

PROCEDURE NUMBER: FINA 2.80 Procedure

SECTION: Administration and Finance

SUBJECT: Capital Planning

DATE: April 1, 2026

REVISION:

Procedure for: All Campuses

Authorized by: Mandy Kibler

Issued by: Administration and Finance – Controller’s Office

Procedure

The University Administration and Finance Division, Controller’s Office, will ensure compliance with University Policy FINA 2.80. This procedure is applicable to the University System. The purpose of this procedure is to supplement the associated policy by providing additional resources, detail, and guidance on capital planning.

Note: While the Controller’s Office owns FINA 2.80 and manages certain parts of the capital planning process, such as bond issuance, the Controller’s Office does not establish the strategic priorities of the University or evaluate capital planning requests.

A. Capital Operations Planning Subcommittee

COPS meets at least quarterly and is made up of the following members:

- University Architect and AVP of Planning, Design and Construction – Derek Gruner*
- Senior AVP for Administration and Finance and University Treasurer – Joe Sobieralski*
- AVP for Administration and Finance and University Controller – Mandy Kibler*
- AVP for Business Operations, Student Affairs and Academic Support – Ben Galloway
- AVP of Facility Services – Jason Lambert
- Space Management Manager – Rick Jerald
- Vice Provost for Academic Administration – Shannon Means

** These individuals will rotate/split the duties of Chair.*

The following individuals serve a secondary, or dotted-line, relationship with COPS to contribute as needed and attend a minimum of two meetings a year:

- Executive Associated Athletics Director for Administration – Chris Rogers
- Directors of Facilities Planning, Design, and Construction – Suzanne Dunn and Eduardo Lucero
- Director of Parking & Transportation Services – Brian Favela

Two meetings will be held annually to collaborate with the system campuses, with the following individuals serving as the primary contacts to determine the appropriate attendees for each meeting. The meetings will be scheduled with consideration for the annual budget cycle.

- Vice President of System Affairs and Community Engagement – Julian Williams
- Chancellor, Palmetto College – Craig Wilson

COPS meetings will be coordinated with the meetings of the Board of Trustees and other regulatory state agencies to ensure projects are considered within an efficient timeframe. COPS will regularly communicate with and make recommendations to executive leadership, known formally as the Capital Planning Committee (CPC), including, but not limited to the following individuals:

- Executive Vice President for Administration and Chief Financial Officer – Ed Walton
- Executive Vice President for Academic Affairs and Provost – Mary Anne Fitzpatrick
- Vice President for Student Affairs and Academic Support – J. Rex Tolliver
- Vice President of Research – Julius Fridriksson
- Director of Athletics – Jeremiah Donati

Space Needs and Planning Committee

The Space Needs and Planning Committee (SNAP) is interrelated to COPS, serving a more tactical function. For the Columbia campus, University units that have space needs will submit those requests to SNAP for evaluation through the [USC Space Request Form](#). SNAP reviews requests, identifies possible solutions, and makes recommendations to the appropriate parties to make decisions on whether to grant the request. For all other campuses, space needs will be determined by established processes within each respective campus, with support from the University System Office as requested.

B. Unit-Level Capital Project Requests

Units/departments submit requests for projects by completing the [Departmental Project Application](#). Facilities Management Control reviews the requests to determine if the proposed work will require the creation of a project or if it is more appropriate as a general service request

(e.g., general maintenance). The unit/department is also responsible for demonstrating it has an identifiable source of funds for the project. A feasibility study may be required, at the expense of the unit/department, if applicable. The requests are evaluated within the context of the University’s Five-Year Capital Improvement Plan and added as applicable and appropriate.

