



Report to the Mississippi Legislature

A Review of the University Master Planning Process for Capital Outlay Projects

#662
November 17, 2021

PEER: The Mississippi Legislature's Oversight Agency

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The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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November 17, 2021

Honorable Tate Reeves, Governor
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On November 17, 2021, the PEER Committee authorized release of the report titled *A Review of the University Master Planning Process for Capital Outlay Projects*.

A handwritten signature in black ink, appearing to read "Timmy Ladner".

Representative Timmy Ladner, Chair

This report does not recommend increased funding or additional staff.

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A Review of the University Master Planning Process for Capital Outlay Projects

CONCLUSION: PEER defined university capital outlay projects as projects with a cost of at least \$50,000. Projects may include sidewalk repair/replacement, building demolition, repair/renovation projects, significant maintenance projects, and planning for and constructing a new building. Each university is responsible for identifying its own methods for best assessing the needs and capacity of its facilities and determining the extent to which its facilities are utilized by the university as a whole. PEER determined no single entity tracks expenditures for university capital outlay projects, although DFA attempts to track components of the state's capital outlay project expenditures. To ascertain the total state expenditures for university capital outlay projects, one must survey each of the state's eight public universities as well as the University of Mississippi Medical Center. This lack of information impedes the Legislature from determining the full scope of funding for university capital outlay projects when making funding decisions.

Background:

According to APPA (formerly the Association of Physical Plant Administrators), campus master plans guide the physical development needed to support the mission and strategic plan of an institution of higher education. According to Section 903A of the IHL Board of Trustees *Policies and Bylaws*, universities must submit updated master facilities plan (i.e., campus master plans) every ten years to the IHL Office of Real Estate and Facilities for review and approval.

DFA reported it does not play a role in the development or oversight of campus master plans. However, DFA does utilize a process outlined in statute and the DFA *BOB Manual* to annually evaluate capital needs and report its recommendations to the Legislature.

Total Number of Authorized General Obligation Bond Projects for University Capital Outlay Projects, by Project Type, 2016 to 2021 Legislative Sessions

Institution	New Construction	Repair & Renovation	Total Bond Projects
Alcorn State University	2	4	6
ASU-Division of Agriculture	1	2	3
Delta State University	0	7	7
Jackson State University	2	6	8
Mississippi State University	3	0	3
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	2	3	5
Mississippi University for Women	1	4	5
Mississippi Valley State University	0	5	5
University of Mississippi	2	1	3
University of Mississippi Medical Center	0	5	5
University of Southern Mississippi	1	6	7
USM-Gulf Coast Campuses	1	2	3
Total	15	45	60
Percentage	25%	75%	100%

Total General Obligation Bonds Authorized for University Capital Outlay Projects, by University, 2016 to 2021 Legislative Sessions

Institution	Amount (\$)	Percentage
Alcorn State University	31,845,000	7.2%
ASU-Division of Agriculture	4,275,000	1.0%
Delta State University	34,062,500	7.7%
Jackson State University	34,750,000	7.9%
Mississippi State University	59,320,000	13.5%
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	44,095,000	10.0%
Mississippi University for Women	35,210,000	8.0%
Mississippi Valley State University	33,755,000	7.7%
University of Mississippi	70,850,000	16.1%
University of Mississippi Medical Center	45,180,000	10.2%
University of Southern Mississippi	37,550,000	8.5%
USM-Gulf Coast Campuses	9,700,000	2.2%
Total	\$440,592,500	100.0%

Funding Sources for University Capital Outlay Projects

State Funding:

- General Obligation Bond Funds
- Capital Expense Fund

Non-State Funding:

- Institutional Funds (including Self-Generated Funds)
- Grant Funds
- Private Funds
- Public-Private Partnership
- Educational Building Corporation Bonds

Planning for University Capital Outlay Projects

IHL Board Policy 903A requires universities to update the master plan every 10 years, but does not specify minimum criteria to include.

According to the IHL Office of Real Estate and Facilities, each university is responsible for identifying its own methods for best assessing the needs and capacity of its facilities and determining the extent to which its facilities are utilized by the university as a whole. University methods for conducting needs assessments and tracking campus space utilization vary.

The IHL Board of Trustees approves projects greater than \$1 million, while authority for projects \$1 million or less is delegated to universities, except in certain occasions (e.g., building name, demolition).

IHL and DFA's Process for Developing Funding Recommendations for Capital Outlay Projects

DFA utilizes a process outlined in MISS. CODE. ANN. § 31-11-27 (1972) and the DFA *BOB Manual* to evaluate capital needs and make funding recommendations to the Legislature.

IHL utilizes its internally developed 4-Year Bond Plan to make funding recommendations to the Legislature.

No Single Entity Tracks Expenditures for University Capital Outlay Projects

PEER determined no single entity tracks expenditures for university capital outlay projects, although DFA attempts to track components of the state's capital outlay project expenditures. This lack of information impedes the Legislature from determining the full scope of funding for university capital outlay projects when making funding decisions.

To ascertain the total state expenditures for university capital outlay projects, one must survey each of the state's eight public universities as well as the University of Mississippi Medical Center. Total funding for university capital outlay projects from FY 2016 to FY 2021 was \$1,322,990,778, including approximately \$431 million in state funds and \$892 million in non-state funding.

Recommendation

1. In order to better inform the Legislature regarding capacity and resource allocations, which inevitably contribute towards the universities' master planning efforts, the Legislature should require the IHL Board of Trustees to provide information regarding the full scope of funding for university capital outlay projects.

The Legislature should require the IHL Board of Trustees, in conjunction with the eight universities and UMMC, to develop a mechanism to compile existing data sources (e.g., DFA BOB BRICKS database on state-funded projects, IHL records for Board-approved projects greater than \$1,000,000) and annually report to the Legislature the following:

- a. Cumulative expenditure totals for university capital outlay projects for each institution, by revenue source (e.g., bond funding, capital expense funds, self-generated funds);
- b. Total number of university capital outlay projects by kind of capital outlay (i.e., number of new construction projects, repair and renovation projects, and planning projects); and,
- c. Category of university capital outlay projects by type of facility (e.g., residence hall, athletic facility, administrative/university support facility, classroom/academic facility, etc.).

A Review of the University Master Planning Process for Capital Outlay Projects

Introduction

Authority, Scope, and Purpose

The PEER Committee, under its authority granted by MISS. CODE ANN. Section 5-3-51 (1972) et seq., authorized a review of the university master planning process. In addition, PEER identified how university capital outlay projects are funded and reviewed policies and practices concerning the oversight of these projects.

In conducting this review, PEER sought to:

- describe the purpose of and development of master plans;
- identify state requirements for developing campus master plans;
- determine university compliance with submission of campus master plans;
- identify efforts taken by universities to develop master plans;
- describe the differing roles and processes utilized by the Institutions of Higher Learning (IHL) and the Department of Finance and Administration Bureau of Building, Grounds, and Real Property Management (DFA BOB) in submitting funding recommendations for capital outlay projects;
- determine how much state funding universities received for capital outlay projects, and the types of projects that were funded;
- describe the various state and non-state funding sources for university capital outlay projects;
- determine how much funding universities expended on capital outlay projects for the fiscal years 2016 to 2021;
- identify the key factors governing oversight of capital outlay projects; and,
- identify the roles of IHL, DFA BOB, and the universities in overseeing and/or administering capital outlay projects.

Methodology

PEER reviewed:

- applicable state law governing planning for and recommending funding for university capital improvement projects;
- Mississippi Board of Trustees of State Institutions of Higher Learning *Policies and Bylaws* (IHL *Policies and Bylaws*);
- DFA Bureau of Building, Grounds, and Real Property Management *BOB Manual* (DFA *BOB Manual*); and,
- the APPA (formerly the Association of Physical Plant Administrators) website as it pertains to the purpose of and development of campus master plans.

PEER also:

- interviewed IHL Office of Real Estate and Facilities staff and DFA staff as to how university projects are funded, their role in overseeing and/or administering university projects, and their role in the planning for university projects;
- obtained and analyzed IHL Office of Real Estate and Facilities information identifying state funding for capital outlay projects, by year, from 2000 to 2021, including authorization for general obligation bonds and appropriations of the Capital Expense Fund;
- obtained and analyzed bond bills from the 2016 to 2021 Legislative Sessions authorizing general obligation bond funding for university projects;
- obtained and analyzed a DFA BOB Project Management Summary Report listing active DFA BOB-managed university projects as of August 17, 2021; and,
- obtained and analyzed a DFA BOB unobligated bonds report for universities as of July 23, 2021, and DFA BOB unallocated bonds report for universities as of July 26, 2021.

PEER also surveyed each of the eight public universities as well as the University of Mississippi Medical Center regarding:

- each university's total expenditures for capital outlay projects, by funding source, for fiscal years 2016 to 2021;
- oversight practices for approving capital outlay projects \$1,000,000 or less; and,

- the utilization of each university’s campus master plan including the respective process for developing the campus master plan, monitoring campus development/needs between iteration of the master plan, and conducting needs assessments.

Scope Limitations

PEER defined university capital outlay projects as projects with a cost of at least \$50,000. Projects may include sidewalk repair/replacement, building demolition, repair/renovation projects, significant maintenance projects (e.g., roof replacement, HVAC replacement), and, planning for and constructing a new building.

PEER surveyed each of the state’s eight public universities (as identified below) as well as the University of Mississippi Medical Center (UMMC) concerning their campus master planning process, their expenditures for capital outlay projects from FY 2016 to FY 2021, and their process for overseeing capital outlay projects \$1,000,000 or less. The state’s eight public universities are:

- Alcorn State University (ASU);
- Delta State University (DSU);
- Jackson State University (JSU);
- Mississippi State University (MSU);
- Mississippi Valley State University (MVSU);
- Mississippi University for Women (MUW);
- University of Mississippi (UofM); and,
- University of Southern Mississippi (USM).

The University of Southern Mississippi did not include its gulf coast components as part of its response when reporting its expenditures for capital outlay projects.

Information provided in response to the surveys was self-reported.

PEER excluded reporting capital outlay expenditures for the IHL Education and Research Center (i.e., IHL’s main campus in Jackson).

Planning for University Capital Outlay Projects

This chapter includes a discussion of:

- the purpose and development of campus master plans;
- IHL campus master plan requirements and oversight; and,
- the metrics used by universities to inform development of campus master plans.

PEER discusses how these plans may be developed into funding requests for state funding beginning on page 17.

Purpose and Development of Campus Master Plans

According to APPA, campus master plans guide the physical development needed to support the mission and strategic plan of an institution of higher education. Campus master plans direct how various aspects of the physical environment, such as academic facilities, open spaces, and housing come together to meet the needs of the college or university. New campus master plans may be developed during significant internal or environmental shifts (e.g., change in university leadership, a significant modification of the academic program mix, increased enrollment). Characteristics of effective campus master plans include but are not limited to identifying the major goals, principles, and elements of the plan, developing implementation programs, and establishing a method for ongoing monitoring.

According to APPA,¹ campus master plans² involve planning for the physical development of the campus, including open space and circulation systems. Campus master plans:

...guide the physical development needed to support the mission and strategic plan of an institution of higher education. They direct how various aspects of the physical environment, such as academic facilities, open spaces, housing, and circulation come together to meet the needs of the college or university. A campus master plan reflects a clear campus identity, reinforces a community and supports the institution's neighbors.

According to APPA, characteristics of effective campus master plans include but are not limited to identifying the major goals, principles, and elements of the plan, developing implementation programs, and establishing a method for ongoing monitoring. Exhibit 1 on page 5

¹ Formerly the Association of Physical Plant Administrators.

² Also known as physical master plan, physical development plan, facilities master plan, master facilities plan, long-range development plan, and comprehensive campus plan.

summarizes the nine characteristics of an effective campus master plan identified by APPA.

Exhibit 1: Characteristics of Effective Campus Master Plans

1. An understanding of the institution's particular mission and strategic plan for the future, including academic and enrollment aspirations;
2. A summary of the process used to develop the master plan, including how leadership and various constituents and stakeholders are involved;
3. Background analysis of existing conditions and capacities;
4. Goals, principles and/or a vision that guides the location and physical form of the campus, including the site plan, circulation systems, buildings, landscaping, and other physical features of the campus;
5. A description of the major elements of the plan by topic and/or location or district;
6. A format that includes one or more illustrative maps and other explanatory diagrams;
7. Documentation of regulatory requirements and other approvals;
8. Implementation programs to turn the plan into reality; and,
9. Methods and measures that can be used to track or monitor the plan's implementation.

SOURCE: *Campus Master Planning*, APPA (formerly the Association of Physical Plant Administrators), 2018, as retrieved on September 1, 2021.

For example, a campus master plan's implementation strategy or implementation program will likely include more detailed planning, leading to cost and funding analyses, architectural programming, and design and construction of buildings and other facilities, as well as the detailed planning and preservation of important open spaces and other physical resources. Physical aspects of a campus are generally closely tied to the institution's natural environment; history; culture; and social, legal, and financial contexts.

Master plans may also be used for several other internal and external purposes, including:

- marketing;
- analyzing potential for future physical development;
- guiding building and landscape design;
- supporting capital campaigns and improved funding opportunities;
- creating and enhancing partnerships;
- integrating town-and-gown³ relationships;
- increasing operating efficiencies;

³ Relationships between people in a town in which a university is located and the students and faculty associated with the university.

- improving space allocation and utilization; and,
- attaining state and/or board approvals for funding and projects.

New campus master plans may be developed during significant internal or environmental shifts (e.g., change in university leadership, a significant modification of the academic program mix, increased enrollment). According to APPA, the most common circumstances in which a major new master planning process should be initiated include the following:

- a change in leadership;
- revision of the institution’s strategic plan, especially when it involves a significant change that affects the physical development of the campus, such as:
 - a modification of the academic program mix;
 - a change in pedagogy⁴ (e.g., shift from classroom instruction to distance learning, hybrid learning, or virtual learning);
 - an increase in students residing on campus;
 - a technological breakthrough (e.g., development and proliferation of the internet and the mobile computer - laptops, smartphones, tablets); or,
 - a focus on environmental sustainability;
- a significant, anticipated increase in enrollment;
- an opportunity for expanding campus lands nearby or at a different site; or,
- new regulatory or funding requirements.

Appendix A on page 55 outlines the various phases of the master planning process, as outlined by APPA.

IHL Campus Master Plan Requirements and Oversight

According to Section 903A of the IHL Board of Trustees *Policies and Bylaws*, universities must submit their updated master facilities plan, i.e., campus master plans, every ten years to the IHL Office of Real Estate and Facilities for review and approval. One university has not submitted an updated master plan within ten years, but has signed a contract with a provider to update its CY 2000 master plan.

DFA reported it does not play a role in the development or oversight of campus master plans. However, DFA does utilize a process outlined in statute and the DFA *BOB Manual* to annually evaluate capital needs and report its recommendations to the Legislature. A university may or may not include items from its master plan in its immediate and long-range needs request. Ultimately, funding authority rests with the Legislature.

⁴ The method and practice of teaching, especially as an academic subject or theoretical concept.

IHL Campus Master Plan Requirements

IHL policy currently requires universities to submit the updated campus master plan every ten years to the IHL Office of Real Estate and Facilities for review and approval, but does not require universities to contract with consultants to develop plans or specify minimum criteria to be included.

The IHL Board of Trustees began requiring universities to develop and submit campus master plans to the Board of Trustees for approval in 1990. The IHL Board of Trustees *Policies and Bylaws*, amended through February 18, 2021, outlines the requirements for campus master plans under Section 903A.

Section 903A of the IHL Board of Trustees *Policies and Bylaws* states:

A master facilities plan must be developed for each campus and shall be submitted to the Board for approval when completed. In order to allow for adequate review time for the Board members, copies of the completed Master Plan shall be submitted to the Office of Real Estate & Facilities at least four (4) weeks in advance of the Board Meeting at which the request is proposed to be considered for approval. Once completed and approved by the Board, the master facilities plan must be updated every ten (10) years and submitted to the Real Estate & Facilities staff for review and approval.

IHL does not specify policies universities should adhere to for developing a master plan. Universities may adopt planning processes that fit their budget, culture, organizational structure, and operating procedures.

