

**TOPIC:** RECOMMENDATION OF APPROVAL OF FISCAL YEAR 2021-22  
STATE-FUNDED CAPITAL PROJECTS AND PRIORITY LISTS

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**I. SUMMARY**

This action item seeks approval of the FY 2021-22 State-Funded Capital Construction and Renewal Priority List and the FY 2021-22 State-Funded Capital IT Priority List pursuant to C.R.S. 23-1-106(7)(a)(b), as recommended by the Commission's Fiscal Affairs and Audit Committee. Approval of new or revised program plans or exemptions for all submitted projects will be sought at the October CCHE meeting, pursuant to C.R.S. 23-1-106(3). The two project lists will be provided to the Commission after their discussion at the Fiscal Affairs and Audit Standing Committee meeting on Friday, August 28.

**II. BACKGROUND**

State law, C.R.S. 23-1-106(7)(a), requires the Colorado Commission on Higher Education (CCHE) to annually submit a recommended capital construction priority list to the Office of State Planning and Budgeting (OSPB), the Office of the State Architect (OSA), the Capital Development Committee (CDC), and the Joint Budget Committee (JBC) by November 1st.

The Commission's Fiscal Affairs and Audit Standing Committee (FAA) and Colorado Department of Higher Education (CDHE) staff reviewed a total of 33 state funded capital construction and renewal requests for FY 2021-22. Of these 33 projects, one is a certificate of participation lease payment and 32 are previously unfunded. Of the 32 previously unfunded projects, 28 are capital construction and four are capital renewal. No continuation projects were submitted. Separately, FAA and CDHE staff reviewed a total of 11 capital IT projects.

On August 28, 2020 the Fiscal Affairs and Audit Standing Committee will meet to recommend to the CCHE prioritized lists of: 1) capital construction and renewal requests for \$361,261,873 in state funds with a total institutional cash contribution of \$88,620,249 (see forthcoming Attachment A), and 2) capital IT requests for \$21,013,072 in state funds with a total institutional cash contribution of \$1,555,153 (see forthcoming Attachment B).

Once approved by the CCHE, CDHE staff will forward the final CCHE prioritized list to the Capital Development Committee (CDC), the Joint Technology Committee (JTC), and the Joint Budget Committee (JBC). It also will forward the list to the Governor's Office of State Planning and Budgeting (OSPB) for consideration in the Governor's budget request. The CCHE's official submission to OSPB is limited to the top 20 prioritized projects.

### **III. STAFF ANALYSIS**

***Capital construction and renewal requests.*** For FY 2021-22, CDHE staff received and reviewed a total of 33 state funded capital construction and renewal requests. The total funding amount requested by institutions of higher education for capital construction and renewal is \$449,882,122 which includes \$19,069,368 for COP lease payments, \$342,192,505 in new state funding and \$88,620,249 in institutional cash funding. The total funding requested for the top 20 projects plus COP lease payments, which will be submitted to OSPB, amounts to \$232,640,271 in state funding and \$81,173,182 in institutional cash funding.

To develop the priority list, staff used the CCHE approved capital construction/renewal criteria. Criteria were adopted to provide an objective and analytical review of higher education's capital construction and renewal needs. The CCHE approved capital construction/renewal criteria are as follows:

- Health, Life Safety, and Code Issues (10 points)
- Other Fund Sources (15 points)
- Space Needs Analysis (10 points)
- Clear Identification of Beneficiaries (8 points)
- Achieves Goals (5 points)
- Governing Board Priority (20 points)

***Capital IT requests.*** For FY 2021-22, CDHE staff received and reviewed a total of 11 new state funded capital IT requests. The total funding amount requested by institutions of higher education for capital IT is \$24,483,972, which includes \$23,408,965 in state funding and \$1,075,007 in institutional cash funding. Since there are fewer than 20 projects on this list, the entire list will be forwarded to OSPB.

To develop the priority list, staff used the FAA approved capital IT criteria. Criteria were adopted to provide an objective and analytical review of higher education's capital IT needs. The approved capital IT criteria are as follows:

- IT Health, Security and Industry Standards (10 points)
- Other Fund Sources (15 points)
- Quality of Planning/Proposal (10 points)
- Clear Identification of Beneficiaries (8 points)
- Achieves Goals (5 points)
- Governing Board Priority (20 points)

Draft prioritized lists were developed by CDHE staff and shared with the FAA Committee and institutions on July 24, 2020. Institutions submitted proposed scoring changes along with

supporting documentation. Staff analyzed the submissions and made scoring changes that were well supported through the additional documentation. On August 28, 2020, the FAA is scheduled to review and approve the revised prioritized capital construction/renewal list) and the revised prioritized capital IT list.

