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UPDATE: Bond snag could delay University of South Carolina dorm renovations

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The University of South Carolina might have to postpone renovating the three dorms after questions from a State Budget and Control Board member delayed voting on a \$34 million bond to pay for the project Tuesday.

The delay has heightened concerns at the state's flagship university about future projects set to be paid with bonds, including \$12 million for an indoor football practice facility and up to \$48 million for a new law school.

House Ways and Means Chairman Brian White, who sits on the board, said Tuesday he raised questions on the dorm bonds over USC's rising amount of debt and potential impact the federal sequester could have on enrollment if student loans are hit.

"We don't want to have an domino effect," the Anderson Republican said.

White did not get all the answers in time before budget meeting, and the bond vote was withdrawn. The source of the questions was not known at the meeting.

The board is not scheduled to meet again until May when the 15-month construction project was slated to start.

The postponement could prevent the dorms from re-opening in the fall 2014, though the school will see if contractors could complete the work in a shorter timeframe, USC chief financial officer Ed Walton said.

White said he would support holding a special budget board meeting before May to vote on the bond once his remaining questions are answered.

The state Budget and Control Board is final hurdle for funding the dorm work. The board had given preliminary approval for the renovation, and two other state groups had approved the bonds.

State Comptroller General Richard Eckstrom, another budget board member, said the renovations are needed after a recent visit to the dorms, ranging in age from 54 to 74 years.

Sims, the largest and oldest of the residence halls set for a makeover, has been battling mold problems that led to at least nine students asking to move.

"I have urged agencies to really be careful proceeding with new projects. This isn't one of them," Eckstrom said. "This is a healthy and safety type issue. ... I've had parents call and ask, 'Why is my daughter experiencing respiratory problems in these dormitories.' I thought everyone was in agreement that this project needed to go forward."

The makeover of the Sims, McClintock and Wade Hampton dorms that make up the Women's Quad in the center of campus would add 50 beds to the 550-bed dorms to help with a housing shortage from a 20 percent enrollment spurt over the past decade.

The dorms for freshmen women were scheduled to be empty during the 2013-14 school year for the renovation and they may not be filled for 2014-15 if the opening is pushed back because students might want to move midterm, Walton said.

USC could keep open the dorms open another year and start the project in spring 2014 if the bonds are approved, but nothing has been decided, Walton said.

There was some confusion after the meeting among board members about who raised the concerns about the bonds.

Eckstrom, Gov. Nikki Haley, Senate Finance Chairman Hugh Leatherman and State Treasurer Curtis Loftis said they did not know who had questions.

So did USC consultant Rick Kelly, the school's former chief financial officer who helps the school with the budget board. He also said he did not know what the questions were about -- though he told the board he was still waiting to get answers.

Some USC trustees raised concerns at a board meeting last week about the school's recent accumulation of debt, which has more than doubled to \$512 million in a decade.

A report from Barclays released last month said the school had the revenue to assume more debt for planned projects, including a series of dorm renovations to modernize housing that could better attract students.

USC has spent \$94.6 million on housing work at six of its 25 residence halls in the past four years. The school has plans to renovate seven dorms with 1,270 rooms by 2015. Another seven residence halls are proposed for redevelopment or replacement in the future.

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