

AGENDA ITEM SUMMARY

AGENDA ITEM

Coordinating Board for Higher Education
Higher Education Capital Fund
January 22, 2014

DESCRIPTION

The purpose of this agenda item is to outline the parameters set forth for the “Higher Education Capital Fund,” and to provide information in relation to six additional projects submitted by institutions requesting matching funds from this source. These additional projects were received subsequent to the initial deadline established for submission of such requests for inclusion in the FY 2015 operating and capital budget request.

Background

Senate Bill 563 (2012) established the “Higher Education Capital Fund.” This matching fund may be used by the General Assembly to appropriate money for capital projects at public colleges and universities. In order to be eligible to receive an appropriation through the matching fund, a public college or university must raise 50 percent of the cost of the capital project from private donations or grants. Institutions are prohibited from using operating budget funds, tuition, fees, bond revenues or state appropriations to produce their portion of the capital project’s cost. The state is prohibited from using bonds to provide its portion of the capital project’s cost, and the matching fund cannot be used for any athletic facilities, parking structures, or student housing.

Process

As required by law, the commissioner of higher education created an “Application for Matching Funds from the Higher Education Capital Fund,” which was approved by the Coordinating Board during its February 2013 meeting. The purpose of the application is to enable a public college or university to demonstrate that it has obtained 50 percent of the project’s cost through private grants and donations.

A second requirement of the law is to establish procedures for public colleges or universities to follow to receive matching funds. Since the law also requires that any project funded through the matching fund have a specific line item appropriation, there is no need to establish any new or unique procedures outside of the regular appropriations process for these projects. To have a project considered for funding through the Higher Education Capital Fund, an institution must submit the matching fund application materials in addition to the regular forms and information provided as a part of the capital appropriations request process. Projects that are determined by the commissioner to meet the eligibility requirements for the matching fund are then noted as such on the request put forward by the Coordinating Board.

Staff Recommendations

On September 5, 2013, the staff recommended and the Coordinating Board for Higher Education approved two applications requesting matching funds totaling \$17,400,000, for submission to the Governor and General Assembly. One application was submitted by the University of Missouri – Kansas City for matching funds of \$7,400,000 for the new construction of the UMKC Free Enterprise Center, and the second application was submitted by the University of Missouri – St. Louis for matching funds of \$10,000,000 for new construction of the College of Business Administration Building – Phase 1.

Subsequent to the Board's action in September, the department received six additional applications that demonstrated the commitment of private donations and/or grants and requested a matching appropriation from the Higher Education Capital Fund. Four applications were submitted by the University of Missouri – Columbia, one was submitted by the Missouri University of Science and Technology, and one was submitted by Missouri State University. Additional information on project costs is outlined in the attachment to this agenda item. MDHE staff has received documented assurances from each institution that the 50 percent match has been met in accordance with provisions set forth in Section 173.480.3, RSMo.

STATUTORY REFERENCE

Chapter 173.480, RSMo., Department of Higher Education, Higher Education Capital Fund

RECOMMENDED ACTION

It is recommended that the Coordinating Board approve the applications from the University of Missouri – Columbia, the Missouri University of Science and Technology, and Missouri State University for matching funds from the Higher Education Capital Fund, totaling \$24,988,000, for submission to the Governor and General Assembly.

ATTACHMENT

FY 2015 Additional Higher Education Capital Fund Requests