

State Council of Higher Education for Virginia



**2022-24 Systemwide Capital
Outlay Budget Recommendations
for
Higher Education in Virginia**

November 2021



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STATUTORY RATIONALE FOR SYSTEMWIDE CAPITAL OUTLAY BUDGET RECOMMENDATIONS

Each biennium, SCHEV makes recommendations related to higher education capital. The enabling legislation for systemwide capital outlay budget recommendations can be found, in part, in Sections 23.1-208 A through C, and 23.1-203 (9) and (12) of the Code of Virginia. These sections outline the responsibilities of the State Council of Higher Education for Virginia (SCHEV) as they pertain to the evaluation and budget recommendations of systemwide capital outlay requirements of public higher education in Virginia.

- Section 23.1-208 charges the Council to develop policies, formulae and guidelines for the fair and equitable distribution and use of public funds among the public institutions of higher education. Further, this section states that such policies, formulae, and guidelines as are developed by the Council shall include provisions for operating expenses and capital outlay programs and shall be utilized by all public institutions of higher education in preparing requests for appropriations.
- Section 23.1-203(9) charges the Council to develop a uniform, comprehensive data information system designed to gather all information necessary to the performance of the Council's duties. The system shall include information on admissions, enrollments, self-identified students with documented disabilities, personnel, programs, financing, space inventory and facilities and such other areas as the Council deems appropriate.
- Section 23.1-203(12) requires that the Council to review biennially and approve or disapprove all changes in the inventory of educational and general space that any public institution of higher education may propose, and to make a report to the Governor and the General Assembly.

The following report provides a summary of SCHEV's budget recommendation for the 2022-24 biennium in the areas of maintenance reserve and capital outlay.

MAINTENANCE RESERVE PROGRAM

In 1982, following the Council's recommendations, the Commonwealth established the maintenance reserve program to provide funding for facility repairs that are not addressed in the institutions' operating budget and are usually too small to qualify for capital outlay funding. Examples of typical maintenance reserve projects are roof repair and replacement, boiler and chiller replacement, major electrical system upgrades, etc.

In the 2020-22 biennium, the program provided an annual funding amount of \$137.7 million statewide, including \$86.2 million (62.6%) for higher education. However, funding for deferred maintenance has lagged and estimates to fund these costs are approximately \$3.9 billion.

In order to make meaningful funding recommendations for the maintenance reserve program, in 1999 SCHEV staff developed a ten-year maintenance reserve funding formula using institutions' detailed information of the condition of their buildings and infrastructure assets such as the current replacement value and the deficiencies. The goal was to allow each institution to achieve a campus-wide Facility Condition Index (FCI) of "Good" over a ten-year period through a series of scheduled funding allocations. The "Good" condition represented the dollar value of deficiencies at 5% or less of the current replacement value.

These amounts were determined using a statewide facility database. However, due to the state budget shortfalls from the two economic recessions between 2002 and 2012, the Commonwealth discontinued the facility database.

After several years of efforts, a new statewide facility database, COVA Trax/M-R-Fix has been implemented by the Department of General Services (DGS). All institutions should be participating and submitting their facility data. SCHEV staff is working with DGS to begin receiving data from the new system for future budget recommendations.

Recommendation: For this biennium, SCHEV staff proposes to continue to place a high priority on funding for maintenance reserve and recommends that institutions receive at least the amounts they had in the previous biennium. In addition, staff recommends, if one-time funding is available in the biennium, that priority for the use of these funds be placed on support for maintenance reserve.

CAPITAL OUTLAY PROJECT REQUESTS WITH A GENERAL FUND COMPONENT IN 2022-24

The State Council of Higher Education (SCHEV), under authority of the Code of Virginia, is charged with evaluating the public institutions' need for academic and administrative space under its [Fixed Asset Guidelines](#). These guidelines identify methods to prioritize requests for major renovations and capital improvements.

