

COLORADO COMMISSION ON HIGHER EDUCATION CAPITAL CONSTRUCTION PROGRAM DECEMBER 2002

Overview

The Colorado Commission on Higher Education (CCHE) is made up of 11 persons appointed by the governor. A staff of 34 persons (24 full time and 10 part time) supports the Commission. CCHE is the central policy and coordinating board for Colorado's system of public higher education. Currently, one full-time and one part-time staff person are assigned to the Capital Assets section.

For capital construction, the Commission has several responsibilities and duties under C.R.S. 23-1-106 for all state-supported institutions of higher education in Colorado. The statute states: "It is declared to be the policy of the general assembly not to authorize or to acquire sites or initiate any program or activity requiring capital construction for the state-supported institutions of higher education unless approved by the commission." These responsibilities include:

- Prescribe uniform policies, procedures, and standards for space utilization;
- Review and approve facility master plans and program plans for all capital construction projects on state-owned or state-controlled land, with the provision that no capital construction plans can begin except in accordance with approved master plans, program plans, and physical plans;
- Ensure conformity of facilities master planning with approved educational master plans and facility program plans with facilities master plans;
- Exempt from the requirements for program and physical planning projects requiring less than \$500,000 of state money each;
- Send to the General Assembly by December 1 of each year an annual report regarding expenditures for capital construction projects requiring \$250,000 or less in cash, auxiliary, or general funds; these are the only capital construction projects that may begin without Commission approval;
- Request five-year projections of capital development projects from each governing board;
- Recommend a prioritized list of capital construction projects requiring state money and send that list to the General Assembly's Capital Development Committee no later than November 1 of each year; and
- Approve any acquisition of real property conditional upon or requiring expenditures of state-controlled funds or federal funds, whether such acquisitions are by lease, lease-purchase, purchase, gift, or otherwise.

This report summarizes the activities of the Commission during FY 01-02 to fulfill its statutory obligations.

The work of the Capital Assets team is intended to carry out several objectives that are part of CCHE Goal #4 – Higher Education Financing. The CCHE goals are included in the overall operating budget for FY 03-04. The specific Goal #4 objectives pertaining to capital construction, with brief statements on work accomplished thus far in parentheses, are to:

- Ensure that the state's capital assets are maintained and that the state makes sound decisions regarding new capital investments. (The priority list appended to this summary contains only projects addressing health and life safety issues in this time of limited state funding.)
- Work with State Buildings and Real Estate Programs to establish policies for long-term allocation of resources to maintain and upgrade the existing building inventory.
- Research new funding mechanisms for capital construction. (Under way now.)

Enrollment

Not all capital construction projects are proposed specifically to accommodate increased enrollment in a particular program. Many projects are to renovate buildings to better accommodate existing enrollment, to respond to changes in teaching styles, to upgrade buildings for information technology purposes, and to modernize building systems and components. However, enrollment is one factor CCHE staff uses in evaluating proposed building projects.

According to the CCHE FY 2002 Final FTE Student Enrollment Report presented to the Commission on October 3, 2002, and available on the CCHE web site, overall student full-time equivalent enrollment in public colleges and universities increased 4 percent from fiscal year 2000-2001 to fiscal year 2001-2002, the largest percentage increase in a decade. Colorado Northwestern Community College had the largest percentage increase of 15.6 percent, followed by a 12.1 percent rise at Otero Junior College. Only three institutions recorded enrollment decreases:

- University of Southern Colorado, -2.6 percent;
- Northeastern Junior College, -0.7 percent; and
- Red Rocks Community College, -0.7 percent.

All the governing boards—University of Colorado System, Colorado State University System, Colorado School of Mines, University of Northern Colorado, State Colleges, Metropolitan State College, Community Colleges of Colorado, and Fort Lewis College—showed increases in total enrollment in 2001-2002, ranging from 6.1 percent at the State Colleges to 0.2 percent at the University of Northern Colorado. CCHE is currently estimating an additional 4 percent FTE enrollment increase in 2002-2003.

Increasing enrollments at publicly supported colleges and universities raise policy issues for the CCHE during a declining economy. More capital construction may be needed at a time when there is less state money available, highlighting the need for colleges and universities to find alternative sources of funding. Such alternative sources may include revenue bonds,

certificates of participation, facilities fees charged to students, increased gifts from alumni, and possible ballot initiatives, among others.