Initially, campus master plans were to be updated every five years. However, IHL Office of Real Estate and Facilities staff stated that prior to the deadline for submitting the first five-year update, the IHL Board of Trustees changed the requirement from five years to ten years due to the time and cost associated with developing university campus master plans.

Each university pays for the cost to develop a campus master plan with either institutional funds (e.g., tuition, fees) or general funds. The cost to develop a campus master plan is in part dependent on how extensive the master plan is, and to what extent the university contracts with consultants, planners, and/or architects to develop the master plan.

Although universities have the option to contract with consultants to assist them in developing/updating campus master plans, this practice is not required by IHL policy. Additionally, IHL policy does not specify minimum criteria

that the master plans should include. IHL Office of Real Estate and Facilities staff noted that some of the universities' campus master plans may not be as comprehensive as those of other universities. This is in part due to the financial costs related to producing more comprehensive campus master plans (e.g., consultant, planner, or architect related costs) such as those produced by larger institutions (e.g., MSU, UofM).

University Compliance with Submission of Campus Master Plans

IHL currently has updated master plans on file for each university, with the exception of Mississippi Valley State University. MVSU has entered into a contract for professional services with JPA Inc., to update the campus master plan for MVSU at a total cost of \$77,670.

IHL currently has master plans on file for each university as follows:

- Alcorn State University - 2012 to 2022;
- Delta State University - 2019;
- Jackson State University - 2015;
- Mississippi State University - 2016;
- Mississippi University for Women - 2015;
- Mississippi Valley State University - 2000;⁵
- University of Mississippi - 2017;
- University of Mississippi Medical Center - 2017;
- University of Southern Mississippi - 2014; and,
- University of Southern Mississippi Gulf Coast Campus - 2016.

According to IHL Office of Real Estate and Facilities staff, DSU developed an initial five-year campus master plan in-house, while MVSU did not develop an initial five-year campus master plan. IHL Office of Real Estate and Facilities staff stated the IHL Board of Trustees did not want to mandate the universities spend money on outside consultants/assistance to develop something mandated by the Board of Trustees, i.e., the campus master plan.

IHL Office of Real Estate and Facilities staff noted that MVSU was not mandated by the IHL Board of Trustees to develop a plan, in part because MVSU rarely sought to build a new building, did not have space or traffic issues, and had a relatively small campus footprint. In the instances where MVSU attempted to build a new building, state bond funding would most likely be sought. Although MVSU's

⁵ In 2004, MVSU conducted a study to develop 200 campus acres into a golf course and a nature area; neither were developed.

most recent master plan on file is dated August 2000, MVSU entered into a contract for professional services with JPA Inc., on August 27, 2021, to update its campus master plan at a total cost of \$77,670.

Request for Approval for Deviating from the Campus Master Plan

Section 903A requires universities to obtain IHL Board of Trustees approval for any proposed change to the master plan location for a new building or facility at the time of the project initiation, and submit with the request written justification for the change. However, IHL reported there were no instances where a university requested IHL Board of Trustees approval for “deviating” from its master plan. IHL staff noted that master plans are “fluid documents” and that the Board must approve new buildings.

Section 903A of the IHL Board of Trustees *Policies and Bylaws* also states:

The master plan shall include the proposed location of new buildings or facilities to be added to the campus and any plans for major renovations. At the time of the request for Board approval of the initiation of any project for the construction of a new building or facility, the institution shall recommend for Board approval, the location for the proposed building or facility in keeping with the Board approved master plan. Any proposed change to the master plan location for a new building or facility must be specifically requested of the Board at the time of the project initiation and accompanied by a written justification for the change.

For the period FY 2012 to FY 2021, PEER sought to identify instances in which a university requested Board of Trustees approval for deviating from its campus master plan, including name of university, date, project, and if the Board of Trustees approved the project. In its response to PEER, IHL Office of Real Estate and Facilities staff reported there were not any instances where a university requested Board of Trustees approval for “deviating” from its master plan.

In its response, IHL Office of Real Estate and Facilities staff further stated it considers campus master plans “to be a fluid document that provides guidance and direction for future campus development”, and as such, “should not be considered as absolute, but rather a guide”. IHL Office of Real Estate and Facilities staff provided the following example:

The University of Mississippi’s Master Plan (2017 version) illustrates the concept of “campus districts”. This assists the university in keeping the basic building functions in the

appropriate places on the campus while simultaneously allowing the flexibility for the plan to 'breathe'.

One reason IHL Office of Real Estate and Facilities staff stated campus master plans should not be treated as inflexible documents is to provide universities the capability to adjust to environmental or market shifts as needed.

The campus master plan provides a framework for the planning of capital improvement projects and serves as a guide for future development. Universities attempt to pursue the major initiatives identified in the campus master plan. However, as one university noted, unexpected circumstances and administrative changes may result in unanticipated projects that are not in the campus master plan, or in the plan as initially envisioned.

DFA BOB Has No Direct Role as it Pertains to the Development or Oversight of Campus Master Plans

DFA BOB does not play a role in the development of campus master plans. DFA BOB instead utilizes a separate process outlined in statute and the DFA BOB Manual to annually evaluate capital needs and report its recommendations to the Legislature.

Although DFA BOB stated it is aware IHL requires universities to develop and submit updated campus master plans, neither IHL nor the universities submit master plans to DFA BOB as part of the process. DFA BOB did not object to not being included in the master plan process. DFA BOB stated DFA BOB typically only reviews campus master plans on occasion, generally in association with DFA BOB's oversight and management of university bond projects.

DFA BOB stated this is in part because IHL universities and DFA BOB have a different mindset when planning for and prioritizing projects. DFA BOB stated university campus master plans tend to place a greater focus on new construction projects while placing less focus on repair and renovation projects, or plans to address deferred maintenance. DFA BOB, as an example, cited a USM master plan that at one time included the proposed development of a campus on 200 donated acres as part of a larger economic development project. USM and the state later opted not to begin this project.

DFA BOB cited best practices, which recommend spending 1.5% to 3.0% of a university's total building replacement value each year on maintenance. According to APPA, a university not spending 1.5% to 3.0% of their university's total building replacement value each year on maintenance is at risk of deterioration and premature loss.

DFA BOB stated it would like to see additional focus on capital renewal plans as part of the campus master plan

process. According to APPA, an effective capital renewal and deferred maintenance reduction program requires reliable estimates of funding requirements and thorough planning. APPA's website states a successful program should estimate funding needs in the following categories:

- macro-level broad estimates for five and ten years for long-term capital renewal/deferred maintenance planning needs; and,
- micro-level estimates of near-term programs (one to five years) to reduce deferred maintenance backlogs to acceptable levels.

APPA's approach recognizes that facilities' conditions continually deteriorate over time and that facilities require ongoing investments to maintain functional and financial value. If an entity consistently falls below the 1.5% to 3.0% threshold, APPA advocates increasing funding allocated to deferred maintenance to control deferred maintenance costs and prevent increased risk of deterioration and premature loss of buildings and infrastructure.

Metrics Used by Universities to Inform Development of Campus Master Plans

According to the IHL Office of Real Estate and Facilities, each university is responsible for identifying its own methods for best assessing the needs and capacity of its facilities and determining the extent to which its facilities are utilized by the university as a whole.

According to the IHL Office of Real Estate and Facilities, each university is responsible for identifying its own methods for best assessing the needs and capacity of its facilities and determining the extent to which its facilities are utilized by the university as a whole.

As part of PEER's survey of the state's eight institutions of higher learning and UMMC, PEER asked each university the following:

1. What information goes into the development of the campus master plan to guide long-term planning for university capital outlay projects?
 - a. Does the university conduct a needs assessment to determine the need for new buildings or repairs and renovations to existing buildings?
 - b. What metrics does the university utilize to assess facility utilization?
2. How frequently does the university alter its campus master plan to respond to changes in enrollment projections, financial changes, and educational delivery method changes (e.g., in-person versus distance learning)?

- a. What impact might COVID-19 and/or the combination of virtual, distance, and/or hybrid learning have on either amendment to existing campus master plans or development of future campus master plans?
3. Does the university maintain a working document identifying modifications to the master plan, i.e., as facility improvements are completed, as new needs are identified, or as an item in the master plan is determined to no longer be a goal (e.g., renovation or expansion of a dormitory)?
4. How frequently does the university make changes to its campus master plan to respond to changes in predicted enrollment, financial changes, and changes in educational delivery methods (e.g., in-person versus distance learning)?

Do Universities Conduct Needs Assessments to Determine the Need for Capital Outlay Projects?

Universities generally reported conducting needs assessments to determine the need for new buildings or repairs and renovations to existing buildings, although methods for doing so varied.

Each university reported varying methods for conducting needs assessments to determine the need for new buildings or repairs and renovations to existing buildings.

ASU reported the Intelligent Systems & Engineering Services Corporation completed assessments of all major campus buildings on November 30, 2020. These assessments identified areas of renovation needs for each building. IMS Engineers conducted a similar assessment of all ASU residence halls on October 20, 2020.

DSU reported its needs assessment is conducted as part of the university budgeting process. Generally, all DSU departments, building managers, Deans, Chairs, and the Director of Facilities submit a prioritized list of facility needs. DSU reported it generally considers the following factors: each building's square footage, each building's current use, the type of each building, each building's condition, a building's current and future needs, and, if applicable, the future use of the facility if it is changing.

USM reported conducting internal evaluations at least once a year and using the evaluations to identify the top five buildings USM seeks to improve and the improvements USM would like to make.

MUW reported conducting a needs assessment as part of its budgeting process and institutional procedures. In particular, MUW stated it surveys its faculty, staff, and students regarding MUW facilities and grounds. These

efforts are part of MUW's efforts to maintain accreditation with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Specifically, an institution must comply with the standards contained in the *Principles of Accreditation: Foundations for Quality Enhancement* and with the policies and procedures of the Commission. SACSCOC Principle 13.7, pertaining to physical resources, states:

...the institution ensures adequate physical facilities and resources, both on and off campus, that appropriately serve the needs of the institution's educational programs, support services, and other mission-related activities.

In providing universities a guide to document compliance, the SACSCOC Principle 13.7 includes:

- *facilities master plan or academic master plan with facilities discussion, with updates and details on implementation;*
- *surveys from faculty, staff, and students addressing adequacy of the institution's physical facilities; and,*
- *data comparing facility needs to actual facilities available with specifics on classrooms, offices, libraries, and laboratories.*

Questions considered by the SACSCOC in evaluating SACSCOC Principle 13.7 include:

- *Are overall physical facilities of the institution adequate in quality, scope, and condition to support the mission of its programs and services?*
- *Are there specific areas of concern in physical resources? How are these concerns being addressed by the institution?*
- *Does the institution have a master facility plan in place designed to meet current and future needs of the institution? If so, how is it revised and updated?*
- *Are there details available relating to classrooms, libraries, laboratories, and other specific areas that address adequacy and appropriateness of facilities (e.g., capacity reviews, utilization studies)?*
- *Are there surveys or other information sources that provide information as to whether or not physical facilities are adequate and appropriate?*
- *What is the extent of deferred maintenance? Does the institution have a specific plan to manage deferred maintenance?*

What Tools/Metrics are Utilized by Universities to Determine Space Utilization?

Each university currently tracks campus space utilization through various methods. In 2011, the Legislature passed Senate Bill 3032 allocating IHL \$2,000,000 in funding to implement a computerized system to manage the building inventory of the eight universities improving planning of repair and renovation, energy management, space utilization, and the scheduling of classroom space. IHL utilized this funding to contract with Sightlines, LLC, for facilities management services at each university; however, that funding source ended in 2018.

Each university tracks campus space utilization through various methods. For example, ASU reported it tracks facility utilization every ten years utilizing the Campus Space Utilization Study, which identifies deficits and surpluses in laboratory, office, and classroom space. ASU reported the Campus Space Utilization Study was conducted as part of the campus master planning process. USM reported utilizing Ad-Astra software to determine space utilization for classrooms and other facilities.

In 2011, the Legislature passed Senate Bill 2011 (i.e., IHL's appropriation bill), which among other things, allocated IHL \$2,000,000 to implement a computerized system to manage the building inventory of the eight universities improving planning of repair and renovation, energy management, space utilization, and the scheduling of classroom space. IHL utilized this state-level funding to contract with Sightlines, LLC, to provide each university Sightlines facilities management services.

Sightlines is a web-based computer software program that collects and analyzes a university's facilities data collection, and compares the university to its peer universities. For example, Sightlines analyzed a university's campus facilities based on components such as the age of its buildings, the utilization of its buildings, and the density of its buildings. A higher number of older, unrenovated buildings may mean increased future maintenance costs. In contrast, a campus that has a high building density may have to explore how to better utilize its existing facilities or seek more land, if available, as part of future planning efforts.

However, IHL reported this effort ended in 2018 when state-appropriated funding for it ended.

How Frequently do Universities Update or Make Changes to Master Plans to Respond to Market or Environmental Changes?

University responses concerning the impact of market or environmental factors on master plans varied.

PEER notes this question to universities was a general survey question and not an in-depth discussion on the topic. Responses varied by university. PEER provides a summary of the responses from UofM and JSU.

UofM noted that implications from a pandemic, even a serious one such as COVID-19, are difficult to predict, especially in relation to planning for capital outlay projects. However, UofM stated universities generally plan for buildings with the understanding that a building may have a useful life expectancy of 60-80 years. Therefore, universities plan for these buildings by focusing on long-term educational patterns (i.e., changes in academic programs offered by the university) and *established semi-permanent patterns of development* (i.e., Is a new building needed for the next 60 plus years? Who will it directly serve? How will this impact campus development?). UofM stated it focuses less on trends, which tend to occur for too short a timeframe to impact planning for institutional building design. In other words, is COVID-19 a short-term anomaly or a long-term shift? Although COVID-19 temporarily resulted in a short-term shift to virtual learning, there has generally been a return to the classroom. However, there may be increased long-term demand for hybrid learning and the IT network that supports it and outdoor public spaces including outdoor seating for university dining facilities.

In the short-term, a university may take a conservative approach and perhaps delay construction of a specific new building until university trends become long-term educational patterns necessitating changes in academic programs. As it pertains to COVID-19, universities have adjusted university operations to address issues and requirements brought on by the pandemic (i.e., social distancing, a temporary spike in remote learning). For example, the UofM reported it designed and implemented socially distanced classroom and auditorium layouts for 560 spaces, applied remote teaching, and reduced in-person class loads.

JSU stated that the impact of events like COVID-19 could play a role in guiding future planning at an urban institution like JSU. For example, JSU noted the potential to increase its focus on spatial planning, particularly the need for management to consider how to provide more supportive infrastructure and open public spaces. Critical components of future planning may include long-term functional layouts, disaster prevention, and development patterns to mitigate public health risks and hazards.

Do Universities Maintain a Working Document Identifying Updates to the Master Plan?

University processes for tracking implementation of the master plan or identifying potential updates to the master plan vary. IHL does not require universities maintain a working document identifying modifications to their master plan between each iteration of the campus master plan.

PEER also sought to determine to what extent universities utilize the master plan once approved. Specifically, PEER sought to determine if universities maintained a working document identifying updates to the campus master plan. This might include (a) identifying the completion of planned campus facility improvements, (b) the addition of new facility and campus needs, and, (c) the elimination of planned projects the university determines are no longer needed.

University processes for tracking implementation of the master plan or identifying potential updates to the master plan vary. IHL does not require universities maintain a working document identifying modifications or updates to the master plan between each ten-year iteration of the campus master plan.

For example, ASU submitted a working document it created in 2019 to track the progress of its 2012-2022 master plan. ASU reported it is currently developing a new master plan to be released April 2022.

DSU reported the university updates its master plan each summer to reflect completed projects, emergency needs, and changes in the university's long-range plans. DSU then includes this as part of the Presidential Cabinet advance, prior to the President's Executive Committee and Presidential Cabinet annual review of the DSU master plan each year. DSU stated it utilizes the master plan as a guide to prioritize projects for the next four years.

MUW reported informally documenting facility improvements as completed and when changes are needed. MUW added that this information is discussed annually during its renovation and repair visit with legislators, DFA, and the IHL Office of Real Estate and Facilities.

