



South Carolina Commission on Higher Education

XIV

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September 27, 2007

TO: Dr. Layton McCurdy, Chair, and Members, Commission on Higher Education
FROM: *Gary Glenn* Mr. Daniel Ravenel, Chair, and Members of the Committee on Finance & Facilities
SUBJECT: Items for Consideration on October 4, 2007

Attached are the interim capital projects for your review and consideration at the October 4 Commission meeting. Please note the Committee on Finance and Facilities has not yet acted on these projects but is scheduled to review and develop recommendations at its meeting scheduled for 9:00 a.m. on October 4. The Committee will bring its recommendations to the Commission for consideration at the Commission meeting. Staff recommendations are included for your information.

As a note, the appendices for the report on the *Assessment of SC Higher Education Facilities Conditions & Measuring Deferred Maintenance* (agenda item 4.04B) are not included in this mailing but are available upon request.

If you have any questions about a particular item, or if you need additional information, please contact me or Gary Glenn at (803) 737-2155.

4.04A Interim Capital Projects

- A.) Clemson University
 - a. Kinard Laboratory – HVAC Renovation
-increase budget
- B.) USC Columbia
 - a. Baseball Stadium Construction
-increase budget
- C.) USC Upstate
 - a. Residence Hall Acquisition
-increase budget, revise scope

4.04B Report on the *Assessment of SC Higher Education Facilities Conditions & Measuring Deferred Maintenance*

4.04C Review of the SC Manufacturing Extension Partnership (SCMEP) Materials

4.04D List of Staff Approvals for August 2007

DESCRIPTION OF INTERIM CAPITAL PROJECTS FOR CONSIDERATION

October 4, 2007

Clemson University

Kinard Laboratory – HVAC Renovation \$3,000,000 -increase budget
(Previous Budget = \$325,000)

Source of Funds: \$3,000,000 -institutional capital project funds

Proposed Budget:	\$2,160,000	-utilities renovation
	500,000	-new construction (2,100 GSF)
	300,000	-professional services fees
	300,000	-contingency
	60,000	-labor costs
	5,000	-builders risk insurance

Total: \$3,325,000

Description

The University requests approval to increase the project budget to replace and expand the capacity of the current air handler, install additional ductwork for better air distribution, and provide new controls in Kinard Hall. The existing system does not function adequately and does not meet current requirements for advanced research being conducted in the facility. The building was constructed in 1961 and has had no significant renovations to the building or its systems since it was built.

During the design phase, it was determined that the single air handling unit should be replaced with a single air handling unit for each of the four floor. Due to limited space, a 2,100 GSF tower will be constructed to handle the units on the first, second, and third floors. Once complete, the building's fresh air and hood exhaust systems will meet all current code requirements.

The University bid the project in March 2007 and only received two bids which were over budget by 25 percent. The facility must be renovated during the summer to minimize class and faculty displacement because of the overall space needs on the campus. Therefore, due to the overrun on the bids, the summer schedule was missed, and the project was postponed until summer 2008. The A&E firm has made design changes, and the schedule has been reviewed to allow the necessary time to complete the renovations.

E&G Deferred Maintenance Reduction:

The project is to replace the current air handler with four air handling units which will address a portion of the building's deferred maintenance.

Annual Operating Costs/Savings:

Utilities and maintenance will require additional operating costs ranging between \$8,000 and \$12,000 in the three years following project completion. The costs will be absorbed into the existing budget.

Recommendation

Staff recommends approval of this project as proposed.

Baseball Stadium Construction
(Previous Budget = \$28,036,000)

\$7,600,000 -increase budget

Source of Funds:

\$4,000,000	-institutional funds
3,600,000	-athletic revenue bonds & anticipation notes

Proposed Budget:

\$22,400,000	-new construction (57,000 GSF)
5,000,000	-land purchase (12.5 acres)
3,000,000	-site development
2,436,000	-professional services fees
2,200,000	-contingency
<u>600,000</u>	-furniture, fixtures, and equipment

Total:	\$35,636,000
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Description

The University requests approval to increase the project budget due to increased excavation costs and additional costs associated with underground utilities. Completion of the facility has been delayed until the 2008-09 season.

In March 2007, a preliminary site investigation discovered rock in the construction area. Further testing determined that excavation of seven feet was necessary. Also, construction costs have increased since the project budget was established in June 2005. The University is increasing the contingency to prepare for future market conditions which an external construction company indicated to be an increase of seven to eight percent in the coming year. Funding is also needed to connect the stadium with the nearest institution communication hub which is approximately 6,300 feet away.

The project will not require an increase in tuition and fees.

E&G Deferred Maintenance Reduction:

N/A – New Construction/Auxiliary

Annual Operating Costs/Savings:

General services, utilities, equipment, grounds, custodial services, repairs and maintenance, insurance, and telephone/data services will require additional operating costs ranging between \$138,592 and \$184,790 in the three years following project completion. The costs will be funded through athletic revenue.

Recommendation

Staff recommends approval of this project as proposed.

