State University System
Facilities Task Force
Hyatt Regency Orlando International Airport
Orlando, Florida
April 30 - May 1, 2012

<u>Meeting Materials</u>

State University System
Facilities Task Force
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Orlando, Florida
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Agenda

<u>Monday, April 30</u>

- 2:00 - 5:00 p.m. – Task Force Convenes
    - Introduction by Governor Beard
    - Comments by Chancellor Brogan
    - Task Force Member Introductions
    - Sunshine Discussion – Scott Cole
    - Background Presentation by Board staff
        - 2006 Task Force Retrospective
        - PECO – Past, Present and Future
        - S. 1010.62 (Debt Guidelines)
        - Legislative Update, including vetoes
    - General Discussion

Task Force adjourns - Dinner on your own

Note: A break is scheduled from 3:30 to 3:45.

<u>Tuesday, May 1</u>

- 8:15 – Breakfast Provided
- 9:00 Task Force Reconvenes
- Task Force Charges
    - General Discussion
        - Assignments
        - Timeline
- Review and Wrap-up
- 12:00 p.m. – Adjourn

Note: a break is scheduled from 10:30 to 10:45

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DRAFT Timeline

April 30/May 1 – Task Force meets in Orlando.

May – Conference call to discuss initial ideas generated from the initial meeting.

June – Task Force meets at UCF 6/19-20-21 around June Board meeting.

July/August – Task Force meeting via conference call as needed.

August/September – Task Force meets via conference call to discuss draft recommendations.

September 15 – Task Force meets in person (possibly around the Board meeting at FGCU 9/12-13)

September 30 - Draft report compiled. Committee to meet via conference call to approve draft and/or amended draft

October 15 – Final Task Force Report Completed

November 7-8 – Task Force presentation of findings at the Board Meeting at NCF

2006 Facilities Recommendations

Issue	Issue Status	Former Recommendation	In Scope of 2012 Task Force?	Additional Information
COMMITTEE ON PROCESS AND PROCEDURES				
I-1: Campus Master Plans – Concurrency Trust Fund Issue: The legislation that provides for the University Concurrency Trust Fund is scheduled to sunset on July 1, 2007. This source provides the funds necessary to allow university development to meet concurrency requirements	Open	The State University System should make a concerted, coordinated effort to ensure the continuation of this trust fund. If the trust fund is allowed to "sunset," then replacement legislation should be passed that absolves the State University System from local growth management regulations. This would have the effect of making universities exempt from any concurrency obligations that it might otherwise be compelled to address.	Yes	The State University System did make a concerted, coordinated effort to ensure the continuation of Concurrency funding. The legislature originally extended the life of the Concurrency Trust Fund, but by 2010 all remaining funds had been distributed, and the fund was officially terminated at the end of 2010. The 2012 Legislature provided a one-year waiver to allow universities negotiate local campus agreements outside the Campus Development Agreement process. A long-term solution is still needed.
I-2: Educational Plant Survey Issue: The current Plant Survey process relies on documentation produced by the SUS Space Needs Generation Formula and Form B that inadequately addresses a university's current and future space needs. Additionally, the survey process is very labor intensive and there are no clear guidelines governing the supplemental survey process or the amendment process nor does the timetable coincide with an institution's planning process	Closed	1. In order to properly determine space needs guiding the survey process, the Space Formula and Form B calculations should be updated annually in accordance with recommendations provided in the issue document addressing the Space Formula and Form B calculations 2. The facilities inventory validation provides a valuable learning opportunity for staff participating in the survey, aids in ensuring consistent application of complex space coding across SUS institutions and provides a form of third party validation of space on behalf of the SUS. However, the needs assessment portion of the survey should be streamlined. An SUS ad hoc work team, comprised of BOG staff and representatives from the universities should be formed: a. develop clear requirements and guidelines for the completion of the Plant Survey and subsequent amendments and supplemental submittals; and b. reformat the needs assessment portion of the survey such that the survey team need only be involved in the needs assessment "exception" process, with BOG staff working directly with the institution being surveyed regarding whether the institution's facilities priorities comport with the Form B calculations and are, therefore, "survey recommended." This ad hoc work team can be the same one recommended as part of the issue document addressing the Space Formula and Form B calculations.	No	Process has been streamlined through numerous changes to automate the process, decrease error, etc. Survey travel costs are paid for by the Board General Office.

2006 Facilities Recommendations

Issue COMMITTEE ON PROCESS AND PROCEDURES	Issue Status	Former Recommendation	In Scope of 2012 Task Force?	Additional Information
I-3: FCO Submission – Process Workflow Streamlining Issue: The current Fixed Capital Outlay (FCO) preparation/submission process does not provide universities sufficient time to consider the most current State revenue projection estimates and coordinating approval of various documents in conjunction with the BOG legislative timelines and Board of Trustee meetings is extremely difficult.	Closed	1) Recommend changing the submission from August to October. The FCO submission process occurs prior to the Revenue Generating review session which results in the initial September BOG (3) year priority list requiring revision at the fall BOG meeting. This will allow for more current revenue projections and provide the universities more time to make adjustments to projects and obtain local BOT approval prior to the Legislative session 2) Consider improving the current submission process by consolidating various updates into a more "packaged" process to facilitate local BOT approvals, eliminate duplication of staff effort, and streamline the FCO submission process. The suggested FCO submission workflow is indicated in the Task Force Final Report.	No	Not acted upon
I-4: Space Formula and Form B Calculations Issue: There are several weaknesses in the current SUS Space Needs Generation Formula ("Formula") that result in it inadequately addressing the State University System's current and future space needs. In particular 1) The Formula's workload measures (including enrollment, E&G and C&G positions, and library materials) used to generate each institution's space standard multipliers have not been updated in eight years, so Formula results do not accurately reflect present or future needs of the universities. This weakness is directly responsible for subsequent Form B calculations not accurately reflecting present or future needs of the universities 2) The Formula was developed to calculate the space needs of a university's previously established "main campus" and does not address space needs unique to branch campuses, regional campuses, medical campuses and instructional centers 3) The Formula lacks detailed guidelines/standards for planning minimum space needs required to establish new "main" campuses that may be needed in the future. 4) There is the perception that the Formula does not adequately address needs related to instructional space (resulting from the growing use of technology in teaching and study) and research space.	Closed	1) Eliminate the "per student" FTE factors derived from the outdated workload measures, in favor of running the formula annually to determine each institution's true need. 2) For the purpose of calculating space needs five years in the future (in support of Educational Plant Surveys, Master Plans and Capital Improvement Plans), universities should distribute approved enrollment growth projections within the disciplines and course levels where the enrollment growth is expected to occur. The annual Formula update should occur sufficiently in advance of required Form B submittals so that results of the annual update can be used to drive completion of the Form B. 3) An SUS ad hoc work team, comprised of BOG staff and representatives from the universities, should be formed to: a. develop clear guidelines for the coding of space (eligible / ineligible) as related to formula generation, plus develop detailed training materials/guidelines/instructions for use by new incoming campus space managers to ensure consistency in application of the Formula; b. determine whether Formula parameters (such as station sizes) warrant revision, especially those governing instructional spaces and research spaces, and if so, the details of what the revisions should be; c. develop detailed guidelines/standards for planning minimum space needs for all ten space categories required to establish new "main" campuses that may be needed in the future; d. develop detailed guidelines/standards to address space needs unique to branch campuses, regional campuses, medical campuses and instructional centers; and e. clarify how "joint use" facilities' space should be incorporated in the Formula	No	Research by independent party found formula to be accurate as long as **current** data is utilized for computations. Some areas of the formula were updated and streamlined, as necessary. Changes regarding Educational Sites are forthcoming due to the passing of the Educational Site Regulation. Set for implementation in the 2013-14 year
II-1: Capital Improvement Plan Issue: Streamlining documentation required for submission of annual Capital Improvement Plan.	Closed	1) Discontinue the requirement for submission of these sections from the annual Capital Improvement Plan 2) Update and continue the use of the formula generated funding with process input from the various University Facility organizations 3) Revise the CIP 3 Project Explanation (Expansion and Remodeling) to eliminate unnecessary and/or redundant portions of this form.	No	Ongoing; Instituted significantly revised instructions for the 2013-14 year.
II-2: Capital Improvement Plan Regional Market Survey Issue: Provide adequate funding for capital projects to fully realize the approved scope of the project.	Closed	Each university should update its annual 5-year CIP such that the approved scope of each project is maintained by adjusting the overall project budget to reflect the effects of inflation and regional market conditions. The institution may annually collect regional market construction bid receipt costs by space type from a survey as provided by a minimum of two (2) regional consulting design firms. The results of this survey data can be added to the BOG provided zone costs creating an average cost by space type for that submittal year. The supporting survey information will be provided in an appendix to CIP submissions to the BOG.	No	Not acted upon.
II-3: Capital Programs Funding Issue: Current funding sources are unable to support capital programs at most state universities. Increases in construction costs, the demands created by enrollment growth, and on-going capital renewal needs have outpaced the effectiveness of traditional capital funding programs. New or increased revenue sources are needed.	Open	Increase the percentage of PECO funds allocated to the State University System OR increase the overall amount of PECO funds and, in doing so, thereby increase the amount available to the SUS. Increase and expand the base on which the gross receipts tax is collected, thereby increasing the amount of available PECO funds	Yes	Not acted upon; Legislative recommendation.

