

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15



Fiscal Year FY 2025-2026

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting funding for Capital Projects.
	<input type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2025-2026, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Dawn Willan	(843) 953-6367	willande@cofc.edu
SECONDARY CONTACT:	John Loonan	(843) 953-1634	loonanjf@cofc.edu

I have reviewed and approved the enclosed FY 2025-2026 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:	Andrew Hsu	Renee Romberger

This form must be signed by the agency head – not a delegate.

Agency Name:	University Of Charleston
Agency Code:	H150
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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Tuition Mitigation	4,900,000	0	0	0	4,900,000	0.00	0.00	0.00	0.00	0.00
2	C - Capital	Robert Scott Small Building Renovation	32,600,000	0	0	0	32,600,000	0.00	0.00	0.00	0.00	0.00
3	C - Capital	Maybank Hall Renovation	20,500,000	0	0	0	20,500,000	0.00	0.00	0.00	0.00	0.00
4	C - Capital	Thaddeus Street Education Center Renovation	23,000,000	0	0	0	23,000,000	0.00	0.00	0.00	0.00	0.00
TOTALS			81,000,000	0	0	0	81,000,000	0.00	0.00	0.00	0.00	0.00

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Tuition Mitigation
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$4,900,000 Federal: \$0 Other: \$0 Total: \$4,900,000
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What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>Additional appropriation funds would support all of the strategies included in the Accountability Report. Use of these funds would be applied to our overall Education and General Fund (E&G) and would alleviate the near-term potential of increasing in-state student tuition rates that would be necessary to keep pace with the ever increasing cost of operations, both personnel and non-personnel. The College needs to continuously invest in new programs and new markets to ensure that the enrollment projections of the college remain strong, and that we are attracting the best students, faculty, and staff. The college campus is in the heart of Charleston and has extreme pressure on the maintenance and upkeep of facilities and classrooms. The cost of operations consumes resources due to the age of the buildings and limitations on our ability to replace historical structures. Successful use of these additional dollars is indicated by stable tuition for the near term, improved campus operations, and steady enrollment consisting of higher quality students, and finally, new and innovative programs of study that cultivate the future workforce of South Carolina.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

These funds support the more than 11,000 students educated by the College of Charleston. The increase in appropriation, as mentioned above, would reside in our overall E&G fund where it is operationalized in all aspects of campus personnel and non-personnel operations. In other words, our business operations include a labor-intensive educational operation as well as a facilities maintenance operation. For our maintenance environment we use the services of contractors and suppliers in addition to in-house staff.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

The Cost of Living in Charleston, South Carolina

Charleston, South Carolina, is renowned for its rich history, coastal beauty, and vibrant cultural scene, making it an attractive place for both residents and visitors. However, this attractiveness comes at a significant financial cost. When it comes to running an institution like the College of Charleston, located in the heart of the city, the economic landscape poses challenges that set it apart from other colleges and universities in South Carolina. Understanding the nuances of these challenges, particularly the cost of living in Charleston, provides crucial insights into why operating expenses are notably higher in this region compared to other parts of the state.

This narrative examines key factors that make Charleston more expensive than other areas in South Carolina, particularly in relation to housing, labor, transportation, and other operational expenses. By analyzing these variables, it becomes evident why the College of Charleston faces greater financial pressures compared to its peer institutions across the state.

Housing Costs: The Primary Driver of Expense

One of the most significant contributors to the high cost of living in Charleston is housing. According to the U.S. Census Bureau and Zillow, the median home price in Charleston County is approximately \$555,000 as of 2024, compared to a statewide median of around \$310,000. This represents an 80% premium on housing costs in Charleston compared to other parts of South Carolina. Rent prices follow a similar trend. The average monthly rent for a two-bedroom apartment in Charleston is around \$1,800, while in other regions, such as Columbia or Greenville, it can be as low as \$1,200–\$1,300.

For employees at the College of Charleston, including faculty and staff, this disparity in housing costs significantly affects their cost of living. To attract and retain top talent, the college must offer competitive salaries, particularly given the high housing prices. The higher wages paid in Charleston are largely reflective of this housing premium, pushing up the institution's operational costs relative to other colleges located in less expensive areas of the state.