University of South Carolina Upstate

Residence Hall Acquisition \$13,000,000 -increase budget, revise scope
(Previous Budget = \$50,000)

Source of Funds: \$13,000,000 -housing revenue bonds

Proposed Budget: \$13,000,000 -building purchase (105,000 GSF)
 50,000 -professional services fees

Total: \$13,050,000

Description

The University requests approval to increase the project budget and revise the scope to include the acquisition of the existing Palmetto House residence hall from Carolina Piedmont Foundation Real Estate LLC. The facility was built in 2004 by the foundation for exclusive use by University students. The residence hall is 105,000 GSF with 348 beds, which are combined private and shared bedrooms in four-bed suites with two baths. The building also includes meeting and conference rooms, a computer lab, housing administrative offices, and a post office. The purchase price is \$124 per square foot.

The University currently manages and maintains the facility. With the purchase, the institution will be able to consolidate the accounting structure to better manage cost and revenue as well as make the bond indebtedness more manageable and stable. The purchase will also enable the University to integrate the operations and maintenance of the facility with the other campus housing assets for a more efficient and cost effective housing operation.

E&G Deferred Maintenance Reduction:

N/A – Building Purchase

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.

**AN ASSESSMENT OF SOUTH CAROLINA HIGHER EDUCATION
FACILITIES CONDITIONS & MEASURING DEFERRED MAINTENANCE**

WHY FACILITIES ARE IMPORTANT

As provided in Section 59-103-15 of the South Carolina Code of Laws, as amended, the mission of higher education is "to be a global leader in providing a coordinated, comprehensive system of excellence in education by providing instruction, research, and life-long learning opportunities which are focused on economic development and benefit the State of South Carolina." To accomplish this mission, our public institutions must have campuses that are modern, adequate, and safe. Institutions must have the necessary space to conduct instruction, research, student support, administrative, and service activities. Campus facilities are among the state's most valuable assets and, as such, represent a significant taxpayer investment.

Routine maintenance of campus facilities has been directly affected by state appropriations that have not kept up with inflation and growth over the past several years. Consequently, a backlog of deferred maintenance and capital renewal has developed as institutions have implemented a "band-aid" approach to addressing their most critical needs. Nationwide, there is an estimated \$36 billion backlog of higher education deferred maintenance. More alarming is the fact that this does not include maintenance associated with utilities infrastructure, landscaping, and roads.¹

In order to remain competitive, South Carolina public colleges and universities must invest in their facilities. A 2006 study reinforced the notion that "facilities students see – or do not see – on a campus can mean the difference between whether they enroll or not."² According to the study conducted by David Cain and Gary L. Reynolds entitled, *The Impact of Facilities on Recruitment and Retention of Students*, 73.6 percent of respondents named facilities related to their majors as "extremely important" or "very important" in choosing a college. In addition to student recruitment and retention, modern facilities can also provide opportunities for advancement in academic programs, research, and public service.

ASSESSING CURRENT CONDITIONS

For the current study, institutions evaluated education and general (E&G) buildings on their campuses using an assessment format established in the original deferred maintenance study conducted in 1994. The joint study, *Deferred Maintenance, An Analysis of South Carolina's Facilities Portfolio*, conducted by the Commission on Higher Education (CHE) and the Budget & Control Board (B&CB) provided a way to measure the condition of the state's higher education physical resources and to quantify the funding needed to maintain quality and correct deficiencies. (See Appendix 1 for a sample evaluation form.) A professional research analyst was employed to direct the study in which data were gathered by surveying institutions using criteria established by the Association of Higher Education Facilities Officers (formerly the Association of Physical Plant Administrators, APPA). State and institutional administrators considered the methodology developed to be fair and objective. CHE approved a proposal to conduct a study of deferred maintenance and requested \$300,000 in appropriated funds in FY 1999-2000 to support this important initiative. However, funds to conduct the study were not appropriated.

Recognizing the importance of building assessments and in the absence of a statewide study, institutions have been tasked to evaluate E&G buildings on their campuses on a three-year cycle. CHE updated the original study in 2003 using the same framework for analysis. That report indicated a backlog of approximately \$603 million.

Evaluations completed in spring 2007 are the basis for this report. The data are also submitted to the CHE Management Information System (CHEMIS) and used in evaluating requests for Capital Improvement Bonds and responding to legislative requests.

CALCULATING MAINTENANCE NEEDS

Data from CHEMIS have historically been used to calculate maintenance for E&G facilities using a factor based on construction type from the Markel Appraisal Chart Company and the building's replacement value as defined by the B&CB Office of Insurance Reserve Fund. CHE and institutional facilities officers determined that the use of an APPA average of three percent of a building's replacement value was more appropriate.

The effect of the previous calculation metric was that maintenance costs included in the Physical Plant step (Step 8) of the Mission Resource Requirements (MRR), the methodology used by CHE to determine the funding needs of public colleges and universities, did not measure funding needs at the current recommended level of three percent of building replacement cost. Accordingly, the 2008-09 MRR will be updated to reflect this change.