IHL and DFA's Processes for Developing Funding Recommendations for University Capital Outlay Projects

This chapter includes a discussion of:

- IHL's process for developing funding recommendations for university capital outlay projects;
- DFA's process for annually evaluating capital needs and reporting its recommendations to the Legislature;
- total state funding received by each university for capital outlay projects, 2000 to 2021 Legislative Sessions; and,
- bond funding for university capital outlay projects, 2016 to 2021 Legislative Sessions, by type of capital outlay.

IHL's Process for Developing Funding Recommendations for University Capital Outlay Projects

IHL's process for developing funding recommendations for university capital outlay projects includes the submission of each university's capital Facilities Needs Request and the development of a proposed 4-Year Bond Plan utilized to request general obligation bond funding for identified university projects for each university over four years.

IHL Annual Request for Capital Improvements and Repair and Renovation (i.e., IHL's "Facilities Needs Request")

IHL Board of Trustees Policies and Bylaws Section 903B establishes the annual request for capital improvements and repair and renovation for approval as IHL's means for requesting state funding for university capital improvement projects. Each university is asked to annually submit a ranked list of its top five capital outlay projects, referred to as a Facilities Needs Request, in which it is seeking state funding support and the amount of funding support sought per project.

Section 903B of the Mississippi Board of Trustees of State Institutions of Higher Learning *Policies and Bylaws* states:

The Commissioner, after consultation with the Institutional Executive Officers, shall prepare and submit an annual request for capital improvements and repair and renovation for approval by the Board prior to its submission to the Legislature. Such requests shall be submitted for Board approval in May of each year. In developing the list of requests, the Commissioner shall

consider institutional priorities, missions, enrollment, campus square footage, building conditions, comparative funding and other appropriate criteria.

This is referred to as a Facilities Needs Request. Generally, each university is asked to submit a ranked list of its top five capital outlay projects in which it is seeking state funding support, including its funding request per project. For example, in the fall of 2015, universities submitted the top five Facilities Needs Requests to the IHL Office of Real Estate and Facilities for the 2016 Legislative Session. The IHL Office of Real Estate and Facilities used these requests to develop the 4-Year Bond Plan for the 2016 through 2019 Legislative Sessions (four legislative funding cycles).

IHL Board of Trustees *Policies and Bylaws* Section 903B further prohibits universities from submitting projects to the Legislature or communicating university priorities or requests pertaining to capital improvements and repair and renovation projects to individual legislators. Section 903B states:

The Board shall then approve and furnish to the Legislature each year a priority list of the capital improvements and repair and renovation projects for all institutions under its control. Projects which are not approved by the Board shall not be submitted to the Legislature by any institution. In addition, priorities and requests of the individual institutions may not be presented or communicated to any individual legislators without the prior approval of the Board.

Section 903B further states the IHL Board of Trustees approved priority lists of capital improvement and repair and renovation projects will be submitted to the Governor's Office of General Services and DFA BOB through the Board's Real Estate and Facilities Office. The IHL Office of Real Estate and Facilities Division stated it currently flows through IHL's legislative liaison office.

IHL's Process for Establishing its Proposed 4-Year Bond Plan

Although not formalized in IHL policy, the IHL Office of Real Estate and Facilities has developed a method for presenting to the Legislature a unified 4-Year Bond Plan for the state's universities. The 4-Year Bond Plan process requires the following: universities submit Facilities Needs Requests to the IHL Office of Real Estate and Facilities before the legislative session; IHL allocates a set amount of requested funding to each university over four years of the bond plan; and IHL works with each university to divide university funding requests over four years.

In 2013, IHL first initiated a process in which it developed a multi-year bond plan. The first iteration of the bond plan

was for three years (2013 to 2015) with recent iterations being four years (the 2016 to 2019 and 2020 to 2023 bond plans).

Recognizing that universities generally request significantly more bond funding than is allocated in a given year—e.g., universities combined requested \$390.8 million as part of the capital Facilities Needs Request during the 2014 Legislative Session but received \$110.8 million for FY 2015—the IHL Office of Real Estate and Facilities sought to develop a supplemental funding request method that would provide universities greater planning capability in determining what projects might receive bond funding and which might not.

IHL through its Office of Real Estate and Facilities requires universities seeking state general obligation bond funding to do so through IHL’s consolidated bond plan process. Although not formalized in IHL policy, the IHL Office of Real Estate and Facilities developed a method for presenting to the Legislature a unified 4-Year Bond Plan for the state’s universities. This requires the following:

- universities submit Facilities Needs Requests to the IHL Office of Real Estate and Facilities before the legislative session;
- IHL allocates a set amount of requested funding to each university over the four years of the bond plan; and,
- IHL works with each university to divide university funding requests over four years.

However, this funding is dependent on the Legislature accepting the IHL funding request recommendation. IHL reported the Legislature has adopted the IHL Office of Real Estate and Facilities bond funding recommendation for the last two Legislative Sessions (2020 and 2021).

Identify the Share of Bond Funding Each University Should Receive

The IHL Office of Real Estate and Facilities determines how much each university should receive over the 4-Year Bond Plan, based on a projected amount of bond funding over four years and IHL-established percentages for determining each university’s total four-year funding request amount.

The IHL Office of Real Estate and Facilities determines how much each university should receive over the 4-Year Bond Plan. Given recent legislative history, the IHL Office of Real Estate and Facilities currently estimates the Legislature will authorize on average about \$85 million per year in new general obligation bonds for universities including an average of \$85.7 million per year from 2018 to 2021. The IHL Office of Real Estate and Facilities 4-Year Bond Plan for 2020 to 2023 Legislative Sessions requested approximately

\$340.7 million in bond funding for university projects. IHL then developed a method to determine how much of the requested bond funding (i.e., \$340.7 million) each university should receive.

Over a four-year period, IHL seeks to request the following amount of bond funding for each institution or sub-component (e.g., MSU-MAFES, or USM Gulf Coast Campus):

- MSU, UM, and USM - 12.7% each;
- UMMC - 10.8%;
- JSU - 8.9%;
- Regional universities ASU, DSU, MUW, and MVSU - 7.7% each;
- MSU-MAFES - 7.6%;
- USM Gulf Coast Campus - 2.0%;
- Alcorn State Ag Unit - 0.9%; and,
- Education and Research Center - 0.9%.

The IHL Office of Real Estate and Facilities initially developed these percentages in 2013 based upon a review of each universities' enrollment, the number of facilities at each university, and the amount of previous bond funding allocated to universities since 2000. IHL reevaluates these percentages prior to each new iteration of the bond plan (i.e., the percentages will be reevaluated in 2023 prior to creation of the "2024 to 2027 4-Year Bond Plan").

Utilization of Each University's Annual Facilities Needs Request to Identify Each University's Top Funding Priorities

IHL seeks to request funding for each university's highest priority project as identified in the university's Facilities Needs Requests.

IHL utilizes each university's annually submitted Facilities Needs Request to identify each university's top five priority projects. In coordination with each university, IHL seeks to fund each university's highest priority project. For example, a university's top priority may be the renovation of an expansion of an academic building (e.g., nursing building, school of accountancy).

However, because IHL universities have collectively averaged about \$85 million a year in bond funding, it is unlikely that every university project will be fully funded in the first year. As noted previously, the Legislature may also not authorize any new bond funding for universities during a given year, as was the case in the 2005, 2012, or 2017 Legislative Sessions.

IHL seeks to break larger projects into phases (e.g., preplanning, phase one, phase two, phase three), and

therefore fund larger projects over a two-year to four-year period.

Universities' Annual Opportunity to Reprioritize Funding Priorities

Each year, universities resubmit their Facilities Needs Request to the IHL Office of Real Estate and Facilities prior to the legislative session and IHL develops a modified bond plan request for the remaining years of the bond plan.

Each year, universities resubmit their university's Facilities Needs Request to the IHL Office of Real Estate and Facilities prior to the legislative session; and, IHL develops a modified bond plan request for the remaining years of the bond plan.

The universities submit initial funding priorities on a year-to-year basis with the anticipation of following the bond plan as closely as possible. However, because funding priorities may change yearly or universities may not receive the amount requested, the IHL 4-Year Bond Plan is updated annually as required.

For example, a university may request \$20 million in bond funding from the Legislature for a particular large project such as a student union or major academic building. IHL may divide this funding request into four phases, resulting in the university requesting \$5 million each year of the 4-Year Bond Plan. In year one, the university may receive the initial \$5 million in bond funding from the Legislature for phase one of the student union project, but also receive \$5 million from a private donor for naming rights to the building during the year. This may allow the university to move forward with the project although the Legislature did not fully fund it. In this scenario, the university may seek to work with IHL to reallocate the \$5 million in year four toward another project on the university's priority list.

For these reasons, the IHL Office of Real Estate and Facilities stated that the 4-Year Bond Plan is intended to be a fluid document. Therefore, the IHL Office of Real Estate and Facilities develops a modified bond plan request each remaining year of the bond plan. For example, after the first year (e.g., the 2016 year), IHL submits an updated bond plan for the remaining three years coinciding with the Governor's term of office (e.g., 2017 to 2019).

This process continues until all four years are complete.

Proposed Bond Funding for Universities under the IHL 4-Year Bond Plans for the 2016 to 2023 Legislative Sessions

The IHL Office of Real Estate and Facilities 2016 to 2019 4-Year Bond Plan included \$340,000,000 in bond funding requests. The IHL Office of Real

Estate and Facilities 2020 to 2023 4-Year Bond Plan includes \$740,000, or 0.22% more than the prior request.

Exhibit 2 on page 22 provides the amount of proposed bond funding IHL requested for each university for the 2016 to 2019 4-Year Bond Plan and the 2020 to 2023 4-Year Bond Plan. The IHL Office of Real Estate and Facilities 2016 to 2019 4-Year Bond Plan included \$340,000,000 in bond funding requests. The IHL Office of Real Estate and Facilities 2020 to 2023 4-Year Bond Plan includes \$740,000, or 0.22% more than the prior request.

Exhibit 2: Proposed Bond Funding for Universities under the IHL 4-Year Bond Plans, 2016 to 2023 Legislative Sessions

University	2016 to 2019 4-Year Bond Plan	2020 to 2023 4-Year Bond Plan
Alcorn State University	\$26,180,000	\$26,250,000
ASU-Division of Agriculture	\$3,060,000	\$3,100,000
Delta State University	\$26,180,000	\$26,250,000
Education and Research Center ¹	\$3,060,000	\$3,100,000
Jackson State University	\$30,260,000	\$30,260,000
Mississippi State University	\$43,180,000	\$43,250,000
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	\$25,840,000	\$26,000,000
Mississippi University for Women	\$26,180,000	\$26,250,000
Mississippi Valley State University	\$26,180,000	\$26,250,000
University of Mississippi	\$43,180,000	\$43,250,000
University of Mississippi Medical Center	\$36,720,000	\$36,730,000
University of Southern Mississippi	\$43,180,000	\$43,250,000
USM-Gulf Coast Campuses	\$6,800,000	\$6,800,000
Total	\$340,000,000	\$340,740,000

¹ Includes IHL’s main office building in Jackson.

SOURCE(S): PEER compiled utilizing information from the IHL 2016-2019 4-Year Bond Plan and the IHL 2020-2023 4-Year Bond Plan.

DFA’s Process for Annually Evaluating Capital Needs and Reporting Its Recommendations to the Legislature

DFA follows a separate process outlined in statute and the DFA *BOB Manual* for evaluating capital needs and annually reporting its recommendations to the Legislature. This process includes universities as well as capital needs for community colleges and state agencies.

DFA utilizes a separate process for evaluating capital needs and annually reporting its recommendations to the Legislature. This process is outlined in statute and the DFA *BOB Manual*. MISS. CODE. ANN. Section 31-11-27 (1972) requires DFA to conduct a detailed study of the building and other capital needs annually and report its recommendations to the Legislative Budget Office (LBO) on

or before September 1 of each year. See Appendix B on page 57 for the specific requirements of MISS. CODE. ANN. Section 31-11-27 (1972).

Generally, in March of each year, DFA BOB notifies all state institutions, agencies, and departments it is time to prepare the report of immediate and long-range repair, renovation, and capital improvement needs. MISS. CODE. ANN. Section 31-11-29 (1972) defines immediate needs as:

... buildings, major improvements, and other facilities required for the proper function of the institution for the next year and long-range needs as buildings, major improvements, and other facilities of a similar nature which may be needed at some indefinite future date.

Repair, renovation, and capital improvement needs are defined in Section 200.4 of the *BOB Manual*. Section 200.3 of the *BOB Manual* further adds that universities should utilize a five-year funding projection, requesting funding for immediate needs the first fiscal year and long range needs the next four fiscal years.

Per Section 200.7 of the *BOB Manual*, DFA BOB staff conduct on-site visits to each institution, agency, and department submitting needs requests to DFA BOB. Universities may or may not include items from its campus master plan in its needs request identifying its current immediate and long-range needs.

The on-site visit process may also be referred to as “R&R Tours” (aka Repair and Renovation Tours), and includes members of the state Legislature appointed to the Facilities Management Advisory Committee. MISS. CODE. ANN. Section 31-11-4 (1972) establishes the Facilities Management Advisory Committee for the purpose of advising DFA BOB of its duties of preplanning, construction, repair and renovation for buildings of all state agencies, institutions and departments. Appendix C on page 60 provides the statutory language establishing the composition and role of the Facilities Management Advisory Committee.

Per Section 200.7 of the *BOB Manual*, these visits permit DFA BOB staff to review the university’s immediate and long-range plans. DFA BOB may invite members of the Legislature and applicable governing boards (e.g., IHL Real Estate and Facilities staff) to attend these meetings.

Per Section 200.8 of the *BOB Manual*, after reviewing each request, DFA BOB forwards its recommendations to the Legislative Budget Office which in turn forwards its recommendations to the Legislature.

Ultimately, funding authority rests with the Legislature.

Total State Funding Received by Each University for Capital Outlay Projects, 2000 to 2021 Legislative Sessions

Over a 22-year period, the Legislature authorized \$1,377,659,500 in general obligation bond funds and appropriated \$104,078,122 from the Capital Expense Fund for universities.

IHL has tracked the amount of state general obligation bond funding and Capital Expense Fund funding appropriated to each university since FY 2000. This is shown in Exhibit 3 on page 24. Over a 22-year period, the Legislature authorized \$1,377,659,500 in general obligation bond funds and appropriated \$104,078,122 from the Capital Expense Fund for universities.

Exhibit 3: Total State Funding Received by Each University for Capital Outlay Projects, 2000 to 2021 Legislative Sessions

Institution	Bonds Authorized (\$)	Funds Appropriated ³ (\$)
Alcorn State University ¹	112,054,000	9,416,207
Delta State University	106,583,500	3,187,905
Jackson State University	136,077,000	16,948,542
Mississippi State University	186,546,000	17,541,145
MSU–Division of Agriculture, Forestry and Veterinary Medicine	108,926,000	0
Mississippi University for Women	87,148,000	2,546,293
Mississippi Valley State University	103,943,000	7,528,348
University of Mississippi Medical Center	145,848,000	4,941,899
University of Mississippi	186,500,000	19,240,214
University of Southern Mississippi	145,158,000	19,427,569
USM–Gulf Park Campus	31,388,000	300,000
USM–Gulf Coast Research Lab/Stennis	12,880,000	1,000,000
Education and Research Center ²	14,608,000	2,000,000
Total	\$1,377,659,500	\$104,078,122

¹ Includes ASU–Division of Agriculture.

² Includes IHL's main office building in Jackson.

³ Includes other funds appropriated by the Legislature, such as appropriations from the Capital Expense Fund.

SOURCE: University Bond Allocations, 2000 to 2021. IHL Office of Real Estate and Facilities.

Bond Funding for University Capital Outlay Projects, 2016 to 2021 Legislative Sessions, by Type of Capital Outlay

During the 2016 through the 2021 Legislative Sessions, the Legislature authorized \$440,592,500 in general obligation bonds for university capital outlay projects. PEER further attempted to analyze the projects by kind of capital outlay (new construction versus repair/renovation) and building category (e.g., residence hall, academic building).

PEER sought to determine what types of university capital outlay projects have been funded with state general obligation bonds. In particular, PEER sought to:

- compare the number of new construction projects versus repair and renovation projects funded with general obligation bond funding; and,
- identify the categories of university facilities funded with general obligation bond funding.

PEER reviewed the IHL/university-related bond bills for the 2016 through the 2021 Legislative Sessions.