Additionally, the College of Charleston is situated in an urban setting where real estate is at a premium. Expansion efforts or capital projects are constrained by limited available land and soaring property values. The cost of acquiring new land or renovating existing structures in downtown Charleston is vastly higher than it would be in a more rural setting or smaller city. This limits the college's ability to expand its infrastructure at competitive costs, placing further financial strain on its budget.

Labor Market Pressures: Higher Wages and Salaries

Alongside housing costs, wages in Charleston are notably higher than the state average. This is partly due to the city's thriving tourism industry and its status as a desirable place to live, driving up demand for services, and labor across industries. According to the U.S. Bureau of Labor Statistics (BLS), the average annual wage in Charleston is approximately 15% higher than the statewide average, largely driven by service, healthcare, and professional industries that flourish in the region. While the state's overall median household income is around \$62,000, Charleston's median household income exceeds \$75,000, creating upward wage pressure for all sectors, including higher education.

The College of Charleston, as an urban institution, must compete with private sector employers for talent. This competition drives the need for higher wages for public safety officers, administrative staff, and faculty. Moreover, the college faces wage pressures not just from local employers but also from national universities offering remote opportunities. In the case of public safety, for example, the college has had to increase salaries to remain competitive in the local labor market, a challenge that rural colleges or universities in less

JUSTIFICATION OF REQUEST

competitive areas do not face to the same extent.

Transportation and Logistics: Charleston's Infrastructure Costs

Charleston's coastal geography adds another layer of complexity and expense. The city is located on a peninsula, surrounded by water, which increases logistical and transportation costs. This can be seen in the form of higher shipping costs for goods and services, as transportation to and from the region requires more infrastructure, particularly for large-scale projects.

For the College of Charleston, the cost of maintaining facilities is higher due to these logistical challenges. When acquiring materials for maintaining the existing infrastructure, the geographic constraints lead to higher transportation costs. Additionally, the proximity to the coast exposes the college to increased vulnerability to hurricanes and flooding, which necessitates higher insurance premiums and frequent investments in flood mitigation infrastructure. These unique factors drive up the college's operational costs relative to inland institutions, where transportation and infrastructure challenges are less pronounced.

Utilities and Environmental Costs

The Charleston area is also subject to higher utility costs, particularly in energy and water services. According to data from the U.S. Energy Information Administration (EIA), electricity prices in South Carolina are relatively high compared to national averages, and Charleston, due to its urban density and coastal location, experiences higher utility costs than many inland areas.

Additionally, environmental regulations related to coastal preservation, flood prevention, and historic building maintenance add layers of cost that other colleges in the state may not encounter. For example, the historic nature of many of the college's buildings means that maintenance and renovations often come with strict regulatory requirements, including the use of specific materials or architectural styles that preserve the historical integrity of the city. This preservation comes at a premium cost.

Insurance, Risk Management, and Emergency Preparedness

Operating in a coastal city, the College of Charleston faces increased risks related to natural disasters such as hurricanes, flooding, and coastal erosion. According to the National Oceanic and Atmospheric Administration (NOAA), Charleston is one of the most vulnerable cities on the East Coast to sea-level rise and storm surges, making insurance and disaster preparedness critical but costly investments for institutions in the area. Insurance premiums in coastal regions, including Charleston, are significantly higher due to heightened risk of property damage from hurricanes and flooding. For the College of Charleston, these costs manifest in higher property insurance premiums, increased investment in emergency preparedness, and ongoing maintenance of buildings to withstand severe weather events. Inland colleges, located in less vulnerable areas, do not have to account for these additional costs to the same extent.

Student Expenses and Economic Impact

Students at the College of Charleston also face a higher cost of living compared to their peers at other South Carolina institutions. The cost of housing, food, and transportation in Charleston exceeds that of cities like Spartanburg or Orangeburg, where state universities such as USC Upstate or South Carolina State University are located. Students in Charleston spend more on rent, utilities, and other essentials, which can lead to increased financial strain on the student body.

