



Tab 2

Guidelines for Prioritizing Public Higher Education Capital Improvement Funding Requests

Coordinating Board for Higher Education
April 21, 2020

BACKGROUND

The Coordinating Board for Higher Education (CBHE) has the statutory responsibility of recommending funding for higher education facilities at Missouri's community colleges, State Technical College of Missouri, and public universities. It is the Department of Higher Education and Workforce Development's practice to rank the top capital improvement projects identified by each institution for the CBHE's consideration. This process is based on the "Guidelines for Selecting Priorities for Capital Improvement Projects and the Higher Education Capital Fund" established by the CBHE. If the CBHE approves the ranked list of projects, the department submits the ranked list with program descriptions and dollars amounts to the Governor and General Assembly for consideration. The most recent guidelines are provided as Attachment A.

During the March 2020 CBHE meeting, the department provided revised capital improvement guidance to the CBHE for informational purposes. During the meeting, public institutions of higher education presidents/chancellors recommended further consideration of the revision that would place a funding limit on renovated space based on 10 percent of each institution's core operating appropriation. Department staff planned to discuss updates to this revision and present the updated capital improvement guidelines during the CBHE's April meeting for approval.

Due to COVID-19's disruption across higher education, the department postponed discussion on the funding limit and removed that guidance from its capital improvement revisions. Department staff recommends proceeding with the remaining capital improvement revisions.

Given the revenue uncertainty for the next fiscal year, department staff also recommends for FY22 limiting institutions' capital improvement proposals to "critical or emergency" projects that have the potential for campus-wide disruption or pose safety or security concerns if not addressed. If adopted, this recommendation would have the following impact for the FY22 capital improvement process and budget request:

- The department would only request proposals for "critical or emergency" projects. These projects must also meet the new capital improvement guidelines for institutions.
- The department would not provide a ranked capital improvement list to the CBHE for consideration. The department would provide the list of "critical or emergency" projects submitted by institutions to the CBHE.
- The department would not submit a capital improvement ranked list to the Governor and General Assembly for consideration. The department would submit a list of "critical or emergency" projects.
- Institutions that wish to submit capital funding requests through the Capital Improvements Budget Request System may do so. The department will continue to provide all institution submissions as a "FYI Only" item in its FY22 budget request. However, these projects will not be considered, scored, or recommended by the department as is the current practice.
- This action would not require additional revisions to the recommended capital improvement guidelines.

NEXT STEPS

Department staff will discuss the proposed revisions at the April 21, 2020, CBHE meeting. If approved, staff will base FY21 budget instructions on the plan.

RECOMMENDATION

Staff recommend that the Coordinating Board approve the updated capital improvement guidelines and, for FY21, only collect institutions' "critical or emergency" projects.

ATTACHMENTS

- A. Current Guidelines for Selecting Priorities for Capital Improvements Process
- B. Summary of Responses to Survey on Capital Priorities
- C. Proposed Revised Guidelines for Prioritizing Public Higher Education Capital Improvement Funding Requests (Marked Up Version)
- D. Proposed Revised Guidelines for Prioritizing Public Higher Education Capital Improvement Funding Requests (Clean Version)

Tab 2 Attachment A

Current Guidelines for Selecting Priorities for Capital Improvements Process

I. BACKGROUND AND CONTEXT

The Coordinating Board for Higher Education has the statutory responsibility for recommending funding for higher education facilities at Missouri's community colleges, Linn State Technical College, and public four-year universities.

These guidelines for prioritizing capital project requests pertain only to major construction projects in the following categories established by the Office of Administration: Renovation and Rehabilitation; Corrective Construction; Energy Conservation; and New Construction, including planning funds for new construction. It is the current policy of the Coordinating Board that funding for routine maintenance and repair for all institutions should be included in the operating appropriations for the public institutions. Consequently, these guidelines anticipate that maintenance and repair will continue to be considered an on-going operational need that is appropriately addressed in the operating budget.

It is the policy of the Coordinating Board to submit a prioritized request to the Governor and General Assembly for the public four-year universities along with the state's technical college, and a separate prioritized request for public community colleges. This separation allows for proper consideration between the different types of institutions with widely varying needs.

