



## Legislative Council Staff

Capital Construction Fact Sheet (December 2017)

### HISTORY OF HIGHER EDUCATION CASH PROJECT REVIEW AND CONTROLLED MAINTENANCE ELIGIBILITY

#### AT A GLANCE

- ✓ Until the 1992 legislative session, cash-funded capital requests submitted by public institutions of higher education were treated no differently than any other request for capital construction.
- ✓ Beginning in 1992, auxiliary facilities constructed from cash fund sources were no longer eligible for future controlled maintenance funding.
- ✓ From 1992 through 2009, academic projects constructed from cash funds were not eligible for future controlled maintenance funding. Eligibility was added retroactively.
- ✓ Beginning in 2008, all academic buildings are eligible for future controlled maintenance funding, but this eligibility only extends through projects completed before 2018.

In 1992, higher education institutions sought greater flexibility in the review, approval, and appropriation of capital projects funded from auxiliary fund sources. Specifically, higher education institutions requested an expedited review process for cash projects to be constructed, operated, and maintained solely from student fees, auxiliary enterprise funds, wholly endowed gifts and bequests, research building revolving funds, or any combination of these fund sources. Senate Bill 92-202 authorized the expedited review process, under which so-called 202 projects could be submitted and reviewed at any time of year and, if approved, commence immediately. These projects were subsequently listed in an annual Long Bill or other appropriations bill for informational purposes only.

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The monetary threshold triggering legislative review of 202 projects was initially set at \$250,000. The threshold increased to \$1 million in 2005 and to \$2 million in 2008.

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#### *What changed under SB 92-202?*

*After the passage of SB 92-202, a certain subset of cash-funded higher education projects was no longer tied to the regular budget submission and appropriation cycle. These projects could be submitted at any time during the fiscal year. Additionally, because*

*these projects were listed in the annual Long Bill for informational purposes only, they were no longer subject to state spending rules associated with appropriated projects, which afforded greater flexibility in project management and spending. Most importantly, in exchange for greater flexibility in the review and approval process, higher education institutions agreed that the facilities renovated or constructed as 202 projects would never be eligible for future state controlled maintenance funding.*

During the 2008 legislative session, higher education institutions sought, through House Bill 08-1205, to expand the type of projects eligible for expedited legislative review and approval in order to include all projects, regardless of the source of cash funds identified to pay the project costs.

*What changed under HB 08-1205? After the passage of HB 08-1205, all higher education institution cash-funded projects, regardless of the source of cash funds, were eligible for expedited review and approval. However, only projects that involved academic facilities were eligible for future state controlled maintenance funding.*

Beginning in 2010, the review of higher education cash-funded projects was further streamlined. Pursuant to Senate Bill 09-290, a higher education institution can submit a list of all of the cash-funded projects it anticipates commencing within a two-year period. The CDC reviews the list in its entirety and either votes to approve the listed projects or to direct an institution to make modifications to the list.

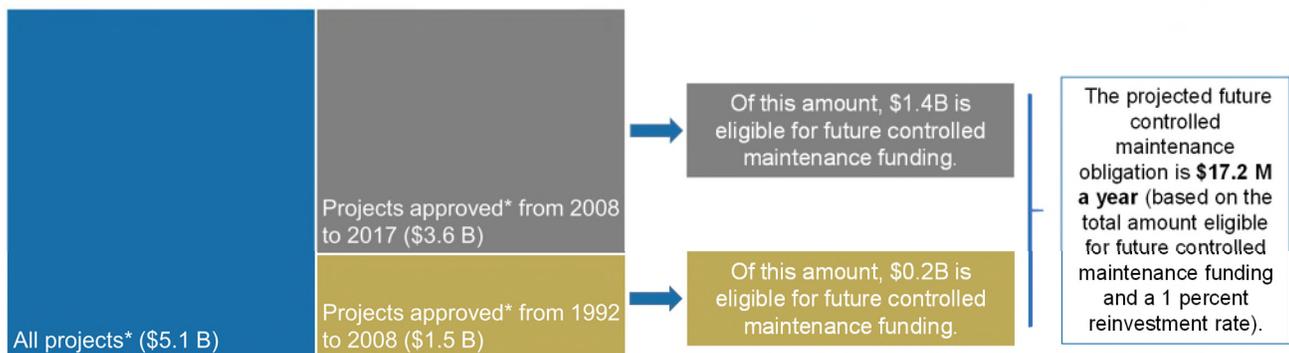
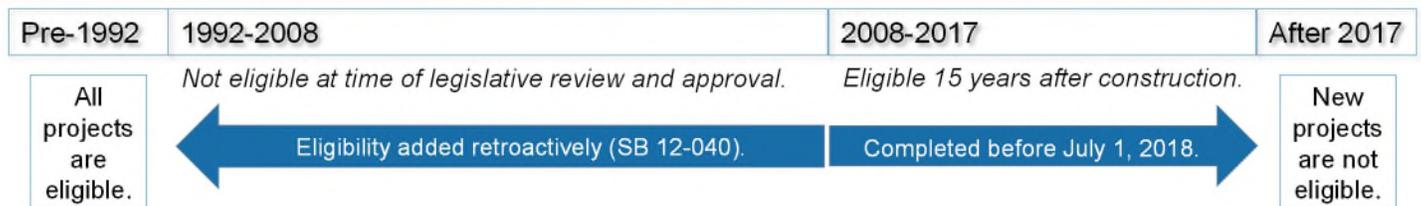
***What changed under SB 09-290?** After the passage of SB 09-290, higher education institutions no longer submitted individual cash projects for legislative review and approval. Projects approved through the two-year process are not listed in an appropriations bill. Finally, all academic buildings built from cash fund sources — regardless of the source of cash funds — are eligible for future state controlled maintenance funding, including 202 projects that were formerly prohibited from qualifying.*

Beginning in 2016, the threshold for review of certain cash projects on higher education two-year cash lists was increased, pursuant to House Bill 16-1459.

***What changed under HB 16-1459?** After the passage of HB 16-1459, the monetary thresholds determining legislative review of cash projects on a two-year cash list increased for some types of projects. The \$2 million threshold remains for projects involving new construction or acquisitions. HB 16-1459 established a new \$10 million monetary threshold for maintenance and renovation projects.*

Senate Bill 17-267 limited the eligibility of cash-funded higher education projects for future controlled maintenance funding. Only academic projects completed before July 1, 2018, qualify under current law.

## Eligibility of Cash-Funded Academic Buildings for Future Controlled Maintenance Funding\*



\*Approved through an expedited review process.