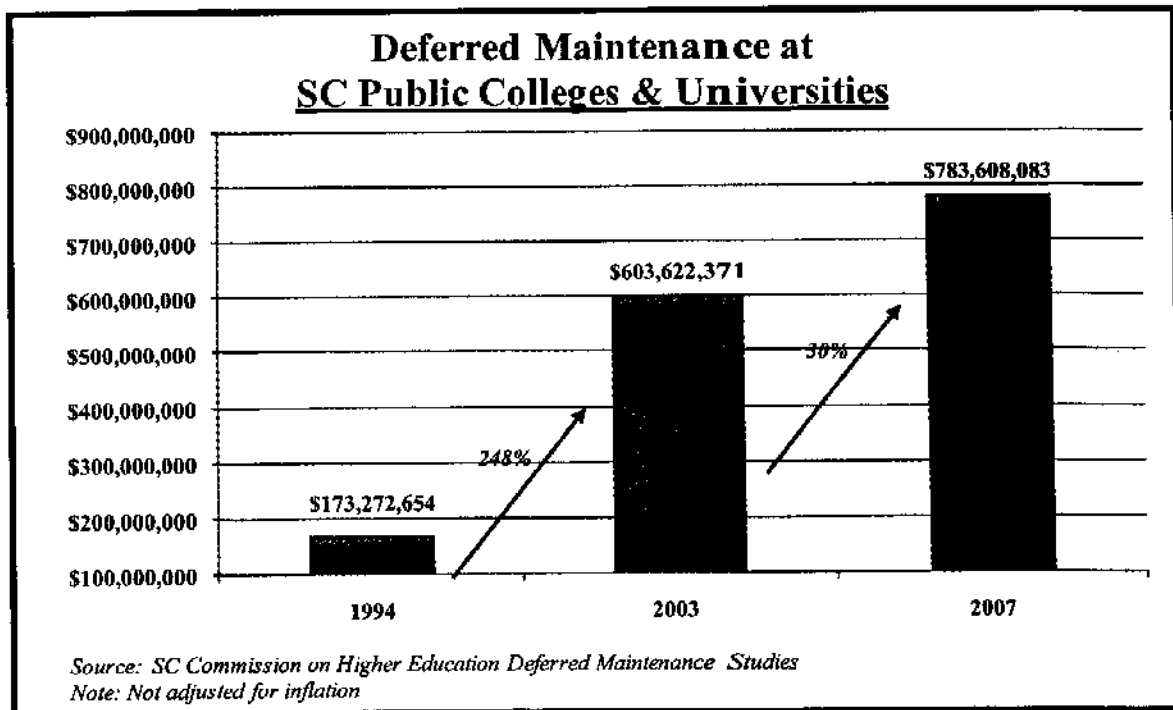
Of important note, technical colleges (with the exception of Denmark Technical College and Technical College of the Lowcountry) are not funded through the Physical Plant step as the counties these colleges serve rather than the state are expected to provide necessary maintenance funding. Many of the technical colleges have noted, however, that the county funds do not meet all of their needs throughout the fiscal year.

The 2007 survey identified a \$135,493,827 annual need to maintain all public colleges and universities facilities at an acceptable level (i.e. defined as a building condition of 90 or higher).

DEFERRED MAINTENANCE & INSTITUTIONAL PLANS

In a simple search of “deferred maintenance,” one would find many definitions. For the purpose of this report, Harvey Kaiser’s characterization is used: *maintenance and repair deficiencies that are unfunded or unplanned and are deferred to a future budget cycle or postponed until funds are available.*³ The current study identified \$783,608,083 in deferred maintenance at the state’s public colleges and universities. This is a 30% increase from the 2003 report and a 352% increase from the original 1994 study (Figure 1). (Note: This data is not adjusted for inflation.)