II. FACTORS CONSIDERED IN PRIORITY RANKING

The CBHE goal of providing a coordinated, balanced, and cost-effective delivery system of higher education will provide overall guidance in analyzing existing facility space utilization and in making decisions regarding the need for additional or renovated facilities.

In addition, the following policy statements will be considered when establishing relative priorities for capital funding:

1. All proposed projects should be congruent with both the mission of the institution within the system of Missouri higher education and the respective mission implementation plans as reviewed by the Coordinating Board. Campus facility master plans should address this congruence within a five-year projection of facility requirements for the institution based on enrollment and program needs. The campus master plan, including enrollment trends and projections, will therefore serve as the reference point for documenting facility needs. A copy of the current campus master plan should be on file at the Coordinating Board Office.
2. Corrective construction and renovation and rehabilitation should, in most instances, precede new construction projects in priority. An institutional decision to retain a facility constitutes an ongoing commitment to bring that facility up to a good condition and to maintain it. Modernization of classrooms and laboratories to incorporate appropriate technology should be an institutional and Coordinating Board priority.
3. The addition of new square feet typically requires an ongoing financial commitment for campus security, fuel and utilities, maintenance and repair, etc. Absent justification for additional space based on enrollment change, a direct relationship to an approved mission change or enhancement, and/or the identification of available operational and maintenance funding, an increase in any institution's total square footage should be avoided.
4. Projects providing program accessibility to buildings for individuals with physical disabilities shall have a high priority.
5. The overall condition of a facility must be considered when evaluating the appropriateness of renovation and the prioritization of capital projects. In some cases, facilities that are in the poorest condition may more properly be candidates for demolition. In other cases, a fiscally responsible deferred maintenance decision may be more appropriate than the development of a capital request. There are other considerations, like state and campus program priorities, that override the condition of a facility in determining renovation or new construction needs.

6. Planning funds should precede funds for new construction and should be requested independently. Planning funds should be used to study several alternatives to address programmatic needs. A project which has received a prior recommendation and appropriation for planning funds will be reviewed again when construction funds are requested for the project.
7. Facilities maintained as auxiliary enterprises including, for example, student housing, parking facilities, and facilities related to intercollegiate athletics are considered to be the responsibility of the institution. State funding for construction of facilities serving a dual role involving auxiliary functions and educational and general purposes should be limited to the documented percentage of the facility serving educational and general purposes.

Tab 2 Attachment B

Summary of Responses to Survey on Capital Priorities

Survey Demographics:

Of the 116 stakeholders invited to provide feedback on the capital improvement process, 40 (34%) participated. Participants represented public institution presidents/chancellors, chief financial officers, and facility directors and general assembly representatives. The breakdown is as follows:

- Representation
 - 13 CFOs
 - 13 institution presidents/chancellors
 - 9 facilities directors
 - 3 General Assembly staff
 - 2 other
- Public Sector Institution Participation Breakdown
 - 16 community college or state technical college
 - 20 public universities

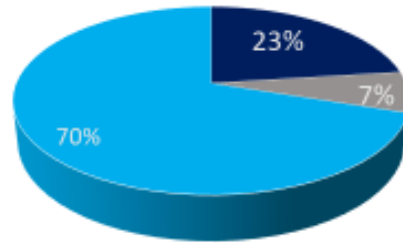
Survey Summary:

Survey participants were asked to provide feedback on the current capital improvement policy statements, including whether the statements appropriately represent the needs of institutions. Though the degree in which respondents agreed with the policy statement varied, 85% of respondents supported keeping the current statements with modifications; these modifications include providing more focus on repair and renovation needs across institutions and adding consideration for workforce demands and needs.

Other Capital Improvement Considerations:

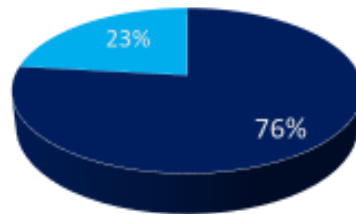
Below are survey questions presented to survey participants and percentage breakdown of the responses. To note, on the question, "Are there any additional policy statement the Coordinating Board for Higher Education should include," responses were grouped into three categories.

Consider the current policy statements. Are there any additional policy statements the Coordinating Board for Higher Education should include?



