A-1 form. The Commission has granted staff authority to process project close-outs. If everything is in order, staff will process the close-outs within 10 business days.

Submission of Lease Requests

All requests for leases must be submitted concurrently by the institutions to both CHE and Real Property Services of the Department of Administration. A description of the lease must accompany the request.

Include the following documentation along with the lease request:

1. **Justification** – Provide a justification for the lease. Describe the programmatic need the lease is expected to meet. Explain how the lease is consistent with the mission of the institution as approved by the Commission and how it is consistent with the goals and objectives of the program or activity requiring the lease.
2. **Alternatives** – List any alternatives to the lease that were considered. Describe any other means of meeting the programmatic needs that will be met by the lease.
3. **Source of Funds** – Identify the source of funds to be used for the lease. If private or other third-party funds are involved, provide appropriate documentation that such funds are in-hand or guaranteed.
4. **Costs** – Identify the monthly, annual, and term rates as well as the cost per square foot.

Permanent Improvement Project Schedule

1. Schedule for institutional submission of CPIP to CHE:

Each institution is required to submit its annual CPIP no later than June 30 (or the submission date determined by the Capital Budgeting Office of the DOA) to A1@che.sc.gov. The SC Technical College System will compile and forward the technical college submissions for CHE's review.

2. Schedule for Permanent Improvement Project Approvals:

The schedule for permanent improvement project approvals is posted in the "Meetings & Events—Finance & Facilities" section of CHE's website. CHE staff will work with staff at DOA and JBRC when developing annual meeting dates in an attempt to ensure Commission review prior to JBRC review and SFAA approval. Generally, the Committee on Finance and Facilities meets every first Thursday of the month to consider capital projects for recommendation to the Commission. The by-laws of the Commission allow consideration of capital projects on the same day to reduce the delay in the approval process. However, the Commission reserves the right to alter this at any time. The posted schedule includes submission deadlines for permanent improvement project requests for each meeting.

Other Related Policies

Permanent Improvement and Lease Requests of Technical Colleges

In addition to the policies and procedures discussed above, there are additional statutory requirements related to Technical College projects.

The SBTCE and the technical colleges are eligible to receive state funds for capital facilities. Section 59-53-57 of the South Carolina Code of Laws requires the SBTCE to obtain and transmit to the State Treasurer a certificate from the appropriate official at the technical colleges stating that a minimum of 20 percent of each project cost has been provided by the local support area if the College is using state funds. The 20-percent match rule does not apply to Denmark Technical College and Technical College of the Lowcountry. In addition, Section 59-101-370 requires a 20-percent match of non-state funds for new construction projects authorized with state capital improvement bonds.

In its recommendation to JBRC, CHE will note whether a project falls under the jurisdiction of sections 59-53-57 and/or 59-101-370. For projects falling under the jurisdiction of either of these sections, the Technical College or SBTCE shall provide a letter certifying that at least 20 percent of the funds for the project originate from the College's local support area or are non-state funds, depending on the applicable law, along with the other required submittal documentation.

Technical College projects also have an additional layer of review. In addition to review by CHE, JBRC, and SFAA, Technical College permanent improvement projects require review by the SBTCE or in certain cases, South Carolina Technical System staff.

It is the policy of the Commission that projects submitted by Technical Colleges must have prior approval from the State Board for Technical and Comprehensive Education before CHE staff or the Committee on Finance and Facilities will review the permanent improvement project or lease request. Notwithstanding the previous statement, upon written request from the Technical College supported by South Carolina Technical System staff, the Committee on Finance and Facilities may review and provide recommendation of projects conditioned on later approval by the State Board for Technical and Comprehensive Education in extraordinary circumstances.

Institutional Maintenance Needs for Educational & General Facilities & Infrastructure

Maintenance needs include renewal, life cycle replacement, and deferred maintenance (repairs that are necessary but have been postponed due primarily to inadequate funding.)

By using this definition, building and infrastructure data collected from the institutions is used to calculate the funding that should be provided to adequately maintain the physical plant at each institution. The differences that result are not necessarily a reflection of deferment but rather the gap between what is an acceptable condition and the actual condition of the building's systems.

