

**TOPIC: POLICY REGARDING REQUIREMENTS FOR FUNDS TO SUPPLEMENT REQUESTS FOR STATE-SUPPORTED CAPITAL CONSTRUCTION**

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**I. BACKGROUND**

The Commission has recognized the need for a policy clarifying institutions' expectations for the appropriate amount of cash and other funding sources to supplement state capital construction funds. Such a policy is needed 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.

Department staff has discussed this issue with the Commission's Capital Assets Sub-Committee along with higher education Chief Financial Officers and Chief Executive Officers. The policies in their current draft reflect consideration of the input given from these groups.

**II. SUMMARY**

The policy for discussion, included as Attachment A to this study session item, would create a new Commission policy for Capital Construction under Section III of the current policies. As drafted, the policy outlines expectations for institutions to contribute cash and other funding sources towards state-funded capital requests. States that meet these expectations will result in favorable prioritization considerations. The policy as drafted 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 contemplates that the Commission would adopt guidelines to define more specific cash and other funding source expectations for different categories of 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.