

TOPIC: NEW AND CONTINUING STATE-FUNDED CAPITAL PROJECTS AND PRIORITY LIST, FISCAL YEAR 2014-15

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I. SUMMARY

On October 3, 2013 CCHE took up discussion on the new and continuing state funded capital construction requests for FY 2014-15. The recommended list of prioritized capital requests, which totals \$369,684,085 in state funds with a cash contribution of \$137,367,302, is attached for Commission approval.

Once approved by the Commission, department staff will forward the final prioritization list to the General Assembly’s Capital Development Committee (CDC) on November 1, 2013. The approved priority list will also be provided to the Governor’s Office of State Planning and Budgeting (OSPB) to allow higher education projects to be incorporated into the Governor’s prioritization list of all statewide capital projects for the upcoming fiscal year. For FY 2014-15, OSPB limited the CCHE submission of projects to its top twenty (20) priorities.

II. BACKGROUND

Last year, the Commission recommended to the CDC a list of twenty-one (21) ranked capital requests totaling \$267,262,993 in state funds with a cash contribution of \$32,949,516. State revenues last year allowed for a total capital appropriation to higher education of \$127.7 million: two Certificate of Participation payments, nine capital construction projects and controlled maintenance for Level 1 and 2 projects. The table below provides a breakdown of FY 2013-14 state capital funding by system.

FY 2013-14 Capital Funding: System Breakdown

Institution	Capital Construction		Controlled Maintenance		Total Appropriation
	# Projects	Appropriation	# Projects	Appropriation	
Adams State University	1	\$18,885,628	2	\$1,489,477	\$20,375,105
Auraria Higher Education Center (CCD, UCD, MSU Denver)	1	\$4,000,000	2	\$1,656,734	\$5,656,734
Colorado Community College System	3	\$17,056,300	17	\$8,105,956	\$25,162,256
Colorado Mesa University	1	\$9,791,760	3	\$1,473,214	\$11,264,974
Colorado School of Mines	0	\$0	2	\$494,025	\$494,025

FY 2013-14 Capital Funding: System Breakdown (con't)

Institution	Capital Construction		Controlled Maintenance		Total Appropriation
	# Projects	Appropriation	# Projects	Appropriation	
Colorado State University System	1	\$16,179,939	5	\$3,996,835	\$20,176,774
Fort Lewis College	0	\$0	2	\$1,100,675	\$1,100,675
Metro State University of Denver	(See AHEC)				
University of Colorado System*	3*	\$17,844,246	8	\$5,576,286	\$23,420,532
University of Northern Colorado	0	\$0	1	\$935,700	\$935,700
Western State Colorado University	0	\$0	2	\$518,313	\$518,313
Federal Mineral Lease COP Payments**	1**	\$18,587,975	0	\$0	\$18,587,975
Higher Education Total	11	\$102,345,848	44	\$25,347,215	\$127,693,063

*For Anschutz Medical Campus Certificates of Participation (COP) payments

**FML COP issued in FY 2008 for the following projects: AHEC Science Building, CMU Wubben Hall, CNCC Academic Building (Craig Campus), CSM Brown Hall, CSU Clark Building, CSU-P Academic Resources Center, FLC Berndt Hall, FRCC Science Classroom, MCC Nursing, Health and Science Building, UCCS Science Building, and UNC Butler Hancock, and WSCU Taylor Hall.

III. STAFF ANALYSIS

Initial Review and Recommendation

For FY 2014-15, department staff received and reviewed a total of thirty-three (33) new or continuing state funded capital construction requests (see "Attachment A"). The top two projects are the Certificates of Participation (COP) payments for the University of Colorado Denver Anschutz Medical Center and the projects funded through Federal Mineral Lease payments (*note that the COP payments are statutorily required*). In addition to the COP projects, there are ten (10) projects that were included in a previous CCHE budget submission and twenty-one (21) new projects. For FY 2014-15, the total funding amount requested by institutions of higher education \$507,051,387, which includes \$369,684,085 of state funds. The total funding requested for the top twenty projects, which will be submitted to OSPB, is \$376,008,461 and \$284,375,485 in state funding.

In order to develop the priority list, OSPB and CCHE's priority criteria were sent in the May, 29th budget instructions and applied as part of staff analysis. The criteria included:

- Capital construction fund impact
- Health, Life Safety, and Code Issues
- Cash fund sources other than student fees
- Clear identification of beneficiaries
- Achieves goals
- Program plan appropriateness and necessity
- Governing board priority
- Certificates of participation
- Continuation Projects
- Space needs analysis
- Phase-able projects

In previous years, during a time period when state funding was not available for capital construction, the method for prioritization centered on the length of time a project had been on CCHE's list. This caused a lack of movement among projects on the priority list from year to year. With the criteria above and a large number of new projects being submitted in FY 2014-15, there was a greater degree of movement among priorities than there has been in the recent past. CCHE staff and the subcommittee believe that this approach allowed for a more objective, analytical review of higher education capital needs.

Department staff conducted a thorough review of the new and continuing projects through August and by mid-September began vetting the draft analysis with the CCHE subcommittee. A draft priority list was developed and discussed. Through the subcommittee process of informing and soliciting feedback from the institutions, concerns were raised about the application of the ranking criteria. The result was that the subcommittee opted to change the October 3rd agenda item to a discussion item.

Consideration of limited supplemental materials

The October 3rd discussion provided an opportunity for the whole Commission to ask general questions and get more background on the application of the criteria to develop a draft priority list. While the discussion resulted in general agreement that the application of the criteria resulted in a defensible prioritization, the Commission elected to allow a limited amount of additional input from interested institutions and governing boards as long as it was limited to correcting factual or quantitative errors or clarifying a misinterpretation by department staff. On October 7th, six institutions/governing boards submitted supplemental information and at the direction of the Commission, staff analyzed and incorporated the information into an adjusted

recommendation to the original list. The draft priority recommendation of the subcommittee for FY 2014-15 will be included as Attachment A.

IV. STAFF RECOMMENDATION

- **That the Commission approve an FY 2014-15 capital priority and grant the Department the ability to adjust project amounts based on revenue forecasts.**
- **That the Commission acknowledge and forward to the Governor's Office and the General Assembly the complete number and costs of all higher education capital projects submitted in FY 2013-14 for informational purposes.**

STATUTORY AUTHORITY

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

ATTACHMENT A: Recommendation FY 2014-15 State Funded Capital Priorities