As shown in Exhibit 4 on page 25, the Legislature authorized \$440,592,500 in general obligation bonds to fund projects for the institutions from the 2016 through the 2021 Legislative Sessions.

Exhibit 4: Total General Obligation Bonds Authorized for University Capital Outlay Projects by University, 2016 to 2021 Legislative Sessions^{1,2}

Institution	Amount (\$)	Percentage
Alcorn State University	31,845,000	7.2%
ASU-Division of Agriculture	4,275,000	1.0%
Delta State University	34,062,500	7.7%
Jackson State University	34,750,000	7.9%
Mississippi State University	59,320,000	13.5%
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	44,095,000	10.0%
Mississippi University for Women	35,210,000	8.0%
Mississippi Valley State University	33,755,000	7.7%
University of Mississippi	70,850,000	16.1%
University of Mississippi Medical Center	45,180,000	10.2%
University of Southern Mississippi ³	37,550,000	8.5%
USM-Gulf Coast Campuses ⁴	9,700,000	2.2%
Total	\$440,592,500	100.0%

¹ The Legislature did not authorize any bonds for the universities during the 2017 Legislative Session.

² This does not include funding from the last two years of the “2020 to 2023 4-Year Bond Plan”, and therefore, may result in universities receiving more or less funding than the percentages referenced on page 20.

³ The Legislature did not authorize general obligations bonds for the University of Southern Mississippi during the 2016 Legislative Session. Instead, the Legislature utilized the Budget Contingency Fund to appropriate \$11,530,000 to the University of Southern Mississippi as part of S.B. 2984 (2016 Regular Session).

⁴ Includes the USM Gulf Coast Research Laboratory and the USM Gulf Park Campus.

SOURCE: PEER staff analysis, utilizing bond bills from the 2016 through the 2021 Legislative Sessions.

UofM received the largest percentage of authorized bond funding from 2016 to 2021 with 16.1% (\$70,850,000), followed by MSU with 13.5% (\$59,320,000). This excludes bond funding authorized for UMMC and the MSU Division of Agriculture, Forestry, and Veterinary Medicine, which generally receive bond funding separately.

ASU received the smallest percentage of authorized bond funding with 7.2% (\$31,845,000), excluding funding for the ASU Division of Agriculture.

PEER notes these bonds may not be allocated to the universities by the Bond Commission in the same year in which they were authorized by the Legislature. As of June 15, 2021, the Bond Commission had not allocated the 2021 authorized bonds to universities. PEER also notes the Legislature did not authorize any bonds for the universities during the 2017 Legislative Session.

During the 2016 Legislative Session, the Legislature additionally authorized \$10,000,000 in bond funds to assist in paying the costs of construction, furnishing, and equipping of the Partnership School⁶ on the campus of Mississippi State University. During the 2020 Legislative Session, the Legislature amended MISS. CODE ANN. Section 57-1-221 (1972) to authorize the Mississippi Development Authority—through the Mississippi Industry Incentive Financing Revolving Fund—to utilize bond funds to grant \$30,000,000 to MSU for the construction, furnishing, and equipping of a high-performance computing data center that is home to federally designated centers of computing excellence. PEER excluded these from Exhibits 4, 5, and 6 due to the nature of the projects.

New University Construction Projects Versus University Repair and Renovation Projects Funded with General Obligation Bond Funding, 2016 to 2021 Legislative Sessions

During the 2016 through the 2021 Legislative Sessions, the Legislature authorized bond funding for 60 projects for the institutions, with 75% (45 of 60) for repair and renovation projects and 25% (15 of 60) for new construction projects.

PEER identified two main types of bond-funded projects as new construction projects and repair and renovation projects. Exhibit 5 on page 27 identifies the total number of

⁶ A joint partnership between MSU and the Starkville-Oktibbeha Consolidated School District to operate a 6th to 7th grade partnership school.

bond-funded capital outlay projects, by type, each university received from 2016 through 2021, by legislative session.

During the 2016 through the 2021 Legislative Sessions, the Legislature authorized bond funding for 60 projects for the institutions and their subsets, with 75% (45 of 60) for repair and renovation projects and 25% (15 of 60) for new construction projects. According to IHL Office of Real Estate and Facilities staff, there are more repair and renovation projects due to aging infrastructure and buildings, the need to prioritize maintaining existing buildings, and the costs associated with new construction. PEER notes this excludes any new construction projects (or other projects) constructed with other sources of funds such as auxiliary funds, other institutional funds (e.g., tuition, fees), or private funds.

Exhibit 5: Total Number of Authorized General Obligation Bond Projects for University Capital Outlay Projects by Project Type, 2016 to 2021 Legislative Sessions¹

Institution	New Construction	Repair & Renovation	Total Bond Projects
Alcorn State University	2	4	6
ASU-Division of Agriculture	1	2	3
Delta State University	0	7	7
Jackson State University	2 ⁴	6	8
Mississippi State University	3	0	3
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	2	3	5
Mississippi University for Women	1	4	5
Mississippi Valley State University	0	5	5
University of Mississippi	2	1	3
University of Mississippi Medical Center	0	5	5
University of Southern Mississippi ²	1	6	7
USM-Gulf Coast Campuses ³	1	2	3
Total	15	45	60
Percentage	25%	75%	100%

¹ The Legislature did not authorize any bonds for the universities during the 2017 Legislative Session.
² The Legislature did not authorize general obligations bonds for the University of Southern Mississippi during the 2016 Legislative Session. Instead, the Legislature utilized the Budget Contingency Fund to appropriate \$11,530,000 to the University of Southern Mississippi as part of Senate Bill 2984 (2016 Regular Session).
³ Includes the USM Gulf Coast Research Laboratory and the USM Gulf Park Campus.
⁴ Includes funding for JSU to study the possibility of building a new stadium in Jackson.

SOURCE: PEER compilation, utilizing bond bills from the 2016 through the 2021 Legislative Sessions.

The Legislature did not authorize general obligation bond funds for new construction projects for DSU, MVSU, and UMMC from 2016 to 2021.

Categories of University Facilities Funded with General Obligation Bond Funding, 2016 to 2021 Legislative Sessions

PEER determined 37% of projects (22 of 60) authorized by the Legislature to receive general obligation bonds between the 2016 and 2021 Legislative Sessions were for non-specific general campus repairs and renovation of buildings and various infrastructure and system repairs, renovation, and upgrades.

PEER sought to identify the categories of university facilities funded with general obligation bond funding. To determine the specific types of capital outlay projects authorized funding, PEER categorized the project purpose or type of building project based on its current use for repair and renovation projects or intended use for new construction projects (e.g., academic, administrative, athletic). Because the Legislature also authorizes non-specific funding for general campus repairs and renovation and various infrastructure and system repairs and upgrades, those types of projects were also identified.

PEER assigned each university building or project category based on the following six categories of building use or project purpose:

- general campus buildings, roads, parking lots, etc. and various infrastructure and systems (e.g., water and sewer plants);
- academic buildings for classroom instruction and support (e.g., libraries);
- research institutes, laboratories, medical facilities, policy, technology, and conference centers;
- student support (e.g., housing, dining, student unions, recreational facilities);
- administration and faculty and staff support (e.g., housing, office space); and,
- athletic facilities.

Exhibit 6 on page 30 identifies the number of bond-funded capital outlay projects the Legislature authorized each university to receive, by category, during the 2016 to 2021 Legislative Sessions.

PEER determined 37% of projects (22 of 60) authorized by the Legislature to receive general obligation bonds between the 2016 and 2021 Legislative Sessions were for non-specific general campus repairs and renovation of buildings and various infrastructure and system repairs, renovation, and upgrades. Universities receiving these funds were given

flexibility to use the funds based on current priorities and needs.

Additionally, PEER determined:

- 35% of projects (21 of 60) authorized were for specific buildings used for academic programs, classroom instruction, and support;
- 13% (8 of 60) of projects were for facilities that support students; and,
- 10% of projects (6 of 60) were for policy centers and research institutes, etc.

In comparison, from 2016 to 2021 Legislative Sessions, the Legislature only authorized general obligation bond funds for one project to support administration, faculty, and staff and two projects for athletic facilities.

Exhibit 6: Total University Capital Outlay Projects Authorized by General Obligation Bonds by Project Category, 2016 to 2021 Legislative Sessions¹

Institution	General Campus Building Repairs & Infrastructure Improvements	Academic	Student Support	Policy, Technology, & Conference Centers/ Research Labs & Institutes/ Medical Facilities	Administration, Faculty, and Staff Support	Athletic Facilities	Total
Alcorn State University	3	1	1	0	1	0	6
ASU-Division of Agriculture	1	1	0	1	0	0	3
Delta State University	4	2	0	0	0	1	7
Jackson State University	3	2	2	0	0	1 ⁴	8
Mississippi State University	0	3	0	0	0	0	3
MSU-Division of Agriculture, Forestry, and Veterinary Medicine	0	5	0	0	0	0	5
Mississippi University for Women	2	2	1	0	0	0	5
Mississippi Valley State University	1	1	3	0	0	0	5
University of Mississippi	1	2	0	0	0	0	3
University of Mississippi Medical Center	2	0	0	3	0	0	5
University of Southern Mississippi ²	3	2	1	1	0	0	7
USM-Gulf Coast Campuses ³	2	0	0	1	0	0	3
Total	22	21	8	6	1	2	60
Project Percentage	37%	35%	13%	10%	2%	3%	100%

¹ The Legislature did not authorize any bonds for the universities during the 2017 Legislative Session.

² The Legislature did not authorize general obligations bonds for the University of Southern Mississippi during the 2016 Legislative Session. Instead, the Legislature utilized the Budget Contingency Fund to appropriate \$11,530,000 to the University of Southern Mississippi as part of Senate Bill 2984 (2016 Regular Session).

³ Includes the USM Gulf Coast Research Laboratory and the USM Gulf Park Campus.

⁴ Includes funding for JSU to study the possibility of building a new stadium in Jackson.

SOURCE: PEER staff analysis, utilizing bond bills from the 2016 through the 2021 Legislative Sessions.

Funding for University Capital Outlay Projects

This chapter discusses:

- state funding sources for university capital outlay projects;
- non-state funded university capital outlay projects; and,
- university self-reported expenditures for capital outlay projects from fiscal years 2016 to 2021.

State Funding Sources for University Capital Outlay Projects

State funding for university capital outlay projects predominantly includes state general obligation bond funds and appropriations from the Capital Expense Fund.

University capital outlay projects funded with general obligation bonds are administered by DFA BOB while projects funded with appropriations from the Capital Expense Fund may either be administered by the university or DFA BOB, depending on how the Legislature appropriated the funding. See discussion on page 44 for more information about DFA BOB's oversight of university capital outlay projects.

General Obligation Bond Funds

Each Legislative Session, the Legislature typically authorizes some general obligation bond funding for universities for capital outlay projects with the exception of the 2005, 2012, and 2017 Legislative Sessions. Typically, the Legislature either authorizes funding for a specific project (i.e., expanding the nursing building at DSU) or authorizes funding for general use for campus improvements, with the legislation specifying, for example, roofing or ADA improvements.⁷

In recent years, the Legislature has favored funding long-term capital improvements through the sale of general obligation (GO) bonds backed by the full faith and credit of the State of Mississippi. The *BOB Manual* states “any expenditure financed by GO bonds should have a life expectancy of 20 years.”

The entire amount of bonds authorized in a bond bill may not be sold all at one time. GO bonds may be sold at various times during the year. Therefore, the sale and depositing of bonds must be considered in awarding of contracts. Once bonds have been sold and deposited into the State Treasury, funds must be expended within three years in order to avoid arbitrage and damage the State's bond rating.

⁷ Americans with Disability Act compliance (i.e., accessible sidewalks, wheelchair ramps, Braille signage).

The Legislature authorizes GO bond funds for capital outlay projects by:

- explicitly appropriating bond funding for a specific project through bond legislation;
- authorizing general bond fund appropriations for items (e.g., campus roofing, campus ADA improvements, or campus HVAC improvements⁸); or,
- authorizing DFA BOB/the university to reallocate unused state funds toward other university capital outlay projects.

Examples of explicitly appropriating bond funding for a specific project through bond legislation include the Legislature's 2021 appropriation of bond funds authorizing: (a) \$15,000,000 for Mississippi State University for Phase I of construction, furnishing and equipping of a new building and related facilities to house the College of Architecture, Art and Design, and (b) 500,000 for Mississippi Valley State University for preplanning for repair, renovation, furnishing and equipping of the Charles Lackey Recreation Center.

Examples of general bond fund appropriations include the Legislature's 2021 appropriation of bond funds authorizing \$2,750,000 for MUW and \$8,000,000 for UMMC for repair, renovation, and upgrading of campus buildings and facilities.

For example, Section 1 (2) (a) (i) and (ii) of the 2021 bond bill Senate Bill 2971 (2021 Regular Session) states:

(i) A special fund, to be designated as the "2021 IHL Capital Improvements Fund," is created within the State Treasury. The fund shall be maintained by the State Treasurer as a separate and special fund, separate and apart from the General Fund of the state. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned or investment earnings on amounts in the fund shall be deposited into such fund.

(ii) Monies deposited into the fund shall be disbursed, in the discretion of the Department of Finance and Administration, with the approval of the Board of Trustees of State Institutions of Higher Learning on those projects related to the universities under its management and control to pay the costs of capital improvements, renovation and/or repair of existing facilities, furnishings

⁸ Refers to heating, ventilation, and air conditioning systems.

and/or equipping facilities for public facilities...

However, the Legislature may not appropriate general obligation bonds to the universities each year, having not done so three times since 2000.⁹

Capital Expense Fund

The Legislature appropriates state funding for Capital Expense Fund projects through appropriation bills, with projects funded with these dollars administered by either DFA BOB or the university.¹⁰ The Legislature included as part of IHL's FY 2022 appropriation bill Senate Bill 2904 (2021 Legislative Session) \$13,239,631 from the Capital Expense Fund.

The Legislature appropriates state funding for Capital Expense Fund projects through appropriation bills. For example, during the 2021 Legislative Session, the Legislature included in UMMC's FY 2022 appropriation bill (S.B. 2912) two projects funded by the Capital Expense Fund:

- \$1,260,369, or so much thereof, for the purpose of providing the funds necessary to authorize the expenditure of funds for replacement, repair, renovation, and modernization of the UMMC grounds and infrastructure; and,
- \$3,681,530, or so much thereof, for the Asylum Hill Project.

Additionally, the Legislature included as part of IHL's FY 2022 appropriation bill Senate Bill 2904 (2021 Legislative Session) \$13,239,631 in Capital Expense Fund funds. S.B. 2904 allocated funding as follows:

- Alcorn State University - \$732,372;
- Delta State University - \$607,055;
- Jackson State University - \$1,175,025;
- Mississippi State University¹¹ - \$3,819,858;
- Mississippi University for Women - \$534,143;
- Mississippi Valley State University - \$696,445;
- University of Mississippi - \$3,296,782; and,
- University of Southern Mississippi - \$2,377,951.

The state's Capital Expense Fund is eligible to receive funding when the state budget experiences a surplus in revenues for the fiscal year compared to budgeted expenses

⁹ The 2005, 2012, and 2017 Legislative Sessions.

¹⁰ Subject to whether the Legislature allocated appropriations from the Capital Expense Fund for university projects through DFA or IHL's appropriation bill.

¹¹ Includes the Forest and Wildlife Research Center and the Division of Agriculture, Forestry and Veterinary Medicine.

for the fiscal year. MISS. CODE ANN. Section 27-103-213 (1972) states:

...the unencumbered cash balance¹² in the General Fund in the State Treasury at the close of each fiscal year shall be distributed to the Municipal Revolving Fund¹³, the Working Cash-Stabilization Reserve Fund¹⁴ and the Capital Expense Fund in the manner provided in Section 27-103-213.

The Capital Expense Fund, however, is third in line to receive funding, receiving any remaining amounts of the unencumbered cash balance after the Municipal Revolving Fund and the Working Cash-Stabilization Reserve Fund (i.e., the rainy-day fund) are funded.

Non-State Funded University Capital Outlay Projects

Universities utilize a variety of non-state funding sources to fund capital outlay projects including institutional funding, self-generated funding, grant funding, private funding, and Education Building Corporation (EBC) bonds. Capital outlay projects that do not receive state funds are managed by the universities, and either overseen by the universities or IHL, depending on the cost of the project.