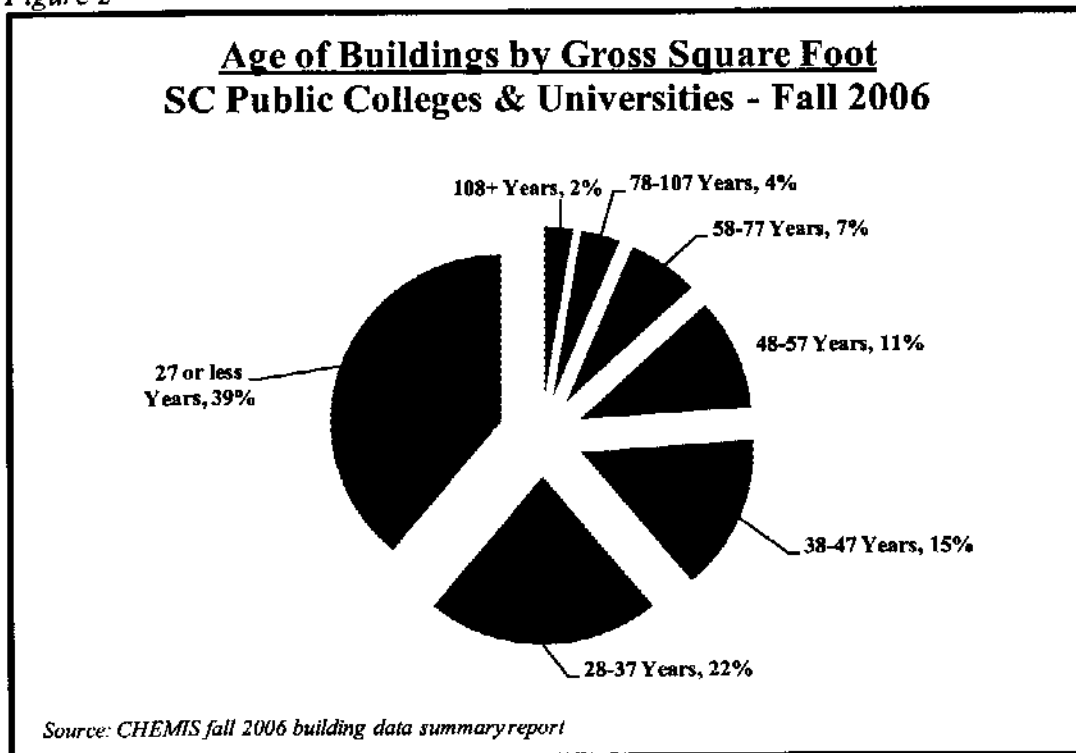
Figure 1



The problem of deferred maintenance is magnified by the age of campus facilities and infrastructure. Approximately 61 percent of South Carolina’s higher education facilities are 40 years old or less (Figure 2). This is similar to national data as more than half of the buildings across the country were constructed in the 1960s and 1970s during a period when enrollment nearly doubled.⁶

Although most buildings constructed in South Carolina have an expected life of over 50 years, the systems within those buildings must be replaced more frequently in order to maintain use of the facility as originally designed. (Systems’ life cycles have been estimated to be 33 years on average.) Two percent or roughly one million of the gross square feet of the state’s higher education facilities is 108 years or older. Institutions are challenged by the restoration costs associated with maintaining and repairing these historic facilities, many of which are on the National Historic Register. Institutions are also challenged in today’s rapidly-changing technological world as these changes require more frequent upgrades.

Figure 2



In May 2007, CHE adopted a policy which requires institutions to submit annual plans which identify the amount of funding needed to bring maintenance to an acceptable level (i.e. defined as a building condition of 90 or higher). These annual plans allow CHE to review ongoing maintenance needs in addition to the amount of maintenance that has been deferred. The plans also provide interested stakeholders with an understanding of the varying needs on each campus. (See Appendix 2 for the complete policy.)

These annual plans provide a snapshot of the needs of the institutions' and proposed approaches to address those needs. A more detailed approach is found in each institution's annual Comprehensive Permanent Improvement Plan (CPIP). The CPIP is a five-year planning document that includes requests for project approval where funding is reasonably available in the next fiscal year, requests for Capital Improvement Bond funds, and requests for long-term construction and renovation needs. For more information on the CPIP, go to: www.che.sc.gov/Finance/FacilitiesInformation/CPIP.htm.

Many of the state's colleges and universities are challenged by the lack of space to relocate classrooms, offices, and labs in order to perform necessary capital renewal. This concern is articulated by one institutional representative who stated: "a very real roadblock to effective capital renewal is the inability to vacate a building during an extensive renewal project. Most institutions are in this situation whereby all available space is fully utilized. Without [swing] space, major maintenance, upgrades, and renewals must be carefully chosen and tailored to avoid disrupting the primary missions of a university. The results are more numerous projects, more

expensive projects, postponement of projects, and re-prioritizing projects based on access rather than need.”

IN OTHER STATES

Across the country, higher education institutions are dealing with the issue of deferred maintenance. Four studies of note include:

- The Kansas Board of Regents released a report in fall 2006 identifying \$727 million in building, infrastructure, and utilities renewal needs. Through a “full court press,” the 2007 legislative session brought a small victory as the Kansas Legislature approved a five-year maintenance funding plan, dedicating \$90 million to address the backlog.
- The State University System in Florida released a similar report in November 2006 entitled, *Building Florida’s Future: Quality and Access or Business as Usual?* This report was the result of a task force focused on construction, maintenance, and deferred maintenance which made recommendations to the system chancellor “related to increasing efficiency, identifying and expanding revenue streams for investment, and improving processes in each category.”⁴ The report assessed capacity needs of the state’s higher education institutions and estimated there was a need for \$3.4 billion for new space.
- In April 2007, the Kentucky Council on Postsecondary Education received a final report on the condition of its educational facilities. The independent study assessed the current condition of campus buildings, measured their adequacy, and identified the need for additional space capacity to meet current and future needs. The study found the institutions needed: \$5.3 billion for system renewal, \$860 million for adequacy or fit-for-use improvements, and an additional \$6.4 billion in new building needs.⁵
- The North Carolina General Assembly called for a study in 1997 to look into the capital equity and adequacy of the University of North Carolina System’s facilities. The report identified \$6.9 billion in renovation and modernization, current capacity, future capacity, and other needs. The result was a \$3.1 billion bond bill passed by North Carolina voters in 2000.

THE BOTTOM LINE FOR SOUTH CAROLINA

The report just concluded identified current deferred maintenance needs at South Carolina public institutions of approximately \$784 million. It is important to note this estimate does not include infrastructure (i.e. water, electrical, communication, and sewer lines, lighting, roadways). CHE and the institutional facilities officers will work over the next year to identify parameters for reporting infrastructure needs. In addition to the needs associated with deferred maintenance, the report also identified annual routine maintenance needs of approximately \$135 million or three percent of the current building replacement value.