2006 Facilities Recommendations

Issue	Issue Status	Former Recommendation	In Scope of 2012 Task Force?	Additional Information
COMMITTEE ON PROCESS AND PROCEDURES				
II-4: Construction Escalation Issue: Construction costs have been spiraling out of control. Our current planning and funding processes do not allow for the unprecedented inflation that has occurred recently. The normal schedule of a project is typically 36-48 months from programming through construction. Procedures need to be established to update costs as they increase through the life of a project due to inflation.	Closed	Universities should be allowed to modify project budgets to account for inflation between the time the project is programmed and when the actual construction cost is identified via bid or GMP. Lump sum allocations for annual PECO funding should be made to individual campuses to provide the universities maximum flexibility in using project funds. The release schedule should be coordinated with the construction schedule.	No	N/A; Issue is no longer relevant.
II-5: PECO Budget Releases Issue: There is a thirty-one (31) month time period to encumber or obligate Public Education Capital Outlay (PECO) state appropriated major capital project funds. The reversion clock begins on July 1 subsequent to the May Legislative appropriation session. There has been inconsistency between fiscal years of when the local agency has the ability to use appropriated funds.	Open	The Governor's Office sign the Capital Appropriations Bill in June, approve the capital project fund release in July, and enable funds to be available for agency use not later than August 1 following the Legislative appropriation session	Yes?	Issue remains
III-1: Inadequate PO&M Funding Rates Issue: On many fronts, today's level of PO&M funding for buildings is inadequate.	Closed	Review all funding formulae and allocations to ensure that current funding levels are adequate to accomplish current levels of expense. Use APPA or other staffing guidelines to ensure adequate staffing levels. Consult with local campuses to ensure that utility allocations are in line with local utility expenses and reward campus energy saving initiatives	No	Inflation adjustment approved and implemented in 2009-10 LBR.
III-2: New and Continued Space Plant Operations and Maintenance Formula Issue: On many fronts, today's level of plant operations and maintenance funding for buildings is inadequate. The new and continued space formula only addresses new buildings. There is no mechanism to request funding based on inflationary increases for existing buildings	Closed	Review all funding formulae and allocations to ensure that funding levels are adequate to accomplish current levels of expense. Use APPA or other staffing guidelines to ensure adequate staffing levels. Consult with local campuses to ensure that utility allocations are in line with local utility expenses and reward campus energy saving initiatives.	No	Approved; Included in the 2009-10 LBR.
III-3: Legislative Appropriation for Maintenance as a Percentage of the Facilities Replacement Value Issue: The process for appropriating PECO monies to universities appears to place the maintenance needs of existing facilities in direct competition for funding with the desire to construct new facilities. To remedy this and to help the State protect its investment in existing facilities, a funding baseline should be established for the maintenance of State facilities.	Closed	Tie the amount of PECO funds appropriated each year to universities for "Maintenance, Repairs, Renovations, and Remodeling" to the current replacement value of the institution's facilities as a percentage (2.5 to 3.0 is recommended). After this baseline appropriation of PECO monies is made, any remaining monies are available for appropriation as prioritized by the universities and the Board of Governors.	Yes	Planned for 2013-14 LBR
III-4: PO&M Funding for Leased Space Issue: Space leased by a campus for educational or research activities are not allowed PO&M funding	Closed	Allow Universities to apply for PO&M funding for leased space.	No	Incorrect; PO&M is allowed for long-term leases.
III-5: Salary Allocation for New Space Issue: Salary rate allocations are inadequate to attract and retain skilled technicians.	Closed	Increase the allocated salary rate per position to a rate that will adequately fund skilled labor and supervisory positions. Superficially a 20% increase would seem to suffice since about half of the positions required for new construction are minimum wage positions ($18,034); this would allow Universities to distribute the remainder to support hiring quality skilled technicians. If this salary adjustment were implemented it should then be adjusted annually to be competitive with local market salaries for like positions. Even further, salaries for existing positions should be adjusted to avoid compression.	No	Not a facilities issue - internal allocation issue. Each university determines what positions are most critical, and pays accordingly.

