



# Legislative Council Staff

## Research Note

Version: Final

Date: 12/5/2016

### Bill Number

House Bill 16-1459

### Sponsors

*Representatives Becker K. & Brown*  
*Senators Sonnenberg & Kefalas*

### Short Title

*Submission Threshold for Higher Education Cash Projects*

### Research Analyst

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### Status

This research note reflects the final version of the bill, which was signed into law by the Governor and took effect on June 10, 2016.

### Summary

Under current law, higher education institutions may submit lists of capital construction projects anticipated to be commenced within the next two years using institutional cash funds, and costing more than \$2 million, to the Capital Development Committee (CDC) for review and approval. Any project listed and reviewed by the CDC as part of an institution's two-year projection of cash need may commence without further legislative review, with certain exceptions related to borrowing. This bill, **recommended by the CDC**, increases the threshold for projects reviewed through two-year cash lists from \$2 million to \$10 million for everything but acquisitions and new construction.

### Background

Until 1992, cash-funded capital requests submitted by institutions of higher education were treated no differently than any other request for capital construction. All capital requests from state departments and higher education institutions, regardless of the source of funds for these requests, were subject to review and approval during the regular legislative session by the CDC and the Joint Budget Committee (JBC).

In 1992, higher education institutions requested an expedited review process for cash projects to be constructed, operated, and maintained solely from student fees, auxiliary enterprise funds,

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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. The monetary threshold triggering review of 202 projects was initially set at \$250,000.

In 2005, the threshold increased to \$1 million under Senate Bill 05-132. In 2008, the threshold increased to \$2 million under House Bill 08-1205. House Bill 08-1205 also created a new subset of higher education institution cash projects, so-called 1205 projects. These projects were constructed or renovated from institutional cash sources and were planned for academic use. Like 202 projects, these projects could be submitted for review and approval at any time during the fiscal year, and, if approved, commence immediately. Unlike 202 projects, 1205 projects were eligible for future controlled maintenance funding because they constructed academic rather than auxiliary facilities.

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 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 list or to direct an institution to make modifications to the list. The CDC has the option to vote on individual listed projects rather than on a full project list, but it has never opted to exercise this alternative. Projects listed on an approved two-year list may commence immediately unless a higher education institution plans to finance a listed project using the state's credit rating under the intercept program. If an institution plans to participate in the intercept program, it is required to seek additional project review and approval by the CDC and the JBC.

House Bill 11-1301 clarified that adjustments, such as increasing cash funds spending authority or extending the amount of time an institution has to spend an appropriation, for cash-funded projects appropriated prior to January 1, 2010, were subject to the same streamlined approval process established for projects under SB 09-290, and that these approved projects could be reported in an annual expenditures report to the state controller instead of being reported quarterly.

## House Action

***House Finance Committee (May 4, 2016).*** Representatives from Colorado State University and the University of Colorado testified in support of the bill. The bill was referred to the House Committee of the Whole.

***House second reading (May 5, 2016).*** The House passed the bill on second reading.

***House third reading (May 6, 2016).*** The House passed the bill on third reading.

## Senate Action

***Senate State, Veterans, & Military Affairs Committee (May 9, 2016).*** The bill was referred to the Senate Committee of the Whole.

***Senate second reading (May 10, 2016).*** The Senate passed the bill on second reading.

***Senate third reading (May 11, 2016).*** The Senate passed the bill on third reading.