RECOMMENDATIONS

As shown in the examples above, states that have recognized the need to address deferred maintenance have done so with aggressive plans that have directed significant resources toward the problem. These needs have accumulated over several years. Likewise, the solution will take time. Accordingly, the Commission recommends a 20-year plan to reduce the backlog of deferred maintenance with approximately \$39 million a year dedicated to addressing these needs. (See Appendix 3 for institution-specific data.) The Commission also recognizes that institutions

must also have the resources to address routine maintenance and repair so that the backlog does not continue to grow. Accordingly, the Commission will continue to advocate for full funding of the MRR which would provide the operating funds needed to address routine maintenance needs. Given sufficient resources, the Commission and institutions stand willing and able to work with the appropriate state entities in finding viable solutions to reducing the existing deferred maintenance backlog, preserving facility quality, and serving the people of South Carolina.

REFERENCES

¹Rose, Rodney. "Buildings: The Gifts That Keep on Giving." Facilities Manager. March/April 2007: 18-23.

²June, Audrey Williams. "Facilities Can Play Key Role in Students' Enrollment Decisions, Study Finds." The Chronicle. 30 May 2006.

³Kaiser, Harvey. "Reviewing the State of Deferred Maintenance." Facilities Manager. November/December 2004: 14-21.

⁴State University System of Florida. *Building Florida's Future: Quality and Access or Business as Usual?* 15 November 2006.

⁵Wiscman, Bob. "Kentucky Receives Final Higher Education Facilities Audit Report. Society for College and University Planning Southern Regional May 2007 report. (www.scup.org/pubs/SEN/2007/May/scupso_20070504.html)

⁶Porter, Jane. "Halls of Ivy – And Crumbling Plaster." Business Week. 23 July 2007.

*FOR INFORMATION***REVIEW OF THE SC MANUFACTURING EXTENSION PARTNERSHIP (SCMEP)****MATERIALS**

Section 59-103-162 of the South Carolina Code of Laws requires the Commission to review annually the activities of the South Carolina Manufacturing Extension Partnership (SCMEP) and make a budget recommendation to the General Assembly. Below is a description of SCMEP, followed by a summary of the budget. SCMEP's budget request for FY2008-09 was approved by the Committee and the Commission at their respective September meetings.

SCMEP is a private, non-profit 501 (c) 3 organization funded through a cooperative agreement with the United States Department of Commerce's National Institute of Standards and Technology (NIST), matching state funds and revenue from clients and other grant sources. SCMEP is part of the nation's manufacturing extension partnership system which is governed by a fiduciary board of directors. SCMEP is committed to serving small- to mid-sized manufacturers with resources and services to help them become more competitive and productive. SCMEP's delivery of services is dependent upon relationships with partners, public agencies, non-profits, and numerous private consultants. The organization has formal, contracted relationships with the University of South Carolina, Clemson University, the South Carolina Technical College system, South Carolina Women's Business Center, South Carolina Export Consortium, and SC Launch to support delivery to manufacturers in a coordinated manner.

Delivery of Services and Importance to the Economy of South Carolina

Manufacturing Jobs Retained or Created	
2001	33,400
2002	12,700
2003	14,500
2004	1,900
2005	11,500
2006	9,100

The goal of SCMEP's program is to provide technical consulting assistance to small and mid-sized manufacturers to increase their productivity, competitiveness, and new product development.

The program gauges results in measurable bottom line economic impact. According to the USDOL Bureau of Labor Statistics, South Carolina has lost almost 86,000 manufacturing jobs since January 2001. Most companies cite global competitiveness as the factor in precipitating their closures in US locations. Companies also cite production and overhead costs as significant factors in their ability to remain competitive, especially health care,

regulatory, legal, energy and production costs, as well as the overvalued dollar. SCMEP provides expertise in production cost reductions and quality improvements. In addition to these bottom

line cost

saving

services,

SCMEP

has

innovation

programs to help manufacturers stimulate top-line growth.

Impact Data Collected	2004	2005	2006
Total Economic Impact	\$96,400,000	\$88,500,000	\$441,000,000
New and Retained Sales	\$137,200,000	\$87,100,000	\$304,000,000
Cost Savings	\$23,900,000	\$23,000,000	\$8,600,000
Capital Investment	\$23,700,000	\$16,500,000	\$48,000,000
Jobs Created or Retained	953	1,175	1,732

SCMEP reports activities on a quarterly basis. An independent survey is conducted to collect economic impact received from the services provided. This information is used to evaluate centers across the nation and to measure the return on federal investment. Economic impact drives the MEP program. Funding is predicated on a formula matching federal dollars with state and by charging clients for services (a 1/3, 1/3, 1/3 funding formula). Any decrease in state matching funds jeopardizes federal dollars and forces SCMEP to cut services. In 2005 and 2006, SCMEP received \$1,200,000 in non-recurring funds to restore state funding of the program to its formula level of \$2.4 million. With the additional monies, services grew significantly, resulting in a much higher economic impact for 2006. The table above displays the impact for years 2004, 2005, and 2006 and illustrates how state funding dramatically increases the impact of the program.

SCMEP is the managing entity of the apparel and composites clusters for the SC Competitiveness Council and is leading the state in developing a composites program for advanced manufacturing. The significance of the growth of composites materials cuts across a lot of the other clusters, including aerospace, automotive, marine and infrastructure, i.e. roads and bridges. This and other product development work would not be possible without state funds. State funding also links SCMEP's field experts to our research and development resources within USC, Clemson, SC Research Authority, and the newly-formed SC Launch program.

