

COLORADO COMMISSION ON HIGHER EDUCATION CAPITAL CONSTRUCTION PROGRAM 2003

Overview

The Colorado Commission on Higher Education (CCHE) is composed of 11 members appointed by the governor and confirmed by the State Senate. A staff authorized for up to 28.9 persons supports the Commission. CCHE is the central policy and coordinating board for Colorado's system of public higher education which is composed of 11 governing boards and 26 institutions. Currently, one full-time and one part-time staff person are assigned to the Capital Assets section.

For capital construction, CCHE has several responsibilities and duties under C.R.S. 23-1-106. 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 or utilization 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.

- Collect from each institution a facility management plan or update regarding vacant or partially vacant buildings. The commission shall review the facility management plan or update and make recommendations regarding it to the department of personnel. (The General Assembly added this responsibility for the 2003-2004 year.)

This report summarizes the activities of the Commission during FY 02-03 to fulfill its statutory obligations.

The work of the Capital Assets team is intended to carry out several objectives that are part of the CCHE Goal #4 – Higher Education Financing. Objectives for that overall goal that relate specifically to capital construction are in the overall operating budget. The objectives are below; brief statements on work accomplished thus far follow:

- 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; CCHE has expressed the hope that the General Assembly will assign any additional funds to controlled maintenance projects.)
- 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. (Staff has consistently reminded higher education institutions that maintenance and upgrade of existing facilities should be the highest priority of institutions in developing their facilities' master plans and in selecting projects for submittal to CCHE for approval.)
- Explore alternatives for funding higher education capital construction projects. A Task Force has been assembled for this purpose.

Enrollment

Enrollment is among the factors CCHE staff considers in evaluating proposed building projects. However, very few building proposals are in direct response to enrollment increases. Building plans typically are advanced to:

- Address health and safety problems;
- Renovate buildings to better respond to changes in teaching styles or building use; accommodate for information technology; or to upgrade building systems and components;
- Provide non-teaching facilities for athletics, student activities, student recreation, or faculty research.

Still, it's important to note that overall full-time equivalent (FTE) enrollment (resident, non-resident, graduate and undergraduate) at *all* state-supported colleges and universities increased **6.3 percent** in FY 2002-2003 over that of FY 2001-2002, a direct result of the poor economy. This is based on the enrollment report CCHE staff compiled for the General Assembly in August 2003. The August 2003 report shows that student enrollment is increasing at the exact time that

Colorado lacks the state revenues to address building needs with state capital construction or controlled maintenance dollars. This makes the need for exploring alternative means of financing higher education building projects even more urgent.

Only three institutions reported enrollment declines. Some of those overall enrollment declines were the result of changes in how FTE students are counted. The institutions with declines in enrollment were:

- Morgan Community College, -6.1 percent;
- Fort Lewis College, -2.1 percent; and
- Colorado State University-Pueblo, -1.9 percent.

Several institutions had enrollment increases in the two-digit range over FY 2001-2002 enrollments. Three of the four are community colleges:

- Community College of Denver, 20.4 percent;
- Front Range Community College, 13.5 percent;
- Community College of Aurora, 12.9 percent; and
- University of Colorado at Colorado Springs, 10.9 percent.

The 13 community colleges in FY 2002-2003 together have an FTE of 43,879. This compares to the enrollment at Colorado's largest universities, University of Colorado at Boulder (25,254) and Colorado State University (22,287).

Total FTE by governing board in FY 2002-2003 were:

- University of Colorado System, 42,068 (6.4 percent increase);
- Colorado State University System, 25,734 (3 percent increase);
- Fort Lewis College, 4,080 (-2.1 percent decrease);
- Colorado School of Mines, 3,331 (3.6 percent increase);
- University of Northern Colorado, 10,606 (2.7 percent increase);
- Adams State College, 2,322 (1.2 percent increase);
- Mesa State College, 4,651 (4.3 percent increase);
- Metropolitan State College, 14,188 (7.3 percent increase);
- Western State College, 2,141 (2.3 percent increase); and
- Community Colleges of Colorado, 43,879 (10.7 percent increase).