The higher cost of living also has indirect effects on the college's financial planning. To remain competitive in attracting out-of-state students, who often pay higher tuition fees, the College of Charleston must consider the cost-of-living differential when setting its tuition rates and financial aid packages. The institution must balance the need to generate revenue from out-of-state students with the affordability challenges faced by both in-state and out-of-state students.

The Financial Implications for the College of Charleston

In conclusion, the higher cost of living in Charleston compared to other areas in South Carolina is a driving factor behind the increased operational costs of running the College of Charleston. From elevated housing and labor costs to the geographical and environmental challenges posed by the city's coastal location, the college faces unique financial pressures that other institutions in the state do not. Understanding these differences is crucial for stakeholders, including policymakers and the public, as they consider the financial needs of the college and the role it plays in the broader South Carolina higher education landscape.

The college's ability to maintain its competitive edge, attract top talent, and provide a high-quality education is inherently tied to addressing the financial

challenges imposed by its location. These unique circumstances underscore the importance of adequate state funding, strategic planning, and innovative solutions to manage the higher costs associated with operating in Charleston.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Robert Scott Small Building Renovation
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Provide a brief, descriptive title for this request.

AMOUNT	\$32,600,000
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How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	Priority 1 of 5 in 2026
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Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	No approvals have been obtained yet.
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY	No funds have been invested to date. The annual operating cost savings is estimated to be \$34,600.
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

DESCRIPTION	<p>The Robert Scott Small Building (RSS) is a 75,146gsf three-level academic building constructed in 1970 in the heart of campus as the College's first new library since 1856. Two flanker wings were added in 1973. The last major renovation was in 1991. In 2004, the library moved to its new location (Addlestone Library). RSS was to serve as swing space to accommodate other building renovations on campus. Space reconfigurations were minimal to serve a temporary purpose, but all offices that moved to the building after 2004 remain. The building currently houses 14 classrooms, faculty and administrative offices, and student support services through a series of piecemeal renovations. This project will include MEP repairs/replacements, ADA compliant restroom upgrades, interior finish upgrades and space conversions for academic use.</p> <p>The most recent CHE Building Condition Survey (2020) rated this building with a CHEMIS Condition Code of 43 out of a possible 100 points. Stucco cracks and exterior repainting were completed last year, but the original 50-53-year-old windows require replacement.</p>
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SUMMARY

HVAC deficiencies still compromise indoor air quality. Most MEP infrastructure is over 50 years old, past recommended life cycles. A system failure could result in a partial or complete shutdown of spaces. RSS is heavily used to teach core curriculum classes and host student/parent orientation activities. It is a "first impression" building when entering campus. The current floorplan is a labyrinth of office suites cobbled from former library stack space. The vacant 3,600sf third floor open area cannot be fully utilized until the HVAC system is replaced.

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Maybank Hall Renovation
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Provide a brief, descriptive title for this request.

AMOUNT	\$20,500,000
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How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	Priority 2 of 5 in 2027
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Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	No approvals have been obtained yet.
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY	No funds have been invested to date. The annual operating cost savings is estimated to be \$23,200.
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

LONG-TERM PLANNING AND SUSTAINABILITY	<p>Maybank Hall is a 47,905 gsf three-level academic building constructed in 1973 in the heart of campus. The last major renovation was in 2007, but consisted only of electrical upgrades, ceiling replacements, door replacements, fire alarm upgrades and limited HVAC work. The facility contains 34 faculty/staff offices and 37 classrooms serving about 5,500 students per weekday. This project entails an exterior renovation to correct envelope deficiencies and an interior renovation to replace MEP systems, add fire sprinklers, upgrade elevators, upgrade restrooms for ADA compliance, refresh/replace interior finishes and upgrade/replace classroom technology and furnishings.</p> <p>The most recent CHE Building Condition Survey (2020) rated this building with a CHEMIS Condition Code of 57 out of a possible 100 points. Roof, parapet, and window leaks are disrupting classroom instruction. Stucco cracks and exterior repainting (cited last year) are in progress, but HVAC deficiencies still compromise indoor air quality. The building is heavily used to teach core curriculum classes and host student/parent orientation</p>
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activities. It is a "first impression" building when entering our campus. The College prefers to address the deferred maintenance issues before they worsen. Allowing the moisture issues to continue will further compromise indoor air quality and possibly lead to structural damage.