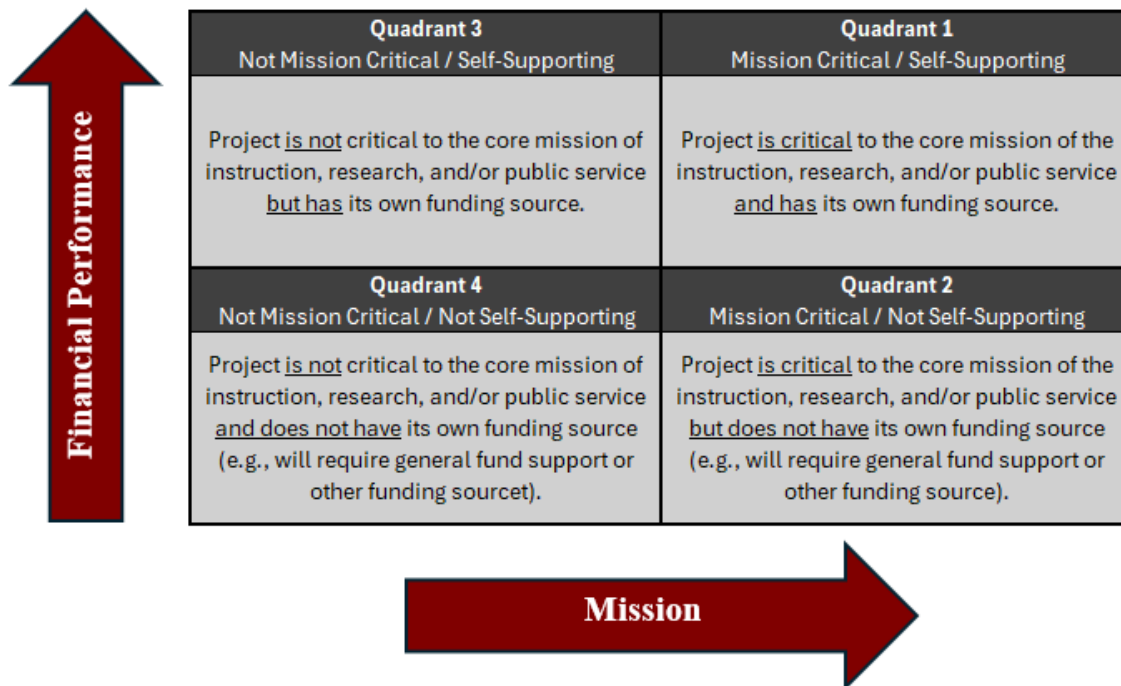
C. University Capital Projects

Guidelines for Setting Priorities

In order to develop recommendations for consideration by the President and Board of Trustees, COPS and senior management consider the following priorities in evaluating capital project requests or related issues:

1. How does the project align with the priorities and intentions of the Board-approved Campus Master Plan?
2. Are appropriate funding sources in place, or identified, to complete the project?
3. Does the project further the long-term interests and mission of the University?

The Project Prioritization Matrix below depicts an approach to approving and establishing priorities for capital projects:



Threshold for Board of Trustees Approval

The prevailing threshold for capital projects requiring Board of Trustees approval is \$650,000.

Capital Finance Funding

The University's current outstanding debt falls within the following categories. Refer to Note 9 of the Annual Comprehensive Financial Report for more information.

- State Institution Bonds
- Higher Education Revenue Bonds and Special Higher Education Revenue Bonds
- Athletic Facilities Revenue Bonds

The Controller's Office completes cash flow analyses to validate the appropriateness of capital finance funding for all projects. Each individual project must demonstrate positive annual future cash flows for the length of the bond.

D. Parties Involved in Capital Planning

The following graphic summarizes the University's Capital Financial Team, which includes both internal and external parties:



E. Credit Ratings

Annually, the University completes a comprehensive review with both Moody's Investors Services and Fitch Ratings. See ratings within the latest [Annual Bond Indebtedness Report](#). Higher ratings imply lower risk, which in turn translate into more favorable borrowing terms (e.g., lower interest rates, less restrictive contract features). In addition to institution-specific determinants, rating agencies also apply adjustments based on overall industry conditions and trends impacting the higher education sector.

Below are some of the determinants assessed by rating agencies:

- State Support: The level and consistency/reliability of support provided by the State in the form of appropriations and other resources.
- Financial Statement Analysis: The financial condition of the University as evidenced by [various ratios](#), examples of which are detailed below.
 - Primary Reserve Ratio
 - Net Income Ratio
 - Viability Ratio
- Management Analysis: The respective rating agency's assessment of the Board of Trustees and senior level administration with respect to ability to appropriately guide and administer the University.
- Market Position: The market position of the University as evidenced by enrollment trends and including historical application and enrollment levels, selectivity, matriculation, and student quality measures.
- Financial Resource Base: The University's accumulated wealth and liquidity to support academic programs, capital projects, research, and other priorities.

F. Bond Covenants

As a financial bond covenant, the University is required to maintain certain debt service coverage ratios (Net Revenues / Total Debt Service) while bonds are outstanding, as detailed below. This is an indication of the institution's ability to repay annual principal and interest relative to operating expenses.

- Higher Education Revenue Bonds: 1.00
- Athletics Facilities Revenue Bonds: 1.10

The University's coverage ratios are reported each year on the Annual Bond Indebtedness Report and Annual Comprehensive Financial Report, as well as annually through continuing disclosures to Electronic Municipal Market Access (EMMA).

G. Presentation of Composite Financial Index (CFI)

The annual presentation to the Board of Trustees includes the CFI (Target: 3 or greater), which is derived from the four ratios below and shows the relative health of the University:

- Primary Reserve Ratio (Target: 0.40 or greater): Helps discern if the resources of the institution are sufficient and flexible enough to support the mission.
- Viability Ratio (Target: 1.0 or greater): Analyzes whether the financial resources of the institution, including debt, are managed strategically to advance the mission.
- Return on Net Position Ratio (Target: between 6% and 7%): Analyzes whether asset performance and management support the institution's strategic direction.
- Net Operating Revenues Ratio (Target: between 2% and 4%): Helps evaluate whether the institution is operating within its available resources.

History of Revisions:

DATE OF REVISION	REASON FOR REVISION
April 1, 2026	New Procedure