In addition to funding capital outlay projects with state funding, universities utilize various sources of non-state funding to fund capital outlay projects. This includes institutional funding, self-generated funding, private funding, and grant funding as well as other sources of funding, such as Education Building Corporation (EBC) bonds.

University capital outlay projects funded with institutional funding, self-generated funding, grant funding, private funding, or other non-state funding sources are managed by the universities, and either overseen by IHL or the universities, depending on the cost of the project. For IHL's role in overseeing university capital projects, see page 46. For the university's role in overseeing capital outlay projects, see page 50.

PEER discusses the amount of funding universities have expended on capital outlay projects on page 38, including variances in total funding between universities.

¹² Defined as the amount in the State General Fund after August 31 of each year (i.e., after deducting all appropriations and other expenditures, and after the Legislature has authorized additional or deficit appropriations or transfers from the State General Fund for that fiscal year).

¹³ An amount equal to the first \$750,000 of the unencumbered cash balance.

¹⁴ An amount equal to 50% of the amount of the unencumbered cash balance after the distributions are made to the Municipal Revolving Fund, not to exceed 10% of the General Fund appropriations for the fiscal year that the unencumbered cash balance represents.

Institutional Funds Including Self-Generated Funds

Universities reported utilizing a combination of institutional funds, including tuition, student fees, and self-generated revenue to aid in funding capital outlay projects.

Universities reported utilizing a combination of institutional funds including self-generated funding to pay for capital outlay projects. Institutional funds may include tuition, fees, revenue from auxiliary buildings, and sales.

IHL classifies university buildings into one of two main categories: (a) Education and General Buildings and (b) Auxiliary Buildings. Education and General Buildings are those buildings that do not directly generate a cash flow. This may include classroom buildings, administrative office buildings, and physical plant facilities. Although a student may pay tuition, those costs are not directly applied to a particular facility or classroom to pay bonds associated with that facility. However, the university may set aside a portion of tuition revenue and other revenue collected (e.g., parking fees) to apply to capital outlay expenditures. For example, MUW reported utilizing on average approximately \$550,000 annually in institutional funds to fund capital projects (i.e., about \$3.3 million over the six-year period FY 2016 to FY 2021).

According to IHL Office of Real Estate and Facilities staff:

Auxiliary buildings typically are those that can generate a cash flow to assist in the cost of building maintenance and debt service (assuming the cost of the building construction was financed by the university).

This may include residence halls (e.g., dorm rental fees), dining facilities (e.g., a portion of dining revenue), and athletic facilities (e.g., a portion of ticket revenue).

The amount of institutional funding varies by university from year-to-year. As with private funding for capital outlay projects, there is a significant gap in the amount of self-generated and/or institutional funding generated by MSU, UofM, and UMMC in comparison to the remaining six institutions.

Over the six-year period FY 2016 to FY 2021, DSU, JSU, MUW, and USM reported spending \$22,528,935 on capital outlay projects utilizing institutional/self-generated funds. In comparison, both UMMC and MSU individually reported spending approximately \$90 million in institutional funds on capital outlay projects. Both ASU and MVSU reported utilizing \$0 in self-generated or institutional funds for capital outlay projects.

Grant Funds

Universities reported utilizing both state and federal grant funding to fund capital outlay projects.

Universities occasionally receive state and federal grant funding that it may use for capital outlay projects. The amount of grant funding varies from year-to-year and by university-to-university.

For example, DSU reported receiving three Mississippi Department of Transportation (MDOT) grants for \$4,287,521 to fund the replacement of sidewalks, re-pave all roads on the campus, and to add a new entrance to the northwest side of the DSU campus.

ASU, JSU, and MVSU reported utilizing federal grant funding to pay for capital outlay projects. ASU reported funding capital outlay projects during the period FY 2016 to FY 2021 utilizing \$5,106,746 in Title III grant funding from the U.S. Department of Education as well as grant funding from USDA National Institute for Food and Agriculture (USDA/NIFA). JSU reported funding capital outlay projects during the period FY 2016 to FY 2021 utilizing \$4,328,664 in Title III grant funding. MVSU also reported funding capital outlay projects with Title III grant funding from the U.S. Department of Education.

Private Funds

Universities reported utilizing private funding to fund capital outlay projects, but amounts varied significantly from university to university.

Universities may also receive private funding to fund university capital outlay projects. This generally includes funding raised through donations to the university or their foundations. Universities generally seek donations through capital fundraising campaigns or seeking funding for specific projects (e.g., athletic facility improvements). A donor may also specify their donation be designated toward a specific capital outlay project or purpose.

The amount of private funding universities receive varies from year-to-year and university-to-university. MSU, UofM, and UMMC reported utilizing a combined \$132,392,624 in private funding to fund capital outlay projects between fiscal years 2016 and 2021. This figure does not include the \$67.6 million in private funding as part of the public-private partnership to build the mixed-use housing and retail property College View, as discussed in the following section.

Public-Private Partnership

Universities may also seek to enter into a public-private partnership with a developer to fund the development of a new campus facility.

Universities may also seek to enter into a public-private partnership with a developer to fund the development of a new campus facility.

MISS. CODE ANN. Section 37-101-41 (1972), as amended, authorizes the IHL Board of Trustees to permit the leasing of institution land to private individuals or corporations for the purpose of constructing auxiliary facilities thereon.

Section 907 of the IHL Board of Trustees *Policies and Bylaws* states the auxiliary facility shall be constructed by private financing and shall be leased back to the IHL Board of Trustees for use by the institution. The lease shall contain a provision permitting the IHL Board of Trustees to purchase the building located thereon for the sum of \$1 after payment by the IHL Board of Trustees of all sums of money due under the lease. The institution desiring to use this method of project delivery shall request permission from the IHL Board of Trustees to issue a request for proposal (RFP) for these services. The RFP shall include a project description, procedures to be followed in evaluating the proposals and a timeline for evaluation by the institution. It is the intent of the IHL Board of Trustees that its legal, financial and facilities staff shall be involved in preparing the RFP and in the evaluation process. Once the evaluation process is completed, a recommendation will be brought to the IHL Board of Trustees for its consideration. Specific procedures for the construction of auxiliary facilities using private financing can be found in IHL's *Construction Procedures Manual*.

For example, in 2018, MSU and Greystar entered into a \$67,600,000 public-private partnership to develop College View, a 650-bed residential development on the university's campus in Starkville. MSU will lease the land to Greystar for 40 years with a 10-year option to renew at the end, so the total lease could be up to 50 years, according to the Associate Commissioner for Finance and Administration for IHL. Greystar will set the rates for the facility while MSU will receive five percent of all gross revenue.

The mixed-use property features 46,000 square feet of retail space and a 7,000-square-foot addition to the MSU Child Development and Family Studies Center. Communal amenities include a fitness center, computer lab, study rooms, swimming pool, community lounge, volleyball court, and fire pits. Greystar financed, built, and will manage the community utilizing a 40-year lease of MSU land. The lease agreement features a 10-year renewal option.

At the time, MSU's Vice President for Finance and Chief Financial Officer stated a primary reason MSU opted to utilize a public-private partnership in this instance was to avoid assuming the liability and future debt service payments related to the bond issue. In other words, MSU would receive significantly less revenue from the facility (5%), but Greystar, not MSU, would assume the liability,

responsibility, and risk of issuing the bonds and paying future principal and interest payments related to the bond issuance. MSU projected the \$67,000,000 project would cost about \$79,000,000 to bond.

Educational Building Corporation Bonds

MSU, UofM, and UMMC reported utilizing Educational Building Corporation (EBC) bonds to fund expenditures for capital outlay projects. These bonds are typically paid back by the university utilizing a mix of institutional funds and self-generated funding sources.

MSU, UofM, and UMMC reported utilizing Education Building Corporation (EBC) bonds to fund expenditures for capital outlay projects. Unlike general obligation bonds, which are authorized by the Legislature and paid off by the state, EBC bonds are authorized by the university's respective EBC, and paid back by the university utilizing a mix of institutional funds and self-generated funding sources.

MISS. CODE ANN. Sections 37-101-61 and 37-101-63 (1972), as amended, grant the state institutions of higher learning the authority to form nonprofit corporations for the purpose of acquiring, maintaining, equipping, improving, or constructing facilities for use by the institution. These educational building corporations are granted the authority to issue bonds or other forms of debt obligations (if required for the type of debt to be issued) for the construction and renovation of facilities.

Section 906 of the IHL Board of Trustees *Policies and Bylaws* outlines the requirements for utilizing EBC bonds including requirements for selecting a financial adviser, financing projects, refinancing or defeasing¹⁵ of outstanding debt, review and approval of documents, method of sale, selection of financial institution participants, and disclosure obligations.

University Self-Reported Expenditures for Capital Outlay Projects, FY 2016 to FY 2021

Total funding for university capital outlay projects from FY 2016 to FY 2021 was \$1,322,990,778. This includes state funds received during the 2016 through 2021 Legislative Sessions as well as reported expenditures for capital outlay projects using non-state funds between FY 2016 and FY 2021.

PEER surveyed universities to determine how they funded capital outlay projects and to ascertain how much each university expended on capital outlay projects from fiscal

¹⁵ A defeased bond issue or loan is collateralized with cash equivalents or risk-free securities, such as fixed-rate government bonds, that offer sufficient cash or generate a sufficient return to meet all principal and interest obligations of the defeased security should the bond issuer or borrower default on payment.

years 2016 to 2021, by funding source. PEER defined university capital outlay projects as projects with a cost of at least \$50,000. Projects may include sidewalk repair/replacement, building demolition, repair/renovation projects, significant maintenance projects (e.g., roof replacement, HVAC replacement), and planning for and constructing a new building.

In response to PEER's survey, some universities reported bond funds received and some universities reported expenditures utilizing bond funds. To provide a comparable comparison, PEER chose to use the amount of state funding received from FY 2016 to FY 2021 (including state general obligation bond funds and appropriations from the Capital Expense Fund) to report university capital outlay project expenditures and funding. However, grants utilizing state sources such as MDOT grants are still reported as expenditures under grants.

Each university's self-reported expenditures for capital outlay projects for fiscal years 2016 to 2021 are reported in Exhibit 7 on page 41.

PEER identified a sample of several examples of self-reported expenditures for capital outlay projects including the following:

- DSU reported using state bond funds for several major renovation projects, including renovating its cafeteria, its music building, and Walter Sillers Coliseum. DSU also reported it is starting an addition to its nursing building using state bond funds. Smaller renovation and repair projects are funded with state Capital Expense Funds and excess revenue generated from DSU residence halls. DSU also reported receiving three MDOT grants for a combined \$4,287,521 to fund replacement of sidewalks, re-pave all roads on the campus, and to add a new entrance to the northwest side of the DSU campus.
- JSU reported that it funds capital outlay projects through a combination of grants, private donations, bonds, self-generated funds, federal funds, and state appropriations as well as the university-implemented Capital Improvement Fee. JSU reported that in the spring of 2016, it began collecting the mandatory \$52.50 per semester Capital Improvement Fee assessed to each student. JSU reported funds from the Capital Improvement Fee may be used by its Department of Facilities and Construction Management (FCM) to pay for qualifying expenses.¹⁶

¹⁶ This includes the renovation of education facilities, campus emergency generators, campus signage, sidewalk and paving repairs, minor renovation of housing facilities, replacement or repair

- USM relies heavily on state general obligation bond funds, the Capital Expense Fund, gifts from private donors, and external grants (primarily from MDOT) to fund campus capital outlay projects. These sources of funding comprise 84% (approximately \$64 million) of the funds USM allocates toward capital outlay projects while institutional and/or self-generated funding comprises 16% (approximately \$12 million) of the \$76 million USM reported expending on capital outlay projects from FY 2016 to FY 2021.

of air handler units in various campus facilities, and improvement to the university's IT storage area network.

Exhibit 7: University Self-Reported Expenditures for Capital Outlay Projects, FY 2016 to FY 2021

Institution	State Funds Received ³ (\$)	Institutional Funds (\$)	Grant Funds (\$)	Private Funds (\$)	Other Sources (\$)	Total (\$)
Alcorn State University	41,029,670	0	5,106,747 ⁸	0	0	46,136,417
Delta State University	35,276,610	2,626,926	4,287,521 ⁹	Managed by Foundation	0	42,191,057
Jackson State University	36,258,359	4,598,031 ⁵	4,328,664 ¹⁰	0	0	45,185,054
Mississippi State University	66,959,716 ⁴	89,000,000 ⁶	27,700,000	81,500,000	67,600,000 ¹²	332,759,716
Mississippi University for Women ¹	36,278,286	3,300,000	0	0	0	39,578,286
Mississippi Valley State University	35,481,223	0	862,395 ¹⁰	0	0	36,343,618
University of Mississippi	78,703,933	218,700,000 ⁷	9,300,000	21,300,000	67,200,000 ¹³	364,603,933
University of Mississippi Medical Center	50,122,169	97,090,577	38,114,026	27,592,624	126,962,872 ¹⁴	339,882,268
University of Southern Mississippi ²	50,505,902	12,003,978	1,820,894 ¹¹	11,979,655	0	76,310,429
Total	\$430,615,868	\$427,319,512	\$82,220,247	\$109,092,624	\$261,762,872	\$1,322,990,778

¹ Also currently receives \$108,000 a year from the Mississippi School for Math and Science for maintenance.

² Includes Hattiesburg campus only.

³ Includes general obligation bond funds authorized by the Legislature and Capital Expense Fund appropriations from the Legislature during the 2016 to 2021 Legislative Sessions.

⁴ Excludes \$44,095,000 in bond funding separately authorized for MAFES and the MSU Department of Agriculture, Forestry, and Veterinary Medicine. However, their Capital Expense Fund appropriations were included since they were bundled with MSU's Capital Expense Fund appropriation.

⁵ Includes funding from a mandatory \$52.50 per semester Capital Improvement Fee assessed to each student.

⁶ University funds including but not limited to tuition, fees, and auxiliary revenue net of scholarship allowance.

⁷ Includes institutional funds (tuition and fees) and auxiliary revenues for capital projects. Debt service for certain EBC bonds is sourced by auxiliary funds. Bonds issued for non-auxiliary purposes (e.g., the Robert C. Khayat Law Center) would be serviced by institutional funds.

⁸ Includes U.S. Department of Education Title III grant funding and USDA National Institute for Food and Agriculture grant funding.

⁹ Received three MDOT grants to fund sidewalk replacement, re-pave all DSU campus roads, and to add a new northwest campus entrance.

¹⁰ Title III grant funding from the U.S. Department of Education.

¹¹ MDOT grants.

¹² MSU and Greystar entered into a \$67,600,000 public-private partnership to develop the mixed-used housing and retail property College View; MSU leased the land to Greystar who built and developed the property in return for the ability to collect revenue from the property.

¹³ Includes bond proceeds received from the sale of UofM EBC bonds that are paid for with either auxiliary funds or institutional funds.

¹⁴ Includes bond proceeds received from the sale of UMMC EBC bonds primarily for the children's hospital expansion.

SOURCE: PEER compilation, utilizing each universities' response to PEER survey.

Oversight for University Capital Outlay Projects

This chapter discusses:

- the key factors governing oversight of university capital outlay projects;
- DFA administering and oversight of university construction-related projects;
- IHL oversight of university capital outlay projects;
- university practices for overseeing capital outlay projects \$1,000,000 or less; and,
- no single entity tracks expenditures for university capital outlay projects.

Key Factors Governing Oversight of University Capital Outlay Projects

A capital outlay project's source(s) of funding and cost determines if other governing entities (IHL, DFA BOB, and the Public Procurement Review Board) have jurisdiction over university capital outlay projects.

The university, IHL, DFA BOB, and the Public Procurement Review Board's role as it pertains to university capital outlay projects depends on the following: (a) the source(s) of project funding; and, (b) the project cost.

DFA has authority over administering all state general obligation bond projects. If a university project receives general obligation bond funding, DFA administers the project and resulting contracts are subject to the approval of the Public Procurement Review Board (PPRB). DFA BOB stated its authority over projects funded with by the Capital Expense Fund depends on whether the projects were funded through IHL or DFA's appropriation bill.