2006 Facilities Recommendations

Issue	Issue Status	Former Recommendation	In Scope of 2012 Task Force?	Additional Information
COMMITTEE ON PROCESS AND PROCEDURES				
III-6: PO&M Funding for Space File Adjustments Issue: Errors discovered in space files are not allowed to be corrected to modify the PO&M funding allocation. Space that is renovated to a higher intensity use or space usage that is changed from auxiliary space to E&G space is not allowed to be re-visited for proper PO&M funding.	Closed	Provide PO&M funding for space identified by finding errors in the space file as they are discovered, changes in occupancy, and changes in intensity due to renovations. The rules on this must be clearly documented, and an appeal process should be in place to handle disagreements between University and BOG staff members.	No	While the old BOR did not allow changes, BOG does.
III-7: Utilities Funding: Baselines for Legacy Buildings Issue: Utilities funding factors should be established for all buildings, not only new construction	Closed	Classify and fund all campus buildings using the classifications established by the SUS in 1999. Perform a comparative analysis of actual gross utility costs for these buildings versus the funding that would be generated by using the classification system. Use this analysis to either validate the existing classification system or as a tool to normalize the classification system to actual utility costs as appropriate. Provide an incentive system to encourage savings from the established baselines.	No	Legislative Issue; Not feasible with today's budget
IV-1: Deferred Maintenance - The Need for a Facilities Condition Audit of State University System Facilities Issue: Due to a scarcity of funds ever being available for addressing State University System deferred maintenance needs, it is important to ensure that if, or when, funds are available, they be applied in the areas of greatest need. To facilitate this, a method for identifying the State University System's deferred maintenance needs on a consistent, system-wide basis is needed.	Open	Perform a facilities condition audit at all State universities using a single firm, or group, to conduct the audit, so it is consistent system-wide and funding needs can be prioritized accordingly. A reduced scope audit that examines only the major components, such as roofs, HV AC, and the electrical service may prove to be a more cost effective way to identify critical items.	Yes	Issue remains
IV-2: Capital Renewal and Deferred Maintenance - The Need to Establish a Maintenance Endowment Issue: The maintenance of university buildings statewide is dependent on the funding appropriated each year by the legislature. The level of funding received by the universities is adequate some years and not so adequate in others. A way to even out these fluctuations and raise the overall level of funding available for maintenance is needed.	Closed	1) Establish an endowment at each university committed to enhancing maintenance funding. 2) Require all Courtelis Challenge Grant funded projects to be over funded by a certain percentage (say 10%) in order to help fund a maintenance endowment. 3) Require all legislatively funded construction projects to be over funded by a certain percentage in order to help fund a maintenance endowment.	No	Legislative Issue; Not feasible with today's budget
V-1: Minor Project Funding Issue: The funds allocated to each university for minor projects, including life safety, Americans with Disabilities Act (ADA), and capital renewal issues, need to be increased, and the total dollar limitation for individual projects needs to be raised.	Open	The amount of funds allocated to each university for minor projects needs to be increased, and the upper limit for construction projects in this category raised to $2 million.	Yes	Not acted upon; Legislative recommendation.

SECTION 9. Bonds.—

(a) ADDITIONAL SECURITIES.

(1) Article IX, Section 17, of the Constitution of 1885, as amended, as it existed immediately before this Constitution, as revised in 1968, became effective, is adopted by this reference as a part of this revision as completely as though incorporated herein verbatim, except revenue bonds, revenue certificates or other evidences of indebtedness hereafter issued thereunder may be issued by the agency of the state so authorized by law.

(2) That portion of Article XII, Section 9, Subsection (a) of this Constitution, as amended, which by reference adopted Article XII, Section 19 of the Constitution of 1885, as amended, as the same existed immediately before the effective date of this amendment is adopted by this reference as part of this revision as completely as though incorporated herein verbatim, for the purpose of providing that after the effective date of this amendment all of the proceeds of the revenues derived from the gross receipts taxes, as therein defined, collected in each year shall be applied as provided therein to the extent necessary to comply with all obligations to or for the benefit of holders of bonds or certificates issued before the effective date of this amendment or any refundings thereof which are secured by such gross receipts taxes. No bonds or other obligations may be issued pursuant to the provisions of 3Article XII, Section 19, of the Constitution of 1885, as amended, but this provision shall not be construed to prevent the refunding of any such outstanding bonds or obligations pursuant to the provisions of this subsection (a)(2).

Subject to the requirements of the first paragraph of this subsection (a)(2), beginning July 1, 1975, all of the proceeds of the revenues derived from the gross receipts taxes collected from every person, including municipalities, as provided and levied pursuant to the provisions of chapter 203, Florida Statutes, as such chapter is amended from time to time, shall, as collected, be placed in a trust fund to be known as the “public education capital outlay and debt service trust fund” in the state treasury (hereinafter referred to as “capital outlay fund”), and used only as provided herein.

The capital outlay fund shall be administered by the state board of education as created and constituted by Section 2 of Article IX of the Constitution of Florida as revised in 1968 (hereinafter referred to as “state board”), or by such other instrumentality of the state which shall hereafter succeed by law to the powers, duties and functions of the state board, including the powers, duties and functions of the state board provided in this subsection (a)(2). The state board shall be a body corporate and shall have all the powers provided herein in addition to all other constitutional and statutory powers related to the purposes of this subsection (a)(2) heretofore or hereafter conferred by law upon the state board, or its predecessor created by the Constitution of 1885, as amended.

State bonds pledging the full faith and credit of the state may be issued, without a vote of the electors, by the state board pursuant to law to finance or refinance capital projects theretofore authorized by the legislature, and any purposes appurtenant or incidental thereto, for the state system of public education provided for in Section 1 of Article IX of this Constitution (hereinafter referred to as “state system”), including but not limited to institutions of higher learning, community colleges, vocational technical schools, or public schools, as now defined or as may hereafter be defined by law. All such bonds shall mature not later than thirty years after the date of issuance thereof. All other details of such bonds shall be as provided by law or by the proceedings authorizing such bonds; provided, however, that no bonds, except refunding bonds, shall be issued, and no proceeds shall be expended for the cost of any capital project, unless such project has been authorized by the legislature.

Bonds issued pursuant to this subsection (a)(2) shall be primarily payable from such revenues derived from gross receipts taxes, and shall be additionally secured by the full faith and credit of the state. No such bonds shall ever be issued in an amount exceeding ninety percent of the amount which the state board determines can be serviced by the revenues derived from the gross receipts taxes accruing thereafter under the provisions of this subsection (a)(2), and such determination shall be conclusive.

2011 Florida Statutes

Title XLVIII K-20 EDUCATION CODE	Chapter 1010 FINANCIAL MATTERS	View Entire Chapter

1010.62 Revenue bonds and debt.—

(1) As used in this section, the term:

(a) "Auxiliary enterprise" means any activity defined in s. 1011.47(1) and performed by a university or a direct-support organization.

(b) "Capital outlay project" means:

1. Any project to acquire, construct, improve, or change the functional use of land, buildings, and other facilities, including furniture and equipment necessary to operate a new or improved building or facility.

2. Any other acquisition of equipment or software.

(c) "Debt" means bonds, except revenue bonds as defined in paragraph (e), loans, promissory notes, lease-purchase agreements, certificates of participation, installment sales, leases, or any other financing mechanism or financial arrangement, whether or not a debt for legal purposes, for financing or refinancing for or on behalf of a state university or a direct-support organization or for the acquisition, construction, improvement, or purchase of capital outlay projects.

(d) "Direct-support organization" means an organization created pursuant to s. 1004.28 or any entity specifically established to incur debt.

(e) "Revenue bonds" means any obligation that constitutes a revenue bond pursuant to s. 11(d), Art. VII of the State Constitution.