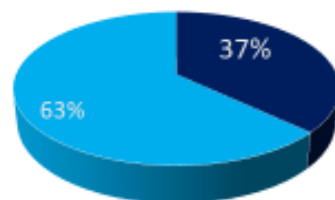
- Update Statements to Reflect Economic development/Regional Needs
- Facility Renovation Projects
- No recommendations

When a new facility is brought "online" part of that analysis includes determining whether a facility, specifically if it is outdated or underutilized, should be taken offline. Should this be a required consideration an institution should explore and document upon submitting their capital improvement projects unless enrollment growth justifies otherwise?



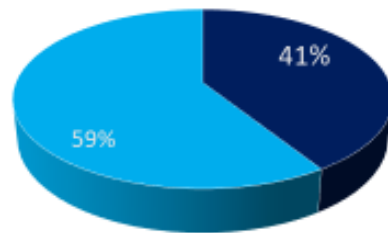
- Yes
- No

Maintenance and Repair (M&R) v. New Construction: Capital requests submitted to the DHEWD combine M&R and new construction requests. Should the department continue to score and rank these proposals to develop one capital improvement list or provide two separate lists?



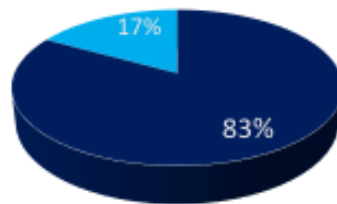
- One List
- Two Separate Lists

Should the capital improvement scoring process include only department staff or other representation?



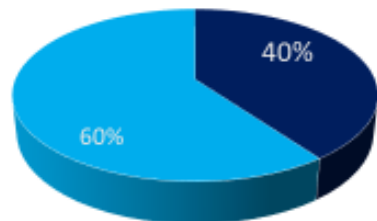
■ Other Representation ■ Department Staff Only

Should the department (and/or representatives of other organizations) continue the practice of scoring and ranking projects?



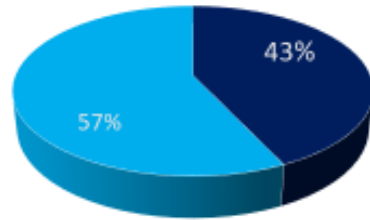
■ Yes ■ No

Should the Department of Higher Education and Workforce Development score all project proposals submitted by institutions rather than only the top priority?



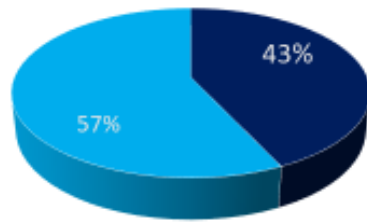
■ Yes ■ No

Should the department cap the total dollar amount of the cumulative submitted projects which is presented to the Coordinating Board for Higher Education for consideration?



■ Yes ■ No

Should the department place a cap on the cumulative dollar amount an institution can submit for consideration across all capital improvement proposals?



■ Yes ■ No

Tab 2 Attachment C

Proposed Revised Guidelines for Prioritizing Public Higher Education Capital Improvement Funding Requests (Marked Up Version)

I. BACKGROUND AND CONTEXT

The Coordinating Board for Higher Education has the statutory responsibility for recommending funding for higher education facilities at Missouri's community colleges, ~~Linn~~-State Technical College of Missouri, and public ~~four-year~~ universities.

These guidelines for prioritizing capital project requests pertain only to major construction projects in the following categories established by the Office of Administration: Renovation and Rehabilitation,^{1,7} Corrective Construction,^{1,7} Energy Conservation,^{1,7} and New Construction, including planning funds for new construction. It is the current policy of the Coordinating Board that funding for routine maintenance and repair for all institutions should be included in the operating appropriations for the public institutions. Consequently, these guidelines anticipate that maintenance and repair will continue to be considered an ~~ongoing~~~~going~~ operational need that is appropriately addressed in the operating budget; the board will, however, consider renovations to existing buildings and infrastructure that are beyond the scope of routine maintenance and repair projects.