- DFA BOB has authority to manage university projects that were allocated appropriations from the Capital Expense Fund through DFA's appropriation bill.
- DFA BOB does not have authority to administer university projects that were allocated appropriations from the Capital Expense Fund through IHL's funding bill, since IHL administers those funds, unless the university delegates this authority.

Section 902 of the IHL Board of Trustees *Policies and Bylaws* establishes budget thresholds as a determination in whether a university capital outlay project requires IHL oversight. If a university capital outlay project budget is projected to exceed \$1,000,000, the university must submit

the project to IHL Real Estate and Facilities for approval by the IHL Board of Trustees.

The university, IHL, DFA BOB, and PPRB's role as it pertains to university capital outlay projects can be summed up as follows:

- If a university project includes state general obligation bond funds, DFA administers the project, subject to Public Procurement Review Board oversight;
- If a capital outlay project costs more than \$1,000,000, the IHL Board of Trustees or IHL Office of Real Estate and Facilities must approve components of the project, regardless of source of funding; and,
- If a capital outlay project receives \$0 in state funding and costs equal to or less than \$1,000,000, the university oversees and manages the project.

How is a Capital Outlay Project's Total Budget Determined?

Universities shall submit to the Assistant Commissioner for Real Estate and Facilities a project budget breakdown if a capital outlay project budget is estimated to exceed \$1,000,000 or state funding is utilized for the capital outlay project.

According to the IHL Office of Real Estate and Facilities staff, a capital outlay project's *total project budget* includes:

- pre-planning costs;
- construction contract costs (estimated or actual);¹⁷
- design professional fees (architects, engineers, consultants, etc.);
- miscellaneous project costs (e.g., surveys, soil borings, printing, etc.);
- furniture and equipment (if included in contract); and,
- contingency costs.¹⁸

Universities shall submit to the Assistant Commissioner for Real Estate and Facilities a project budget breakdown if a capital outlay project budget is estimated to exceed \$1,000,000 or state funding is utilized for the capital outlay project. See Appendix D on page 61 for a copy of IHL Office of Real Estate and Facilities' Request for Project-Related Staff Approvals.

¹⁷ Includes all applicable project-related contracts.

¹⁸ Can be calculated as a percentage (as determined by each university) of a capital outlay project's estimated construction costs or a lump sum as determined by the university.

If the capital outlay project is to be conducted in phases, universities shall also submit to the Assistant Commissioner for Real Estate and Facilities a phased project budget breakdown consisting of the same items included in the project budget.

DFA Administering and Oversight of University Construction-Related Projects

DFA BOB administers contracting for construction, renovation, furniture and equipment, and maintenance by state agencies and government entities using state funds, including requiring pre-approval of professional construction and renovation contracts and approval of all contracts within certain cost thresholds. Construction contract awards over \$5,000,000 and furniture and equipment contract awards over \$2,000,000 must be approved by the Public Procurement Review Board.

As administrator of university construction-related projects, DFA procures and awards construction contracts, pays vendors, manages construction-related projects, and enforces contract terms.

DFA BOB exercises two types of oversight of construction-related projects:

- requiring submission of professional construction and renovation contracts for review and preapproval; and,
- requiring submission of construction, furniture and equipment, and maintenance contracts for approval (or approval by PPRB, based on cost thresholds).

DFA BOB administers all state-funded bond projects except those at MSU, UofM, and UMMC.¹⁹ S.B. 2867, 2019 Legislative Session, authorized the IHL Board of Trustees to

...oversee, administer and approve contracts for the construction and maintenance of buildings and other facilities of the state institutions of higher learning, including related contracts for architectural and engineering services, which are funded in whole or in part by general obligation bonds of the State of Mississippi at institutions designated annually by the board as being capable to procure and administer all such contracts.

The IHL Board of Trustees determined MSU, UofM, and UMMC were capable of managing their own state-bond-funded projects. This legislation expires June 30, 2022.

¹⁹ DFA enters into a memorandum of understanding with the specific IHL institution (MSU, UofM, or UMMC) for each project governed by Senate Bill 2867.

Approval of Professional Construction and Renovation Contracts

DFA BOB must approve a project's architectural and/or engineering contracts if:

- state funds support part, or all, of the construction or renovation project; and,
- architectural, engineering, landscape architectural, interior design, or special consulting services will result in new construction, renovation, or repair of a building with a total cost that exceeds \$25,000.

However, if self-generated²⁰ or local funds²¹ support the entire project, the contract does not have to be submitted to the bureau for review and preapproval.

Approval of Construction and Furniture and Equipment Contracts

Source of funding guidelines for determining whether the DFA BOB and PPRB have approval authority for construction and furniture and equipment contracts are the same as the source of funding guidelines for the approval of professional construction and renovation contracts. Under procedures approved by the Public Procurement Review Board, the DFA Executive Director has authorized the following oversight threshold guidelines for construction contracts:

- construction contract awards under \$3,000,000 must be signed by the Director of DFA BOB; contract awards between \$3,000,000 and \$5,000,000 must have an additional signature of DFA's Deputy Executive Director; and contract awards over \$5,000,000 must be approved by the Public Procurement Review Board; and,
- furniture and equipment contract awards under \$1,000,000 must be signed by the Director of the DFA BOB; furniture and equipment awards between \$1,000,000 and \$2,000,000 must have an additional signature of DFA's Deputy Executive Director; and furniture and equipment contract awards over \$2,000,000 must be approved by PPRB.

All award decisions for construction, furniture and equipment, and ITS awards in support of construction projects through DFA BOB are to be posted publicly on the

²⁰ *Self-generated funds* include any monies received by a using agency whose amount, authorization and/or origin are not enumerated by legislative action.

²¹ *Local funds* include any monies resulting from the action of cities, counties, or districts, such as grants, gifts, fees, or federal funds.

Department of Finance and Administration's Public Procurement Review Board's website and include:

- the contract number;
- the need for the contract;
- the agency or institution receiving the work;
- the winning bidder;
- the bid amount; and,
- the number of bids.

IHL Oversight of University Capital Outlay Projects

The IHL Board of Trustees approves capital outlay projects greater than \$1,000,000, as well as certain specified items related to capital outlay projects that may not rise to the \$1,000,000 threshold. The IHL Board of Trustees also must approve satellite/off-campus programs.

IHL Oversees Capital Outlay Projects Greater than \$1,000,000

Section 902 of the IHL Board of Trustees Policies and Bylaws establishes the budget thresholds as a determination in whether a university capital outlay project requires IHL oversight. If a university capital outlay project budget is projected to exceed \$1,000,000, the university must submit the project to IHL Real Estate and Facilities for approval by the IHL Board of Trustees. The IHL Board of Trustees requires certain items pertaining to capital outlay projects to be approved by the IHL Board of Trustees, while the Board delegates approval authority for other items pertaining to capital outlay projects to the IHL Assistant Commissioner for Real Estate and Facilities (e.g., construction documents, advertise and receipt of bid).

University capital outlay projects greater than \$1,000,000 must be submitted to the IHL Office of Real Estate and Facilities for approval by the IHL Board of Trustees.

Section 902 of the IHL Board of Trustees *Policies and Bylaws* states the Board must approve the initiation of a project for the construction of new facilities, repairs and renovations to existing facilities, and requests for a capital outlay with a total budget exceeding \$1,000,000 regardless of how these projects are financed. It is the intent of the Board that appropriate staff under the direction of the Commissioner shall be involved in all phases of building projects requiring approval by the Board.

According to IHL Board of Trustees *Policies and Bylaws* Section 904A, once funding has been secured from whatever source, each institution shall bring all new projects to the Board for approval of the project initiation (including total budget) and the appointment of a design professional (or a change in design professional). This request shall include:

- a detailed description of the work to be accomplished (building program);
- the total budget, including identifying all sources of project funding; and,
- the university recommendation for the project's design professional.

After the IHL Board of Trustees grants approval of both the initiation of the project and the appointment of a design professional, no further Board action or approval is required for the completion of the project if the following conditions are met:

1. The detailed description of the work to be accomplished (building program), as specifically approved by the Board within the project initiation, has not changed.
2. The total budget has not increased beyond the amount specifically approved by the Board as part of the project initiation.
3. The funding source has not changed from that specifically approved by the Board as part of the project initiation.
4. The design professional previously approved by the Board has not changed.

If the above four conditions have been met, the IHL's Real Estate and Facilities staff, through the Commissioner, have the authority to approve any and all necessary documents related to the completion of the subject construction project, including the approval of construction documents, the advertisement and receipt of bids, the approval of a bid, the award of a contract, and any change orders.

The IHL Board of Trustees requires certain items pertaining to capital outlay projects to be approved by the IHL Board of Trustees, while the Board delegates approval authority for other items pertaining to capital outlay projects to the IHL Assistant Commissioner for Real Estate and Facilities. This is specified in the IHL Board of Trustees *Policies and Bylaws* and summarized in a flow chart posted on the IHL website. See Appendix E on page 62 for a copy of the IHL project flowchart for capital outlay projects.

Other Capital Outlay Related Items Requiring IHL Board of Trustees Approval

The IHL Board of Trustees approves additional items related to capital outlay projects that may not rise to the \$1,000,000 threshold, such as removal of buildings from inventory, building names, and land sales and property purchases.

Other capital outlay related items requiring IHL Board approval include:

- removal from inventory (e.g., demolition, writing off of an old barn/storage building no longer utilized);
- naming of a building;
- exterior design for major projects;
- land sale;
- real property purchases greater than \$100,000;
- leases greater than \$100,000 (does not include oil, gas, or mineral rights);
- timber sales greater than \$500,000;
- private funding of auxiliary facilities; and,
- legislative funding request.

Prerequisites for Building Modification or Demolition

All projects involving the demolition of a university facility shall require prior IHL Board of Trustees approval, regardless of projected cost. Any IHL Board of Trustees approval of a modification or demolition project is subject to any required approvals of the Mississippi Department of Environmental Quality and the Mississippi Department of Archives and History.

Section 919 of the IHL Board of Trustees *Policies and Bylaws* governs building modification or demolition. While general requirements for obtaining IHL Board of Trustees approval related to construction projects are set out in Board Policies 902 and/or 904, all projects involving the demolition of a university facility shall require prior IHL Board of Trustees approval, regardless of projected cost.

Further, Section 919 states any IHL Board of Trustees approval of a modification or demolition project is subject to any required approvals of the Mississippi Department of Environmental Quality and the Mississippi Department of Archives and History. Prior to commencement of construction of a building on an institution's property for modification, restoration, improvement, repair, renovation, rehabilitation, demolition or similar work, the institution shall secure any required inspections and/or approvals from the Mississippi Department of Environmental Quality and any required permits or approvals from the Mississippi Department of Archives and History authorizing the requested building action.

Approval of Exterior Design of Major Buildings

Prior to the commencement of construction, the IHL Board of Trustees must approve the exterior design of the major

buildings that have an aesthetic impact on the overall campus, regardless of the cost of the project. This requirement applies to all buildings and facilities on an institution's property even if the land is leased to an institution's affiliated entity or a private developer.

Purchase and Sell of Real Property

All universities may purchase real property if approved by the IHL Board of Trustees, while selling land requires both legislative and IHL Board of Trustees approval. However, Alcorn State University, Mississippi State University, the University of Mississippi, and the University of Southern Mississippi Gulf Coast Research Laboratory may sell land without seeking specific legislative approval.

*The Mississippi Code of 1972*²², as amended, allows all institutions of higher learning governed by the Board to purchase real property. However, Alcorn State University, Mississippi State University, the University of Mississippi and the University of Southern Mississippi Gulf Coast Research Laboratory may sell land without seeking specific legislative approval. All universities must receive Board approval prior to selling real property, while non-exempt universities must also obtain legislative approval prior to selling real property.

Satellite Programs or Off-Campus Programs

The IHL Board of Trustees restricts the establishment of satellite campuses or off-campus programs to reduce unnecessary program duplication in the same geographic area (i.e., within 50 miles of the main and/or branch campuses of another state university). In the instance a conflict occurs between universities regarding the establishment of satellite programs or off-campus programs, Section 201.0507 E of the IHL Board of Trustees Policies and Bylaws outlines how these conflicts are resolved.

Pursuant to its authority under MISS. CODE ANN. Section 37-102-5 (1972), as amended, the IHL Board of Trustees may establish off-campus instructional programs for universities if, according to the Board, this kind of action is in the best interest of quality education for the State of Mississippi and the university system.

Pursuant to its authority under MISS. CODE ANN. Section 37-102-1 (1972), as amended, the IHL Board of Trustees may designate the university which shall operate and be responsible for each off-campus site. However, off-campus sites shall be placed in locations that make the services of the institutions of higher learning available to the people of

²² MISS. CODE ANN. Sections 37-113-3, 37-113-7, 37-115-1, 37-117-1, 37-119-1, 37-121-3, 37-123-1, 37-125-1, 37-127-1, and 37-101-1 (1972).

Mississippi without unnecessary program duplication in the same geographic area.²³

Section 201.0507 C of the IHL Board of Trustees *Policies and Bylaws* states an existing Board-approved institutional academic program may be offered at any Board-approved off-campus site for that institution without obtaining additional Board approval to offer the program at a specific institutional off-campus site.

In the event a conflict between universities arises over the development of a satellite program, Section 201.0507 E of the IHL Board of Trustees *Policies and Bylaws* outlines how these conflicts are resolved.

University Practices for Overseeing Capital Outlay Projects \$1,000,000 or Less

The IHL Board of Trustees delegates approval of capital outlay projects \$1,000,000 or less to each university. University policies and practices for overseeing capital outlay projects \$1,000,000 or less vary by university.

IHL Delegates Oversight of Capital Outlay Projects \$1,000,000 or Less to Universities

Section 902 of the IHL Board of Trustees Policies and Bylaws delegates to universities the authority to approve and oversee capital outlay projects \$1,000,000 or less, including authorizing universities to establish their own internal policies and practices for these projects. Projects initiated with state bond funds must be approved by the IHL Office of Real Estate and Facilities.

Under Section 902 of the IHL Board of Trustees *Policies and Bylaws*, the IHL Board of Trustees delegates approval of all construction, repairs and renovation projects with a total budget of \$1,000,000 or less to each University's Executive Officer, i.e., President or Chancellor. These projects are not subject to IHL Board of Trustees oversight, nor do they require approval by the IHL Assistant Commissioner for Real Estate and Facilities.

However, Section 902 further requires all projects utilizing any state bond funds, including Ayers funds, be initiated with staff approval from the Office of Real Estate and Facilities. This is in part because of the way in which IHL requires funding be sought for bond projects and because state bond projects are managed externally by DFA BOB. No further approvals are required by IHL staff for capital outlay projects of \$1,000,000 or less unless the project budget changes. All budget changes for these projects must be reported to the Office of Real Estate and Facilities. If the project's amended budget exceeds \$1,000,000, the project

²³ Within 50 miles of the main and/or branch campuses of another state university.

then is subject to the IHL Board and IHL staff approvals for capital outlay projects greater than \$1,000,000.

Section 909 of the IHL Board of Trustees *Policies and Bylaws* states all new construction and repair and renovation projects with budgets in excess of \$250,000 or more undertaken by the institutions must have plans and specifications drawn for the purpose of advertising and the receipt of bids. Plans and specifications are to be drawn by a professional architect or engineer unless otherwise recommended by the Board's Real Estate and Facilities staff and approved by the Board.

University Policies and Practices for Overseeing Capital Outlay Projects \$1,000,000 or Less Vary

Each university develops its own oversight requirements for overseeing capital outlay projects, resulting in varied methods for who oversees projects and the thresholds at which various levels of approval is required. Generally, the process may include the facilities director, the chief financial officer, and the chief executive officer.

PEER surveyed each of the institutions of higher learning as to its practices for overseeing capital outlay projects \$1,000,000 or less. Primarily, PEER sought to determine who at each university had oversight of capital outlay projects and if oversight varied by project cost or other factors. In other words, what capital outlay projects could be approved by a facilities director versus a chief financial officer versus a university president?

In surveying universities, PEER found that oversight thresholds vary between universities. Each university's self-reported oversight requirements for approving capital outlay projects \$1,000,000 or less are reported in Appendix F on page 63.