SUMMARY

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM C – CAPITAL REQUEST

AGENCY PRIORITY	4
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Thaddeus Street Education Center Renovation
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Provide a brief, descriptive title for this request.

AMOUNT	\$23,000,000
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How much is requested for this project in FY FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.

CPIP PRIORITY	Priority 3 of 5 in 2027
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Identify the project's CPIP plan year and priority number, along with the first year in which the project was included in the agency's CPIP. If not included in the agency's CPIP, please provide an explanation. If the project involves a request for appropriated state funding, briefly describe the agency's contingency plan in the event that state funding is not made available in the amount requested.

OTHER APPROVALS	No approvals have been obtained yet.
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)

LONG-TERM PLANNING AND SUSTAINABILITY	No funds have been invested to date. The annual operating savings are estimated to be \$26,700.
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured? What is the agency's expectation with regard to additional annual costs or savings associated with this capital improvement? What source of funds will be impacted by those costs or savings? What is the expected useful life of the capital improvement?

	<p>The Thaddeus Street Education Center (ECTR) is a 55,285gsf two-level academic building constructed in 1980. There have been no significant renovations since original construction. The facility houses the Septima Clark Auditorium, the African American Studies Program, Upward Bound and Pre-College Programs, the Collegiate Recovery Program, the Pincus Language Resource Center, the Volpe Center for Teaching and Learning, computer labs, general classrooms, and a two-level sky-lit student study atrium. Overall, the facility contains 22 faculty/staff offices and 29 classrooms serving about 4,400 students per weekday. This project entails an exterior renovation to correct envelope deficiencies and an interior renovation to replace MEP systems, upgrade elevators, add fire sprinklers, upgrade restrooms for ADA compliance, increase sound attenuation, refresh/replace interior finishes and upgrade/replace classroom technology and furnishings. A study will be conducted</p>
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SUMMARY

to determine the feasibility of converting some office spaces to classroom use and adding a circulation stair in the study atrium to improve wayfinding and decrease elevator use.

The most recent CHE Building Condition Survey (2020) rated this building with a CHEMIS Condition Code of 40 out of a possible 100 points. The roof, parapet and curbing are reaching the ends of lifecycles. Some masonry cracks are present and should be repaired before conditions worsen. The three egress stairwells are not climate controlled, leading to air quality issues. Classrooms abutting elevator shafts/equipment rooms and below the mechanical penthouse receive an abnormal amount of noise and vibration. This has led to one large classroom being taken offline, underutilizing 884asf. The building is heavily used to teach core curriculum classes and host student/parent orientation activities. It is a "first impression" building when entering our campus. The College prefers to address the deferred maintenance issues before they worsen.

Provide a summary of the project and explain why it is necessary. Please refer to the budget guidelines for appropriate questions and thoroughly answer all related items.

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$1,651,519
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	None
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	All programs and activities
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What programs or activities are supported by the General Funds identified?

SUMMARY	<p>In the event of a 3% reduction in the general fund appropriation, the College of Charleston would first look to non-personnel areas for savings. This would include taking the reduction proportionally from our other operating expenses funded with state appropriations and the Lowcountry Graduate Center, which is a line item in the College's budget. In FY21 the College reduced its operating budget by \$12.5 million through a number of initiatives, which included but were not limited to a voluntary separation program, the elimination of unfilled positions, and across-the-board cuts. Considering the reductions already taken in FY21, and the larger enrollment the College has experienced the past couple of years, having to incur additional budget reductions would have a negative impact to critical student support services.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

The College would review already lean operating budgets across the institution, looking to the individual department heads to identify the items within their areas that could be further reduced to have the least impact on the core mission of the College of Charleston.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Agency Name:	University Of Charleston		
Agency Code:	H150	Section:	15

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Reduction of Duplicative Oversight
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Time/money, various depending on the project/program
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Repeal or revision of regulations.
	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.
	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.
	<input type="checkbox"/>	Other

METHOD OF CALCULATION	Time savings vary, but are calculated on actual days saved.
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.


