



Massachusetts Board of Higher Education

Strategic Capital Planning – State & Community Colleges

Background

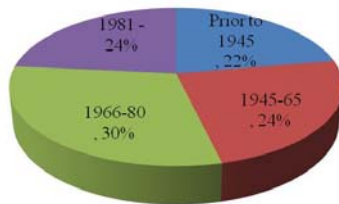
All facilities on the campuses of Massachusetts public colleges are considered the assets of the Commonwealth, with the Division of Capital Asset Management (DCAM) having authority over the acquisition, lease, construction, repair and disposal of these facilities. The Board of Higher Education (BHE) works together with DCAM to review and approve significant activities in these areas and provide strategic leadership and coordinating activities on behalf of the system.

The colleges are responsible for good stewardship of these assets, including maintenance and renovation consistent with the normal useful life of physical assets (deferred maintenance) and aligning space utilization with the unique mission and requirements of higher education (adaptation & modernization). The state and community colleges spend more than \$70 million annually towards these activities, which equates to approximately 9% of total state and community college revenue.

The colleges currently occupy approximately 425 buildings comprising 13.2 million square feet on 2,892 acres.

The campuses reflect a number of acquisition strategies implemented over the years and best summarized in four categories, each with its own unique challenges and opportunities: *planned campuses* (primarily community colleges), *traditional campuses* (primarily state colleges), *acquired campuses* (primarily religious high schools), and *adaptive reuse* (buildings constructed for other uses).

Year of Acquisition



Strategic Capital Planning

In FY2001, BHE, DCAM and the colleges embarked on a rigorous capital planning initiative in order to articulate the need for capital investment and provide a more efficient and transparent method of allocating capital resources. The first phase of this process was a comprehensive assessment of conditions, including infrastructure, systems, and pedagogical requirements. The final report, delivered in FY2003 (a.k.a. the Eva Klein report), identified a significant backlog of deferred maintenance projects at every state and community college. At that time, there was a backlog of more than 500 individual projects with an estimated cost of \$1.2 billion. Adjusted for inflation and other construction-related costs¹, these projects would cost \$2.8 billion today.

From FY2004 to FY2007, an extensive space utilization study at each campus was done to assess the adequacy of general academic and specialized instructional and lab space. The utilization study offered capital recommendations related to capacity issues at a few of the colleges, in some cases warranting new construction projects; and non-capital recommendations such as changes to class schedules to maximize the use of existing classrooms.

Also during this time, each college engaged in a comprehensive master planning process for each campus, resulting in a planned, sequenced progression of all capital projects over a 10–15 year period and a prioritization of all major capital projects. The Eva Klein Report provided the foundation of this master plan, which was further informed by the utilization analysis and significant input from college personnel.

Phase I of the project covered 11 colleges, and was completed in January; the remaining 13 colleges in Phase II are currently reviewing final reports. In total, the master plans condensed the original 500 individual projects into 200 comprehensive projects, now totaling \$3.5 billion.

In June, the Board of Higher Education moved that the local Board of Trustees at each college submit to the Chancellor, no later than November 2007, a letter indicating each institution's acceptance of the comprehensive master plan.

Governor's Capital Bond Bill

The Governor recently filed "An Act Providing for the Public Higher Education Capital Improvement Needs of the Commonwealth." This is the first capital bond bill filed on behalf of public higher education institutions since 1995.

The legislation authorizes the Commonwealth to issue up to \$2 billion in general obligation bonds to fund capital improvements over the next ten years, split equally between the University and the state and community colleges. Over this period, capital allocations to public higher education will increase from 3% to 10% of the state's total bond-funded projects.

Within the \$2 billion, the bond bill sets aside \$767 million for more than 30 specific projects at each of the State and Community Colleges, and an additional \$233 for projects yet-to-be-identified. The individual project costs range from \$1 million to more than \$88 million, with just over 50% of the total designated for new construction.

The BHE is grateful for the support shown by the Governor on this issue and will continue to work with the General Court to ensure prompt action on the bill.

¹ Includes contingencies, furniture and fixtures, design and administration fees.