It is the policy of the Coordinating Board to submit ~~two~~ prioritized ~~requests~~~~request~~ to the Governor and General Assembly for ~~all~~~~the~~ public higher education institution capital improvement requests: One that includes renovation of existing space~~four-year universities along with the state's technical college~~, and one that includes new construction.

Each institution will submit one priority project for either renovation of existing space or new construction. The separate prioritized lists may include projects designated as meeting the criteria~~request for public community colleges. This separation allows~~ for the Higher Education Capital Fund if such a project is an institution's top capital improvement priority. The rubric developed by the Department of Higher Education and Workforce Development that will be used to score the requests will be released with budget instructions every year. The Coordinating Board will also provide a complete, unranked list of each institution's renovation of existing space and new construction needs to the Governor and General Assembly for ~~proper~~ consideration. between the different types of institutions with widely varying needs.

II. FACTORS CONSIDERED IN PRIORITY RANKING

The CBHE goal of providing a coordinated, balanced, and cost-effective delivery system of higher education will provide overall guidance in analyzing existing facility space utilization and in making decisions regarding the need for additional or renovated facilities.

In addition, the following policy statements will be considered when establishing relative priorities for capital funding:

1. All proposed projects should be congruent with both the mission of the institution within the system of Missouri higher education and the respective mission implementation plans as reviewed by the Coordinating Board. Campus facility master plans should address this congruence within a five-year projection of facility requirements for the institution based on enrollment and program needs, as well as the institution's plans to meet the workforce needs of the geographic area served by the institution independently and/or in collaboration with other institutions. The campus master plan, including enrollment trends and projections, will therefore serve as the reference point for documenting facility needs. A copy of the current campus master plan should be on file at the Coordinating Board Office.
2. Corrective construction and renovation and rehabilitation should, in most instances, precede new construction projects in priority. An institutional decision to retain a facility constitutes an ongoing commitment to bring that facility up to a good condition and to maintain it in compliance with codes and laws including the Americans with Disabilities Act. Modernization of classrooms and laboratories to incorporate appropriate technology and improvements that result in utility savings should be an institutional and Coordinating Board priority.

3. The addition of new square feet typically requires an ongoing financial commitment for campus security, fuel and utilities, maintenance and repair, etc. Absent justification for additional space based on enrollment change, a direct relationship to an approved mission change or enhancement, and/or the identification of available operational and maintenance funding, an increase in any institution's total square footage should be avoided.
- ~~4. Projects providing program accessibility to buildings for individuals with physical disabilities shall have a high priority.~~
- 5.4. The overall condition of a facility must be considered when evaluating the appropriateness of renovation and the prioritization of capital projects. In some cases, facilities that are in the poorest condition may more properly be candidates for demolition. In other cases, a fiscally responsible deferred maintenance decision may be more appropriate than the development of a capital request. There are other considerations, like state and campus program priorities, that may override the condition of a facility in determining renovation or new construction needs.
- 6.5. Planning funds should generally precede funds for new construction and should be requested independently. Planning funds should be used to study several alternatives to address programmatic needs. A project which has received a prior recommendation and appropriation for planning funds will be reviewed again when construction funds are requested for the project. Construction funds may be requested before planning funds when an institution provides documentation that planning has already taken place.
- 7.6. Facilities maintained as auxiliary enterprises including, for example, student housing, parking facilities, and facilities related to intercollegiate athletics are considered to be the responsibility of the institution. State funding for construction of facilities serving a dual role involving auxiliary functions and educational and general purposes should be limited to the documented percentage of the facility serving educational and general purposes.

Tab 2 Attachment D

Proposed Revised Guidelines for Prioritizing Public Higher Education Capital Improvement Funding Requests (Clean Version)

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It is the policy of the Coordinating Board to submit two prioritized requests to the Governor and General Assembly for all public higher education institution capital improvement requests: One that includes renovation of existing space and one that includes new construction.

Each institution will submit one priority project for either renovation of existing space or new construction. The prioritized lists may include projects designated as meeting the criteria for the Higher Education Capital Fund if such a project is an institution's top capital improvement priority. The rubric developed by the Department of Higher Education and Workforce Development that will be used to score the requests will be released with budget instructions every year. The Coordinating Board will also provide a complete, unranked list of each institution's renovation of existing space and new construction needs to the Governor and General Assembly for consideration.

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