Manufacturing continues to be the state's value-added economic engine, and the long term vitality of the state is contingent on maintaining a healthy manufacturing base. Since 88 percent of South Carolina manufacturing is small- to mid-sized (hiring fewer than 250 persons) and therefore lacks the resources to hire private business consultants, the MEP model of manufacturing "extension," like the agriculture extension model, is an essential tool in the state's economic development portfolio.

SCMEP Fiduciary Board Members

Mr. Henry Puckhaber
Chairman (Retired-Bellsouth)

Mr. John Meister
(Retired) WABCO Air Brake Co.

Mr. Joel Smith
Dean, Moore School of Business
University of South Carolina

Mr. Robert Hurst
Phoenix Specialty Manufacturing Co.

Mr. Barry Russell
Executive Director
State Board for Technical and Comprehensive Education

Mr. Dan Lilly
NIST/MEP Account manger

Mr. Roy Hawkins, President
USCOA International Corp.

Dr. Christian Przirembel
Vice-President of Research
Clemson University

Mr. Charles (Chuck) Bundy, Jr.
Senior Manager, Business Solutions
SC Department of Commerce

Dr. Ben Dillard
Greenville Technical College

Mr. Lou Krause, CFO
PBR Columbia, LLC

BUDGET			
Current Operating Period <i>July 1, 2007 – June 30, 2008</i>			
Category	Direct	In-Kind	Total
REVENUE			
(Federal and Non-Federal Cost Share)			
NIST MEP Funds (Federal Funds)	\$2,268,003	\$0	\$2,268,003
State/Local Funds (Rccurring)	\$1,200,000	\$0	\$1,200,000
State/Local Funds (Nonrecurring)	\$1,200,000	\$0	\$1,200,000
Project/Service Fees (Program Income Projected)	\$2,100,000	\$0	\$2,100,000
Anticipated Un-Disbursed income from Prior Operating Year	\$0	\$0	\$0
Other	\$129,506	\$0	\$129,506
Interest & Dividends (Non-Federal)	\$6,500	\$0	\$6,500
Third Party In-Kind Contributions (Declared Value)	\$0	\$0	\$0
TOTAL REVENUE	\$6,904,009	\$0	\$6,904,009
EXPENSES			
Personnel	\$1,671,500	\$0	\$1,671,500
Fringe Benefits	\$450,021	\$0	\$450,021
Travel	\$200,000	\$0	\$200,000
Equipment	\$85,000	\$0	\$85,000
Supplies	\$75,000	\$0	\$75,000
Contractual Total		\$0	
Professional Services	\$30,000	\$0	\$30,000
Fees Paid to 3 rd Party Providers	\$2,604,380	\$0	\$2,604,380
Other		\$0	
Training	\$75,000	\$0	\$75,000
Rent & Utilities	\$0	\$0	\$0
Marketing & Bus. Develop.	\$0	\$0	\$0
Office Expense	\$0	\$0	\$0
Other Admin. & Operating/Other Expenses	\$864,486	\$0	\$864,486
Total Direct Charges	\$6,055,387	\$0	\$6,055,387
Indirect Costs	\$848,622	\$0	\$848,622
TOTAL EXPENSES	\$6,904,009	\$0	\$6,904,009
REVENUE – EXPENSES (if greater than \$0 then considered Excess Revenue)	\$0	\$0	\$0

2007-08 QUICK FACTS ABOUT SOUTH CAROLINA HIGHER EDUCATION

Financial				
Institution	2007-08 Appropriation	FY07-08 MRR Calculation of Need	Base as % of MRR (Parity)	In-State Undergraduate Tuition AY 2007-08
Clemson	\$112,858,871	\$146,698,015	76.93%	\$9,870
USC-Columbia	\$183,772,439	\$263,212,603	69.82%	\$8,346
MUSC	\$97,223,490	\$185,363,102	52.45%	\$10,790
Citadel	\$16,287,740	\$16,304,413	99.90%	\$7,735
Coastal Carolina	\$16,808,315	\$28,704,770	58.56%	\$7,600
Coll. of Charleston	\$34,594,904	\$40,928,871	84.52%	\$7,778
Francis Marion	\$19,397,460	\$19,864,430	97.65%	\$7,038
Lander	\$10,937,937	\$14,773,294	74.04%	\$7,728
SC State	\$24,386,739	\$28,672,162	85.05%	\$7,318
USC-Aiken	\$11,196,080	\$17,129,317	65.36%	\$7,006
USC-Beaufort	\$2,875,328	\$5,370,219	53.54%	\$6,250
USC-Upstate	\$14,558,165	\$23,426,305	62.14%	\$7,760
Winthrop	\$23,480,584	\$34,434,534	68.19%	\$10,210
USC-Lancaster	\$2,770,893	\$5,018,745	55.21%	\$4,868
USC-Salkehatchie	\$2,375,512	\$3,138,191	75.70%	\$4,868
USC-Sumter	\$4,408,690	\$4,620,359	95.42%	\$4,868
USC-Union	\$1,070,888	\$1,507,702	71.01%	\$4,868
Technical Colleges	\$162,442,569	\$312,770,694	51.94%	\$3,048
Sub-Total	\$741,446,404	\$1,151,937,726	64.37%	
AHEC	\$16,509,835	\$32,861,163	50.24%	
Independents				\$17,079
Total	\$757,956,239	\$1,184,798,889	63.97%	