Universities may also delegate authority to manage capital outlay projects that are funded with self-generated funding to DFA BOB. IHL Office of Real Estate and Facilities staff and DFA BOB both stated this generally only occurs with the six smaller universities. The reasons for this are two-fold. One, the smaller universities have fewer physical facilities personnel to manage capital outlay projects compared to their larger counterparts MSU, UofM, and UMMC. Two, in follow-up interviews with DFA BOB staff, DFA BOB stated this generally pertained to projects funded with appropriations from the Capital Expense Fund that were appropriated through IHL's appropriation bill. DFA BOB does not have authority to administer appropriations from the Capital Expense Fund allocated to universities through IHL's funding bill, since IHL administers those funds. Universities may delegate authority to DFA to administer the project, including all applicable construction contracting, vendor payments, and if necessary, litigation (in coordination with the Office of the Attorney General).

MUW was the only university to report outsourcing the operations of its Facilities Department, having done so since 2005 as a cost saving measure. MUW currently pays approximately \$2,978,000 to contract with GCA Education Services, Inc., to operate its Facilities Department. Services include facilities, operations, and maintenance services as well as janitorial and grounds services.

No Single Entity Tracks Expenditures for University Capital Outlay Projects

In seeking information from IHL and DFA, PEER determined no single entity tracks expenditures for university capital outlay projects, although DFA attempts to track components of the state’s capital outlay project expenditures. PEER found that to ascertain the total state expenditures for university capital outlay projects, one must survey each of the institutions of higher learning. This lack of information impedes the Legislature from determining the full scope of funding for university capital outlay projects when making funding decisions.

PEER sought to determine the amount of funding and/or expenditures for universities’ capital outlay projects. However, in seeking information from IHL and DFA, PEER determined no single entity tracks expenditures for university capital outlay projects. PEER found that to ascertain the total state expenditures for university capital outlay projects, one must survey each of the institutions of higher learning.

DFA maintains a database, but it only includes state-funded university capital outlay projects administered and overseen by DFA.

DFA BOB also compiles and annually submits to the Legislative Budget Office its annual report *Renovation and Repair Expenditures*.²⁴ This includes:

- each university’s renovation and repair expenditures, broken down by salaries, contractual, commodities, and equipment;
- number of university staff responsible for building maintenance, repair, and renovation including direct supervisors and planning/project management personnel; and,
- the university’s inventory replacement value.

As part of the report, DFA also tracks the extent to which universities expend funds for repair and renovation to maintain assets in current condition. DFA reported IHL universities expended \$71,683,079 in FY 2021 for repair and renovation expenditures to maintain assets in current

²⁴ Includes the State of Mississippi’s Institutions of Higher Learning, each of the fifteen community colleges, the Department of Mental Health, the Department of Corrections, and the Department of Wildlife, Fisheries, and Parks.

condition. DFA reported total replacement value of IHL facilities was \$9,936,862,403 in 2021.

The APPA benchmark for repair and renovation expenditures required to maintain assets in current condition is 1.5% to 3% of building replacement value. DFA compared the total IHL renovation and repair expenditures for IHL facilities to the replacement value of IHL facilities, and determined IHL universities renovation and repair expenditures collectively average 0.72% of replacement value. DFA noted expenditure levels varied by university, ranging from a low of 0.10% (JSU) to a high of 2.28% (MSU-Division of Agriculture, Forestry, and Veterinary Medicine).

Section 901 of the Mississippi Board of Trustees of State Institutions of Higher Learning *Policies and Bylaws* states:

...the Mississippi Board of Trustees of State Institutions of Higher Learning is charged with the responsibility of buildings, facilities, land and real property of each institution.

IHL only collects information on capital outlay projects that: (a) require IHL Board of Trustees approval, i.e., university capital outlay projects greater than \$1,000,000, and/or (b) are funded with state funds.

Although IHL Board policy requires universities to report the expenditures for individual projects seeking IHL Board of Trustees approval (i.e., those exceeding \$1,000,000), the IHL Board of Trustees does not require universities to report to IHL:

- total university expenditures for capital outlay projects, by funding source;
- a breakdown of capital outlay projects by type of facility (e.g., university support functions, residential housing, faculty housing, classrooms, athletics); or,
- a breakdown of capital outlay projects by type of project (e.g., new construction, repair/renovation, maintenance, demolition, etc.).

This lack of information impedes the Legislature from determining the full scope of university capital outlay projects, including how such projects are funded, when making funding decisions.

Recommendation

1. In order to better inform the Legislature regarding capacity and resource allocations, which inevitably contribute towards the universities' master planning efforts, the Legislature should require the IHL Board of Trustees to provide information regarding the full scope of funding for university capital outlay projects.

The Legislature should require the IHL Board of Trustees, in conjunction with the eight universities and UMMC, to develop a mechanism to compile existing data sources (e.g., DFA BOB BRICKS database on state-funded projects, IHL records for Board-approved projects greater than \$1,000,000) and annually report to the Legislature the following:

- a. Cumulative expenditure totals for university capital outlay projects for each institution, by revenue source (e.g., bond funding, capital expense funds, self-generated funds);
- b. Total number of university capital outlay projects by kind of capital outlay (i.e., number of new construction projects, repair and renovation projects, and planning projects); and,
- c. Category of university capital outlay projects by type of facility (e.g., residence hall, athletic facility, administrative/university support facility, classroom/academic facility, etc.).

Appendix A: The Master Planning Process, as outlined by APPA

Establish Purposes and Expectations

- Obtain commitment from senior campus leadership and clarify expectations before initiating the process.
- Articulate the major purposes for doing the master plan update at this time (few will be plans for an entirely new university or college). What has triggered the need for the master plan? What does the institution hope to achieve? A list of purposes may include, for example, facilities for new or evolving academic programs, accommodation of increasing enrollment targets, or the provision of on-campus housing. Express as explicitly as possible how the physical master plan relates to and helps execute the institution's mission and strategic plan.
- Identify the professional planning team. Given the magnitude of the tasks involved in preparing and implementing a master plan, most institutions need a professional team that consists of one or more consultants as well as some campus personnel. It is important to be clear about roles and responsibilities, particularly in coordinating consulting contracts.
- Develop a work program showing expected tasks, assignments, and estimated time frames, recognizing that the process is not linear but will need various feedback loops as information becomes available from environmental and facility analyses and from stakeholders.

Publicize Outreach and Participation Opportunities

- Develop an outreach program (portions of which may be formally required through environmental laws or institutional policy). Developing a careful, inclusive process usually leads to more expeditious review and approval. Start by identifying stakeholders or constituents and try to anticipate their concerns and interests. Assess how these stakeholders can best be informed of the planning process and what are the most appropriate methods for facilitating participation and feedback. Identify when their input would be most useful to the planning process and best able to generate support and participation. Keep in mind that the program may need to be adjusted during the process as unforeseen issues or concerns arise.
- Establish an advisory committee (or identify an existing committee that can serve this purpose), because the university will need a way to review policy and attain stakeholder support. While the committee's role should clearly be advisory, it should represent internal and external constituencies.

Conduct Background Analysis

- Describe the institution's history and regional community contexts, including social and economic conditions.
- Conduct an analysis in order to determine the most important issues that need to be addressed from both a political and programmatic perspective.
- Undertake academic program and enrollment analysis, focusing on enrollment patterns and trends in the university's academic offerings and other initiatives related to its mission, such as research. This analysis should encompass changes in pedagogy and technology; and address the implications of these patterns and trends on space requirements.
- Assess existing physical conditions and trends, including a review of the current master plan and any other related long-term plans. This should entail quality,

quantity, utilization, location, and design attributes for all spaces, not just buildings. The analysis should include related site and infrastructure requirements.

- Analyze environmental opportunities and constraints, including campus and community perceptions of critical issues to be addressed and features to be protected, so that future development possibilities can be explored. Some aspects of environmental analysis may also be required by state or federal law.

Determine Planning Principles and Design Framework

- Formulate the vision or design framework for the plan.
- Articulate the principles that will guide the planning. APPA suggests the term “principles” because it implies strong guidance but not rigid, inflexible standards.

Draft the Plan Elements and Graphics

- Draft a plan, recognizing again that it is more than a map. Use of applicable maps and illustrations will help with the presentation and understanding of the plan.
- Address environmental and social impacts to the extent practicable by incorporating needed mitigations into the plan itself. For example, if growth-induced traffic impacts are expected, include measures within the plan to accommodate and encourage alternative transportation systems.

Coordinate Review and Approval

- Conduct a public review of the draft plan, based on processes appropriate to the institution.
- Modify the draft plan and implementation program based on feedback. Present the plan for formal adoption to the approving entity or entities.
- Address all required regulatory approvals.

Implement the Plan

- Draft an implementation strategy that includes directives for more detailed studies as well as other specific actions. Implementation measures should, to the extent possible, include some measure of progress or success.
- Coordinate more focused plans, including functional areas (e.g., utilities, housing, athletics), district plans (e.g., campus core), and/or college plans (e.g., medical school) as appropriate.
- Coordinate annual and five-year (or other short-term) capital budget programs to phase construction of new facilities and incorporate major renovations and upgrades.

Monitor Progress and Update the Plan

- Initiate regular monitoring of progress toward fulfillment of the plan’s policies and programs.
- Establish a process for review and adjustment to changing circumstances in ways that do not violate the plan’s principles and that are not contrary to the institution’s mission and strategic plan.

SOURCE: *Campus Master Planning*, APPA (formerly the Association of Physical Plant Administrators), 2018, as reviewed on September 1, 2021.

Appendix B: State Requirements Governing Studying of Capital Needs and Reporting to the Legislature

MISS. CODE. ANN. Section 31-11-27 (1972) requires DFA to conduct a detailed study of the building and other capital needs annually and report its recommendations to the Legislative Budget Office (LBO).

- (1) (a) The Department of Finance and Administration shall conduct a detailed study of the building and other capital needs at each state institution and at each community college and junior college immediately prior to September 1 in each year. This study shall include, but shall not be limited to, the following matters:
 - (i) An inventory of every state building and other capital facility which is the property of the State of Mississippi;
 - (ii) The location, date of construction or acquisition, the purpose for which used, outstanding indebtedness against the facility, if any, and cost of repairs for the preceding fiscal year;
 - (iii) An examination of the condition of the building or other facility, including current conditions and ratings of all roofs at each state agency, state institution of higher learning, community college, and junior college;
 - (iv) An estimate of the cost of repairs required to place the facility in good condition;
 - (v) An estimate of the cost of major renovations, if contemplated; and,
 - (vi) A determination of the new building and other facility needs of each institution with needs classified under immediate or long-range requirements.
- (1) (b) All state agencies, departments, and institutions are hereby required and directed to cooperate with the Department of Finance and Administration in carrying out the provisions of this section. For purposes of validating subsection (1) (a) (iii) above, each roof of a building not planned for demolition must be visually inspected by institution or agency facilities' staff, by a licensed architect or engineer or by thermal imaging inspection at least every three years.
- (1) (c) The Department of Finance and Administration shall submit a detailed report to the Legislative Budget Office, the House Public Property Committee, and the Senate Public Property Committee on or before September first of each year. This kind of report shall be in such detail and in such form as may be prescribed by the Legislative Budget Office.
- (1) (d) The architect or building inspector of the Department of Finance and Administration shall make a biennial inspection of the New Capitol, Old Capitol, Woolfolk State Office Building, War Memorial Building, Governor's Mansion, and all other buildings under jurisdiction of the Department of Finance and Administration for structural or other physical needs or defects of such buildings, and he shall further inquire of the department or its representatives regarding the

condition of the buildings. He shall make a written report of his finding to the Department of Finance and Administration, Governor, Lieutenant Governor, and Speaker of the House of Representatives. The report shall also make recommendations for repairs and list, by number, the priority which should be given to making necessary repairs.

- (2) (a) In addition to any report required in subsection (1) of this section, the Department of Finance and Administration shall prepare and submit an annual report to the Legislative Budget Office, the House Public Property Committee and the Senate Public Property Committee describing the proposed capital improvements projects for state agencies, departments, and institutions for the upcoming five-year period. The Department of Finance and Administration shall not be required to include in the report any project costing less than one million dollars. The department shall submit the report before September 1 of each year. The report shall include at least the following information:
- (i) A prioritized list of the projects proposed for the five-year period, with each project ranked on the basis of need, consistent with the primary goal of preserving existing capital assets where possible and replacing existing capital assets where necessary;
 - (ii) A prioritized list of the projects proposed for the next regular Legislative Session, with each project ranked on the basis of need, consistent with the primary goal of preserving existing capital assets where possible and replacing existing capital assets where necessary;
 - (iii) A prioritized list of the projects requested by each state agency, department, or institution;
 - (iv) A detailed explanation of criteria used by the Department of Finance and Administration to rank projects for purposes of any list it prepares under this paragraph (a);
 - (v) A detailed statement of justification for each project;
 - (vi) The approximate cost for each project, including, but not limited to, itemized estimates of costs for preplanning, constructing, furnishing and equipping a project, and costs for property acquisition;
 - (vii) The estimated beginning date and completion date for each project;
 - (viii) Whether a project, as proposed, is a complete project or a phase or part of a project;
 - (ix) How a project will affect the operating budget of the applicable agency, department, or institution for the upcoming five-year period, regarding such items as additional personnel requirements, utility costs, maintenance costs, security costs, etc. Any request for new construction other than replacement, or for purposes other than incidental expansion of existing facilities, shall also identify the total amount of non-state funds to support such project;
 - (x) The proposed method of financing each project and the effect such financing will have on the state budget, including an estimate of any required debt service for the project, and an estimate of any federal funds or other funds

that the agency, department, or institution may have access to because of the project; and,

- (xi) A list of the projects requested by each agency, department or institution for the five-year period, with each project ranked by the appropriate agency, department, or institution on the basis of need.
- (2) (b) To enable the Department of Finance and Administration to prepare the report required in this subsection (2), it may require all state agencies, departments, and institutions to file a capital improvements projects request with such information and in such form and in such detail as the department may deem necessary and advisable. Such request shall be filed with the Department of Finance and Administration no later than August 1 of each year.

SOURCE: MISS. CODE. ANN. Section 31-11-27 (1972).

Appendix C: Facilities Management Advisory Committee

MISS. CODE. ANN. Section 31-11-4 (1972) established the Facilities Management Advisory Committee, hereinafter referred to as the “committee,” for the purpose of advising the DFA BOB with its duties of preplanning, construction, repair, and renovation for buildings of all state agencies, institutions, and departments.

- (1) There is hereby created the Facilities Management Advisory Committee, hereinafter referred to as the “committee,” for the purpose of advising DFA BOB of its duties of preplanning, construction, repair, and renovation for buildings of all state agencies, institutions, and departments.
- (2) The committee shall be composed of the following eight members:
 - (a) The Chairman and Vice-Chairman of the Senate Public Property Committee;
 - (b) The Chairman and Vice-Chairman of the House Public Building, Grounds and Lands Committee;
 - (c) Two Senators appointed by the Lieutenant Governor; and
 - (d) Two Representatives appointed by the Speaker of the House of Representatives.
- (3) The committee shall advise DFA BOB of its duties of preplanning, construction, repair, and renovation for buildings of all state agencies, institutions, and departments, including, but not limited to, the following:
 - (a) Traveling with DFA BOB to inspect and consider requests for improvement and repair of buildings of state agencies, institutions, and departments;
 - (b) Acquiring a working knowledge of state building matters in order to become leaders in facility related legislation; and,
 - (c) Advising and making recommendations to the Legislature on matters relating to preplanning, construction, repair, and renovation for all state buildings.
- (4) The members of the committee shall have no jurisdiction or vote on any matter within the jurisdiction of DFA BOB.