REDUCTION OF FEES OR FINES	N/A
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	Similar oversight by various organizations.
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The College supports and appreciates regulatory oversight; however, when that oversight is repeated by different groups, it can delay the implementation of a new program or project. These delays can represent added cost. For example, construction projects in the Charleston area have seen significant inflationary increases, and each month a project is delayed can create added cost. Oversight is imperative to good governance, but we would support a system-wide review of who does what and when. Coordinating the oversight efforts of all levels (campus [BOT], state executive, state legislative and federal) could be very beneficial.</p>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

AGENCY NAME:	University of Charleston		
AGENCY CODE:	H150	SECTION:	15

FORM H – TUITION MITIGATION (PROVISO 117.187)

TITLE	Tuition Mitigation Proviso 117.187
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AMOUNT	\$4,900,000
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What is the amount needed for Tuition Mitigation for FY26? This amount should correspond to the priority 1 recurring budget request. Tuition Mitigation should ONLY include the state funding necessary to continue existing operations on July 1, 2025, with no in-state undergraduate tuition or mandatory fee increases. Tuition Mitigation should not include any new programs or expansion of existing academic programs that may be contemplated for Fiscal Year 2025-26.

EXPLANATION OF METHODOLOGY	<p>This request reflects the additional state appropriations required to maintain current operations and account for necessary cost escalations such as inflation, salary adjustments, and increased operational expenses.</p> <ul style="list-style-type: none"> • Salary Adjustments: A projected state-mandated 1% increase in cost-of-living adjustment (COLA) for permanent employees would increase labor costs by \$1.3 million. When fringe benefits such as retirement, healthcare, and other associated expenses are included, the total projected cost rises to \$1.85 million. • Fringe Expenses: In addition to the increased fringe expenses associated with the COLA, all fringe expenses are rising. The College’s overall effective fringe rates for Education and General (E&G) funds have risen significantly in recent years and apply to all employee categories, not just permanent FTE employees. <ul style="list-style-type: none"> ○ In FY23, the overall effective fringe rate was 38.10%, and in FY24, it increased to 40.52%, resulting in a \$5.6 million increase in fringe expenses. These rising fringe costs are a crucial factor in maintaining the benefits structure for all employees and significantly contribute to the overall request for state funding. • Other Recurring Expenses: This request also includes anticipated increases in several key operational areas critical to the College’s daily functions. Each of these areas faces rising costs due to inflationary pressures: <ol style="list-style-type: none"> 1. Utilities: Costs for electricity, heating, cooling, and water are expected to rise by approximately 8%, driven by increases in utility provider rates and inflation in the energy sector. These costs have consistently trended upward, making them a significant portion of the operational budget. Despite efforts to implement energy-efficient solutions, such as LED lighting and HVAC upgrades, the net savings are not sufficient to fully offset the projected rate increases. 2. Facility Maintenance: Routine building maintenance and repair costs are also expected to increase. The College of Charleston’s coastal, urban location contributes significantly to these costs. The proximity to the coast leads to faster deterioration of buildings and infrastructure, while its historical presence requires specialized maintenance to preserve the
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integrity of its historic structures. These factors, combined with rising costs of construction materials, make facility upkeep more expensive.

3. **Deferred Maintenance and Capital Projects:** The College has faced ongoing deferred maintenance issues, especially for its historical buildings, which are subject to preservation standards that raise the cost of both routine repairs and larger capital projects. Additionally, the coastal location exposes the campus to heightened weather-related risks, adding to the cost of infrastructure improvements and maintenance.
4. **Leases:** The College relies on leased properties for classroom, office space, and additional facilities, which incur significant recurring costs. Leases are subject to market rate increases, and we project that lease costs will increase by 6.3% due to rising commercial real estate demand in the urban setting. Additionally, many of these leases include **contractually obligated increases** that automatically escalate costs annually. These increases are built into the terms of the leases and are a key factor contributing to the overall rise in operational expenses for the College.
5. **Technology Infrastructure:** The College's IT infrastructure continues to require upgrades and maintenance to support the increasing reliance on digital learning platforms and cybersecurity. Projected increases of approximately \$750,000 are driven by rising costs for cloud storage, software licenses, and cybersecurity tools. These are essential investments to ensure student and faculty access to reliable and secure online education platforms.