Master Plans

CCHE master plan guidelines for facilities revised in April 2001 indicate that plans should be updated every six years. Twelve of the 31 campuses (of 25 institutions) have current master plan approvals. Arapahoe Community College is the only institution that received CCHE approval of a facilities master plan during 2002. Currently under review are the facility master plans for:

- The University of Colorado Health Sciences Center at Fitzsimons (2002 Supplements);
- Western State College (Master Plan Amendment); and
- Morgan Community College.

Front Range Community College withdrew its master plan in September 2002 for a permanent Boulder County campus until the site issues are resolved. The master plan for the Community Colleges of Colorado at Lowry Campus has been reviewed, but is on hold pending the receipt of additional information.

By statute, program plans must be evaluated for consistency with master plans. In most cases, the CCHE does not grant building construction program plan approvals for projects from institutions with outdated master plans. Exceptions were made, however, for the Colorado School of Mines for FY 03-04. CCHE approved program plans for the self-funded student life projects, and for state-funded architectural and engineering work for the computer center addition to the Center for Technology and Learning Media. The CCHE approved both on condition the Colorado School of Mines submit an updated master plan to the CCHE by July 1, 2003, one of the requirements of its performance contract with the State of Colorado. The self-funded projects dealt largely with student housing, which are not anticipated to move from their current general locations. Money for architectural and engineering for the computer center addition was approved to enable Colorado School of Mines to begin work on moving the computer center from the Green Center, thereby making it easier to tackle the serious roof and asbestos abatement problems in the Green Center.

To save operational dollars, some institutions have decided against undertaking facilities master plans immediately. CCHE has concurred with these decisions.

A status report on facilities master plans is attached to this report.

Five-Year Plans

Governing boards must annually submit to the CCHE plans projecting capital construction funding for a five-year period. The compiled five-year plan this year totals the funding that is anticipated in FY 2003-2004 through FY 2007-2008. It doesn't include the total project costs for projects beginning in the latter years. Prior-year appropriations also are not a part of the abbreviated chart on the next page.

Anticipated Capital Construction Spending FY 03-04 through FY 07-08

<i>Institution</i>	<i>State Funds</i>	<i>Cash Funds</i>	<i>Total Projects</i>
Auraria Higher Education Center	\$39,074,731	\$0	6
Colorado State University	\$96,798,004	\$218,369,642	63
University of Southern Colorado	\$35,968,521	\$1,620,035	8
CSU System Totals	\$132,766,525	\$219,989,677	71
Colorado Historical Society	\$7,303,002	\$7,483,770	10
Arapahoe Community College	\$23,021,249	\$3,077,456	8
Colorado Northwestern Community College	\$6,789,121	\$0	5
Community College of Aurora	\$598,624	\$0	2
Lamar Community College	\$1,195,290	\$0	1
Lowry Campus	\$8,944,500	\$0	3
Morgan Community College	\$5,876,255	\$800,000	4
Northeastern Community College	\$24,801,355	\$2,002,500	11
Otero Community College	\$1,388,019	\$0	3
Pikes Peak Community College	\$34,321,625	\$5,400,000	5
Pueblo Community College	\$5,101,493	\$0	2
Red Rocks Community College	\$30,571,286	\$12,500,000	3
Trinidad State Junior College	\$397,122	\$0	1
Community Colleges Total	\$143,006,009	\$23,779,956	48
University of Colorado - Colorado Springs	\$82,475,017	\$25,580,082	7
University of Colorado – Health Sciences Center	\$81,063,486	\$272,130,691	13
University of Colorado Boulder	\$180,709,368	\$236,604,881	21
CU System Totals	\$344,247,871	\$534,315,654	41
University of Northern Colorado	\$75,337,105	\$5,899,114	9
Fort Lewis College	\$34,092,338	\$0	7
Colorado School of Mines	\$55,519,706	\$42,986,705	5
Adams State College	\$27,880,078	\$674,925	6
Mesa State College	\$27,174,266	\$5,139,273	11
Western State College	\$26,528,884	\$0	4
State Colleges Totals	\$81,583,228	\$5,814,198	21
TOTAL – ALL	\$912,930,514	\$840,269,074	218

The full 47-page Access report listing the anticipated funding by project has been sent to the Capital Development Committee of the General Assembly. It is available by contacting Capital Assets at CCHE, 303-866-2723.