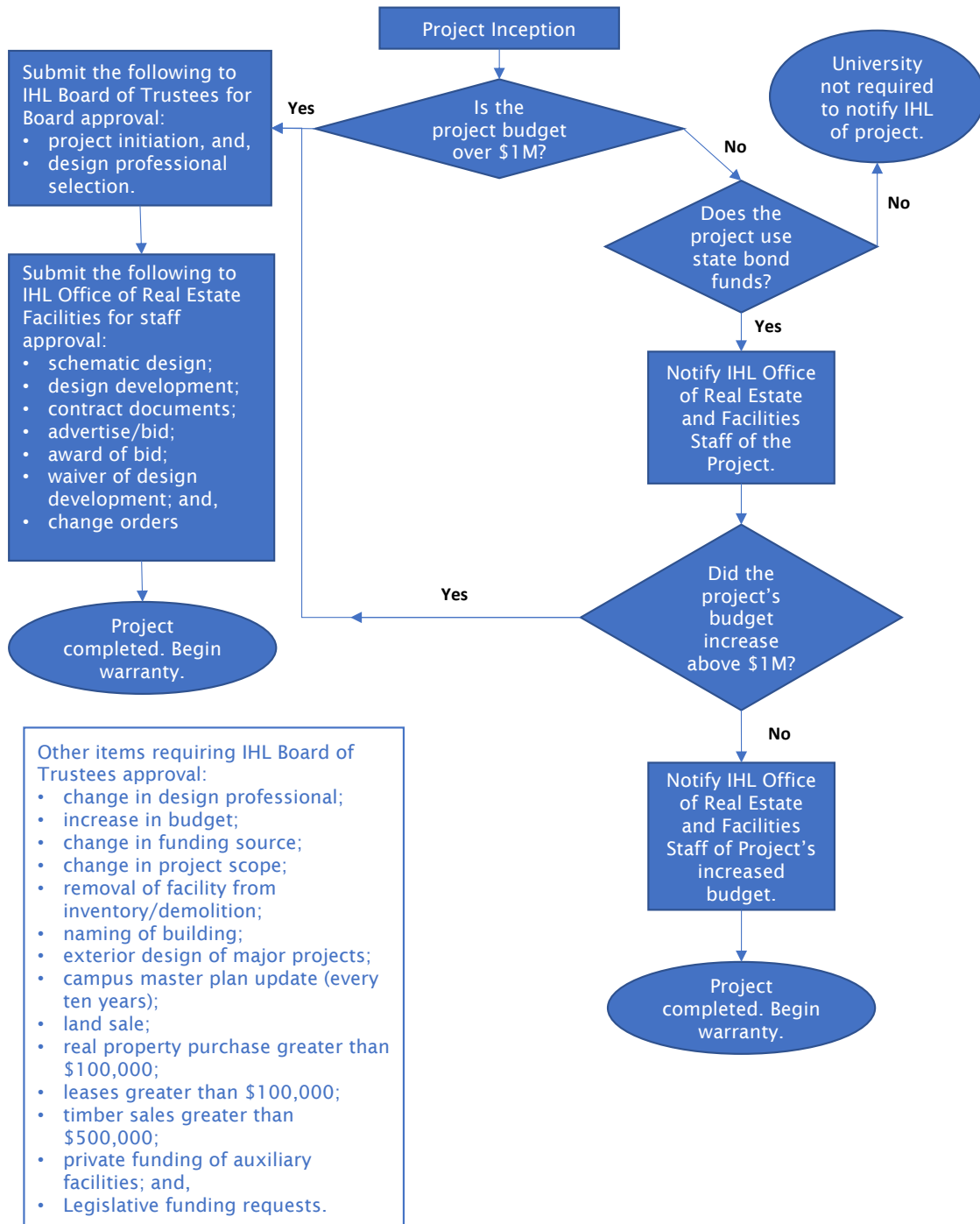
SOURCE: MISS. CODE. ANN. Section 31-11-4 (1972).

Appendix D: IHL Office of Real Estate and Facilities Request for Project-Related Staff Approval

OFFICE OF REAL ESTATE & FACILITIES Mississippi Board of Trustees of State Institutions of Higher Learning		FORM A
REQUEST FOR PROJECT-RELATED STAFF APPROVALS		
To: Assistant Commissioner of Real Estate & Facilities		
Institution Name:		IHL Staff Use Only
Project Number:		
Project Name:		
Design Professional:		
General Contractor:		
Total Project Budget: <small>(Estimated breakdown and source of funds must be provided below)</small>		\$ -
I. Actions Requiring System Office Staff Approval/Submission		
<small>Check all that apply:</small>		
Approval Requested	Estimate Attached	Approval Requested
v	v	v
<small>Please attach estimates where applicable</small>		
<input type="checkbox"/>	<input type="checkbox"/>	Schematic Design
<input type="checkbox"/>	<input type="checkbox"/>	Design Development
<input type="checkbox"/>	<input type="checkbox"/>	Contract Documents <input type="checkbox"/> <small>Merger Model</small>
<input type="checkbox"/>	<input type="checkbox"/>	Change Order <small>(requires submission of Change Order Summary - Form C.)</small> Indicate C.O. # & Amt. to Right
<input type="checkbox"/>	<input type="checkbox"/>	Master Plan 10-Year Update
		C.O. #
		C.O. Amt.
II. Actions Requiring System Office Staff Notification		
Submittal		
v		
<input type="checkbox"/>	Initiation of Project (for projects \$1M and less utilizing any State Bond funds or Ayer's funds. List project budget information below)	
<input type="checkbox"/>	Change in Total Project Budget (Projects \$1M and less)	
III. Phased Project Budget Breakdown (If applicable)		
IHL Staff Use Only		
\$ -	Original Construction Contract Amount	<input type="checkbox"/> Actual <input type="checkbox"/> Estimated
\$ -	Design Professional Fees	
\$ -	Miscellaneous Project Costs	
\$ -	Furniture & Equipment (if applicable)	
\$ -	Total Phased Project Change Orders	
\$ -	Contingency	
\$ -	Total Phased Project Budget	
IV. Additional Information (if needed)		
<small>For Re-Bid of Project, include justification, circumstances, brief history and date of original bid.</small>		
V. Total Project Budget Breakdown		
\$ -	Original Construction Contract Amount (All Contracts)	<input type="checkbox"/> Actual <input type="checkbox"/> Estimated
\$ -	Design Professional Fees	
\$ -	Miscellaneous Project Costs	
\$ -	Furniture & Equipment (if applicable)	
\$ -	Total Project Change Orders (including any Change Order requested herein)	
\$ -	Contingency	
\$ -	TOTAL PROJECT BUDGET <small>(increase in total budget for projects over \$1M requires Board of Trustees approval, Form B)</small>	
VI. Certification and Approvals		
v		
<input type="checkbox"/> I certify the four conditions (Scope, Budget, Funding Source, Design Professional) approved by the Board have NOT changed.		
Facilities/Physical Plant Director's Signature: <small>(required)</small>		Date Signed:
Chief Financial Officer's Signature: <small>(required)</small>		Date Signed:
Institution's Executive Officer's Signature: <small>(if applicable per the institution)</small>		Date Signed:
Assistant Commissioner for Real Estate & Facilities Approval Signature:		Date Signed:

SOURCE: IHL Office of Real Estate and Facilities.

Appendix E: IHL Project Flow Chart for Capital Outlay Projects



SOURCE: IHL Project Flowchart for Capital Outlay Projects, March 2013. Pulled from the IHL website as of September 20, 2021.

Appendix F: University Reported Oversight Requirements for Approving Capital Outlay Projects \$1,000,000 or Less

Per IHL Board of Trustees *Policies and Bylaws*, all construction, repairs, and renovation projects with a total budget of \$1,000,000 or less may be approved by the Institutional Executive Officer. However, all projects utilizing state bond funds, including Ayers funds, must be initiated with staff approval from the IHL Office of Real Estate and Facilities. No further approvals are required by IHL staff for projects of \$1,000,000 or less unless the budget changes. All budget changes for these projects must be reported to the IHL Office of Real Estate and Facilities.

Alcorn State University – All capital outlay projects require university President approval.

- Contracts for all projects must be approved by the Office of Institutional Compliance in concert with the Special Assistant Attorney General for IHL.

Delta State University

- The Facilities Director can administer projects under \$5,000 but the Chief Financial Officer (CFO) must approve the project.
- The DSU CFO administers and approves projects over \$5,000.
- The DSU President is informed of all projects over \$100,000.

Jackson State University

- The JSU President may approve all construction, repairs, and renovation projects with a total budget of \$1,000,000 or less.
 - Campus departments requesting capital outlay projects are required to complete the “Renovation and Construction Form” available on the Facilities and Construction Management Department’s website.
 - Approval signatures are requested at the department level, College/School level, and vice president level.
- The Facilities and Construction Management Department may administer capital outlay projects up to \$99,999 without additional approvals.
- The JSU CFO must approve all projects funded by the JSU Capital Improvement Fund.
- The JSU CFO may execute all project-related contracts up to \$50,000.
- The JSU President must execute all project-related contracts exceeding \$50,000.
- The JSU President must sign all contractual agreements for projects costing \$250,000 or more and include such contractual agreements in the IHL Board Meeting agenda for approval prior to executing the agreement.

Mississippi State University

- The MSU facilities department can approve/administer projects that do not alter university spaces in regard to their use, occupancy, configuration, or exterior appearance.
- The MSU CFO (AKA, Vice President for Finance & Administration) must approve/administer projects that alter a university space in regard to its use, occupancy, interior configuration (e.g., removal/addition of a wall), or exterior appearance, regardless of estimated cost.
- The MSU CFO must approve/administer proposed projects (a) not managed by the University’s Facilities Management, or (b) with a project budget estimated in excess of \$100,000.

- These projects also require the "requester" vice president (i.e., the VP over the division within which the project is proposed) to approve the project.
- MSU's President must approve projects that change a building's exterior appearance or exceed the \$100,000 threshold.

Mississippi University for Women

- MUW's facilities department and CFO oversee small capital projects that do not require any special involvement of engineers or architects. The university hires professionals (architects and engineers) when the project requires expertise, regardless of the projected amount.
- Since MUW outsources its facilities department, MUW requires the CFO approve all projects less than or equal to \$50,000.
- MUW's President must approve any projects greater than \$50,000.

Mississippi Valley State University reported utilizing a multilevel project approval process that includes the Director of Facilities, the CFO, and the President.

University of Mississippi

- The UofM Vice Chancellor for Administration and Finance coordinates and approves all projects.
 - Capital projects are coordinated between the university's Vice Chancellor for Administration and Finance, the Provost, and other university leadership, including the Chancellor, to administer as appropriate.
- Facilities Planning does not independently approve any capital outlay projects.
 - Facilities Planning is the department responsible for planning, appointing or selecting (as appropriate) design professionals, as well as managing construction administration for all construction projects on the UofM campus.
 - This department should not be confused with Facilities Management.

University of Mississippi Medical Center

- The UMMC CFO determines funds available for capital projects and allots resources to each mission.
 - Available financial resources for capital projects are determined annually during the budgeting cycle by the CFO and his financial team based on projected depreciation costs, budget projections, adequate days cash on hand, debt metrics, goals, and other projected forecasts.
 - Allocations of these resources are determined by the senior leadership of UMMC to ensure a comprehensive evaluation of needs across missions.
 - Once available resources are established and allocated to each mission, a Capital Committee goes through a prioritization and budgeting process for each mission.
- The Capital Committee recommends projects, but the Vice Chancellor ultimately approves projects.
 - UMMC forms the Capital Committee with leadership representation from the Services Area (including Facilities), the Clinical areas of both Physician Practice and Hospitals, and the Academic and Research missions.
 - Each mission leader receives his or her capital resource allotment from the CFO and meets with a mission administrative team to determine priorities for their allotted capital.
 - Subsequently the Capital Committee reconvenes and participants present their priorities.
 - The final capital plan is approved by the Capital Committee and presented to the Vice Chancellor for Health Affairs (the de facto president of UMMC).

- The UMMC Vice Chancellor for Health Affairs approves all budgets, including the capital budget as recommended by the Capital Committee; therefore, all capital projects receive the Vice Chancellor's approval.
- The UMMC Facilities Department administers and manages capital outlay projects.

University of Southern Mississippi – All capital outlay projects follow a standard process for approval.

- Smaller projects funded at the departmental level must be approved by the applicable departmental vice president.
- The USM CFO and President must approve projects funded from university reserves.

SOURCE: PEER compilation, utilizing each universities' response to PEER survey.

Agency Response



STATE OF MISSISSIPPI INSTITUTIONS OF HIGHER LEARNING

Alfred Rankins, Jr., Ph.D.
Commissioner of Higher Education

November 5, 2021

Ted Booth
Executive Director
Mississippi PEER Committee
501 N. West Street, Suite 301-A
Jackson, MS 39201

RE: A Review of the University Master Planning Process for Capital Outlay Projects

Dear Mr. Booth:

The Institutions of Higher Learning (IHL) staff has reviewed the draft report titled: "A Review of the Master Planning Process for Capital Outlay Projects". The IHL Board of Trustees and IHL staff appreciate the work of your staff in gathering and analyzing the information provided in this report in order to better explain the processes that are in place in regard to the way in which construction projects are planned, designed and constructed on the university campuses. We also appreciate the opportunity to provide a written response to the recommendation below that is included in this report.

Recommendation:

- 1. In order to better inform the Legislature regarding capacity and resource allocations, which inevitably contribute towards the universities' master planning efforts, the Legislature should require the IHL Board of Trustees to provide information regarding the full scope of funding for university capital outlay projects.*

The Legislature should require the IHL Board of Trustees, in conjunction with the eight universities and UMMC, to develop a mechanism to compile existing data sources (e.g. DFA BOB BRICKS database on state funded projects, IHL records for Board approved projects greater than \$1,000,000) and annually report to the Legislature the following:

- a. The cumulative expenditure totals for university capital outlay projects for each institution, by revenue source (e.g., bond funding, capital expense funds, self-generated funds);*

- b. *The total number of university capital outlay projects by kind of capital outlay (i.e., number of new construction projects, repair and renovation projects, and planning projects); and,*
- c. *Category of university capital outlay projects by type of facility (e.g., residence hall, athletic facility, administrative/university support facility, classroom/academic facility etc).*

IHL Response:

The Institutions of Higher Learning (IHL) concurs that the transparency and accountability of all state funds used in planning, designing, and constructing state facilities on the university campuses is extremely important and should be reported to the Legislature. However, this process is already being done through the Department of Finance and Administration (DFA) using the state construction software program called BRICKS. This system captures all expenditures for all for all construction projects that are planned, designed, and constructed with state bond funds and is managed by DFA's Bureau of Building. IHL also reports annually, as required by state statute, to the Department of Finance and Administration, by December 31st of each calendar year, a breakdown of how all state appropriated dollars in the Capital Expense Fund were allocated and expended.

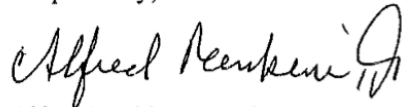
Projects funded with both state funds and self-generated funds that exceed \$1,000,000 are required to be submitted by each university to the IHL Board of Trustees for approval at a monthly Board meeting. The Board of Trustees requires the reporting of all project initiations, project budget increases, changes of scope or changes to the project budget/funding source(s). The IHL staff tracks and manages all state funded and self-generated projects that are approved by the Board of Trustees. IHL disagrees with PEER regarding the recommendation that seeks the Legislature to require reporting of self-generated funds such as private donations, athletic funds, grants, Foundation funds, etc. to the Legislature annually. These are not state funds appropriated nor approved through state bond funds and it is the opinion of IHL that these funds should not be required to be reported as such. IHL sees no real benefit to the universities or to the Legislature by reporting self-generated funds used to fund the construction of facilities on university campuses.

The total number of capital outlay projects by kind and type of facility is something that could be reported to the IHL Board of Trustees annually if so desired by the Board of Trustees as the governing body of the University System. IHL concurs that tracking the information on kind and type is useful and IHL currently tracks by kind of project for both state funded and self-generated projects, but IHL disagrees with PEER that reporting self-generated projects annually to the Legislature offers any real value added component to the Legislature in the decision making process of the projects funded annually by the Legislature. The bond funds requested by the university are explained each year in an annual capital facility needs request that is submitted to the Board of Trustees and the Legislature that details each project by type and provides an amount requested to be funded, total project budget, project description and project justification

SACSCOC
March 31, 2020
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for funding. The state funded projects by kind and type of facility can be obtained by DFA and the Bureau of Building through the BRICKS software system and reported to the Legislature for all state funded projects. It is the opinion of IHL that projects funded with self-generated funds should not be subject to annual reporting to the Legislature.

Respectfully,

A handwritten signature in cursive script that reads "Alfred Rankins, Jr." followed by a stylized flourish.

Alfred Rankins, Jr., Ph.D.
Commissioner of Higher Education

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