



STATE OF COLORADO

DEPARTMENT OF HIGHER EDUCATION
Colorado Commission on Higher Education

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Executive Summary: Five-Year Capital Construction Improvements Program FY2008-2009

The Five-Year Capital Improvements Program covering Fiscal Years 08-09 through 12-13 contains 217 capital construction projects from 26 institutions and agencies and 11 governing boards (including the Colorado Historical Society). The attached spreadsheet includes a breakout of funding by governing board and institution for each individual project. This list is aggregated from institutional five-year capital construction plans, required to be submitted each July to the Department of Higher Education (DHE). The five-year plans are approved and prioritized by each governing board before they are submitted to DHE.

The combined five-year plan shows total needs of over \$3.7 billion in total funds and state funding needs of over \$1.7 billion. Total FY08-09 state funded requests are over \$334 million with total fund requests at \$942 million for all sources. This indicates that public institutions of higher education in Colorado will need nearly \$1 billion this year to meet current capital needs, with a majority of the burden being placed on institutions which are funding capital needs through cash sources such as student fees, cash reserves, private donations, and increasingly through bonds funded by tuition revenue. Increasingly, students are being called upon to pay for capital projects. This year, the Colorado School of Mines implemented a student capital fee, joining the University of Colorado and Colorado State University both of which implemented capital fees previously. Given the scarcity of state funds for higher education capital construction, institutions increasingly strain operating revenues and place a greater financial burden on students in order to build and maintain the facilities crucial to the future and functionality of the institutions.

These numbers and projects include the most current five-year plans as submitted from the institutions and governing boards. Dollar amounts shown on this list are likely to change as schools request additional cash funded projects, governing boards reprioritize and the Legislature requests further phasing of certain projects.

The following table shows total project requests by dollar amount and governing board. The CU and CSU systems show the largest dollar amounts requested including significant cash funding sources to help finance capital requests over the next five years. The CU system currently indicates that 73% of capital project financing will come from cash funds and the CSU system currently indicates that 47% of capital project financing will come from cash funds. The Auraria

Higher Education Center (AHEC) has the next highest funding request, though their five-year plan only includes six state funded projects.

FY08-09 Five-Year Funding Requests by Governing Board and Fund Type

Governing Board	State Funds	Cash Funds	Total Funds
CU System	\$335,382,974	\$1,183,300,694	\$1,558,047,668
CSU System	\$284,799,379	\$541,189,897	\$825,989,276
Auraria Higher Education Center	\$345,960,098	\$3,000,000	\$348,960,098
CCCS System	\$287,632,341	\$12,376,669	\$300,009,010
Colorado School of Mines	\$125,949,160	\$90,954,846	\$216,904,006
University of Northern Colorado	\$124,125,435	\$28,991,497	\$153,116,932
Fort Lewis College	\$92,554,395	\$45,165,000	\$137,719,395
Mesa State College	\$66,839,811	\$39,674,895	\$106,514,706
Western State College	\$49,915,085	\$41,750,000	\$91,665,085
Colorado Historical Society	\$14,103,098	\$12,309,200	\$27,472,749
Adams State College	\$26,409,757	\$281,766	\$26,691,523
Higher Education Grand Total	\$1,719,671,533	\$1,998,474,464	\$3,759,090,448

From FY97-98 to FY07-08, institutions of higher education received \$952.5 million (real dollars not adjusted for inflation) in Capital Construction Funds Exempt (CCFE or state funds) for capital construction (\$764.3 million) and controlled maintenance (\$188.2 million). These annual appropriations were directly tied to the ups and downs of the state’s economy. Between FY01-02 and FY04-05 CCFE appropriations averaged \$3.8 million, down from an average of \$132.3 million between FY97-98 and FY00-01. Due to these five years of little to no capital funding, needs remain severe and capital funding requests continue to mount as more and more projects go unfunded from year to year. Additionally, construction inflation continues to be a factor in project cost escalation as schools continue to see inflation rates of 1 to 1.5 percent per month since hurricanes Katrina and Rita. To illustrate this point, last year (FY07-08), institutions listed approximately \$1 billion in state funded capital needs for the next five years (FY07-08 through FY11-12). State funded five-year requests from FY07-08 are shown on the following table.

FY07-08 Five-Year State Funding Requests by Governing Board

Governing Board	State Funds
Adams State College	\$31,524,044
Auraria Higher Education Center	\$208,914,316
Colorado Community College System	\$136,780,101
Colorado Historical Society	\$14,356,246
Colorado School of Mines	\$114,593,279
CSU System	\$129,075,022
CU System	\$233,994,235
Fort Lewis College	\$60,623,453
Mesa State College	\$33,908,952
University of Northern Colorado	\$29,519,201
Western State College	\$34,300,297
Total Higher Ed 5-year CCFE Requests	\$1,027,589,146

Given the \$1.7 billion state funded five-year need reported by institutions this year, it is clear that escalating construction costs and project backlog are contributing to the increased dollar amounts being requested on institutional five-year plans.

To address the challenge of escalating costs and volatile funding sources, the Commission reconvened the Task Force on Alternative Funding for Capital Construction and Controlled Maintenance, which began meeting on May 14, 2007. The taskforce is currently exploring several funding options and is optimistic about finding alternative funding sources for higher education capital funding.

Also, an investment in the construction of high performance buildings are contributing to initial construction cost increases, but will result in operation cost savings over the long run. On April 16, 2007, Governor Ritter signed SB07-051 as a companion to the “Greening of Government” executive order. The bill (sponsored by Senator Gordon and Representatives Levy and Witwer) creates a new requirement for state and cash (non-202) projects beginning in FY08-09. These projects will need to meet the criteria for “High Performance” state buildings as developed by the Office of the State Architect as long as the project is 5,000 GSF or larger, includes a HVAC system, and has not entered into the design phase of construction prior to January 1, 2008. It is anticipated that meeting these new criteria will increase the cost of projects by about five percent; however, the added cost should be recouped through decreased energy, utility, and maintenance costs over the life of the building. In the long run, constructing “High Performance” state buildings should save institutions money through decreased operation and utility expenses.