

**TOPIC: REVISED TWO-YEAR CASH FUNDED CAPITAL PROGRAM LIST - CSU**

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**I. SUMMARY**

This item requests approval of a revised Two-Year Cash Funded Capital Program list for Colorado State University (CSU) for FY2010-11 through FY2011-12. The revised list of cash funded projects, approved by the CSU Board of Governors, contains one additional item that the institution had previously listed as a state-funded project. The revised list is included as Attachment A.

**II. BACKGROUND**

Prior to the current FY2010-11 budget cycle, governing boards were required to submit a single unified five-year plan for capital construction projects. This five-year plan included state funded requests and cash funded proposals. With the passage of SB09-290, institutions of higher education were granted considerable flexibility in the area of capital construction. This legislation also revised the submission criteria for the five-year list by dividing it into two distinct lists.

Governing boards are permitted to amend their two-year lists at any point during the fiscal year, and such amendments are to be submitted to the Commission and the Capital Development Committee (CDC) for re-approval.

DHE and CDC staff have come to a mutual understanding and agreement on the implementation of SB09-290 that no Cash Funded project may commence until it has received the following: approval from the Commission and the CDC on the Two-Year list (for non-Intercept projects); or Commission and CDC approval on the Two-Year Cash Funded Program list and Commission review and approval of a program plan (for Intercept projects).

During the December 2009 Commission meeting, the Commission approved the Two-Year Cash Funded Capital Program lists for all governing boards, except for the list submitted by the UCCS (which was approved at the February 2010 Commission meeting). On December 2<sup>nd</sup> and 3<sup>rd</sup> the legislature's Capital Development Committee approved the submissions during scheduled hearings.

**III. STAFF ANALYSIS**

The original CSU list consisted of nineteen projects for a total cost of approximately \$381 million. This cost was to be covered predominantly from cash funds (\$10 million federal funds and \$371 million cash funds). The revised CSU list consists of twenty projects at a total cost of approximately \$446 million. Table 1 displays the projections for cash funded projects as reported on the two-year list by funding type (Cash Funds (CF) and Federal Funds (FF)).

**Table 1:  
 Two-Year Cash Funded Capital Program  
 FY2010-2012**

<b>CF</b>	\$436,423,177
<b>FF</b>	\$10,000,000
<b>TF</b>	<b>\$446,423,177</b>

For these projects, Table 2 displays the breakdown between the academic and auxiliary nature of the project and whether or not the project will be financed under the Higher Education Revenue Bond Intercept Program (C.R.S. 23-5-139). The Intercept program permits schools to issue bonds for capital construction and use either the state's credit rating (opt in), or use their own credit rating (opt out). Academic facilities are those that are considered core to the role and mission of the institution (e.g. classrooms, student services, libraries), while auxiliary facilities are those that are not considered core to the role and mission and exist for some other purpose (e.g. residence halls, recreation centers, parking facilities).

**Table 2:  
 Cash Funded Project Types**

	<b>Academic</b>	<b>Auxiliary</b>	<b>Total</b>
<b>Intercept</b>	4	6	<b>10</b>
<b>Non-Intercept</b>	9	1	<b>10</b>
<b>Total</b>	<b>13</b>	<b>7</b>	<b>20</b>

Per the statutory amendments of SB09-290, academic facilities constructed under the new capital procedures will be eligible for state Controlled Maintenance Funds. Also due to new statutory provisions, any Non-Intercept projects will only have their cost projections reviewed in the Two-Year list, while Intercept projects require approval in the Two-Year list as well as program review. In accordance with the two step approval process for cash funded projects, the Department (acting with the power delegated by the Commission (CCHE Policy III.J)) will review all budget documents submitted for Intercept Act cash projects and submit all forms to the General Assembly's Capital Development Committee as they are approved.

The change to the Two-Year List involves the inclusion of the "Engineering II" proposal as an Academic Intercept Project. This \$65,000,000 project was previously a state funded request for FY2010-11, however due to the shortage of available state funds for capital construction it will not be funded. The Board will instead pursue this proposal as 100% cash funded project.

**IV. STAFF RECOMMENDATION**

**That the Commission approve the Two-Year Cash Funded Capital Program for Colorado State University and forward it to the Governor, the Office of State Planning and Budgeting, the Capital Development Committee and the Joint Budget Committee.**

**V. STATUTORY AUTHORITY**

C.R.S. 23-1-106

**ATTACHMENT A:** Two-Year Cash Funded Capital Program FY2010-2012