Graduates AY 2005-06	
	# Awarded
Certificate	5,310
Diploma	1,456
Associate	7,452
Baccalaureate	19,932
Masters	5,228
Professional	866
Specialist	122
Doctoral	453
Total	40,819
Avg. Annual Earning Potential of Graduates	
\$645,093,176	

R & D Expenditures FY 2004-05	
Federal	\$ 226 Million
Industrial	\$ 22 Million
Other	\$ 238 Million
Total	\$486 Million
Estimated Jobs Created (36.5 jobs per Million)	
17,754	

Scholarships / Grants Appropriated FY2006-07				
	# of Awards	Appropriated	Freshmen Retention	FY2007-08 Appropriated
Palmetto Fellows	4,401	\$29,830,758	89.0%	\$40,915,490
LIFE	29,231	\$141,333,829	47.9%	\$147,727,542
HOPE	2,613	\$7,144,909	19.3% *	\$7,767,606
NBG	27,186	\$23,246,093		\$23,631,566
LTAP	40,708	\$47,600,000		\$47,000,000
Totals	104,139	\$249,155,589		\$267,042,204

* HOPE recipients eligible for LIFE in Year 2

Weighted Average Full-Time Faculty Salaries ¹ Public Institutions, SREB States, 2005-06 (Table 110)								
	Professor	Associate	Assistant	Instructor	Instructor	Undesignated / Other	All Ranks	SREB Rank
All Four-Year	\$89,836	\$65,659	\$55,453	\$39,048	\$38,048	\$44,339	\$65,966	
² South Carolina	85,581	64,355	54,880	40,363	40,363	42,975	64,921	8th of 16
All Two Year	59,897	50,682	44,787	40,534	40,534	43,629	46,732	
³ South Carolina	62,641	52,350	43,844	38,632	38,632	43,310	43,839	10th of 16

¹For faculty on 11/12 month contracts, a factor of 9/11 was used to convert to the nine month equivalent.

²Excludes MUSC and USC-Beaufort

³Includes USC-Beaufort

Demographics							
Institution	Headcount Enrollment Fall 2006	% In-state	Under-graduate	Full-Time	Minority	Female	First-time Full-time Freshmen Retention
Clemson	17,309	65.5%	81.9%	87.5%	9.6%	46.2%	88.7%
USC-Columbia	27,390	73.6%	68.1%	79.1%	17.7%	58.0%	85.8%
MUSC	2,498	77.7%	11.5%	89.4%	15.8%	66.1%	N/A
Citadel	3,306	60.3%	67.7%	69.9%	16.0%	25.3%	81.7%
Coastal Carolina	8,049	59.6%	82.7%	76.2%	17.2%	58.2%	67.4%
Coll. of Charleston	11,218	62.9%	87.5%	82.7%	10.5%	66.0%	80.4%
Francis Marion	4,075	94.8%	86.2%	76.6%	43.1%	69.2%	67.4%
Lander	2,682	95.2%	98.5%	87.6%	26.3%	65.8%	62.2%
SC State	4,384	83.6%	87.6%	85.7%	96.6%	58.4%	64.5%
USC-Aiken	3,380	89.9%	95.9%	70.6%	29.1%	67.8%	66.5%
USC-Beaufort	1,386	79.6%	100.0%	56.3%	24.1%	59.5%	48.2%
USC-Upstate	4,608	94.0%	99.3%	82.6%	30.5%	66.3%	65.5%
Winthrop	6,292	84.6%	81.2%	78.4%	28.9%	69.5%	74.5%
USC-Lancaster	1,195	98.3%	100.0%	51.8%	30.3%	65.4%	64.5%
USC-Salkehatchie	883	99.0%	100.0%	46.5%	40.3%	69.4%	58.1%
USC-Sumter	1,088	98.7%	100.0%	52.8%	36.1%	61.9%	56.5%
USC-Union	363	100.0%	100.0%	48.2%	27.0%	66.4%	58.7%
Technical Colleges	76,309	96.1%	100.0%	45.6%	35.8%	64.4%	53.6%
Sub-Total	176,415	83.9%	88.4%	64.9%	28.2%	61.0%	67.6%
Independents	37,948	69.7%	86.5%	83.8%	36.5%	60.8%	68.6%
Total	214,363	81.4%	88.1%	68.2%	29.7%	60.9%	66.9%

Capital / Maintenance / Deferred Maintenance		
FY2008-09 Capital Bond Requests	\$787 million	69 projects
Annual Maintenance Need	\$136 million	918 buildings
2007 Deferred Maintenance	\$797 million	918 buildings

CIB Top 5 - FY2008-09		
Institution	Project Name	CIB Funds Requested
MUSC	College of Dental Med Construction	\$20,200,000
USC Columbia	School of Law New Construction	\$20,000,000
College of Charleston	Exp. & Ren. of Science Facilities	\$53,499,001
Midlands TC	Northeast Classrm/Engr Bldg.	\$20,000,000
MUSC	College of Pharmacy Bldg. Construction	\$33,000,000