(2)(a) The Board of Governors may request the issuance of revenue bonds pursuant to the State Bond Act and s. 11(d), Art. VII of the State Constitution to finance or refinance capital outlay projects permitted by law. Revenue bonds may be secured by or payable only from those revenues authorized for such purpose, including the Capital Improvement Trust Fund fee, the building fee, the health fee, the transportation access fee, hospital revenues, or those revenues derived from or received in relation to sales and services of auxiliary enterprises or component units of the university, including, but not limited to, housing, transportation, health care, research or research-related activities, food service, retail sales, athletic activities, or other similar services, other revenues attributable to the projects to be financed or refinanced, any other revenue approved by the Legislature for facilities construction or for securing revenue bonds issued pursuant to s. 11(d), Art. VII of the State Constitution, or any other revenues permitted by law. Revenues from the activity and service fee and the athletic fee may be used to pay and secure revenue bonds except that the annual debt service shall not exceed an amount equal to 5 percent of the fees collected during the most recent 12 consecutive months for which collection information is available prior to the sale of the bonds. The assets of a university foundation and the earnings thereon may also be used to pay and secure revenue bonds of the university or its direct-support organizations. Revenues from royalties and licensing fees may also be used to pay and secure revenue bonds so long as the facilities being financed are functionally related to the university operation or direct-support organization reporting such royalties and licensing fees. Revenue bonds may not be secured by or be payable from, directly or indirectly, tuition, the financial aid fee, sales and services of educational departments, revenues from grants and contracts, except for money received for overhead and indirect costs and other moneys not required for the payment of direct costs, or any other operating revenues of a state university. Revenues from one auxiliary enterprise may not be used to secure revenue bonds of another unless the Board of Governors, after review and analysis, determines that the facilities being financed are functionally related to the auxiliary enterprise revenues being used to secure such revenue bonds.

(b) In connection with the issuance of revenue bonds, the Board of Governors, and the state university if so designated by the Board of Governors, shall comply with all covenants, commitments, or other provisions relating to the revenue bonds. Such covenants, commitments, or other provisions, in addition to those provided in the State Bond Act, may relate to:

1. Pledging the fees, charges, and other revenues that secure the revenue bonds;

2. Fixing and maintaining fees, rates, and other charges pledged to the payment of the revenue bonds;

3. Providing a lien on the revenues pledged;

4. Preventing or providing for the creation of other liens on the fees, charges, and other revenues that secure the revenue bonds;

5. Establishing and maintaining reserves for debt service payments on revenue bonds;

6. Providing for the operation, maintenance, and improvement of facilities that are related to the generation of the fees, revenues, and other charges pledged to the payment of the revenue bonds; and

7. Establishing any other covenants, commitments, or provisions that are deemed necessary or advisable to enhance the security of the revenue bonds, or the marketability thereof, and that are customary in accordance with the market requirements for the sale of such revenue bonds.

(c) Revenue bonds issued pursuant to this subsection are not required to be validated pursuant to chapter 75.

(3)(a) A state university or direct-support organization may not issue debt without the approval of the Board of Governors. The Board of Governors may approve the issuance of debt by a state university or a direct-support organization only when such debt is used to finance or refinance capital outlay projects. The debt may be secured by or payable only from those revenues authorized for such purpose, including the health fee, the transportation access fee, hospital revenues, or those revenues derived from or received in relation to sales and services of auxiliary enterprises or component units of the university, including, but not limited to, housing, transportation, health care, research or research-related activities, food service, retail sales, athletic activities, or other similar services. Revenues derived from the activity and service fee and the athletic fee may be used to pay and secure debt except that the annual debt service shall not exceed an amount equal to 5 percent of the fees collected during the most recent 12 consecutive months for which collection information is available prior to incurring the debt. The assets of university foundations and the earnings thereon may be used to pay and secure debt of the university or its direct-support organizations. Gifts and donations or pledges of gifts may also be used to secure debt so long as the maturity of the debt, including extensions, renewals, and refundings, does not exceed 5 years. Revenues from royalties and licensing fees may also be used to secure debt so long as the facilities being financed are functionally related to the university operation or direct-support organization reporting such royalties and licensing fees. The debt may not be secured by or be payable from, directly or indirectly, tuition, the financial aid fee, sales and services of educational departments, revenues from grants and contracts, except for money received for overhead and indirect costs and other moneys not required for the payment of direct costs of grants, or any other operating revenues of a state university. The debt of direct-support organizations may not be secured by or be payable under an agreement or contract with a state university unless the source of payments under such agreement or contract is limited to revenues that universities are authorized to use for payment of debt service. Revenues from one auxiliary enterprise may not be used to secure debt of another unless the Board of Governors, after review and analysis, determines that the facilities being financed are functionally related to the auxiliary enterprise revenues being used to secure such debt. Debt may not be approved to finance or refinance operating expenses of a state university or a direct-support organization. The maturity of debt used to finance or refinance the acquisition of equipment or software, including any extensions, renewals, or refundings thereof, shall be limited to 5 years or the estimated useful life of the equipment or software, whichever is shorter. The Board of Governors may establish conditions and limitations on such debt as it determines to be advisable.

(b) Approval by the Board of Governors of the issuance of debt shall be based upon a determination that the debt:

1. Is for a purpose consistent with the mission of the state university;
2. Is structured in a manner appropriate for the prudent financial management of the state university;
3. Is secured by revenues adequate to provide for all payments relating to the debt;

4. Has been analyzed by the Division of Bond Finance and issues raised by such analysis have been appropriately considered by the Board of Governors; and

5. Is consistent with the requirements of any policies or criteria adopted by the Board of Governors for the approval of debt.

(c) Notwithstanding paragraphs (a) and (b), state universities and direct-support organizations may engage in the following activities without the approval of the Board of Governors:

1. State universities may lease-purchase equipment and software in accordance with the deferred-purchase provisions in chapter 287 and direct-support organizations may lease-purchase equipment and software to the extent that the overall term of the financing, including any extension, renewal, or refinancing thereof, does not exceed 5 years or the estimated useful life of the equipment or software, whichever is shorter;

2. Direct-support organizations may issue promissory notes and grant conventional mortgages for the acquisition of real property; and

3. State universities and direct-support organizations may secure debt with gifts and donations and pledges of gifts so long as the facilities being financed thereby have been included in the university's 5-year capital improvement plan that has been approved by the Board of Governors and the maturity of the debt, including any extension, renewal, or refunding, does not exceed 5 years.

(4) The approval by the Board of Governors of revenue bonds, except refunding bonds, or debt must be requested by a resolution of the board of trustees of each state university involved in the issuance of the revenue bonds or debt.

(5) Revenue bonds or debt issued under this section may be secured on a parity with prior revenue bonds or debt issued by or on behalf of one or more universities or a direct-support organization.

(6) Capital outlay projects to be financed by revenue bonds or debt are limited to those approved by the Legislature through approval of the specific project or general approval of the type or category of capital outlay project.