In prior years, SCHEV used a data collection system to capture information related to the level and discipline of instructional activity, the size and condition of existing facilities and the productivity with which facilities are used. This information was used to help determine space needs. However, due to the pandemic, SCHEV did not collect updated information on facility space to reduce the administrative burden on institutional staff and based on the assumption that space needs would not change significantly from the prior assessment in 2019.

Over the past 20 years, the state has provided significant investments in higher education capital outlay projects. Early funding for buildings focused on addressing space needs based on enrollment growth. As a result, the need for additional space has been greatly reduced.

Based on SCHEV's review of space in 2019, only GMU and NVCC had large needs for space of 176,000 square feet and 130,000 square feet, respectively based on enrollments. Five other institutions had much smaller amounts of instructional space for E&G programs. All six doctoral institutions demonstrated research space need for a total of 939,000 square feet in 2024.

There are several projects authorized in recent sessions that should address the space needs at GMU and NVCC. In 2020, GMU received funding for the construction of the Institute for Digital Innovation and for the detailed planning for the Academic VII – STEM, Science and Technology Campus project. Also, in the 2021 Special Session II, VCCS received \$40,000,000 for capital projects, including \$15,000,000 for a new building that would allow NVCC to expand its trades programs in carpentry, electrical, computer integration in trades, advanced automotive, and backup power systems and \$25,000,000 for construction of a building to expand NVCC's nursing, phlebotomy, occupational therapy assistant, and physical therapist assistant programs.

In addition, requests for capital needs by the Governor's office were issued later in 2021 than in prior years due to additional staff time needed for the General Assembly special sessions

and to facilitate the flow of the additional federal stimulus funds. Data submission were due in late September compared to early summer in prior years. SCHEV staff use the data submitted through this process to help assess capital requests.

The following is a brief summary of the 107 higher education capital outlay projects submitted to the Department of Planning and Budget for 2022-2024. Tables in the Appendix of this report contain information that is more detailed. Table 1 has the total requested funding by fund type and project type.

- **\$4.6 billion in total requests:** Table 2 contains the total requested funding fund and institutions.
- **92 projects with a General Fund request of \$3.9 billion:** Table 3 provides a summary.
- **18 projects previously authorized for planning with an expected cost of \$1.1 billion:** Table 4 has a list of these projects.
- **35 projects previously requested and reviewed by SCHEV but not funded:** These projects are contained in Table 5.
- **42 project requests under review:** Table 6 has the list of projects.

Recommendation: SCHEV staff proposes a modified approach to its recommendations due to impacts of the pandemic and limited staff and time to adequately review projects. In prior years, SCHEV grouped recommendations in priority areas. Rather than grouping, SCHEV proposes to categorize projects based on the following factors to assist the Governor's office and General Assembly in prioritizing projects. These factors include:

- Projects already approved for planning
- Critical maintenance component (ADA, Mechanical, Safety, Electric, Plumbing)
- Agency prioritization
- Project inclusion in the institution's six-year plan
- Programmatic justification aligned with state needs or compelling institution need
- Projected enrollment growth
- Institution project specific rationale

Resolutions:

BE IT RESOLVED that the State Council of Higher Education for Virginia supports additional investment in the maintenance reserve program and recommends that institutions receive at least the amounts they had in the previous biennium until additional data are available to SCHEV through the COVA Trax/M-R-Fix system.

BE IT FURTHER RESOLVED that the State Council of Higher Education recommends that the factors that SCHEV staff provide be taken into consideration during the decision-making process for approving the capital outlay needs of public higher education institutions in the 2022-24 biennium.

