

ADMINISTRATIVE DIVISION	FINA Administration and Finance
POLICY NUMBER	FINA 2.80 (formerly FINA 7.00)
POLICY TITLE	Capital Planning
SCOPE OF POLICY	USC System
DATE OF REVISION	April 27, 2026
RESPONSIBLE OFFICER	Executive Vice President for Finance and Chief Financial Officer
ADMINISTRATIVE OFFICE	University Finance – Controller’s Office

PURPOSE

The purpose of this policy is to outline the general process for determining priorities and allocating resources to capital projects across the University System.

DEFINITIONS AND ACRONYMS

Bond: A form of long-term debt that represents a loan made by an investor to a governmental entity. They are fixed-income debt instruments with a maturity date, meaning the entity promises to repay the principal amount plus interest over a set period. See the University’s annual Bond Indebtedness Report for additional context and definitions.

Capital Project: A long-term, capital-intensive investment to build or improve a capital asset, including acquisitions, construction, infrastructure upgrades, renovations, and major maintenance. These projects involve significant resources and expenditure, distinguishing them from typical operational expenses. See SC Code of Law Section 2-47-50 for additional definitions.

Composite Financial Index: A weighted score used primarily in higher education to assess an institution's overall financial health by combining four core metrics: primary reserve, viability, return on net position, and net operating revenues ratios.

Debt Service Coverage Ratio: A measure of an entity’s ability to cover its debt service requirements with operating revenues.

Refunding: The process of issuing new bonds to retire outstanding bonds, primarily to reduce interest costs, eliminate restrictive covenants, or take advantage of lower interest rates.

POLICY STATEMENT

To fulfill its mission, the University, through its Board of Trustees, makes ongoing strategic capital investments in academic, student life, athletic, housing, parking, and other facilities. Capital projects use an appropriate mix of funding sources, including bonds, appropriations, reserves, and donations.

Capital assets are an integral component of the University and its financial statements and must be developed and preserved accordingly. Further, debt is a valuable source of capital project financing, and the amount of debt incurred affects the financial health of the University, as reflected in its credit rating. All capital planning activities must coincide with the other strategic priorities of the University.

A. Capital Operations Planning Subcommittee (COPS)

COPS serves in a strategic, advisory capacity by reviewing, evaluating, and proposing plans to meet the needs of the University and the priorities established by senior administration, who then advises the President, Board of Trustees, Chief Financial Officer, and other members of executive leadership on capital matters. COPS is charged with being knowledgeable of the space and facilities requirements of units and campuses throughout the University System, including current projects, future needs, and how the quality and availability of space impacts all aspects of the University's mission. COPS will coordinate with University leadership as needed and engage regularly with all campuses to ensure they have the knowledge to represent their best interests. All capital requests will be considered within the University's capital planning budget cycle.

B. Capital Planning Budget Cycle

The capital priorities of senior administration, the recommendations of COPS, and unit-level requests are used to develop the annual Five-Year Capital Improvement Plan, which is reviewed and updated continuously and presented to the Board of Trustees annually. Projects are assigned to a fiscal year within the plan according to when construction is anticipated to begin.

This plan is developed within the context of a strategic, long-range timeframe, but focuses primarily on the upcoming five years. This plan also serves as the basis for the preparation of the State's Comprehensive Permanent Improvement Plan (CPIP), which is required for all state agencies and due to the Executive Budget Office by the established due date. In the CPIP, projects exceeding \$1 million are shown in the year the State's approval is likely to be requested.

Capital Request Submission and Approval Process

University units submit capital project proposals in accordance with established processes. Any project exceeding the University's established threshold requires Board of Trustees approval, while projects less than the threshold can be implemented at the discretion of the unit working through the Facilities Planning, Design and Construction Department. In accordance with SC Code of Law Section 2-47-52, certain projects also require review and approval from the Joint Board Review Committee and State Fiscal Accountability Authority, including projects exceeding \$10 million for the Columbia campus and \$2.5 million for all other system campuses. However, acquisitions of land, buildings or other structures, and capital lease purchases of facility acquisitions or construction are subject to State approval regardless of cost.

C. Debt Managing and Financing

The objective of managing the University's debt structure is to minimize its cost of capital over time within a tolerable range of risk. This is achieved by carefully managing cash flows, evaluating all sources of debt, timing capital needs over a long-range timeframe to avoid an excessive debt load at any given time, and strategically refunding outstanding issuances. Senior management regularly evaluates all debt to ensure the University is continuing to meet its strategic objectives and respond to changes in the market.

Issuance

Per SC Code of Law 59-117-320, only the Board of Trustees is authorized to secure bonds on behalf of the University. The Chief Financial Officer and Associate Vice President for Administration and Finance & University Controller serve as appointed designees. All bonds require final review and approval from the Board of Trustees, the Joint Bond Review Committee, and the State Fiscal Accountability Authority prior to issuance in coordination with the State Treasurer's Office.

Refunding

The Chief Financial Officer and Associate Vice President for Administration and Finance & University Controller analyzes and reviews the debt portfolio, financial markets, and interest rates for refunding opportunities in coordination with its external financial partners. This comprehensive annual review of the University's current bond portfolio includes analyzing current and future debt service and future bond maturities as well as opportunities for refunding all bond types. This review helps identify and maximize future opportunities for savings.

Reporting and Disclosure

The University provides the information necessary to comply with SEC Rule 15c2-12 and continuing disclosures to investors. The Associate Vice President for Finance & University Controller prepares and remits financial reports, statistical data, and disclosure of material events as required by outstanding bond indentures.

In addition, a report to the Board of Trustees will be provided for presentation and discussion at least annually to include an update on debt capacity, financial health ratios, including the debt service coverage ratio and Composite Financial Index, and a listing of projects under consideration. Any substantive revisions to this policy will also be provided to the Board of Trustees accordingly.

PROCEDURES

The accompanying procedure provides additional details on the administration and management of this policy and references to training and resources. The procedure can be found here: https://sc.edu/about/offices_and_divisions/controller/toolbox/policies_and_procedures/index.php

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

South Carolina Constitution, Article X – Finance, Taxation, and Bonded Debt

SC Code of Law Title 59, Chapter 107 – State Institution Bonds

SC Code of Law Title 59, Chapter 117, Article 3 – USC, Auxiliary Facilities Revenue Bonds

SC Code of Law Title 59, Chapter 147, Higher Education Revenue Bond Act

[FINA 5.50 – Tax Exempt Bonds](#)

[FCMN 1.06 – Establishment of Permanent Improvement Projects](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
April 20, 2007	Policy creation
March 10, 2017	Policy revision due to departmental reorganization and name changes, changes in responsible parties and committees and committee member processes, and to comply/include regulatory changes
April 27, 2026	Renumbering (formerly FINA 7.00), formatting, and language/context updates