Building maintenance needs calculations were formulated and approved by the Facilities Advisory Committee in February 2007. In May 2007, the Commission approved the method to calculate maintenance needs in buildings across the state's campuses. At that time, a one-year grace period was approved to allow CHE staff to work with institutional facilities officers to determine the best method by which to calculate infrastructure needs. The Facilities Advisory Committee approved

the proposed method at its meeting in February 2008 followed by approval of the Commission in April 2008.

CHE staff, in consultation with institution facilities officers, developed parameters for addressing Educational and General (E&G) maintenance needs. Building maintenance needs are updated each fall with the most recent building condition survey (updated every three years) and the most recent building data summary (updated every fall with data submitted to CHEMIS from the institutions). Infrastructure maintenance needs are updated every three years. Outlined below are the definitions, calculation methods, and elements included in the reports.

Building Definitions

- “Maintenance Needs” is defined as the cost of repairing or replacing equipment or systems that are not performing at an acceptable level even if that condition has occurred prior to the normally-accepted projected service life.
- “Acceptable level” is defined as a building condition code of 90-100 on the CHE Management Information System (CHEMIS) Building Data Summary.

E&G Building Annual Maintenance Expenditure Calculation Method

Use building replacement cost (RCB) and building condition code (BCC)¹

- Amount to Bring to Like-New Condition = $(RCB \times \%E\&G) \times ((100 - BCC) \times .01)$
- Acceptable Maintenance Level = $(RCB \times \%E\&G) \times 10\%$
- Amount Needed to Address E&G Maintenance Needs =
If $BCC < 90$, Amount to Bring to Like-New – Acceptable Maintenance Level
- Funding per Year to Eliminate E&G Maintenance Needs Over 20 Years =
Amount Needed to Address E&G Maintenance Needs / 20
- Annual Investment Required to Maintain E&G Space Association of Physical Plant Administrators (APPA) Average =
 $(RCB \times \%E\&G) \times 3\%$
- Total Need per Year to Address E&G Maintenance Needs =
Funding per Year to Eliminate E&G Maintenance Needs Over 20 Years + Annual Investment Required to Maintain E&G Space (APPA Average)

¹Institutions are responsible for updating these data elements annually.

Infrastructure Definitions

- *Infrastructure Item*: As each campus varies in mission and size, items to include would be at the discretion of the institutional facilities officer. The proposed reporting template includes several items that could apply to all institutions such as paved roads, sidewalks, irrigation, sewer lines, storm water lines, and signage.
- *Quantity*: The portion of educational and general (E&G) area for which the institution is responsible as determined by the percent of E&G space or the actual count as determined by the unit of measurement.
- *Unit Cost*: The unit purchase or replacement cost as determined by Means, A&E estimates, bids, local knowledge, etc.
- *Infrastructure Condition Code*: A value between 1 and 100 assigned to each item with 1 being completely unusable and 100 being like new.

Infrastructure Calculation Method

Use quantity (Q), unit cost (UC), and infrastructure condition code (ICC)

- Replacement Value (RV) = $Q \times UC$
- Amount to Bring to Like-New Condition = $RV \times ((100-ICC) \times .01)$
- Acceptable Maintenance Level = $RV \times 10\%$
- Amount Needed to Address E&G Maintenance Needs =
If $BCC < 90$, Amount to Bring to Like-New – Acceptable Maintenance Level
- Funding per Year to Eliminate E&G Maintenance Needs Over 20 Years =
Amount Needed to Address E&G Maintenance Needs/20
- Annual Investment Required to Maintain E&G Space (APPA Average) = $RV \times 3\%$
- Total Need per Year to Address E&G Maintenance Needs =
Funding per Year to Eliminate E&G Maintenance Needs Over 20 Years + Annual
Investment Required to Maintain E&G Space (APPA Average)

List of Abbreviations

APPA: Association of Physical Plant Administrators

BCC: Building Condition Code

CHE: Commission on Higher Education

CHEMIS: Commission on Higher Education Management Information System

CPIP: Comprehensive Permanent Improvement Plan

DOA: South Carolina Department of Administration

E&G: Education and General

ICC: Infrastructure Condition Code

JBRC: Joint Bond Review Committee

MIS: Management Information System

RCB: Building Replacement Cost

RV: Replacement Value

SBTCE: State Board for Technical and Comprehensive Education

SCEIS: South Carolina Enterprise Information System

SFAA: State Fiscal Accountability Authority

SPIRS: State Permanent Improvement Reporting System