

**TOPIC: NEW COMMISSION POLICY REGARDING REQUIREMENTS FOR FUNDS TO SUPPLEMENT REQUESTS FOR STATE-SUPPORTED CAPITAL CONSTRUCTION: SECTION III, R**

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**I. BACKGROUND**

The need for policy clarifying expectations for the appropriate amount of cash and other funding sources to supplement state capital construction funds has been recognized by the Commission due to the scarcity of state capital construction funds in relationship to total capital needs, the need to recognize the significant cash contributions institutions are currently making and the need to recognize that institutions have a varying ability to supplement state capital construction funds for academic projects.

The need for this policy became increasingly evident during the Capital Budget Process for FY08-09 given ongoing capital construction needs and the minimal amount of state-funding available to meet those needs. In developing this policy, Department staff has included input from the Commission's Capital Assets Sub-Committee, higher education Chief Financial Officers and Chief Executive Officers. On May 2, 2008, the full Commission discussed this policy as a study session item. The policy draft discussed on May 2<sup>nd</sup> received positive feedback from institutions and Commissioners and the acknowledgement that the Commission should move forward with a formal action item for the policy in June. This action item contains the policy as studied by the Commission in May without any changes.

**II. SUMMARY**

The policy to be acted on is included as Attachment A to this agenda item. This is a new Commission policy for Capital Construction to be created under Section III as Part R. The policy outlines expectations for institutions to contribute cash and other funding sources towards state-funded capital requests and states that meeting these expectations will result in favorable prioritization considerations. The policy allows the Commission to consider an institution's ability to pay in relationship to the proportion of funding sources they are requesting for capital construction projects. The policy also allows, but does not require, the Department to adopt guidelines to further articulate cash and other funding source expectations by institution. The policy ensures that an institution or governing board receives recognition for prior cash contributions and takes into consideration an institution's ability to fundraise at various levels for various projects.

### **III. STAFF ANALYSIS**

If enacted by the Commission, this policy will affect the prioritization process undertaken by Department staff, the Commission Sub-Committee on Capital Assets and the Commission as a whole in Fiscal Year 2009-2010. As written, the policy formalizes the intention of the Commission to consider funds other than state capital construction funds used to supplement capital construction requests as one factor in prioritizing requests. The policy acknowledges that this will be considered along with the many factors that must be considered in prioritizing capital requests, including but not limited to, programmatic space needs, general facility needs, health/life safety concerns and governing board priority. If it is found to be necessary, the policy allows for the Commission to further quantify expected cash contributions by institution or governing board and indicates that any such process will be conducted interactively with governing board representatives.

### **IV. STAFF RECOMMENDATION**

**Staff recommends that the Commission adopts Section III R as shown on Attachment A as Commission Policy**

### **STATUTORY AUTHORITY**

C.R.S. 23-1-106 Duties and powers of the commission with respect to capital construction and long-range planning.