Copies of the full FY 2002-2003 enrollment report are available through CCHE, 303-866-4025.

Master Plans

CCHE's revised master plan guidelines state that plans should be updated every six years. Fourteen of the 32 campuses (of 25 institutions) have current master plan approvals. CCHE approved master plans or master plan updates during late 2002 and 2003 for the following four institutions:

- Arapahoe Community College, October 3, 2002;

- The University of Colorado Health Sciences Center at Fitzsimons (2002 Supplements), February 7, 2003;
- Western State College (Master Plan Amendment), March 7, 2003; and
- Morgan Community College, October 3, 2003;

Currently under review are master plans for:

- Front Range Community College, Boulder County Campus;
- Pikes Peak Community College, Rampart Range Campus;
- Pikes Peak Community College, Centennial Campus and Downtown Studio Campuses; and
- University of Northern Colorado.

In addition, the Board of Trustees for the Colorado School of Mines approved the master plan for the school in December 2003 and the college plans to submit it to CCHE in early 2004. CCHE has reviewed the master plan for Community Colleges of Colorado at Lowry Campus, but the plan is still on hold pending the receipt of a revised master plan. The revision is needed partly because the proponents of a proposed charter high school, Denver School of Science and Technology, decided to locate it in the old Stapleton International Airport development rather than at the Lowry campus. CCHE staff also requested additional information about the master plan that has yet to be received.

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. CCHE made an exception, however, for the Colorado School of Mines during 2002. 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 the School of Mines' 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. The General Assembly appropriated money for architectural and engineering for the computer center addition for FY 2003-2004 to enable Colorado School of Mines to begin work on moving the computer center from the Green Center, thereby making it possible to tackle the serious roof and asbestos abatement problems in the Green Center.

In a letter dated August 7, 2003, Colorado School of Mines President John U. Trefny notified CCHE that the School of Mines would not meet the July 1, 2003, master plan deadline due to a serious medical problem of the person retained to work on the strategic plan, but that the plan would be submitted to CCHE later. CCHE staff concluded the delay in master plan submittal was justified, and is therefore recommending to the General Assembly that it appropriate money for construction of the computer center addition to the Center for Technology and Learning Media.

To save operational dollars, some institutions have decided against undertaking facilities master plans immediately, particularly since state dollars for capital construction projects for higher

education will be few and far between for the next few years. CCHE has concurred with these decisions.

A status report on facilities master plans is Appendix A of this report.

Five-Year Plans

Governing boards must submit plans to CCHE for projected capital construction funding for a five-year period. The compiled five-year plan this year totals the funding that is anticipated in fiscal year (FY) 2004-2005 through FY 2008-2009. It doesn't include the *total* project costs for projects that begin in the latter years. Prior-year appropriations also are not a part of the abbreviated chart on the next page. System totals of anticipated project costs and numbers of projects are bold faced. Single institutions or combined campuses that operate under a single governing board also are shown in bold face. The one exception on the chart below is Metropolitan State College, which began operating under its own board in 2002. Metropolitan State College is not shown separately from the Auraria Higher Education Center (AHEC) because all facilities needs for the college are still handled through the AHEC governing board.

The full 43-page 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, 303-866-4025.

