

Agenda Item 3.04.B

**POLICY AND PROCEDURES FOR RECEIVING EXCEPTIONAL
CAPITAL PROJECT REQUESTS**

State law requires that institutional requests for state funding come through the Commission on Higher Education. However, currently there is no mechanism for institutions to submit any requests to CHE for a facility to be funded with State appropriated funds and/or supplemental funds unless there is a Capital Improvement Bond (CIB) Bill. For example, during the current fiscal year, institutions were asked by the Legislature to request state appropriated funds for facilities. Legislative staff then called CHE staff to determine which requests had been approved by CHE. Very few of the requests had been reviewed by the Commission.

While the funding for capital items was eventually taken out of the 1998-99 budget, staff believes that the Commission should have a policy in place for receiving and approving certain capital requests for state funding in years when there is no CIB money. A positive recommendation from CHE presented to the Legislature with an institution's request for funding would increase an institution's chances of receiving consideration for State or surplus appropriations for a facility.

Additionally, the Management Review of the Commission conducted last year recommended that CHE develop a policy for dealing with these kinds of requests.

Staff brought this issue to both the Facilities Advisory Committee and the Funding Advisory Committee for discussion. The Funding Advisory Committee suggested that institutions provide CHE with updates to their Overall Permanent Improvement Plan (OPIP) each fall and include in these updates those facilities for which they anticipate receiving state appropriated or surplus funds. CHE could then review and approve the facilities for presentation to the Legislature as appropriate.

The staff has considered and concurs with the Funding Advisory Committee's suggestion. However, the staff strongly believes that, in years when there is no Capital Bond Bill, capital requests should be limited to those projects which are the institution's highest priorities for receiving state appropriated funds. Therefore, the staff recommends that the following policy be adopted:

Institutions may submit to CHE annually, a CHE Update to its Overall Permanent Improvement Plan to include those facilities which they consider to be their first priority for receiving state appropriated or surplus funds during the funding year. The Updates will be submitted to CHE for review and consideration and the Commission's action will be submitted to the Legislature.

An institution should submit only the capital request that it considers its highest priority for receiving state appropriated funds. Facilities requests included in the Updates will not be ranked or prioritized by staff but will be submitted with equal value. An institution may submit more than one project for consideration if appropriate justification for that project is provided. However, capital project requests received in addition to the institution's first priority will be reviewed by staff in light of the overall requests in order to ensure equitable consideration for all institutions.

However, if a bond bill materializes during the recommended funding period, the requests would be subject to normal bond procedures and included and/or ranked with other requests as required for capital improvement bonds funding.

A draft form for receiving the requests is attached. If approved by CHE, the policy and the form will be included in the revised Facilities Policy and Procedures Manual.