#### **IV. STAFF RECOMMENDATION**

Staff recommends that the Commission take the following four actions:

- 1. Approve the FY 2021-22 capital construction and renewal priority list.**
- 2. Approve the FY 2021-22 capital IT priority list.**

#### **V. STATUTORY AUTHORITY**

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

- (1) Except as permitted by subsection (9) of this section, it is declared to be the policy of the general assembly not to authorize any activity requiring capital construction or capital renewal for state institutions of higher education unless approved by the commission.
- (2) The commission shall, after consultation with the appropriate governing boards of the state institutions of higher education and the appropriate state agencies, have authority to prescribe uniform policies, procedures, and standards of space utilization for the development and approval of capital construction or capital renewal programs by institutions.
- (3) The commission shall review and approve facility master plans for all state institutions of higher education on land owned or controlled by the state or an institution and capital construction or capital renewal program plans for projects other than those projects described in subsection (9) of this section. The commission shall forward the approved facility master plans to the office of the state architect. Except for those projects described in subsection (9) of this section, no capital construction or capital renewal shall commence except in accordance with an approved facility master plan and program plan.
- (4) The commission shall ensure conformity of facilities master planning with approved educational master plans and facility program plans with approved facilities master plans.

- (5) (a) The commission shall approve plans for any capital construction or capital renewal project at any state institution of higher education regardless of the source of funds; except that the commission need not approve plans for any capital construction or capital renewal project at a local district college or area technical college or for any capital construction or capital renewal project described in subsection (9) of this section.
- (b) The commission may except from the requirements for program and physical planning any project that requires two million dollars or less if the capital construction project is for new construction and funded solely from cash funds held by the institution or the project is funded through the higher education revenue bond intercept program established pursuant to section 23-5-139, or ten million dollars or less if the project is not for new construction and is funded solely from cash funds held by the institution.
- (6) (a) The commission shall request annually from each governing board of each state institution of higher education a five-year projection of capital construction or capital renewal projects to be constructed but not including those projects described in subsection (9) of this section. The projection must include the estimated cost, the method of funding, a schedule for project completion, and the governing board-approved priority for each project. The commission shall determine whether a proposed project is consistent with the role and mission and master planning of the institution and conforms to standards recommended by the commission.
- (b) The commission shall request annually from the governing board of each state institution of higher education a two-year projection of capital construction projects to be undertaken pursuant to subsection (9) of this section and estimated to require total project expenditures exceeding two million dollars if the capital construction project is for new acquisitions of real property or new construction and funded solely from cash funds held by the institution or the project is funded through the higher education revenue bond intercept program established pursuant to section 23-5-139, or exceeding ten million dollars if the project is not for new acquisitions of real property or new construction and is funded solely from cash funds held by the institution. The projection must include the estimated cost, the method of funding, and a schedule for project completion for each project. A state institution of higher education shall amend the projection prior to commencing a project that is not included in the institution's most recent projection.
- (7) (a) The commission annually shall prepare a unified, five-year capital improvements report of projects to be constructed, but not including those capital construction or capital renewal

projects to be undertaken pursuant to subsection (9) of this section, coordinated with education plans. Notwithstanding section 24-1-136 (11)(a)(I), the commission shall transmit the report to the office of state planning and budgeting, the office of the state architect, the capital development committee, and the joint budget committee, consistent with the executive budget timetable, together with a recommended priority of funding of capital construction or capital renewal projects for the system of public higher education. The commission shall annually transmit the recommended priority of funding of capital construction or capital renewal projects to the capital development committee no later than November 1 of each year.

- (b) Except as provided in subsections (5) and (15) of this section, it is the policy of the general assembly to appropriate funds only for capital construction or capital renewal projects approved by the commission.
- (c) (I) (A) The commission annually shall prepare a unified, two-year report for capital construction or capital renewal projects described in subsection (9) of this section that are not for new acquisitions of real property or new construction and are estimated to require total project expenditures exceeding ten million dollars, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, the capital development committee, and the joint budget committee, consistent with the executive budget timetable.
- (B) The commission annually shall prepare a unified, two-year report for capital construction projects for new acquisitions of real property or for new construction, described in subsection (10) of this section, estimated to require total project expenditures exceeding two million dollars, coordinated with education plans. The commission shall transmit the report to the office of state planning and budgeting, the governor, the capital development committee, and the joint budget committee, consistent with the executive budget timetable.
- (II) (A) The commission shall submit the two-year projections prepared by each state institution of higher education for each two-year period to the office of state planning and budgeting and the capital development committee. The capital development committee shall conduct a hearing in each regular legislative session on the projections and either approve the projections or return the projections to the state institution of higher education for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each projection.

- (B) A state institution of higher education may submit to the staff of the capital development committee, the commission, and the office of state planning and budgeting an amendment to its approved two-year projection. The capital development committee shall conduct a hearing on the amendment within thirty days after submission during a regular legislative session of the general assembly or within forty-five days after submission during any period that the general assembly is not in regular legislative session. The capital development committee shall either approve the projections or return the projections to the state institution of higher education for modification. The commission and the office of state planning and budgeting shall provide the capital development committee with comments concerning each amendment.

**ATTACHMENTS:**

**Attachment A** (forthcoming) - Fiscal Affairs and Audit Standing Committee Recommended FY 2021-22 State Funded Capital Construction and Renewal Priorities List.

**Attachment B** (forthcoming) - Fiscal Affairs and Audit Standing Committee Recommended FY 2021-22 State Funded Capital IT Priorities List.