Anticipated Capital Construction Spending FY 04-05 through FY 08-09

INSTITUTION	STATE FUNDS	CASH FUNDS	TOTAL PROJECTS
Auraria Higher Education Center	\$12,259,508	\$18,000,000	4
Colorado State University	\$63,402,798	\$123,338,343	62
Colorado State University - Pueblo	\$37,822,389	\$2,095,035	11
CSU System Totals	\$101,225,187	\$125,433,378	73
Colorado Historical Society	4,955,000	\$8,983,647	13
Arapahoe Community College	\$23,021,249	\$30,900	8
Colorado Northwestern Community College	\$6,789,191		5
Community College of Aurora	\$598,624		2
Colorado Community College at Lowry	20,400,000		5
Front Range Community College	\$8,239,000		2
Lamar Community College	\$1,543,116		1
Morgan Community College	\$5,916,255	\$800,000	4
Northeastern Community College	\$40,048,187	\$2,322,500	11
Otero Community College	\$1,375,019		3
Pikes Peak Community College	\$14,662,150	\$2,000,000	3
Pueblo Community College	\$3,170,379		2
Red Rocks Community College	\$30,571,286	\$2,500,000	2
Trinidad State Junior College	\$1,627,857		3
Community Colleges Totals	\$157,962,328	\$10,730,856	51
University of Colorado – Colorado Springs	\$35,175,805	\$96,621,357	9
University of Colorado – Health Sciences Center		\$51,786,964	6
University of Colorado - Boulder	\$144,298,438	\$170,459,857	16
CU System Totals	\$179,474,243	\$315,646,699	30
Adams State College	\$27,880,078	\$3,174,925	7
Colorado School of Mines	\$47,171,446	\$24,986,706	5
Fort Lewis College	\$23,028,015		5
Mesa State College	\$25,595,967	\$3,048,468	6
University of Northern Colorado	\$72,789,503		5
Western State College	\$3,517,738		2
TOTAL – ALL	\$655,859,013	\$510,004,971	202

Investment History

Two charts in this report, Appendix B and Appendix C, detail past higher education funding for capital construction. The first, *Appendix B -Higher Education General Fund Capital Investment History*, compares the state construction dollars for higher education with state dollars allocated for operating expenses and controlled maintenance since 1978-1979. 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, *Appendix C - Capital Construction Appropriations (Excludes Controlled Maintenance)*, gives a 25-year look at General Fund appropriations for higher education capital construction compared with appropriations for capital construction for state government as a whole. Capital construction appropriations for higher education have been a significant percentage of appropriations for all state capital construction projects. This report includes only the first few pages of the 25-year examination of capital construction appropriations for higher education. The full report also is available by contacting Capital Assets at CCHE, 303-866-4025.

Of particular interest is the precipitous drop in state capital construction dollars allocated for higher education in the past three years, a drop shared by other State agencies and due mostly to lack of funds.

SB 01-209

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 prior CCHE approval. However, institutions are required to report such expenditures to CCHE no later than September 1 of each year. The summary report, *Appendix D – SB 01-209 Summary Report by Reporting Category Totals FY 2003*, covers the fiscal year July 1, 2002-June 30, 2003. 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 2001 Long Bill, SB01-212. (As defined in that bill, capital outlays are equipment, furniture, motor vehicles, software and other items having a useful life of one year or more and costing less than \$50,000; building alterations and replacement of plumbing, wiring, electrical fiber optic, heating and air conditioning systems costing less than \$15,000; construction of new buildings costing less than \$15,000; and land improvements—grading, landscaping, leveling, drainage, and irrigation, roads, fences, ditches, and sanitary storm sewers—costing less than \$5,000.)

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 2003 data is pending receipt of information from State Buildings in early 2004. CCHE staff will attempt to find out during this analysis 1) the consistency of reporting across institutions and 2) whether institutions are spending approximately 10 percent of their total operating budget on operation and maintenance of their buildings and infrastructure, as the National Association of College and University Business Officers (NACUBO) suggests.

Because this is only the third year that CCHE has gathered this information, it is nearly impossible to note trends. Despite state funding declines, spending on such small, often maintenance related projects appears to have increased both in the number of projects and amounts in FY 02-03 over FY 01-02. However, it should be noted that one of the reasons for the apparent increase in funding could be the inclusion of two cash funds exempt funds that were not on the CCHE reporting form originally. The funds – 320 for auxiliary enterprises and 371 for physical plants – were added with the concurrence of the higher education Chief Financial Officer Council. Some institutions previously reported such expenditures anyway, just under different funds, while others didn't report the expenditures at all. Therefore, it's impossible to know how much of the apparent increased funding in cash funds exempt funds (from \$6.769 million to \$15.346 million) can be attributed solely to the inclusion of the two funds. The full 83-page SB01-209 report was submitted to the Capital Development Committee in early December 2003. It is available from Capital Assets at CCHE, 303-866-4025. On the next page is a comparison of the SB01-209 data between Fiscal Year 2002 and Fiscal Year 2003.