(7)(a) As required pursuant to s. 11(d), Art. VII of the State Constitution and subsection (6), the Legislature approves capital outlay projects meeting the following requirements:

1. The project is located on a campus of a state university or on land leased to the university or is used for activities relating to the state university;

2. The project is included in the master plan of the state university or is for facilities that are not required to be in a university's master plan;

3. The project is approved by the Board of Governors as being consistent with the strategic plan of the state university and the programs offered by the state university; and

4. The project is for purposes relating to the housing, transportation, health care, research or research-related activities, food service, retail sales, or student activities of the state university.

(b) Capital outlay projects for the acquisition of equipment or software are also approved for purposes of subsection (6) to the extent that the overall term of the financing, including any extension, renewal, or refinancing thereof, does not exceed 5 years or the estimated useful life of the equipment or software, whichever is shorter.

(8) Notwithstanding any other law, the Board of Governors, each state university, and any direct-support organization must comply with the provisions of this section in order to issue or enter into agreements for the issuance of revenue bonds or debt.

(9) The Board of Governors may adopt such policies as may be necessary or desirable for carrying out all of the requirements of this section and may do all things necessary or desirable to carry out the powers granted under this section. Such policies may include categories of debt, other than revenue bonds, which may be issued without approval of the specific issuance by the Board of Governors if the issuance complies with any terms, conditions, or requirements included in such policy and laws governing the imposition of fees and laws requiring specific authority to pledge revenues to secure debt.

(10) Any legal commitments, contracts, or other obligations relating to the financing of capital outlay projects that were lawfully entered into before the effective date of this section shall remain in full force and effect. Any such legal commitment, contract, or other obligation may be amended without compliance with this section, but only to the extent that such amendment does not increase the financial obligation of the Board of Governors, a state university, or a direct-support organization.

History.—s. 5, ch. 2006-27; s. 24, ch. 2010-78.

State University System of Florida
Facilities Task Force
Discussion for May 1, 2012

Charge - to produce final recommendations to the Board by Nov. 7, 2012

The Task Force will go through each bullet and engage in a productive dialogue. Bring ideas, solutions and examples to discuss on Tuesday morning. These discussions will shape and inform the direction of the Task Force.

- Review other states' support for the financing of university facilities and determine what alternatives may be applicable to Florida to increase state support.
- Review all sources of current and potential university facility funding to determine if any additional sources of state support should be made available.
- Review current revenues available as provided by S. 1010.62 (Debt) and determine what, if any, additional revenues should be made available.
- Determine if there are public private partnership alternatives not currently utilized that can be fostered to provide needed facilities.
- Identify specific university projects that can be constructed, subject to modification of existing policy and regulations.
- Identify specific university maintenance initiatives that can be addressed, subject to modification of existing policy and regulations.
- Determine a methodology to mitigate the future impacts of university growth on local governments and host communities. (Concurrency)
- Determine how limited funding for new or remodeled space will affect the System's ability to meet the goals and outcomes in the Board of Governors' 2025 Strategic Plan – see the document at www.flbog.edu/pressroom and the specific metrics and goals in the charts on pages 20-22.

Alternative Methods to Fund Capital Appropriations

States have identified a variety of revenue sources to use in funding education appropriations; however, a major concern is the fungibility of money, allowing state legislators to shuffle funds leaving the education appropriation flat year-over-year.

Source of Revenue	Examples
Sin Taxes	
Cigarette & Tobacco	South Carolina's Education Enhancement Tobacco Tax Fund.
Gaming	Maryland's new slot machines fund an Education Trust Fund.
Lottery	Many including Georgia's HOPE scholarship program.
Alcoholic Beverages	South Carolina's Education Improvement Act of 1984 Fund is partially funded by an Alcoholic Liquors Tax and a Beer and Wine Tax.
Income and Wealth Taxes	
Estate/ Inheritance	Washington's estate tax is dedicated to the Education Legacy Trust Fund.
Personal Income	In Alabama, individual income tax largely directed to Education Trust Fund.
Corporate Income	All of Utah's income tax dollars fund education.
Resource Taxes	
Oil/Mineral Extraction Fees	Texas's Permanent University Fund.
Lease Income	Income from Washington's Trust Lands is used for education funding.
Severance Tax	Arkansas's tax on extracted natural resources provides for education.
Other	
Sales Tax	Many including Nevada's 2.60% Local School Support Tax
Utilities Tax	Florida's Public Education Capital Outlay (PECO) fund.

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Dedicated Funding for Higher Education: Alternatives for Tough Economic Times

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In recent years, there has been growing use of dedicated funding sources for higher education, but this practice is still quite limited. In view of economic uncertainty, a history of fluctuating levels of state appropriations to higher education, and the need to keep higher education affordable, we present some facts about dedicated funding practices in the states and encourage policymakers to consider all the possibilities.

Context

When the stock market is booming and state economies are strong, all state agencies and programs benefit. Consumers earn more and spend more, and there are increased tax dollars to go around. Conversely, in times of economic downturn, everyone suffers—but the pain is not shared equally. The state appropriation to public higher education, a discretionary item in most state budgets, is often the first budget item to be cut and the last to recover.

In the minds of many state legislators, the rationale is simple: colleges and universities can find other sources of income to compensate for reduced state support, an option not available to K-12 education, Medicaid and corrections. Unfortunately, college students and their families become the source of alternative income, by contributing more tuition dollars due to higher tuition rates. The relationship between the ebb and flow of state appropriations and tuition rates has been documented time and time again. To make matters worse, the unpredictability of state support from year to year makes it difficult to manage institutions efficiently, further contributing to higher costs and diminished affordability.

From time to time, the concept of dedicated funding for higher education has been proposed as an antidote to the problems created by the "boom and bust" cycle of higher education funding. For the purposes of this paper, we use the term "dedicated funding" synonymously with "earmarking," defined by the National Conference of State Legislatures (NCSL) as "designating some or all of the collections from a specific tax or revenue source for a specific expenditure, with the intent that the designation will continue into the future." On the one hand, dedicated funding provides a steady funding stream for specific purposes, regardless of current economic conditions. On the other hand, it reduces the flexibility of the state legislature to meet the broad mix of public needs, and dedicated funds may be used to supplant appropriations rather than to augment them. NCSL notes that earmarking is an "important and controversial element in state finance."

NCSL reports that every state earmarks taxes to some extent—for state highways; local government; education; health, welfare and human services; and the environment—and the average is 24 percent. Five states earmark 50 percent or more of their state tax revenues, and this number ranges from 4 percent in Rhode Island to 84 percent in Alabama. The proportion of state funds earmarked has remained fairly constant over the past two decades, but it has declined since the early 1950s when about half of all tax dollars were earmarked. Currently, 35 states earmark at least some state taxes for education, including K-12 and higher education.

Another significant source of dedicated funds is gaming revenues, and 48 states currently have some form of legalized gambling (Hawaii and Utah are the exceptions). This source is growing as a revenue stream, and *Stateline.org* reports (5/27/08) that 17 states now generate more than 5 percent of their state budgets from all forms of gambling. Since New Hampshire began the first state lottery in 1964, 42 states now operate lotteries, adding $17.1 billion to state coffers in FY 2006. Thirty years ago, only Nevada and Atlantic City, New Jersey had legal casinos. Today 25 states have commercial casinos, racetrack casinos, card rooms and/or electronic gaming devices, adding more than $8.0 billion to state and local governments in 2007. The racetrack casino industry is the fastest-growing mode of gambling, experiencing a 55 percent increase in state tax revenues between 2006 and 2007. Currently, at least 30 states dedicate some gaming revenues to education.

