

**TOPIC: FIVE - YEAR STATE FUNDED CAPITAL PROGRAM LISTS**

**PREPARED BY: ANDREW RAUCH, LEAD FINANCE ANALYST**

**I. SUMMARY**

State Statute, C.R.S. 23-1-106(7), requires Governing Boards to annually submit a list of Five-Year State Funded Capital Projects to the Colorado Commission on Higher Education (CCHE). To comply with statute, the Department of Higher Education (DHE), compiles a comprehensive report for review by CCHE. In their analysis, Department staff ensures that these projects are in line with institutional master plans. The list is transmitted to the Office of State Planning and Budgeting (OSPB) and the General Assembly.

The Five-Year List provides CCHE with information about institutional long-range planning. This five year list is non-binding, and can be changed to reflect shifts in institutional priorities or cost.

The Five-Year State Funded Capital Program list for FY 2015-16 through FY 2019-20 contains 99 capital construction projects. Governing Boards approve and prioritize the five-year plans before submitting the plans for review. Department staff reviews the projects, and creates a summary list of all Five-Year Lists. The projected total cost for all projects is about \$1.8 billion (excluding funds already appropriated for other projects). Attachment A includes the final Five-Year State Funded Capital Program list.

**II. BACKGROUND**

Historically, Governing Boards submitted a single, unified five-year plan for capital construction projects including both cash-funded and state-funded projects. Senate Bill 09-290 gave institutions of higher education considerable flexibility for capital construction planning and submissions. The legislation significantly amended C.R.S. §23-1-106(6) splitting Governing Board reporting requirements into a five-year capital projection for state funded requests and a two-year capital projection for entirely cash funded projects. The legislation went into place prior to the FY 2010-11 budget cycle.

Projects listed on the Five-Year State Funded Capital Program List may include cash or federal funds. However, any project that requests state funds is considered a state funded project, not a cash funded project. These projects are included on the five-year list while entirely cash funded projects are placed on the two-year list.

**III. STAFF ANALYSIS**

Table 1 displays the total higher education state funding needs as reported on the Five-Year List by funding type including totals for Capital Construction Funds (CCF or state funds), Cash Funds (CF), and Federal Funds (FF). The total projected five-year need is about \$1.81 billion, of

which about \$1.43 billion would be from state funding. These figures do not include funds appropriated for projects in prior years.

**Table 1:  
Five-Year State Funded Capital Program  
FY2014-2019**

	<b>Five-Year Request</b>	<b>Current Year Request</b>
<b>CCF</b>	\$1,433,216,238	\$351,050,985
<b>CF</b>	\$374,272,658	\$203,964,790
<b>FF</b>	\$400,000	\$400,000
<b>TF</b>	<b>\$1,807,888,896</b>	<b>\$555,415,775</b>

Actual revenue forecasting for the state indicates that it is unlikely that a sufficient level of funding will be available to meet five-year needs. As a result, the current trend in capital funding – financing projects through cash sources such as student fees, cash reserves, private donations, and bonds backed by institutional revenue - will continue.

The dollar amounts on this year’s Five-Year List are likely to change on future lists to reflect inflation and as schools revise requests with additional cost information. In addition, some projects also disappear and reappear on the list over time as priorities change from one year to the next. This expected change makes comparing Five-Year Lists difficult because institutional priorities and costs shift over time. However, institutions have continued to make sizable cash contributions to state-funded capital requests, and this trend continues to grow. For example, in FY 2010-11, the percentage of cash funds pledged to capital projects was 12.7% in FY13-14, which increased to 26.1% for this year’s list.

### **III. STAFF RECOMMENDATION**

**Staff recommends the Commission approve the Five-Year State Funded Capital Program for FY 2015-16 through FY 2019-20 and forward it to the Governor, the Office of State Planning and Budgeting, the Capital Development Committee and the Joint Budget Committee.**

### **IV. STATUTORY AUTHORITY**

C.R.S. 23-1-106(7)

**ATTACHMENT A: Five-Year State Funded Capital Program FY 2015-16 to FY 2019-20**