Methodology and Estimations:

1. **Inflation Factor (HEPI & CPI-U), Contractual Increases, and Historical Data:**

The College used a combination of the Higher Education Price Index (HEPI), the Consumer Price Index for All Urban Consumers (CPI-U), and a study of historical data at the College to estimate the budget needs for FY26. HEPI is applied to key operational categories like supplies, maintenance costs, and travel expenses. This combined approach ensures that cost escalations are aligned with both external inflationary pressures and the College's historical cost increases.

2. **Other Recurring Expenses:**

This request also includes other operational expenses subject to inflation and service demands, such as:

- **Public Safety Officer Salaries:** The College budgeted for mandated Public Safety Officer step increases. Also, in response to the legislature's mandatory raises for non-higher education agencies, the College has increased the salaries of its public safety officers to remain competitive and retain experienced personnel. This increase is necessary to address the heightened security needs of an urban campus setting and to maintain a stable and effective public safety workforce.
- **Contracted Services:** The College relies on external vendors for cleaning, waste management, and other essential services. For example, costs for custodial services are projected to rise by 3.6%, largely due to inflation and higher labor costs from vendors who are adjusting to increasing wages in their industries. Other contracted services were estimated to increase using the HEPI rate.

- **Campus Security and Emergency Preparedness:** Investments in additional security personnel, surveillance equipment, and emergency response systems are critical to ensuring the safety of students, faculty, and staff. Security-related costs are estimated to increase also using the HEPI increase, which is in line with industry trends and technology improvements.

	FY25 Budget	Increase	
Personnel			
Faculty Tenure/Promotions		\$ 175,000	Based on historical data
Public Safety Step Increases	\$ 2,594,576.00	12,500	Based on historical data
Salaries	118,511,328	-	See below
Other Personnel	6,658,677	-	See below
Benefits			
Medical	10,318,890	773,917	7.5%
Pension	26,728,749	-	
Pension Surcharge		297,735	0.025% estimate based on history
Other	16,340,267	555,569	HEPI 3.4%
Supplies			
Library		120,000	Based on historical data
Other	12,524,593	305,836	HEPI 3.4%
Services			
Custodial	5,062,936	182,266	3.6% per contract
IT	22,010,084	750,000	Based on historical data
Utilities	4,955,691	396,455	8%
Other	3,005,795	102,197	HEPI 3.4%
Travel	2,118,351	72,024	HEPI 3.4%
Fixed Costs			
Leases	3,999,654	251,978	Actual projection based on leases
Insurance*	1,847,367	290,000	IRF/CPI-U
Scholarships	38,494,359	375,000	Enrollment Management
Other Fixed Costs	5,512,600	187,428	HEPI 3.4%
Other	366,467	12,460	HEPI 3.4%
Total	\$ 281,490,384	\$ 4,860,366	
1% COLA w/related fringe, net of partial state funding \$ 1,476,160			

Please provide a detailed explanation of the methods used to estimate the FY26 tuition mitigation needs. What standard inflation factor is being used (HEPI, CPI, etc.)? What base budget items is the inflation factor applied to? What is the impact of tuition waivers and abatements, including the amount of foregone revenue, and its impact on the need for additional state funding.

COST SAVINGS

Cost-Saving Initiatives (Benchmark: FY19; Initiated in FY21):

The College of Charleston has undertaken several cost-saving initiatives since FY19, with significant actions starting in FY21. However, while these efforts provided relief at the time, the College has now surpassed the savings achieved in FY21 due to state-mandated increases and other mandatory escalations. These measures include:

1. Voluntary Separation Program (VSP):

In FY21, the College implemented the Voluntary Separation Program (VSP), allowing eligible employees to retire or resign voluntarily. This resulted in