Comparison of SB01-209 Data FY 2002 and FY 2003

	FY 2002	FY 2003
Number of Projects	338	483
Added Square Footage	27,997**	4,675*
Total Cost	\$17,186,651	\$25,069,181
General Funds	\$ 3,877,912	\$ 3,457,176
Cash Funds	\$ 5,689,929	\$ 4,822,089
Cash Funds Exempt	\$ 6,769,804	\$15,346,229
Federal Funds	\$ 849,011	\$ 1,443,687
Project Types		
Fixed Equipment	\$2,744,708 (40 projects)	\$1,417,464 (26 projects)
Infrastructure Improvements	\$2,005,013 (31 projects)	\$2,615,612 (60 projects)
Instructional or Scientific Equipment		\$4,597,229 (49 projects)
Leasehold Improvements	\$20,209 (1 project)	\$236,667 (2 projects)
New Facilities/Additions	\$367,927 (8 projects)	\$261,285 (3 projects)
Uncategorized		
Professional Services	\$756,508 (24 projects)	\$971,541 (29 projects)
Remodel/Renovate/Modernize	\$7,498,714 (156 projects)	\$9,123,835 (205 projects)
Repair and Replacement	\$2,094,818 (47 projects)	\$3,828,870 (68 projects)
Site Improvements	\$1,698,754 (31 projects)	\$2,106,677 (41 projects)
Total Operational and Maintenance and SB 209 \$/SF Average	Analysis never done	Analysis to be done in early 2004
Average % of Operating \$ Spent on Facilities (Operation and Maintenance + SB 209)	Analysis never done	Analysis to be done in early 2004
SB 209 Dollars/Total Square Feet	Analysis never done	Analysis to be done in early 2004

*FY 2003 added square feet:

Colorado State University, SLVRC Greenhouse, 2,100 sf

Colorado State University, Arkansas Valley Resource Center Metal Side Storage, 600 sf

Pueblo Community College, Gorsuch Advanced Technology Center (mezzanine constructed to add classroom space), 1,975 sf

**FY 2002 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

Lease Reports

By statute, the CCHE must approve all leases of higher education institutions. The CCHE now 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, *Appendix E – Approved Leases by Governing Board between November 26, 2003, and November 25, 2003*, lists the leases approved during that time period.

According to the attached report, the overall square-footage rate for each governing board is as follows:

<i>Governing Board</i>	<i>Average Cost Per Square Foot</i>	<i># of Total Leases</i>
Auraria Higher Education Center	\$20.37	1
Colorado State University System (CSU only)	\$0.09	38
Colorado Historical Society	\$14.28	3
Community Colleges of Colorado System	\$5.59	18
University of Colorado System	\$9.57	29
University of Northern Colorado	\$503.38	9
Metropolitan State College	\$11.88	1
Colorado School of Mines	\$7.06)	2

The variation in square footage costs should be regarded with several grains of salt. For Colorado State University, inclusion of four agricultural leases for research has depressed the overall lease rate to \$0.09 a square foot. Agricultural leases are for square acres, not square feet.

The extremely high square footage rate of \$503.38 for the University of Northern Colorado is more a function of the service leases the university has and the inability of CCHE's current lease form to accommodate those types of leases than of anything else. As part of its extended campus, the University of Northern Colorado uses spaces belonging to school districts and to community colleges to conduct classes for teachers taking courses for continued certification or for teachers desiring to get the necessary course work for administrative positions. Many of those leases involve payment per credit hour or per student to cover Internet connection, library access, janitorial time, copying, and similar expenses. Inclusion of such expenses in the overall lease raises the average lease cost per square foot.