Number of Institutions	
Research Universities	3
Comprehensive 4-Yr	10
2-Yr USC Regional	4
Technical Colleges	16
Private 4-Yr	23
Private 2-Yr	3
Private Professional	2
Out-of-State Degree-Granting	19
Total	80

*Law & Chiropractic



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CHE LEGISLATIVE PRIORITIES - FY 2008-09 FUNDING REQUESTS

PRIORITIES FOR HIGHER EDUCATION FUNDING

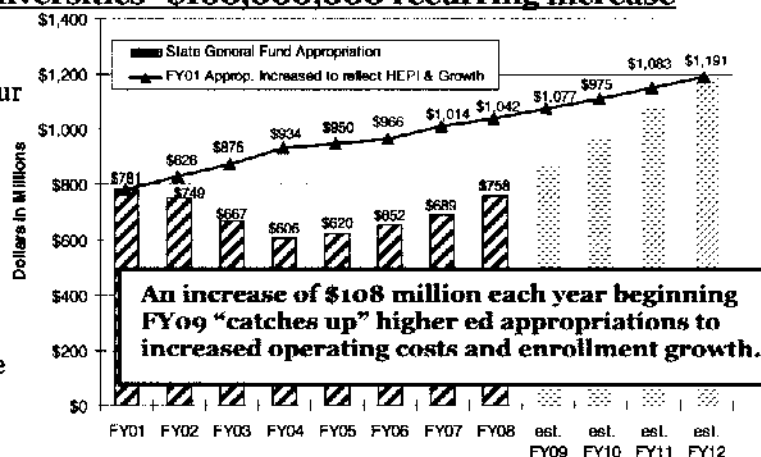
Investing in Quality Outcomes for Public Colleges & Universities

Enhancing College Access through Student Support

Improving Effectiveness through Collaboration

Core Operating Needs for Public Colleges & Universities—\$108,000,000 recurring increase

Higher Education plays an increasingly critical role as SC competes in the new knowledge-based economy. It is clear we must enroll and graduate greater numbers to improve our competitiveness. Doing so requires accessible, affordable and accountable public higher education institutions. To maximize our ability to compete effectively, SC must move its overall investment in higher education to a level that allows our institutions to meet the increasing statewide demand for greater levels of intellectual capital. Adequate funding of core operating costs not only enhances the effectiveness and quality with which our colleges and universities deliver on these demands but also mitigates the need for increased tuition and fees.



SC's Student Financial Aid Programs

Need-based Grants – \$12,000,000 increase to bring total funding to \$35,631,566

CHE's highest priority is to ensure availability of resources for SC college students for whom college is least affordable. With increasing costs, it is becoming more difficult for these students to attend college. Of the available state student financial aid, need-based grants represent just 8%.

Lottery Tuition Assistance – \$11,000,000 in increased lottery funds to bring total to \$58,000,000

National Guard Tuition Assistance – \$3,000,000 in lottery and nonrecurring funds continued

Last year the General Assembly approved a new tuition assistance program for the SC National Guard members to replace the existing loan repayment program. Continuation of the \$1,300,000 in supplemental funds and \$1,700,000 in lottery funds received for this program is needed to maintain full program support in FY 2008-09.

Merit-based Student Aid Programs –

CHE requests continued support in general and lottery funds for merit-based undergraduate programs with increased support for program growth. Current total FY 2007-08 appropriations for these programs include:

\$40,915,490 for Palmetto Fellows, \$147,727,542 for LIFE, and \$7,767,606 for HOPE

Collaborative Statewide Higher Education Programs

Higher Education Electronic Library– \$2,500,000 recurring

CHE's highest priority among collaborative programs is to establish the PASCAL Statewide Higher Education Library in recurring funds. This program, now in its fourth year, is transforming the availability of resources across our state's 58 public and private higher education libraries. The request continues \$2,000,000 as received in the current year and each of the past three years and provides a \$500,000 increase to meet rising costs and to expand resources.

SC LightRail –\$4,500,000 continued in nonrecurring funds to Clemson, USC, and MUSC

EPSCoR (Experimental Program to Stimulate Competitive Research) – \$982,464 recurring increase

University Center of Greenville Operating – \$1,281,301 recurring increase

Greenville Tech Debt Service for Univ. Center of Greenville – \$635,919 recurring increase

SC Manufacturing Extension Partnership –\$1,200,000 nonrecurring continued as recurring

Higher Education Lottery-Funded Programs – CHE requests continued support of higher education programs funded through the SC Education Lottery. In FY 2007-08, these programs totaled \$216,585,473 including:

\$167,385,473 for Student Scholarship, Grant and Loan Programs including: Palmetto Fellows, LIFE, HOPE, Lottery Tuition Assistance, Need-based Grants, Tuition Grants, and National Guard Tuition Assistance/formerly Loan Repayment. (See above for requested FY 2008-09 increases.)

\$30,000,000 for Centers for Economic Excellence

\$12,000,000 for Higher Education Technology for Public 2- and 4-year colleges and universities

\$2,500,000 for SC State University

\$4,700,000 for Higher Education Excellence Enhancement