Investment History

Two charts attached to this report detail the past higher education funding for capital construction. The first, *Higher Education General Fund Capital Investment History*, compares the state construction dollars for higher education to state dollars allocated for operating expenses and controlled maintenance since 1977-1978. This chart does not include cash sources used for capital construction, operating, or controlled maintenance. Historically, General Fund allocations for controlled maintenance have been a very small percentage of the total General Fund appropriations.

The second chart, *Capital Construction Appropriations (Excludes Controlled Maintenance)*, gives a 25-year look at General Fund appropriations for higher education capital construction compared to appropriations for capital construction for state government as a whole. Capital construction appropriations for higher education have been a significant percentage of appropriations of all state capital construction projects.

In both cases, the charts have been corrected to reflect funding reductions in appropriations brought about by a series of legislative acts aimed at getting the state budgets in balance. The acts, which included a few gubernatorial vetoes, were: SB 01S2-23, HB02-1438, HB02-1388, HB02-1471, and HB02-1420.

This report includes only the first two pages of the 25-year examination of capital construction appropriations for higher education in appendix C. The full report also is available by contacting Capital Assets at CCHE, 303-866-2723.

SB 01-209 and Lease Reports

The General Assembly passed SB 01-209 to allow institutions to carry out small capital construction projects costing \$250,000 or less with their own financial resources—cash, cash funds exempt, and operational (or General Fund) dollars—without CCHE approval. In exchange, the institutions are required to report on such expenditures to CCHE no later than September 1 of each year. (This year, because of lag in notifying institutions of the reporting requirement, the deadline was extended to October 1, with one institution delaying its submission until October 31.) The summary report, Appendix D, covers the fiscal year July 1, 2001-June 30, 2002. Specifically *excluded* from this report are:

- Non-capital construction personnel costs for janitorial, grounds keeping, or landscaping services;
- Education and General Funds expended for operation and maintenance of the plant (NACUBO 1700) already reported to State Buildings and Real Estate Programs; and
- Funds spent for capital outlays as defined in the Long Bill, SB01-212.

If combined with data gathered from State Buildings and Real Estate Programs, the SB 01-209 data could give a clearer picture of spending that higher education institutions devote to the maintenance and upkeep of their buildings. Such an analysis of the FY 2002 data is pending receipt of information from State Buildings later this year.

Because this is only the second year that CCHE has gathered this information, it is nearly impossible to note trends. However, as funding is squeezed due to statewide funding reductions, it would be logical to assume that higher education building operation and maintenance expenditures will decrease, adding further to the controlled maintenance backlog. For all of higher education, however, SB 01-209 expenditures went up in FY 02 compared to FY 01, particularly from General Funds and Cash Funds Exempt sources.

The SB01-209 report was submitted to the Capital Development Committee in early December 2002. The full 61-page report is available by contacting Capital Assets at CCHE, 303-866-2723.

On the next page is a comparison of the SB01-209 data between Fiscal Year 2001 and Fiscal Year 2002.