A final source of dedicated funding is revenues from state trust lands. This practice started in the 18th century when Congress began to grant lands to newly formed states to support a variety of public institutions, including K-12 and higher education. Most state trust lands have been sold by now, but 46 million acres remain, spread across 23 states primarily west of the Mississippi. Revenues from these lands are generated from timber production; mining of oil, gas, coal and minerals; grazing; agriculture; commercial leases; and land sales for residential and commercial development. In every state K-12 education generally receives most of the revenues from trust lands.

In recent years, there has been growing use of dedicated funding sources for higher education, but this practice is still quite limited. This paper explores the scope and types of dedicated funding sources for higher education across the states, their uses, pros and cons, and recent issues and debates. It is the intent of this paper to provide some facts about what states are doing, to point out some of the variation among states, and to stimulate thinking on this controversial topic.

Observations

Though the vast majority of state and local support for higher education comes from tax dollars, almost none of these dollars represent dedicated funding streams to higher education. This conclusion is based on an analysis done by the American Association of State Colleges and Universities (AASCU) of detailed state-by-state tax revenue data provided in an appendix to NCSL's 2008 report *Earmarking State Taxes, FY 2005.*

According to the State Higher Education Executive Officers (SHEEO), 88 percent of total public support for higher education comes from state tax appropriations. Given that every state earmarks at least some of its tax dollars, one might expect higher education to be a significant recipient of these dedicated funds. However, our analysis of NCSL data indicates that at best, 20 states earmark at least some dollars for higher education, but the earmarks are quite small and generally do not contribute to college and university general operating funds. Just four states have at least one ongoing general earmark for higher education, with dollar amounts that are quite modest. For example, Arkansas dedicated $49.4 million in FY 2005 to "state institutions of higher education," derived from 2.1 percent of its sales and use tax, and $11.1 million to "Department of Higher Education grants," derived from 0.5 percent of its sales and use tax, out of a total of $778.5 million total state tax dollars appropriated to higher education that year. In the same year, Montana dedicated $11.8 million to "the state university system," derived from 6.5 percent of its property tax, and another $1.9 million to its "state universities," derived from 1.3 percent of its oil and gas production tax, out of a total of $173.8 million in tax dollars appropriated to higher education.

Eight states have at least one combined earmark for K-12 and higher education. The total dollar amounts of these funding streams are significantly higher than those earmarked for higher education only, but it cannot be inferred that higher education is receiving a large dollar amount. Alabama is unique in earmarking 97 percent of its personal income tax to "public schools and higher education," equal to 65 percent of its total tax collections, or nearly five billion dollars (on a related note, Utah is unique in earmarking 100 percent of its personal and corporate income taxes for K-12 education, but none to higher education).

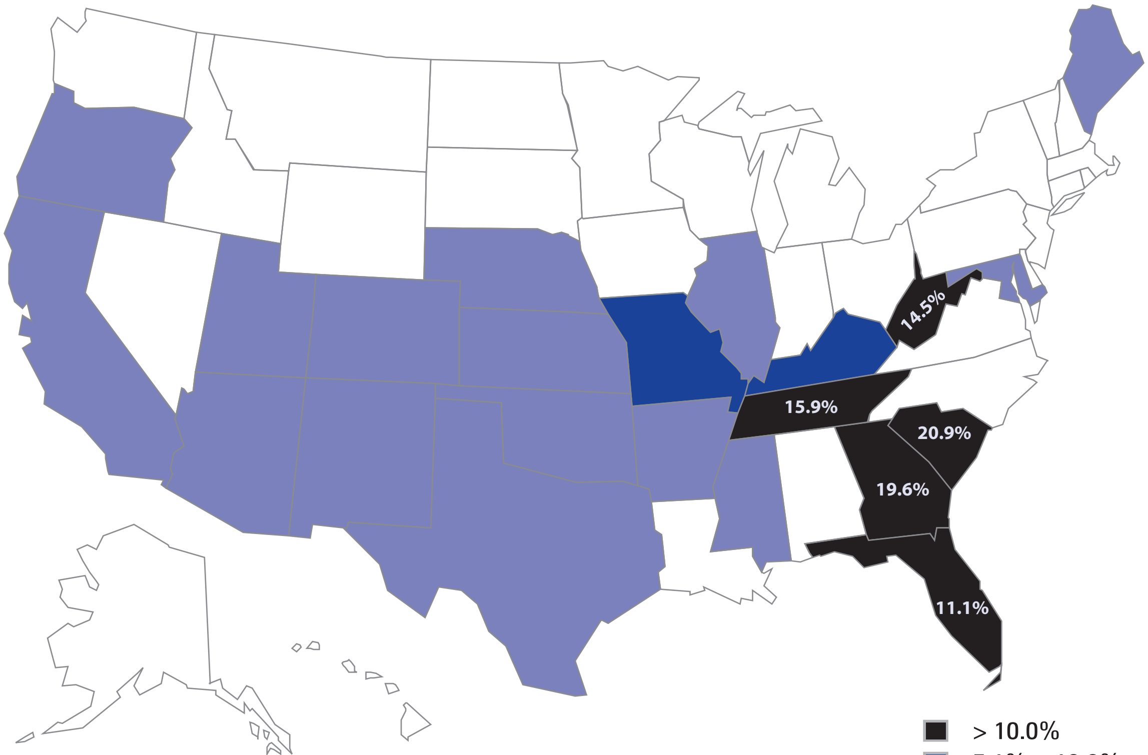
Finally, 14 states have at least one special purpose earmark for higher education, typically a quite modest amount that does not support the general operating costs of institutions. These beneficiaries include a veterinary school's equine research program, medical education and research, a community college job training program, wine and grape research, and other specialized purposes (note that several of these states overlap those counted above, also having either general higher education earmarks or combined K-12-higher education earmarks).

One of the strongest arguments for dedicating tax dollars to higher education is that it lends greater predictability and stability to fiscal planning during economic downturns. However, this funding approach does nothing to add to the total state coffers, and it reduces the flexibility that lawmakers value in allocating state funds, especially in tough times. Also, assuming that the vast majority of higher education funding would still come from non-dedicated tax dollars, there is little safeguard against legislators using dedicated funds to supplant regular, non-earmarked state appropriations.

