

2007 Governor's Conference on Postsecondary Education Trusteeship
Board Development Sessions

**Space to Learn: Building a Better Understanding of the
Capital Construction Process**

Monday, September 17, 2007

11 a.m. – 12 noon

Overview of Capital Budget Development

Development process for postsecondary education

1. Campus master plan
2. Institution's six-year Capital Improvements Plan (April, odd-numbered years)
3. Capital Planning Advisory Board hearings (July/August)
4. Branch Budget Instructions by LRC/OSBD (July/August, odd-numbered years)
5. Institutional request (August/September)
6. CPAB issues Statewide Capital Improvements Plan (November 1)
7. CPE recommendation to Governor and LRC (November)
8. SCOPE information/input (November/December)
9. Governor's budget recommendation to General Assembly (January, even-numbered years)
10. General Assembly review/revise Governor's budget recommendation (January/March)
11. Enacted budget (April)
12. Institutions approve new budget (May/June)
13. New biennium/budget year begins (July 1)

The typical capital budget process begins with an institution adopting a campus master plan that describes the infrastructure needs of the campus, including new space, renovated space, land acquisitions, and other initiatives to support its mission. The campus master plan is used to identify capital needs in the institution's six-year capital improvements plan, the biennial capital request, the capital renewal and maintenance plan, and other infrastructure projects that support the institution's mission. The Council is to submit the capital budget recommendation to the Office of the State Budget Director by November 15 of odd-numbered years.

Institutional Biennial Capital Projects Requests

Typically, institutions submit to the Council on or before July 15 of odd-numbered years a biennial capital projects request that is used by the Council staff, the LRC, and the Office of the State Budget Director to develop the Governor's biennial budget recommendation. The capital requests typically represent a revised version of the first two years of information from the institution's capital improvements plan.

Developing Recommendations and Setting priorities

The framework for capital recommendation includes:

- The institutional capital improvements plan.
- Discussion of capital planning priorities with the Capital Planning Advisory Board, public hearings that allow the institutions and the Council to discuss capital priorities for the coming biennium.
- Identification of postsecondary system planning priorities.
- Institutional submission of biennial capital request.
- Council evaluation of institutional capital projects to establish preliminary recommendations for review and action by the Council.

- Tools used to complete the evaluations include input by a consulting architect, evaluation by a panel of experts, comparison of space need against national standards, comparison of research space need against projected extramural research expenditure, consideration of condition and fit-for-use of related space, institution implementation of maintenance standard, and application of a priorities setting model.
- Review and action by the Council on the capital recommendations.
- Submission of the Council-approved capital recommendations to the Governor and General Assembly.

Space Planning Guidelines

In July 1999, the Council adopted a Space Utilization Standards and Space Needs Model as a tool to identify the relative need for new space. The research space component of the model was adjusted to more adequately and aggressively evaluate the need for research space at UK and UofL and was adopted by the Council July 30, 2001. The Space Utilization Model was again updated and adopted by the CPE April 4, 2007. The space planning guidelines are based on a survey of the 50 states. About 20 states do not have space utilization or space needs guidelines. Some models use aggregated information across a wide variety of space categories. Other models make distinctions based on the classification of instructional programs. Kentucky's standards are an average by institution type and are based on major categories of space (for example, classroom, class labs, and office). In 2004 and 2007 the space guidelines were reviewed by Paulien & Associates (in a study conducted by VFA, Inc. of Boston, MA) and confirmed as representative of the national average.

The Capital Improvements Plan

State law requires each public university and KCTCS to submit a capital improvements plan to the Capital Planning Advisory Board (CPAB) by April 15 of each odd-numbered year. The projects identified in the first biennium of the capital improvements plans generally evolve into the biennial capital budgets requests. Institutions are allowed to change their capital improvements plan up through October in each plan year. The Council is asked to identify statewide capital projects planning priorities for the postsecondary system using institutional capital improvements plans. The planning priorities may change as the Council develops biennial capital recommendations. In November of each odd-numbered year, CPAB issues a statewide capital improvements plan covering a six-year planning period, which is distributed to the heads of the three branches of government.

What are the types of capital projects requested, evaluated, and recommended by CPE?

- Projects to be funded by state General Fund.
- Projects to be funded with agency bond (debt paid by institutions).
- Projects to be funded with cash (private, federal, agency, or other sources).
- Projects to be funded with alternative financing (third part financing).

What are the main policy objectives?

- Capital renewal & maintenance – provide the needed funding to bring the condition of current facilities up to industry standard of good condition.
- Adequacy – identify and provide sufficient resources to ensure that facilities continue to support the purpose for which they are intended to be used.
- Capacity – identify and recommend the needed funding to provide the necessary space for research, instruction, and academic support at public institutions.
- Alignment – to address the three above policy issues should be synchronized in such a fashion that the educational industry produces the best possible instructional and research result for the market place.