

EXCEPTIONAL CAPITAL PROJECT REQUESTS, 1999-2000

On September 3, 1998, the Commission adopted the following policy and procedures for accepting exceptional capital project requests in years when there is no bond bill:

Institutions may submit to CHE annually, a CHE Update to their Overall Permanent Improvement Plan to include those facilities which they consider to be their first priority for receiving state appropriated or surplus funds during the funding year. The Updates will be submitted to CHE for review and consideration and the Commission's action on these requests will be submitted to the Legislature.

An Institution should submit only the capital request that it considers its highest priority for receiving state-appropriated funds. Facilities requests included in the Updates will not be ranked or prioritized by staff but will be submitted with equal value. An institution may submit more than one project for consideration if appropriate justification for that project is provided. However, capital project requests received in addition to the institution's first priority will be reviewed by staff in light of the overall requests in order to ensure equitable consideration for all institutions.

If a bond bill materializes during the recommended funding period, the requests will be subject to normal bond procedures and included and/or ranked with other requests as required for capital improvement bonds funding.

All 33 public institutions, plus the Greenville University Center, submitted exceptional capital project requests. Although institutions were strongly encouraged to submit only their first priority, they were not prohibited from submitting more than one project if appropriately justified. A total of 46 exceptional capital project requests were received totaling \$324,053,872. Twenty-six institutions submitted only their first priority; two institutions submitted two priorities each; four institutions submitted three priorities each; one institution submitted four priorities; and one institution submitted five priorities. Of the 46 requests received, only 10 had previously been before the Commission and two of those were approved by CHE with additional information to be provided prior to proceeding further with the project.

Originally, staff believed that the exceptional capital project requests could be reviewed and submitted to the Committee on Finance and Facilities and the Commission for consideration at the October meeting. However, staff did not anticipate receiving the large number of requests that previously had not been submitted to CHE for review, and the amount of money that would be required to fund those projects. The total amount required to fund only the projects classified by the institutions as their "first priority" would be \$205,986,616. The staff believes that it would not be in the best interest of the institutions to submit a request of this magnitude without appropriate review. The policy adopted on September 3 notes that exceptional capital projects will not be ranked or prioritized by staff. It does require, however, that the projects be reviewed by staff. Because of the large volume of requests, the staff believes it is also necessary to consult with Budget and Control Board staff and Legislative staff prior to submitting the requests to the Committee and the Commission for review and recommendations.

The staff recommends, therefore, that exceptional capital project requests be submitted to CHE after a thorough review of the projects has been conducted. Based on this schedule, the projects could be submitted to the Finance and Facilities Committee, and the Commission, for review and recommendations at the regular quarterly facilities meeting in December.