Comparison of SB01-209 Data FY 01 and FY 02

	FY 2001	FY 2002
Number of Projects	310	338
Added Square Footage	2,740*	27,997**
Total Cost	\$17,042,612	\$17,186,651
General Funds	\$2,634,746	\$3,877,912
Cash Funds	\$6,178,491	\$5,689,929
Cash Funds Exempt	\$5,683,961	\$6,769,804
Federal Funds	\$2,545,415	\$849,011
Project Types		
Fixed Equipment	\$1,921,812 (32 projects)	\$2,744,708 (40 projects)
Infrastructure Improvements	\$1,176,073 (26 projects)	\$2,005,013 (31 projects)
Instructional or Scientific Equipment	\$851,530 (10 projects)	
Leasehold Improvements	\$226,341 (3 projects)	\$20,209 (1 project)
New Facilities/Additions	\$254,044 (5 projects)	\$367,927 (8 projects)
Uncategorized	\$968,313 (11 projects)	
Professional Services	\$546,762 (30 projects)	\$756,508 (24 projects)
Remodel/Renovate/Modernize	\$6,951,764 (128 projects)	\$7,498,714 (156 projects)
Repair and Replacement	\$1,685,837 (33 projects)	\$2,094,818 (47 projects)
Site Improvements	\$2,460,137 (32 projects)	\$1,698,754 (31 projects)
Total Operational and Maintenance and SB 209 \$/SF Average	\$2.61	Analysis to be done later this year
Average % of Operating \$ Spent on Facilities (Operation and Maintenance + SB 209)	10.99%	Analysis to be done later this year
SB 209 Dollars/Total Square Feet	\$0.43	Analysis to be done later this year

*FY 01 added square feet:

Colorado School of Mines, Restroom Facility, 840 square feet (sf)
 Colorado State University, Moby Weight Room Expansion, 700 sf
 Northeastern Junior College, Additional Storage for Diesel, 1,200 sf

**FY 02 added square feet:

Colorado School of Mines, Garage for Environmental Health and Safety, 280 sf
 Colorado State University (24,383 sf total):
 Add Laboratory and Office at Fruita Research, 6,344 sf;
 Western Colorado Research Center, 8,300 sf
 Center for Disease Control in Fort Collins, Install Modular Building, 9,739 sf
 Northeastern Junior College (2,064 sf total):
 Storage Building, 1,200 sf
 Baseball Field bathrooms, 864 sf
 University of Northern Colorado, Athletic Storage Unit, 1,270 sf

By statute, the CCHE must approve all leases of higher education institutions. The CCHE uses an electronic form for the lease applications. The CCHE only approves the broad general terms of leases; actual execution and negotiation of the leases continues to be the province of State Buildings and Real Estate Programs. The attached lease report covers the period November 13, 2001, through November 25, 2002. In some cases – particularly for the Colorado State University System – the inclusion of agricultural leases has depressed the overall lease rate. Higher education leases make up about 60 percent of all leases entered into by state agencies and departments. Quarterly reports on leases have been given to the Commission during the year.

Program Plans

The CCHE policy on capital program priority setting (available on the CCHE web site) states: “Higher education capital construction needs require balanced state investments that eliminate extreme health and safety hazards, complete unfinished construction projects, relieve the most severe space deficits in specialized facilities, renovate functionally obsolete and congested space of major programs, and provide for prompt technical studies for major campus construction decisions.”

In keeping with that policy and in recognition of the limited funds available for capital construction during FY 03-04, the CCHE is forwarding to the General Assembly only seven state-funded projects. The seven projects address health and life safety issues.

The Prioritization of Capital Projects, FY 03-04, Commission agenda item for October 3, 2002, (available on the CCHE web site) details the process the staff went through to winnow down to seven the number of state-funded projects forwarded to the General Assembly for funding consideration for this coming fiscal year. The process included institutions withdrawing 23 projects that had already received program plan approvals from funding consideration for FY 03-04. Staff had recommended rescission of the program plans due to limited funding. By statute, the General Assembly has a policy of not funding any program plans for higher education that the CCHE doesn't approve. Institutions withdrew some of their projects for FY 03-04 funding consideration to preserve their program plan approvals for a time when funds might be more available. As a result of the program plan withdrawals, the Commission at its October 3, 2002, meeting had to rescind the program plan approval for only one project, the Lowry Higher Education Center's Site and Utility Plan. In addition, the Commission forwarded to the General Assembly for funding authorization several cash and SB 92-202 projects shown in Appendix G.

Four projects from the University of Colorado Health Sciences Center at Fitzsimons are being held for approval until the Commission approves the master plan supplements for 2002 and their related issues, especially the disposition of the Ninth Avenue Campus:

- Barbara Davis Center, Phase 2
- Infrastructure Phase 6
- Center for Humanities
- Library

Also being held for approval is the Colorado State University SB 92-202 project, New Student Housing – Main Campus project. Approval of that is contingent upon the Commission’s Subcommittee on Capital Assets approval of the amended program plan. This approval is expected to take place within the next few months.