WORKING DOCUMENT
SUMMARY OF CAPITAL INITIATIVES IN SELECTED STATES
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States use a variety of approaches in funding capital projects, some have dedicated tax streams, some use lottery revenues, others have on-going funding from general tax funds, others periodically issue major bond issues either through legislative action or public referenda. Outlined below are examples of recent actions by states to support capital projects in higher education.

FLORIDA AND TEXAS HAVE DEDICATED TAX REVENUE STREAMS

FLORIDA

- Florida has an on-going tax revenue stream dedicated to support capital expenses in education. By statute, the proceeds from the Gross Utility Tax are used to fund capital projects at the universities, the public schools, and the community colleges through the Public ***Education Capital Outlay Trust Fund*****.** .While the funding amount fluctuates from year-to-year, on the average; ***about $250 million have been appropriated annually*** to fund capital projects, including new construction, renovation, and infrastructure projects for the 11 state universities.

- Florida has a practice of providing additional operating dollars to support new facilities.

- ***Capital Improvement Fee and Trust Fund.*** The universities charge a fee per student credit hour ($4.76) that is used, in general, to retire the indebtedness on facilities such as student centers and recreation centers through the ***Public Education Capital Outlay Trust Fund.*** This debt service is appropriated by the Florida General Assembly which also must approve any changes to the fee. In 2005 ***about $27 million were appropriated*** for debt service from this fund.

- Florida has a ***Facilities Challenge Grant*** that matches funds raised for facilities. The legislature has generally matched these private funds raised by the various universities. General revenue funds are used for this purpose. For the 2005 fiscal year, ***about $18 million were appropriated*** in matching funds.

TEXAS

- Texas has an on-going, dedicated, ***permanent*** revenue stream to support capital expenses for certain campuses within the University of Texas and the Texas A & M systems. Income from the Permanent ***University Fund***, which consists of mineral and oil rights as an endowment (the second largest in higher education)**.** .While the funding amount fluctuates from year-to-year, on the average, ***about $400 million are available annually*** for debt service, renovation and repair, including new construction, renovation, and infrastructure projects, land and equipment including library books for the affected campuses. (Note: about $300

million of the revenues are used each year for a ***University Excellence Fund,*** which supports the operating budget).

- Texas has an on-going, dedicated, ***permanent*** revenue stream to support capital expenses at other campuses, the ***Higher Education Assistance Fund.*** This fund was established in 1985 in the form of a ***constitutional amendment*** and provides for $175 million (initially the funding level was specified at $100 million) for universities not covered by the ***Permanent University Fund.*** The source of these revenues is state general revenues.

- Texas also has Tuition ***Revenue Bonds*** that support additional non-auxiliary capital projects. The revenue to support these projects is ***not tuition revenue, but state general funds.*** Typically, projects are authorized every five years. The last authorization was $1.2 billion. Periodically, additional projects are also funded, e.g., projects to address hurricane damage.

CONNECTICUT'S GOVERNOR AND LEGISLATURE HAVE MADE A $4 BILLION COMMITMENT TO HIGHER EDUCATION FACILITIES

CONNECTICUT

- Connecticut has made nearly a ***$4 billion commitment to*** rebuild its higher education capital infrastructure. Its goal is to have world class higher education facilities. In Connecticut, capital authorizations remained relatively low until FY 1996 when the Governor and legislature made a ***$1 billion commitment for a major capital initiative, UConn 2000.***

- In 2001 when the Governor announced five-year capital programs comparable to UConn 2000 for both Connecticut State University (CSU) System and the Connecticut Technical College (CTC) System followed by a five-year capital program extension for each unit. The ten-year capital commitment to the CSU and CTC Systems, which runs through FY 2007, originally totaled $1.4 billion ($720 million to CSU and $655 million to CTC) and grew ***to $1.5 billion*** ($843 million to CSU and $694 to CTC).

- In August 2002, the legislature approved an 11- year extension to UConn 2000, known as 21st Century UConn, in the amount of ***$1.3 billion*** (21st Century UConn).

WASHINGTON'S GOVERNOR AND LEGISLATURE HAVE MADE A $750 MILLION ADD- ON COMMITMENT TO HIGHER EDUCATION FACILITIES

WASHINGTON

- ***In 2002*** the legislature enacted, the ***"Building Washington's Future Act"*** which authorizes the State Finance Committee to issue, subject to legislative appropriation, approximately ***$750 million*** in general obligation bonds over three biennia, beginning in 2003-2005, to provide ***additional capital funding*** for higher education. The intent of the legislation was not to supplant additional

funding; rather "*the new funding will allow the institutions, over the next three biennia, to use the current level of capital funding to provide for many of those urgent preservation, replacement, and maintenance needs that have been deferred. This approach is designed to maintain or improve the current infrastructure of our institutions of higher education, and simultaneously to provide new instruction and research capacity… This new source of funding may also be used for major preservation projects that renovate, replace, or modernize facilities to enhance capacity/access by maintaining or improving the usefulness of existing space for important instruction and research programs."* One part of the strategy was to seek bipartisan support, two former governors of different political parties promoted the legislation and the legislation is named after them (Gardner/Evans).

- Washington has typically allocated about $340 million per biennium to capital projects for the 4-year institutions. With the new legislation, it is anticipated that an addition $110 million per biennium will be provided.

- ***Education Construction Fund*** is supported by lottery funds and approximately $50 million in capital projects are supported annually from this source. .

VIRGINIA AND NORTH CAROLINA VOTERS HAVE MADE LARGE COMMITMENTS TO HIGHER EDUCATION FACILITIES (California also)

VIRGINIA

- In 2002, Virginia voters approved an $***836 million commitment for*** higher education capital projects. Each institution/project was listed on the ballot. The bond issue is expected to extend over a 5 year period.

- Virginia has a practice of providing additional operating dollars to support new facilities.

- Virginia has an ***Equipment Trust Fund*** that was established in the 1980s and about $50 million have been provided annually for a 9-year annual replacement and microcomputers.

NORTH CAROLINA

- In 2000, North Carolina voters approved a $***3.1 billion commitment for*** higher education capital projects. North Carolina identified the projects that would be undertaken in this 6-8 year plan so that voters could see which projects would be built in various locations across the state. There was widespread support from the building construction industry on the initiative. The University of North Carolina also commissioned a 1999 study that identified capital adequacy and needs for the new millennium. Staff of the University of North Carolina, Chapel Hill indicate that they have followed the plan closely (UNCCH has received about $800 million from the $3.1 billion)