

SECTION III

PART Q POLICIES FOR SELF-FUNDED CAPITAL CONSTRUCTION

1.00 Introduction

1.01 The Cash Funds Fiscal Accountability Reporting Policy and Implementation Plan was established pursuant to the FY 1989-90 Long Bill (S.B. 245), Footnote 34 requesting the Commission to develop recommendations on the use of cash funds for capital construction and controlled maintenance projects. This policy does not apply to any project funded wholly or in part by state moneys as defined in 24-75-302(1), C.R.S. Ratified by the legislative Capital Development Committee and Joint Budget Committee during November 1989, this policy was amended July 1, 1999, to bring it into compliance with the new requirements of section 23-1-106, C.R.S. brought about by General Assembly Passage of SB01-209. ~~and t~~The Passage of ~~SB05-132 HB08-1205~~ again changes this policy.

1.02 The effect of these policies will be: (1) Projects costing less than \$~~24~~ million that are constructed, operated, and maintained with cash funds and (2) projects constructed with cash funds but operated and maintained with cash, general fund or a combination of both costing less than \$~~500,000~~2,000,000 will no longer require Commission approval. These projects will be reported on the yearly SB01-209 small projects report.

The combined effect of both the planning and appropriation policies will permit more timely and efficient implementation of cash-funded minor space remodeling, major capital equipment purchases and demolition projects while continuing CCHE approval and legislative fiscal oversight of more expensive capital projects.

1.03 The statutory revisions to 23-1-106 (9) (a), C.R.S., require that the Commission review and approve any plan for a capital construction project estimated to require expenditures exceeding \$~~24~~ million that is constructed, operated and maintained from auxiliary enterprises, student fees, research building revolving funds, or wholly endowed gifts and bequests, or a combination of such sources. These projects are commonly referred to as 202 projects.

1.04 The statutory provisions in 23-1-106 (10), C.R.S., require that the Commission review and approve any plan for a capital construction project that is estimated to require total expenditures exceeding \$~~2500,000~~2,000,000 that is constructed solely from cash funds held by the institution other than those funds specified in 1.03. No Commission review or approval is required for such State Funded projects costing \$~~2050,000~~2,000,000 or less.

1.05 CCHE Tuition and Fees Policy (CCHE approved policy VI-C, p.5 Approved in October of 2001) permits institutions to use student fees, tuition or general fund increases to pay for academic facility construction projects. Institutions should refer to this Policy Section VI-C for further guidance.

Last Revised

2.00 Legislative Fiscal Oversight and Fiscal Accountability Reporting Policy

- 2.01 Any capital construction project with a total value of more than ~~\$2500,000,000~~ except those constructed, operated and maintained from auxiliary enterprises, student fees, research building revolving funds, or wholly endowed gifts and bequests, or a combination of such sources, must be specifically appropriated by the legislature. This policy does not exempt from legislative spending authorization:
- a) Any capital construction project which is conditional upon or requires expenditures of state-controlled funds for capital construction, facilities operations, and facilities maintenance; or
 - b) Any gift or bequest funded capital construction project which directly or indirectly involves significant ongoing expenditures for facilities operations and maintenance by the state of Colorado.
- 2.02 Effective September 1, 2001, and every September 1 thereafter, each institution shall submit to the Commission in an electronic format a list and description of each project for which expenditure was made during the immediately preceding fiscal year that was not subject to Commission review in 1.03 and 1.04 for the purposes of compiling the annual report required in 23-1-106(11), C.R.S.
- 2.03 The annual fiscal reporting on the cumulative impact of all prior and current cash-funded capital projects is intended to assure the General Assembly that the proposed use of cash funds is prudent: will not endanger cash reserves; and will not – by themselves – lead to higher General fund support or Student Tuition levels.

3.00 Approval Procedures for Cash-Funded Capital Projects

- 3.01 Governing boards currently have statutory duties for control and direction of all funds and appropriations. CCHE has statutory duties for review and approval of program and financial plans for capital construction.
- (A) The governing boards and the state-supported institutions of higher education may not authorize, or acquire, sites, or initiate any program or activity requiring capital construction for the use of state-supported institutions of higher education, regardless of the source of funding, unless it has obtained the prior approval of CCHE. This includes the acquisition or utilization of real property for state-supported institutions of higher education by lease, lease-purchase, purchase, gift or otherwise.
 - (B) CCHE will review and approve master and program planning for all capital construction projects for institutions of higher education on state-owned or controlled land, regardless of the source of funds. No capital construction can commence except in accordance with the CCHE approved master plan, program plan, and physical plan.
 - (C) Any capital construction project for the use and benefit of any state-supported institution of higher education to be funded through private, foundation, or federal funds requires review and approval of CCHE prior to acquisition or commencement of any such project.

Last Revised

- 3.02 CCHE requires governing board actions to specifically make documented findings of fact that sufficient cash funds will be available to pay the capital project costs, and that projected operating funds will not be adversely affected by the project. The Governing Board should also disclose the source and use of cash funds for each project.
- 3.03 CCHE requires the governing board documented findings of fact in (3.02) above, as well as the source and use of cash funds, to be appended to each cash-funded major capital project's budget request document.