Support for higher education from gaming revenue follows a different pattern than support from state tax dollars. With few exceptions, revenues from state lotteries and casino gambling provide only a very small proportion of total state support for higher education, but this is by far the largest source of dedicated funding to higher education. Though we were unable to find a data source that precisely captures all dedicated gaming revenues to higher education, SHEEO's 2008 report based on their State Higher Education Finance (SHEF) survey offers a reasonable proxy. According to SHEEO, higher education institutions in 22 states receive money in their operating funds that is set aside from "appropriated non-tax state support," including lotteries, casinos and other types of gambling; tobacco settlements; and any other appropriated non-tax support. Importantly, these figures include all dedicated gaming revenues, but may overestimate this number in some states to the extent that other sources are included. Fifteen of these states provide less than 5 percent of their total state support to higher education from appropriated non-tax state support, and two states provide 5 to 10 percent of their state support to higher education from these sources [see map]. Five states (Florida, Georgia, South Carolina, Tennessee and West Virginia) allocate a more substantial 10 percent or more of their total state support to higher education from these sources. These figures include contributions to state student financial aid programs.

Though lottery support is generally modest, it can have a significant impact, depending on how the revenues are earmarked. Most notably, the state of Georgia passed a lottery referendum in 1992 designed specifically to fund Helping Outstanding Pupils Educationally (HOPE), a broad-based merit scholarship program. Created to increase access, keep students in state, and ensure a more highly qualified workforce, this program has grown

Proportion of State Support for Higher Education from Gaming and Other Appropriated Non-Tax Support



■	> 10.0%	(5)
■	5.1% – 10.0%	(2)
■	0.1% – 5.0%	(15)
□	no support	(28)

Source: State Higher Education Executive Officers. State Higher Education Finance, FY 2007, 2008. Based on Supplemental Table "Total Revenue from State and Local Governments," but calculated as percent of state revenue only.

dramatically over the years, enjoys widespread public support, and has served as a model for merit-based aid programs in other states and for the federal government.

Beyond merit scholarships, states have earmarked lottery funds for other higher education uses.

- In Nebraska, 44 percent of lottery proceeds are dedicated to educational purposes, and half of this goes to a need-based scholarship program.

- In Florida, 100 percent of the lottery's proceeds go to education, both K-12 and postsecondary. In FY 2008, 60 percent of lottery proceeds went to higher education. Although the Bright Future scholarship program received the largest proportion ($346.3 million), another $297.2 million went to state universities and $175.0 million to community colleges.

- In Missouri, the state lottery funds college and university salaries, equipment and library purchases, and institutional-based student financial aid. The lottery also provides institution-specific allocations, and on average, lottery funds cover 8 to 9 percent of total state funding to most four-year public institutions and 5 percent of total state funding to community colleges.

- In South Carolina, 72 percent of lottery profits go to higher education, about three-fourths to several scholarship and loan programs, mostly merit-based, and the remainder to endowed chairs, technology and other programs.

Arguments in favor of state lotteries center on the fact that they provide a new source of additional revenues that support public purposes and provide benefits for individuals. Proponents argue that as a "voluntary tax," it is a sound alternative to less popular increases in sales, personal income and other taxes, and adds a buffer against budget shortfalls that would otherwise lead to cuts in state programs and services. Opponents maintain that it is a regressive approach in which lower income groups tend to pay a larger share of costs and receive a smaller share of benefits. They argue that merit scholarships, a common beneficiary of lottery funds, are not an efficient way to increase college access, may not increase student retention or completion, and may lead to grade inflation. Opponents also note that states become dependent on lottery funds, but that they are not a reliable source of revenue. Finally, some argue that lottery funding may be used to supplant existing state appropriations to education. If policymakers feel that higher education (or any beneficiary) is receiving enough already, they can use tax dollars for other purposes or even cut taxes.

In a sense, each of these arguments is partially correct, and states have options as to how they structure their lottery systems. When targeted effectively and balanced appropriately, lotteries can be less regressive. For example, in addition to merit aid, the Georgia lottery provides significant support for a voluntary pre-kindergarten program. In Tennessee, lottery revenues are split among lottery scholarships, pre-kindergarten and after-school programs. And in many states, lotteries fund a mix of programs that include environmental, mass transit, economic development, property tax relief, and other public benefits. Also, even merit-based scholarships can be more or less "regressive," depending on the stringency of the eligibility requirements, the mix of merit- and need-based aid available, and other factors. However, the very success of lottery scholarships, leading to a growth in demand for scholarship dollars, can be a major problem when accompanied by flat or decreasing lottery revenues. In the words of Florida state representative Ray Sansom (R): "Gambling is risky. It's stagnant. It's unpredictable, and it's not the best way to balance the budget." Over the years, Georgia, New Mexico, Oklahoma and West Virginia are among the states that have had to adjust their lottery-funded college scholarship eligibility requirements, along with the amount of scholarship funds offered, the time period covered and other factors, to save money when demand for the scholarships outpaced the available dollars.

Like lotteries, on the plus side, casinos provide additional revenues for host communities and states without raising taxes; on the negative side, communities and states can become dependent on the revenue these casinos generate, which may decline in tough economic times. However, casinos have slightly different pros and cons than do lotteries. Those in favor argue that casinos create jobs, attract visitors and have multiplier effects in the economy; they point to success in transforming the economies of Nevada after 1931 and New Jersey after 1978. They note that gambling has become more socially acceptable than it once was and argue that casino revenues are less regressive than lottery revenues. Further, opening new casinos helps to keep residents' dollars from flowing out of state, and opening them has become somewhat of a defensive move, particularly in the northeast corridor of the U.S. In contrast, opponents argue that casinos carry hidden costs in terms of infrastructure, regulation, gambling addictions, personal bankruptcies and increased crime. Further, they suggest states will eventually reach a saturation point in number of casinos that can be supported. Finally, even though they are generally taxed at a high rate, casino revenues ultimately provide only a modest source of income in most states.

Revenues from public land trusts are small as well, though again there are exceptions. SHEEO also tracks higher education support from non-appropriated sources, which may include, but are not limited to, "monies from receipt of lease income, cattle-grazing rights fees, and oil/mineral extraction fees on land set aside by the state for higher education," as a proportion of total state support for higher education. Only nine states have this as a dedicated revenue source for higher education, and six of these states provide less than 1.0 percent of total state support for higher education from this revenue category. Wyoming is a notable exception, leading the states with 18.1 percent of total state support for higher education in FY 2007 coming from non-appropriated sources, followed by New Mexico at 5.3 percent, and Oklahoma at 1.6 percent. However, the SHEEO data track only those revenues going into general operating funds, and do not take into account revenues from these sources that are earmarked for capital projects. For example, in Texas, mineral and oil rights revenues go into the Permanent University Fund, which generates, in part, about $400 million annually for new construction, renovation and infrastructure projects, as well as debt service for higher education capital projects.

The potential contribution of this revenue category is clearly limited to those states that still maintain public land trusts, and more narrowly to those rich in natural resources. Colorado, New Mexico, Utah and Wyoming, for example, are among the states that receive revenues from oil, gas, coal and other mineral extraction. Idaho, Montana, Oregon and Washington receive revenues from timber management. K-12 education generally receives the bulk of trust revenues in each state, but higher education selectively benefits as well.