AGENCY NAME:	University of Charleston		
AGENCY CODE:	H150	SECTION:	15

LOW ENROLLMENT	<p>significant salary savings, totaling approximately \$4.2 million. While the reduction in long-term staffing costs helped temporarily, the College has since surpassed the savings from FY21 due to increased operational demands and mandated salary increases.</p> <ol style="list-style-type: none"> 2. Reduction in Adjunct and Temporary Staff: The College reduced adjunct and temporary staff by 10% in FY21, resulting in a net savings of approximately \$0.9 million. While many of these positions have since been reinstated due to increased demand, the temporary reduction helped alleviate budget pressures at the time. 3. Operating Budget Reductions: Departmental operating budgets were reduced by 1.5% across the board in FY21, saving approximately \$3.1 million. However, the College has since faced mandated increases that have exceeded these cost savings, requiring additional state support to maintain current operations. 4. Closing of North Campus: The North Campus was closed to reduce operational costs. One significant source of savings came from eliminating the lease expense. Operational costs such as utilities, repairs, and cleaning were also eliminated. 5. Other Cost-Saving Initiatives: The College has also implemented energy efficiency projects, such as upgrading HVAC systems and installing LED lighting, which have reduced long-term utility costs. Additional administrative process improvements have streamlined operations and reduced overhead costs. <p>Future Savings Plans: The College continues to explore additional savings opportunities, including enhanced technology solutions and process automation. These initiatives are designed to improve efficiency while maintaining service levels across departments.</p>
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Provide a detailed analysis of any cost savings measures taken since FY19 to offset undergraduate tuition and fee increases and attach quantifiable documentation. Please include documentation of actions taken by the board of trustees or board of visitors or by administration. Attach any cost savings studies that have been undertaken and provide an explanation of actions taken to implement these studies. Provide future quantifiable cost savings plans and expectations for implementation.

LOW ENROLLMENT	<p>The following undergraduate programs have been eliminated since 2019:</p> <ul style="list-style-type: none"> • Global Trade Minor (2020) low enrollment • Comparative Literature Minor (2021) low enrollment • Business Language Minor in French (2022) low enrollment • Physical Education, Teacher Education Concentration, B.S. (2023) low enrollment and over allocation of resources to maintain program • Coaching Minor (2024) low enrollment, and the fact that a coaching credential is not required for related occupations or career tracks
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Provide a list of any undergraduate programs, academic or other, that have been reduced or eliminated since FY19. Please document the reasons for the reduction or elimination. If the institution has, or is expected to have, a decline in in-state undergraduate student enrollment, provide analysis on how the institution will ensure the

AGENCY NAME:	University of Charleston		
AGENCY CODE:	H150	SECTION:	15

corresponding reduction in tuition will not lead to requests for additional state funding.

UNOBLIGATED FUND BALANCE	<p>Unobligated Fund Balance for FY24:</p> <p>For the most recently completed fiscal year, the College of Charleston’s unobligated fund balance totals \$32.5 million. The entire balance is unrestricted and can be used at the College’s discretion to cover operational needs. These funds serve as a crucial financial reserve to manage unexpected costs, revenue shortfalls, or emergencies. Having unrestricted funds ensures the College can remain financially flexible and responsive to unforeseen challenges, such as natural disasters or significant infrastructure repairs.</p> <p>Appropriate Unrestricted Fund Balance:</p> <p>The College maintains that a prudent level of unrestricted fund balance is approximately 10% of its total E&G gross revenue budget. This percentage provides the necessary financial buffer to ensure long-term financial stability and flexibility in the face of fluctuating revenues or unexpected expenditures.</p> <p>Given the College's coastal location, which presents increased risks from hurricanes and flooding, as well as the costs associated with maintaining its historic infrastructure, it is essential to maintain an appropriate level of unrestricted funds. These funds enable the College to address potential emergency repairs, infrastructure needs, and other unforeseen expenses, ensuring the institution’s operational continuity and financial resilience.</p>
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Provide the institution’s unobligated fund balance for the most recently completed fiscal year. Attach documentation showing this balance disaggregated to identify amounts that are restricted in their use by external authorities (General Assembly, Federal Government, donors, etc.) and those that are not subject to such restrictions. Provide an explanation of the amount the institution considers to be an appropriate unrestricted fund balance as a percentage of its operating budget and the percentage of the institution’s operating budget that the fund balance represents.