APPENDIX: CAPITAL OUTLAY TABLES

Table 1. Total Requested Funding by Fund and Project Type (in millions)

Project Type	General Fund	Nongeneral Funds	9(C) Debt	VCBA/9(D) Debt	Total Requested Funding	Total Projects
New Construction	\$2,693.7	\$88.7	\$189.8	\$311.6	\$3,283.8	53
Improvements	\$1,115.4	\$13.3	\$0	\$65.0	\$1,193.7	46
Stand Alone / Maintenance Reserve/ Planning /Acquisition	\$78.3	\$26.4	\$0	\$3.4	\$108.1	8
Total Requests	\$3,887.4	\$128.4	\$189.8	\$380.0	\$4,585.6	107

Table 2. Total Requested Funding by Fund and Institution for Projects with a General Fund Component

Institutions	General Fund	Nongeneral Funds	9(C) Debt	VCBA/9(D) Debt	Total Requested Funding	Total Projects
CNU	\$72,212,647	\$0	\$0	\$0	\$72,212,647	2
GMU	\$194,250,000	\$0	\$0	\$9,750,000	\$204,000,000	3
JMU	\$239,110,000	\$1,100,000	\$0	\$12,940,000	\$253,150,000	4
LU	\$81,800,936	\$0	\$0	\$0	\$81,800,936	2
NSU	\$66,589,640	\$0	\$33,621,760	\$0	\$100,211,400	2
ODU	\$231,546,948	\$0	\$0	\$0	\$231,546,948	3
RBC	\$5,914,571	\$0	\$0	\$0	\$5,914,571	2
RHEA	\$250,000	\$0	\$0	\$0	\$250,000	1
RU	\$90,465,000	\$0	\$0	\$0	\$90,465,000	4
UMW	\$263,741,000	\$0	\$0	\$0	\$263,741,000	6
UVA	\$312,009,363	\$50,000,000	\$0	\$192,080,515	\$554,089,878	3
UVA-W	\$31,221,588	\$0	\$0	\$0	\$31,221,588	1
VCU	\$315,036,637	\$0	\$0	\$18,000,000	\$333,036,637	3
VCCS	\$1,051,980,000	\$26,408,000	\$0	\$0	\$1,078,388,000	31
VMI	\$159,987,781	\$21,489,179	\$0	\$3,391,058	\$184,868,018	4
VSU	\$237,603,006	\$0	\$0	\$0	\$237,603,006	8
VT	\$391,209,000	\$0	\$0	\$54,891,000	\$446,100,000	4
W&M	\$51,600,000	\$0	\$0	\$0	\$51,600,000	4
VIMS	\$54,954,919	\$0	\$0	\$0	\$54,954,919	3
VT-EXT	\$36,050,000	\$0	\$0	\$0	\$36,050,000	3
Total	\$3,887,533,036	\$33,261,760	\$33,621,760	\$291,052,573	\$4,311,154,548	92

Note: (1) There is a discrepancy in totals due to required tax funding for ODU, VCU, VMI and EVMS. (2) RHEA requests \$3,796,200 in infrastructure funding but does not note which funding category they are requesting.

Table 3. Projects with a General Fund Component by Project Type

Category	Number of Projects
New Construction	46
Improvements	42
Stand Alone / Maintenance Reserve / Planning / Acquisition	4
Total Requests	92

Table 4. Projects Authorized for Planning by in Previous Appropriation Acts or for Equipment Funding of Authorized Construction

Institutions	Request Title	Project Type
CNU	Integrated Science Center, Phase III	New Construction
JMU	Renovate and Expand Carrier Library	Improvements-Life Safety Code
LU	Environmental Health and Safety and Facilities Annex Building	New Construction/Improvements
LU	Wygat Hall Replacement	New Construction
ODU	Fund Equipment for the Health Sciences Building	New Construction
ODU	Construct a New Biology Building	New Construction
RU	Renovate/Construct Center for Adaptive Innovation and Creativity	Improvements-Other
UMW	Construct Fine and Performing Arts Center	New Construction
UVA	Alderman Library Renewal Appeal	Improvements-Life Safety Code
VCU	Construct STEM Teaching Laboratory Building	New Construction
VCU	Construct Interdisciplinary Classroom and Laboratory Building	New Construction
VCU	New Arts Innovation Building	New Construction
VIMS	Construct New Research Facility	Stand Alone Equipment Acquisition
VMI	Construct Corps Physical Training Facility Phase III	New Construction
VMI	Construct Center for Leadership and Ethics Facility Phase II, and Parking Structure	Planning
VMI	Acquire Property	Acquisition
VT	Supplement Address Life, Health, Safety, Accessibility, and Code Compliance	Improvements-Life Safety Code
VT	Replace Randolph Hall	New Construction
VT-EXT	Supplement Livestock and Poultry Research Facilities – Phase I	New Construction/Improvements
Total	18	