At almost any given time, at least some states are embroiled in heated discussions and debates about dedicated funding, some related to higher education. Often motivated by conditions in the economy, governors, legislators and citizens' groups seek to address fiscal challenges by adding new dedicated funding sources or adjusting existing ones. In November 2008, voters in Arkansas passed a measure that would create a state lottery to fund college scholarships for students attending higher education institutions in the state. The measure was supported by Lt. Gov. Bill Halter (D), who estimated that the lottery would generate $100 million annually; opponents estimated the revenues at not more than $60 million. A major point of contention was whether the proposed lottery amendment would open the doors to casino gambling in the state as well.

In Maryland, voters authorized the installation of 15,000 video-lottery slot machines in five locations, a measure designed in part to protect education funding. Supported by Gov. Martin O'Malley (D), the plan is projected to generate $600 million annually for education. This outcome followed many years of debate, and supporters argued the action was long overdue, given that neighboring states Delaware, Pennsylvania and West Virginia have gotten a solid jump on the competition for gambling dollars.

Also in November, Maine voters rejected a measure to approve a casino in Oxford County. Ten percent of the proceeds would have gone to higher education programs, including a prepaid-tuition plan, a college-savings plan, money for the Community College System and a program to help residents repay student loans.

In the midst of an oil and gas boom, voters in Colorado rejected an amendment that would have eliminated a tax credit for oil and gas producers in the state. This would have generated about $200 million a year, 60 percent of which would have financed a new Colorado Promise Scholarship program for low- and middle-income students.

Earlier in 2008, the Kentucky legislature defeated Governor Steve Beshear's (D) attempt to pass a constitutional amendment to legalize casino gambling to help fund higher education. Gov. Beshear argued that without money from gambling or higher taxes, higher education would suffer a 12 percent budget cut. The measure would have added slot machines to racetracks, and was also designed to boost Kentucky's horse industry. In response to the amendment's failure, the Kentucky Equine Education Project commented: "This is no doubt a very good day for Indiana, Illinois and West Virginia—as hundreds of millions of Kentucky dollars will continue to flow into their education, health care and transportation systems."

Conclusion

Dedicated funding as a source of support for higher education is something that has not taken off in the U.S. Though there are many examples of small revenue streams that support higher education, dedicated funding has not provided a significant source of monies for the operating budgets of institutions, particularly when compared to the volume of state tax dollars that serve as the largest source of state support for higher education. An oft-cited objection to dedicated funding is a reluctance by legislators to decrease the flexibility they desire in dealing with a broad set of public services by tying up funds for just one area.

No state-generated revenue source is without its drawbacks or critics. We encourage policymakers to consider dedicated funding for higher education, in view of economic uncertainty, a history of fluctuating levels of state appropriations to higher education, and the state and national imperative of keeping higher education affordable. Such consideration should include discussion of:

- Successful models or best practices from other states that might be replicable.
- The state's particular mix of taxes and non-tax revenue sources, and ways that economic fluctuations—both positive and negative—affect various potential funding streams.
- State and regional variation in public opinion and support for various options.
- Broader state educational and other goals, such as seamless P-20 educational systems and state economic development.

In sum, strategies to generate state revenues and allocate funds must be implemented in a manner that meets state policy goals, is politically viable, and would be effective in improving the financing of higher education in the state. And most importantly, the presence of dedicated funds must not be used as an excuse to reduce the state appropriation for higher education.

Resources

National

American Gaming Association (AGA). Provides information and data on the casino entertainment industry, including the annual report *State of the States: The AGA Survey of Casino Entertainment.* **americangaming.org/**

Lincoln Institute of Land Policy and the Sonoran Institute. *State Trust Lands in the West: Fiduciary Duty in a Changing Landscape, 2006.* **sonoran.org/index.php?option=com_content&task=view&id=149&Itemid=27**

National Association of State Budget Officers (NASBO). Produces several reports annually pertaining to state budget practices, including *Budget Processes in the States, Fiscal Survey of the States,* and *State Expenditure Report.* **nasbo.org/**

National Conference of State Legislatures (NCSL). A resource on *state budget and tax issues, including the report Earmarking State Taxes, FY 2005*, 2008 (available for purchase). **ncsl.org/programs/fiscal/index.htm**

Nelson A. Rockefeller Institute of Government. Produces the *State Revenues Report* and other resources related to state and local government finance. **rockinst.org/**

North American Association of State and Provincial Lotteries (NASPL). Provides information on member lotteries' histories, sales, profits, beneficiaries and other data. **naspl.org/Contacts/index.cfm?fuseaction=home&PageID=45&PageCategory=17**

State Higher Education Executive Officers (SHEEO). Produces the annual *State Higher Education Finance (SHEF)* report. **http://sheeo.org/finance/shef-home.htm**

State

University of Georgia's Carl Vinson Institute of Government. *HOPE Scholarship Joint Study Commission Report, 2003* **cviog.uga.edu/hope/report.pdf**

Tennessee Independent Colleges and Universities Association. *Securing Tennessee's Future—Changing Lives: Supporting Opportunity in Tennessee Higher Education, 2005* and *Overview of the 2007–2008 Tennessee Education Lottery Scholarship Recipients, 2008.* **ticua.org/**

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Purdue University – Financing Capabilities of Comparable Institutions

	Range of Capital Projects	Taxable Commercial Paper	Tax-Exempt Commercial Paper	Legislative Approval of Projects
Ohio State University	◆ Capital projects funded under General Receipts credit (broad pledge of revenues – excludes State appropriations). ◆ COPs are subordinate to General Receipts credit.	NO	YES	
University of California	◆ Primary credits include: General Revenue Bonds (broad revenue pledge including tuition & fee revenues, but excluding Medical Center revenues), Medical Center Revenue Bonds, and Limited Project Revenue Bonds (used to finance auxiliary enterprises and backed by project revenues).	YES	YES	
University of Michigan	◆ Two main credits: General Revenue and Hospital Revenue. General Revenue credit excludes State and Hospital revenue.	YES	YES	
University of Minnesota	◆ Majority of projects financed under General Obligation structure. Other financing vehicles include: Special Purpose Revenue Bonds (State-backed), Auxiliary Revenue Bonds, Gateway Bonds (issued by the City of Minneapolis), and Infrastructure Development Bonds (State-issued).	NO	YES	
University of North Carolina	◆ Bonds issued under various credits, including: general revenue, housing system, parking system, utilities system, student union bonds, and student recreation center bonds.	YES	YES	◆ Bond issued by the Board of Governors of the University of North Carolina System require the approval of the Director of Budget.
University of Texas	◆ Bonds issued under Revenue Financing System (secured by general revenues of the System) and Permanent University Fund (secured by investment income derived from the PUF). RFS bonds are divided into Tuition Revenue Bonds (backed by the State) and Non-Tuition Revenue Bonds.	YES	YES	◆ Bonds must be approved by Bond Review Board.
University of Virginia	◆ Main credit: General Revenue pledge (all legally available funds of the University). Also finances through the VCBA's pooled loan program (also a general revenue pledge, but with State intercept).	YES	YES	
University of Washington	◆ Bonds issued for all capital projects are consolidated under General Revenue Bond credit. ◆ Auxiliary credits were folded into GRB credit as of 6/30/09.	YES	YES	◆ State Finance Committee must approve swap transactions.