CCHE staff is working with State Buildings and Real Estate Programs to devise a lease application form that better reflects the different types of leases. Not all higher education leases are square-footage leases, yet that's the only type CCHE's lease form fits.

State Building and Real Estate Programs' January 2003 annual report to the General Assembly on leases noted that higher education institutions lease the most space by both number of leases (176) and total square footage (1,551,407). **About 32 percent of all state leases are for higher education.**

The 101 leases in this report obviously fall short of the 176 leases that State Buildings and Real Estate Programs included in its January 2003 report to the General Assembly. Not all institutions may be reporting proposed leases to CCHE yet, although CCHE began its electronic reporting system in December 2000. Also, some leases included in the State Buildings and Real Estate Programs total were entered into some years ago, and are not yet ready for renewal. CCHE receives lease applications only for leases that are completely new or for renewals. In addition, a number of the 101 leases in CCHE's report are for amendments to the same lease, so each lease in the report does not necessarily represent a separate lease.

Below is a table of the purposes of the higher education leases

Purposes of Higher Education Leases

<i>Type of Lease (Total #)</i>	<i>Average Cost Per Square Foot</i>	<i>Annual Cost, Including Operating</i>	<i>Square Footage</i>
Office (44)	\$5.91	\$1,581,268	267,742
Classroom (22)	\$5.98	\$2,521,531	305,638
Special Use (14)	\$0.04	\$442,175	10,947,554
Residential (11)	\$3.99	\$244,886	61,315
Labs (6)	\$14.23	\$1,128,656	71,150
Support (3)	\$5.93	\$443,500	56,400
General Use	\$5.01	\$120,913	20,466

The distinction among leases for special use, support, and general use isn't readily apparent. These are some typical examples for each, according to the National Council of Education Statistics' *Postsecondary Education Facilities Inventory and Classification Manual, 1992*:

- Special Use: Armory, athletic or physical education, athletic facilities spectator seating, media production, clinic, demonstration, field building, animal quarters, greenhouse, other.
- General Use: Assembly, exhibition, food facility, day care, lounge, merchandising, recreation, meeting room.
- Support: Central computer or telecommunications, shop, central storage, vehicle storage, central service, hazardous materials.

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 04-05, the CCHE is forwarding to the General Assembly only nine state-funded projects. The nine projects address health and life safety issues.

The Prioritization of Capital Projects FY 04-05 Commission agenda item for October 2, 2003, (available on the CCHE web site) notes that institutions originally submitted to CCHE a total of 10 projects for state funding in FY 2004-2005. (Pikes Peak Community College submitted its request for replacement of the telephone system several months later.) CCHE staff is including eight of the original 10 projects, plus Pikes Peak Community College's Telephone System amended program plan, on its list of nine projects it is forwarding to the General Assembly for funding. The projects prioritized for state funding are shown on *Appendix F – Colorado Commission on Higher Education Continuing and Proposed Capital Projects Prioritized for Funding in FY 2004-2005*. In addition, the Commission also is forwarding to the General Assembly for funding authorization several cash and SB 92-202 projects shown in *Appendix G – Colorado Commission on Higher Education Cash Funded and SB 202– Continuing and Proposed Capital Projects FY 2004-2005*.

Vacant Buildings

SB 03-34 requires each institution of higher education to submit annually to CCHE and the Department of Personnel Administration (DPA) a facilities management plan or update on vacant or partially vacant facilities. The Commission is required by that statute to make recommendations on these plans to the DPA. DPA then forwards the compiled reports to the Office of State Planning and Budgeting and the Capital Development Committee. In 2003, eight institutions reported they have vacant or partially vacant buildings and outlined future plans for their use or disposition. *Appendix H – Vacant or Partially Vacant Buildings* is the corrected compilation of those reports from the institutions. The Commission at its November 6, 2003, meeting approved the compiled report and recommended forwarding it to State Buildings and Real Estate Programs.