Table 5. Projects Previously Reviewed by SCHEV and Not Funded

Institutions	Request Title	Project Type	SCHEV's Previous Review Ranking*
GMU	Improve Telecommunications Infrastructure Phase III	Improvements-Infrastructure Repair	2
JMU	Renovate Johnston Hall	Improvements-Other	2
RU	Renovate McConnell Hall	Improvements-Other	2
RU	Improve Campus Utilities Infrastructure	Improvements-Other	2
UMW	Renovate Simpson Library	Improvements-Other	1b
UMW	Renovate George Washington Hall	Improvements-Other	2
UVAW	Renovate Darden Hall	Improvements-Other	1c
VCCS	Renovate Main Academic Building, Downtown Campus, J. Sargeant Reynolds CC	Improvements-Other	2
VCCS	Renovate Stone Hall Building, Patrick Henry CC	Improvements-Other	1b
VCCS	Construct Automotive Tech Building/Renovate Veterinary Tech Building, Blue Ridge CC	New Construction/Improvement	2
VCCS	Renovate/Retrofit Walker Building, Norfolk Campus, Tidewater CC	Improvements-Other	1c
VCCS	Renovate Academic Classroom Building (Phase II), Glens and Warsaw Campuses, Rappahannock	Improvements-Other	1c
VCCS	Replace Engineering Academic Building, Alexandria Campus, Northern Virginia	New Construction	1b
VCCS	Renovate Business Science Building Enclosed Pedestrian Corridor and Bridge, Virginia Western	Improvements-Infrastructure Repairs	2
VCCS	Renovate Franklin Campus, Paul D. Camp CC	Improvements-Other	1c
VCCS	Renovate Main Academic Building, Phase II, Piedmont Virginia	Improvements-Other	2
VCCS	Renovate and Expand Rooker for Advanced Manufacturing and Credentialing Center, New River CC	New Construction/Improvements	2
VCCS	Renovate Wolk Hall, Fauquier Campus, Lord Fairfax CC	Improvements-Infrastructure Repairs	2
VCCS	Replace Buchanan and Tazewell Halls, Southwest Virginia CC	Improvements-Other	2
VCCS	Renovate A.L. Philpott Technical Center & MET Complex Building 1, Patrick Henry CC	New Construction/Improvement	1c
VCCS	Renovate Main Building Daniel Campus, Southside Virginia CC	Improvements-Infrastructure Repairs	1c
VCCS	Renovate Old National Guard Armory Building, Dabney S. Lancaster CC	Improvements-Other	2
VCCS	Renovate Learning Resource Center (LRC), Virginia Highlands CC	Improvements-Other	1c

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VCCS	Construct New Health Sciences Center and Renovate Robb Hall, Mountain Empire CC	New Construction/Improvement	1c
VCCS	Renovate and Expand Fincastle Hall, Wytheville CC	New Construction/Improvement	1c
VCCS	Construct Applied Technology Center/Renovate Mechanical Technology Building, Virginia Highlands CC	New Construction/Improvement	2
VCCS	Renovate Brown Library, Virginia Western CC	Improvements-Infrastructure Repairs	1c
VMI	Replace Windows (Old and New Barracks)	Improvements-Life Safety Code	2
VSU	Renovate Virginia Hall	Improvements-Infrastructure Repairs	2
VSU	Reroof Academic and Administrative Buildings Campuswide	Improvements-Infrastructure Repairs	2
VSU	Renovation and Addition to Johnston Memorial Library	New Construction/Improvement	2
W&M	Improve Accessibility Infrastructure	Improvement-Handicap Access	1b
W&M	Renovate Studio for Teaching and Learning Information	Improvements-Other	2
W&M	Renovate Ewell Hall	Improvements-Infrastructure Repairs	2
Total			35

Table 6. Projects Reviewed by Project Type for the 2022-24 Biennium

Institutions	Request Title	Project Type
CNU	New Administration Building	New Construction
GMU	Student Innovation Factory Building	New Construction
GMU	Interdisciplinary Engineering and Science Building 1	New Construction
JMU	College of Health and Behavioral Studies Expansion	New Construction
JMU	East Campus Infrastructure Phase II	New Construction
NSU	Construct Pre-School Academy	New Construction
NSU	Construct Wellness, Health, and Physical Education Center	New Construction
ODU	Construct New Data Science and Engineering Building	New Construction
ODU	Provide Additional One-Time Maintenance Reserve for Rollins Hall	Maintenance Reserve
RU	Combined Heating and Power Cogeneration Facility	Improvements
RBC	Maze Hall Renovation	New Construction/ Improvement
RBC	Center for Experiential Learning and Student Success	New Construction/ Improvement
RHEA	Replace Network Switches	
UMW	Accessibility Improvements – Campus Wide	Improvements-Handicap Access
UMW	Farmer Hall Renovation	Improvements
UMW	Dahlgren Campus Phase II	New Construction
UVA	Center for the Arts	New Construction
UVA	Bioscience Building	New Construction
VCCS	Construct Regional Center for Transportation, Logistics, and Truck Driving, Tidewater CC	New Construction
VCCS	Renovate Houff Student Center, Blue Ridge	Improvements-Infrastructure Repairs
VCCS	Replace Old Storage Building with New Warehouse, Central Virginia CC	New Construction
VCCS	Emergency Request to Reconstruct Templin Hall Auditorium, Hampton Campus, Thomas Nelson CC	New Construction/ Improvement
VCCS	Construct Academic Building for Emerging and Applied Technologies/Replace Princess Anne Building, Tidewater CC	New Construction
VCCS	Construct Advanced Trades and Technology Building, Portsmouth Campus, Tidewater CC	New Construction
VCCS	Construct Phase I Stafford County Center, Germanna CC	New Construction
VCCS	Renovate Taylor and Temple Buildings, Danville	Improvements-Infrastructure Repairs
VCCS	Renovate Martin Building, Phase I, Norfolk Campus, Thomas Nelson CC	Improvements-Infrastructure Repairs
VCCS	Renovate Hastings Hall and Annex, Hampton Campus, Thomas Nelson CC	Improvements-Infrastructure Repairs

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VCCS	Construct Allied Health and Workforce Development Building, Midlothian Campus, John Tyler CC	New Construction
VIMS	Construct Marine Operations Administration Complex	New Construction
VIMS	Construct New Fisheries Science Building	New Construction
VMI	Construct Moody Hall	New Construction
VSU	Construct Physical Plant Annex	New Construction
VSU	Improve Campuswide Drainage	Improvements
VSU	Renovate Davis Hall	Improvements-Infrastructure Repair
VSU	Improve Access and Accessibility	Improvements-Handicap Access
VSU	Construct BOLT Leadership Center for Social Responsibility	New Construction
VT	Renovate and Expand Chemistry/Physics Facilities	New Construction/ Improvement
VT	Expand Digital and Performance Media Facilities	New Construction/ Improvement
VT-EXT	Improve Center Woods Complex	Improvements
VT-EXT	Improve Research and Extension Facilities, Phase I	New Construction
Total		42

* NOTE: SCHEV did not include projects that are already approved for planning or building, projects that did not require GF funding, or acquisition requests.